



MEMORANDUM

TO: Members of the Authority
FROM: Timothy Sullivan
Chief Executive Officer
DATE: December 11, 2018
SUBJECT: Agenda for Board Meeting of the Authority December 11, 2018

Notice of Public Meeting

Roll Call

Approval of Previous Month's Minutes

Chairman's Report to the Board

CEO's Report to the Board

Board Presentation

Authority Matters

Incentive Programs

Bond Projects

Loans/Grants/Guarantees

Office of Recovery

Board Memorandums

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

November 9, 2018

MINUTES OF THE MEETING

Members of the Authority present: Larry Downes, Chairman; Catherine Brennan representing State Treasurer Elizabeth Muoio; Patrick Mullen representing Commissioner Marlene Caride of the Department of Banking and Insurance; Paul Yuen representing Commissioner Robert Asaro - Angelo of Department of Labor and Workforce Development; Dan Ryan representing Commissioner Catherine McCabe of the Department of Environmental Protection; Public Members Charles Sarlo, Vice Chairman; Philip Alagia, Fred Dumont, and Massiel Medina Ferrara.

Absent: Public Members Louis Goetting, William Layton, Thomas Scrivo, William J. Albanese, Sr., Second Alternate Public Member; John Lutz, Third Alternate Public Member; and Rodney Sadler, Non-Voting Member.

Also present: Timothy Sullivan, Chief Executive Officer of the Authority; Deputy Attorney General Gabriel Chacon; Adam Sternbach, Governor's Authorities' Unit; and staff.

Mr. Downes called the meeting to order at 11:00 am.

Pursuant to the Internal Revenue Code of 1986, Mr. Sullivan 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. Sullivan 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.

MINUTES OF AUTHORITY MEETING

The next item of business was the approval of the October 11, 2018 meeting minutes. A motion was made to approve the minutes by Mr. Ryan, and seconded by Mr. Sarlo, and was approved by the 9 voting members present.

The next item of business was the approval of the October 11, 2018 executive session meeting minutes. A motion was made to approve the minutes by Mr. Dumont, and seconded by Mr. Mullen, and was approved by the 9 voting members present.

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

BOARD PRESENTATION

Ms. Tai Cooper, Deputy Chief Policy Advisor, Office of Governor Murphy, gave a presentation on Opportunity Zones.

AUTHORITY MATTERS

ITEM: Proposed New Rules

REQUEST: Approve special adopted new rules for the Film & Digital Media Tax Credit Program

MOTION TO APPROVE: Mr. Alagia **SECOND:** Mr. Mullen **AYES: 9**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

ITEM: Premier Lender Program, Small Business Fund and Direct Loan Program Changes

REQUEST: Allow the extension of EDA's loan term and amortization under the Premier Lender Program; extend the loan terms under the Small Business Fund and Direct programs; and allow the flexibility to fix interest rates.

MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Alagia **AYES: 9**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

INCENTIVE PROGRAMS

Grow New Jersey Assistance Program

ITEM: Gobrand, Inc.

APPL.#45135

REQUEST: To approve the application of Gobrand, Inc. for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Glassboro Borough/ Harrison Township, NJ. Project location of Glassboro Borough/ Harrison Township, Gloucester 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 Large Number of New/Retained F/T Jobs, Targeted Industry of Technology, 2007 Revit. Index>465. The estimated annual award is \$3,913,000 for a 10-year term.

MOTION TO APPROVE: Mr. Mullen **SECOND:** Mr. Dumont **AYES: 9**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

ITEM: Horsepower Electric & Maintenance Corp.

APPL.#45258

REQUEST: To approve the application of Horsepower Electric & Maintenance Corp. for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Paterson City, NJ. Project location of Paterson City, Passaic County qualifies as a Garden State Growth Zone under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Deep Poverty Pocket, Transit Oriented Development, Targeted Industry of Manufacturing, GSGZ Ind. Project w/ Cap. Inv. In Excess of Min. The estimated annual award is \$350,000 for a 10-year term.

MOTION TO APPROVE: Mr. Alagia **SECOND:** Ms. Brennan **AYES: 9**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

ITEM: Mesorah Publications, Ltd.

APPL.#45236

REQUEST: To approve the application of Mesorah Publications, Ltd. for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Rahway City, NJ. Project location of Rahway City, Union County qualifies as an 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 of Technology. The estimated annual award is \$825,000 for a 10-year term.

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

AYES: 9

RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

Grow New Jersey Assistance Program- Modifications

ITEM: TDAF I Springfield Avenue Holding Urban Renewal Company, LLC

REQUEST: Consent to the sale and assignment of TDAF's commercial ERG agreement.

MOTION TO APPROVE: Ms. Brennan

SECOND: Mr. Yuen

AYES: 8

RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

Mr. Alagia abstained because Essex County is an investor on the project.

ITEM: Quest Diagnostics Incorporated

REQUEST: Consent to a reduction in the time Grow NJ employees are required to work at the Qualified Business Facility.

MOTION TO APPROVE: Mr. Dumont

SECOND: Mr. Ryan

AYES: 9

RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

ITEM: GrowNJ Extensions

REQUEST: Consent to expanding the extension delegation to staff approved by the members.

MOTION TO APPROVE: Mr. Mullen

SECOND: Mr. Ryan

AYES: 9

RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

ITEM: Adare Pharmaceuticals, Inc.

REQUEST: Consent to a second six-month extension

MOTION TO APPROVE: Ms. Brennan

SECOND: Mr. Yuen

AYES: 9

RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

ITEM: York Risk Servicing Group, Inc.

REQUEST: Consent to a modified project with an overall reduction in the incented full-time jobs and decrease in the award

MOTION TO APPROVE: Mr., Dumont

SECOND: Ms. Ferrara

AYES: 9

RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

BOND PROJECTS

Bond Resolutions

PROJECT: The Friends of TEAM Charter Schools, Inc. **APPL.#45075**
LOCATION: Newark City, Essex County
PROCEEDS FOR: Acquisition of Building and Renovations
FINANCING: \$13,500,000 Tax-exempt Series A Bond (Part of a \$65,500,000 Tax-exempt and Taxable bond issue with Appl. P45268)
MOTION TO APPROVE: Mr. Mullen **SECOND:** Mr. Yuen **AYES: 9**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

PROJECT: The Friends of TEAM Charter Schools, Inc. **APPL.#45268**
LOCATION: Newark City, Essex County
PROCEEDS FOR: Refinancing
FINANCING: \$52,000,000 Taxable Series B Bond (Part of a \$65,500,000 Tax-exempt and Taxable bond issue with Appl. P45075)
MOTION TO APPROVE: Mr. Yuen **SECOND:** Mr. Ryan **AYES: 9**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

Amended Bond Resolutions

PROJECT: Lutheran Social Ministries at Crane's Mill, Inc. **APPL.#45317**
LOCATION: West Caldwell, Essex County
PROCEEDS FOR: Refinancing
FINANCING: \$41,930,000 Tax-Exempt Bond (the Applicant is also requesting approval of a new money tax-exempt bond under P045318 in the amount of \$5,000,000)
MOTION TO APPROVE: Mr. Ryan **SECOND:** Mr. Yuen **AYES: 9**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 13
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

PROJECT: Lutheran Social Ministries at Crane's Mill, Inc. APPL.#45318
LOCATION: West Caldwell, Essex County
PROCEEDS FOR: Renovation of Existing Building
FINANCING: \$5,000,000 Tax-Exempt Bond (the Applicant is also requesting approval of a revenue refunding bond under P045317 in the amount of \$41,930,000)
MOTION TO APPROVE: Mr. Ryan **SECOND:** Mr. Yuen **AYES: 9**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 13
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

PROJECT: Yeshiva of North Jersey, a New Jersey Corporation APPL.#45365
LOCATION: River Edge Borough, Bergen County
PROCEEDS FOR: Bond Refund
FINANCING: \$2,620,000 (est.) Part of a total \$7.4 million tax-exempt bond with Appl. P45319
MOTION TO APPROVE: Mr. Yuen **SECOND:** Mr. Ryan **AYES: 9**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

PROJECT: Yeshiva of North Jersey, a New Jersey Corporation* APPL.#45365
LOCATION: River Edge Borough, Bergen County
PROCEEDS FOR: Renovation of Existing Building
FINANCING: \$4,780,000 (est.) Part of a total \$7.4 million tax-exempt bond with Appl. P45365
MOTION TO APPROVE: Mr. Yuen **SECOND:** Mr. Ryan **AYES: 9**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

Bond Modifications

ITEM: New Jersey Natural Gas Company
REQUEST: Consent to change the interest rate modes and extend maturities of the bonds
MOTION TO APPROVE: Mr. Dumont **SECOND:** Ms. Brennan **AYES: 8**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 15
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

Mr. Downes recused himself, because he is CEO of New Jersey Natural Gas. Vice Chairman Sarlo chaired this portion of the meeting.

LOANS/GRANTS/GUARANTEES

Hazardous Discharge Site Remediation Fund

ITEM: Summary of NJDEP Hazardous Discharge Site Remediation Fund Program projects approved by the Department of Environmental Protection.

MOTION TO APPROVE: Mr. Ryan **SECOND:** Mr. Yuen **AYES: 9**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 16

PROJECT: Camden Redevelopment Agency (Camden Town Center) APPL.#45049
LOCATION: Camden City, Camden County
PROCEEDS FOR: Remedial Action
FINANCING: \$883,447

PROJECT: Township of Hainesport (Frm Hardware & Industrial Tool) APPL.#45276
LOCATION: Hainesport Township, Burlington County
PROCEEDS FOR: Remedial Investigation
FINANCING: \$77,872

PROJECT: Township of Pittsgrove (US Grain and Feed Corporation) APPL.#45032
LOCATION: Pittsgrove Township, Salem County
PROCEEDS FOR: Remedial Investigation
FINANCING: \$141,286

PROJECT: City of Trenton (Freight Yards) APPL.#44815
LOCATION: Trenton City, Mercer County
PROCEEDS FOR: Remedial Action
FINANCING: \$141,199

PROJECT: Township of West Orange (Selecto Flash Inc.) APPL.#45275
LOCATION: West Orange Township, Essex County
PROCEEDS FOR: Remedial Investigation
FINANCING: \$129,177

PROJECT: Adam Roller APPL.#45046
LOCATION: Springfield Township, Union County
PROCEEDS FOR: Remediation
FINANCING: \$26,092

PROJECT: Marcella Simadiris APPL.#45012
LOCATION: Montclair Township, Essex County
PROCEEDS FOR: Remediation
FINANCING: \$112,377

OFFICE OF RECOVERY

Stronger NJ Business Loan Program

ITEM: S Kelly Corporation dba Mad Hatter Sports Bar & Restaurant and Kelly Management Group, LLC; Sea Bright Borough, Monmouth County APPL.#40547
REQUEST: Approve the subordination in position only of the EDA's construction loan previously approved under the Stronger NJ Business Loan Program
MOTION TO APPROVE: Mr. Mullen **SECOND:** Ms. Brennan **AYES: 9**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 18

BOARD MEMORANDUMS

FOR INFORMATION ONLY: Projects approved under Delegated Authority

Premier Lender Program

PROJECT: Giordano Vineland Scrap Material, LLC APPL.#45231
LOCATION: Vineland City, Cumberland County
PROCEEDS FOR: Purchase of Machinery and Equipment
FINANCING: \$360,000 Capital Bank loan with \$180,000 EDA participation

PROJECT: Sand Hill Investments LLC APPL.#45213
LOCATION: Lakewood Township, Ocean County
PROCEEDS FOR: Purchase of Property, Machinery and Equipment
FINANCING: \$4,634,250 OceanFirst Bank loan with \$876,750 EDA participation

PROJECT: Theo Hackensack Properties, LLC

APPL.#45181

LOCATION: Hackensack City, Bergen County

PROCEEDS FOR: Purchase of Property

FINANCING: \$550,000 M&T Bank loan with \$275,000 EDA participation

FOR INFORMATION ONLY: Post Closing Credit Delegated Authority Approvals for 3rd Quarter 2018

FOR INFORMATION ONLY: PUST and HDSRF Program Funding Status

FOR INFORMATION ONLY: Technology & Life Sciences - Delegated Authority Approvals for Q3 2018

PUBLIC COMMENT

There was no public comment.

EXECUTIVE SESSION

The next item was to adjourn the public session of the meeting and enter into Executive Session to discuss a matter under negotiation, where disclosure could adversely affect the public interest. The minutes will be made public when the need for confidentiality no longer exists.

MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Alagia **AYES: 9**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 19

The Board returned to Public Session.

REAL ESTATE

The next item was to approve a lease negotiation matter.

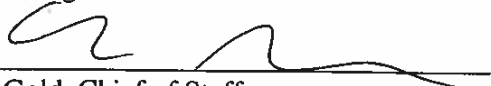
MOTION TO APPROVE: Mr. Alagia **SECOND:** Mr. Ryan **AYES: 9**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 20

There being no further business, on a motion by Mr. Dumont, and seconded by Mr. Sarlo, the meeting was adjourned at 12:29pm.

Certification:

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



Erin Gold, Chief of Staff
Assistant Secretary



MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan
DATE: December 11, 2018
RE: Monthly Report to the Board

NJEDA ACCEPTING APPLICATIONS FOR NEW PROGRAMS

Last week it was announced that we are now accepting applications for the 21st Century Redevelopment Challenge, which will provide grant funding to assist communities with developing solutions for repurposing local vacant or underutilized commercial and retail properties. Approved at our October Board meeting, the 21st Century Redevelopment Challenge was created in response to a number of demographic and economic trends that have resulted in an outmigration of jobs and population, leaving many office parks and shopping malls that once thrived now underutilized or vacant. The Program launched as a pilot program with a total of \$250,000 in funding available in the form of grants of up to \$50,000 per recipient. New Jersey municipalities, counties, or county redevelopment agencies can apply for grant funding on a rolling basis.

In November, we began accepting applications for a new round of funding for municipalities and counties to develop plans to build or augment their local innovation ecosystems. This second round of the Innovation Challenge follows an impressive response to round one of the Challenge, under which nine New Jersey communities were each awarded \$100,000 to advance their planning projects in partnership with higher education institutions and other strategic partners. The Innovation Challenge was initially announced by Governor Murphy in July, with the first round of approvals unveiled in September. The NJEDA has allocated an additional \$500,000 for grants of up to \$100,000 each through a second round.

NJEDA ANNOUNCES NEW SMALL BUSINESS UNIT

The NJEDA's realignment of its operations to better support small businesses in accessing capital was announced in November. This includes the creation of a new Small Business Unit to foster a dynamic, supportive environment for New Jersey's entrepreneurs and small businesses. The Unit will be led by Christina Fuentes, who has served as a Senior Business and Community Development Officer at the NJEDA since 2015 and will focus on identifying economic opportunities in targeted and underserved communities.

Reporting to Christina is Anthony Martinez who recently joined the NJEDA as Senior Small Business Liaison, a new position focused on outreach directly to historically underrepresented businesses including women, minority, veteran, disability, and LGBTQ-owned enterprises, and the organizations

serving these enterprises. This position will also lead the development and implementation of proactive inclusion initiatives at the NJEDA. Anthony has extensive background in community and business development and worked for many years with the Small Business Development Center at Rutgers Camden.

NJEDA'S EFFORTS TO MAKE NEW JERSEY THE STATE OF INNOVATION HIGHLIGHTED IN NOVEMBER

Research with NJ, a free portal that showcases New Jersey's experts in science, technology, engineering and mathematics (STEM), was among projects and industry leaders honored during the New Jersey Technology Council's Awards Celebration. Research with NJ, an online database spearheaded by the NJEDA and the State's Office of the Secretary of Higher Education, won Collaborator of the Year for its efforts to drive economic activity by facilitating and encouraging collaboration between industry and academia. The portal can be found at www.researchwithnj.com.

The NJEDA announced the approval of a record-breaking 61 applications through the State's Angel Investor Tax Credit Program during the third quarter of 2018. The approvals represent the infusion of nearly \$21 million in private capital into 13 technology and life sciences companies throughout the Garden State. This uptick in activity highlights momentum generated by Governor Phil Murphy's focus on re-establishing New Jersey as the State of Innovation. The Program offers a 10 percent refundable tax credit against New Jersey corporation business or gross income tax for qualified investments in an emerging technology business with a physical presence in New Jersey and that conducts research, manufacturing, or technology commercialization in the state. Between January and September, the NJEDA approved 121 Angel Investor Tax Credit Program applications representing nearly \$60 million in investments made into 30 New Jersey technology and life sciences companies.

Two projects approved under the NJ Covest Fund earlier this year closed on funding in November. Somerset-based Reflik, Inc. and Gridless Power, located in Collingswood, were the first companies to close on funding through the NJ Covest Fund. The Fund is designed to bridge the funding gap between product development and commercialization and furthers the NJEDA's ability to support businesses throughout their lifecycle.

GOVERNOR MURPHY'S PLAN FOR STRONGER AND FAIRER NJ ECONOMY HIGHLIGHTED AT EVENTS

Early in November, Governor Phil Murphy laid out his vision for a stronger and fairer New Jersey economy in a mid-morning address to more than 800 principals, investors, owners, developers, planners, and other stakeholders at the 2018 Jersey City Summit for Real Estate Investment. Throughout the day, key administration leaders highlighted initiatives supporting the objectives of the Governor's economic development strategic plan. I had the opportunity to present an overview of Governor Murphy's plan, with a focus on the particular benefits it is expected to have for Jersey City and areas like it around the state.

I also had the pleasure of speaking at the New Jersey Offshore Wind Supply Chain Networking Event, which was hosted by the NJEDA and the New Jersey Board of Public Utilities at Princeton University. The event gave New Jersey businesses the opportunity to learn about supply chain opportunities, available incentives, and workforce development programs related to New Jersey's initial 1,100-megawatt offshore wind solicitation.

Other events where the NJEDA's efforts in support of a stronger and fairer economy were highlighted included the New Jersey Business and Industry Association's Public Policy Forum, the Chamber of Commerce of Southern New Jersey's "Good Morning South Jersey", and the League of Municipalities Conference in Atlantic City.

CLOSED PROJECTS

Through November 2018, EDA closed on \$117 million in lending and other small to mid-sized business assistance to support 118 projects, leveraging more than \$247 million in capital investment and the creation of 1,079 new permanent jobs.

In addition to the assistance provided through these programs, EDA also executed agreements pending certification with 32 incentives projects for nearly \$600 million, leveraging more than \$758 million in capital investment, the creation of 2,350 new jobs, 3,217 construction jobs, and the retention of 5,084 jobs at risk of leaving New Jersey.

A handwritten signature in black ink, appearing to be 'T. A.', is positioned above a solid horizontal line.

AUTHORITY MATTERS



To: Members of the Authority
From: Tim Sullivan, Chief Executive Officer
Date: December 11, 2018
Subject: FY 2019 Fiscal Plan

Enclosed for your review and consideration is the proposed FY19 Fiscal Plan. It is the result of a collaborative effort by senior management and staff. Collectively, we believe our discussions have yielded a fiscally responsible plan which will support the Authority's continued evolution into a comprehensive development agency and best position the organization to support the four strategic priorities of the statewide economic development plan announced in October 2018, including investing in people, investing in communities, making New Jersey the State of Innovation, and making government work better to improve the State's competitiveness and business climate in FY19.

Underlying these goals are several key imperatives for the Authority: 1) to grow New Jersey's economy, with a focus on increasing broad-based equity and creating a pilot, learn, scale culture, supported by bank-like operations; 2) to advance a financially sustainable business platform, optimizing for a balance of State economic activity and fiscal stability of the Authority; and 3) to support our effectiveness through enhanced resources, infrastructure, and compliance. These imperatives are reflected within the Fiscal Plan's revenue and program cost projections, and fiscally responsible administrative expense constraints, respectively.

The proposed Fiscal Plan represents a deliberative approach in the projection of operating revenues, expenses and costs. Taking into consideration the Authority's ongoing organizational transformation, as well as the Murphy Administration's prioritized initiatives, we are projecting total revenue to surpass 2018 Plan and projected actual. Relative to administrative expenses, the Authority is committed to accomplishing its strategic objectives and alignment with the statewide economic development plan in the most efficient manner possible. This includes the continued build out of new divisions of the Authority, including the Office of Economic Transformation and Portfolio Management and Compliance. To that end, EDA core headcount will reflect an increase from 180 projected for FY18 to 210 for FY19, including recruiting for positions related to the implementation of new projects and initiatives, and specific programmatic activity.

The FY 19 Plan is presented as a "balanced budget," with a planned break-even NOE which is lower than FY18 Planned, and 2018 Projected activity, as legacy financing program activity is expected to taper from the high volume received in the prior year, while still providing an important revenue source in 2019. Other significant revenue categories in 2019 include annual servicing fees for the Grow NJ program, real estate development fees related to the Authority's

work in connection with the replacement of the State's Health/Agriculture and Taxation buildings, and ongoing venture fund distributions from existing capital investments.

Also reflected are the following benefit expense items:

- The EDA contribution to PERS is based on billing information from the Division of Pensions. Any amount that can be attributable to dedicated Office of Recovery staff will be sought as a reimbursable fringe item;
- Estimated post-employment benefit of \$1,850,000 is actuarially established;
- Health insurance premiums reflect an increase of 5-7% over 2018, depending on plan and level of coverage selected, however, approx 28% of total premiums are expected to be paid by employees, enabling the Authority to recapture over \$900,000 of this cost.

Program Costs represent expenditures that align with specific programs, projects, and initiatives. At \$8,470,000, the FY19 Plan provides an increase over FY18 Plan, and is attributable largely to new initiatives such as the Incubator Funding Competition (NJ Ignite), and the Innovation Challenge, while continuing important incentive program audits and providing for necessary outreach expenditures. Other costs such as property & liability insurance premiums, legal representation through the Division of Law, and asset management expenditures are consistent with the prior year Plan.

Consistent with prior years, the Plan also includes cash transactional items that may or may not be reimbursable; do not represent costs and expenses related specifically to current year production; or may not be within the scope of what the Authority typically does. These items are presented *below* the NOE for informational purposes. Included here are the reimbursable personnel expenses related to administration of both Fort Monmouth and Office of Recovery activity (which comprise 10 and 25 budgeted staff positions, respectively, resulting in an aggregate expected headcount of 245). Also reflected here are long-term projects such as the ERP upgrade, expansion of the Authority's Newark office and pre-development costs associated with the Myer Center property at For Monmouth.

The compilation of the 2019 Fiscal Plan has been a collective process that interrelates with and supports the Authority's key strategic imperatives. At its meeting of December 6th, the Plan was reviewed by the Audit Committee which concurred it is fiscally responsible and supports the Authority's mission; accordingly, the Board's approval is requested.



Prepared by:

Richard LoCascio, CPA
Controller

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

2019 FISCAL PLAN

	2018 Fiscal Plan	2018 Projected Actual	Actual Over/(Under) Plan	% Variance	2019 Fiscal Plan	'19 Plan to '18 Plan % Variance
Operating Revenue:						
Financing Fees	\$14,050,000	\$7,658,100	(\$6,391,900)		\$10,185,000	
Lease Revenue	7,124,000	7,044,500	(79,500)		7,259,000	
Interest from Notes	4,100,000	4,115,000	15,000		4,500,000	
Agency Fees	619,000	565,000	(54,000)		548,000	
Program Services	2,705,000	3,424,200	719,200		4,559,000	
Venture Fund Distributions/Warrants	1,264,000	2,945,500	1,681,500		2,650,000	
Real Estate Development Fees	1,270,000	881,500	(388,500)		3,153,000	
Sale of Assets	406,000	406,000				
Late Fees and Other	50,000	134,000	84,000		100,000	
Total Operating Revenue	31,588,000	27,173,800	(4,414,200)	-14.0%	32,954,000	4.3%
Non Operating Revenue:						
Interest from Cash Investments	4,000,000	4,500,000	500,000		6,600,000	
Total Non Operating Revenue	4,000,000	4,500,000	500,000	12.5%	6,600,000	65.0%
Total Revenue	35,588,000	31,673,800	(3,914,200)	-11.0%	39,554,000	11.1%
Administrative Expenses						
Personnel and Benefits	21,093,000	20,464,000	(629,000)		26,204,000	
General and Administrative	3,547,000	3,325,400	(221,600)		4,880,000	
Total Administrative Expenses	24,640,000	23,789,400	(850,600)	-3.5%	31,084,000	26.2%
Program Costs						
Cost of Assets Sold	76,000	75,000	(1,000)			
Program	6,772,000	6,686,800	(85,200)		8,470,000	
Total Costs	6,848,000	6,761,800	(86,200)	-1.3%	8,470,000	23.7%
Total Expenses & Costs	31,488,000	30,551,200	(936,800)	-3.0%	39,554,000	25.6%
Net Operating Earnings	\$4,100,000	\$1,122,600	(\$2,977,400)	-72.6%	\$ -	-100.0%

CASH TRANSACTIONAL ITEMS

Operating Revenue:						
FMERO Staff Reimbursement	\$1,393,000	\$1,327,700	(\$65,300)		\$1,524,000	
Loss recoveries		1,678,000	1,678,000			
Total Operating Revenue	1,393,000	3,005,700	1,612,700		1,524,000	
Administrative Expenses						
FMERO Personnel & Benefits	1,393,000	1,327,700	(65,300)		1,524,000	
Office of Recovery Personnel & Benefits	3,258,000	3,107,500	(150,500)		2,565,000	
*(Reimbursement due for OR Personnel)	(3,258,000)	(3,107,500)	150,500		(2,565,000)	
OSHE Interagency Project	1,500,000	1,250,000	(250,000)		250,000	
*(Reimbursement due for OSHE Project)	(1,500,000)	(1,245,000)	255,000		(250,000)	
ERP Procurement	590,000	1,900,000	1,310,000		900,000	
Newark Office Fit-out/wiring					1,863,000	
Post-Employment Benefits Obligation		3,906,600	3,906,600			
Procurement System Upgrade	150,000		(150,000)		25,000	
Program Costs						
Demolition - Tech VI/Premier		508,000	508,000			
Economic Development Strategic Plan		1,600,000	1,600,000		400,000	
State Office Buildings (Tax/Health&Ag)						
*(Reimbursement due for SOB Projects)	(4,419,200)		4,419,200			
Myer Center Pre-Development	7,093,000	5,320,000	(1,773,000)		1,650,000	
Technical Assistance	500,000	300,000	(200,000)		500,000	
Total Expenses & Costs	5,306,800	14,867,300	9,560,500		6,862,000	
Net Cash Transactional Items	(\$3,913,800)	(\$11,861,600)	(\$7,947,800)		(\$5,338,000)	

* **Note:** 10/31 YTD Reimbursement due for Core EDA staff devoting time to OR activity is \$357,500, and will be reflected as an increase to net assets upon receipt, as will full reimbursement for dedicated OR personnel & benefits.

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

2019 FISCAL PLAN

	Revenue Detail					'19 Plan to
	2018	2018	Actual	%	2019	'18 Plan
	Fiscal	Projected	Over/(Under)	Variance	Fiscal	%
	Plan	Actual	Plan		Plan	Variance
Financing Fees						
Application Fees (All Programs)	\$875,000	\$775,000	(\$100,000)		\$810,000	
Bond Closing Fees-Private	550,000	450,000	(100,000)		450,000	
Bond Closing Fees-State	300,000	150,000	(150,000)		300,000	
Bond refunding Fees-Private	100,000	7,500	(92,500)		100,000	
Bond refunding Fees-State	300,000		(300,000)		150,000	
Commitment Fees Credit	164,000	52,000	(112,000)		193,000	
Loan Closing Fees Credit	118,000	50,000	(68,000)		70,000	
Guarantee Closing Fees	5,000	2,000	(3,000)		5,000	
Commitment Fees ERGG	361,000	329,000	(32,000)		328,000	
Closing Fees ERGG	1,310,000	450,600	(859,400)		985,000	
Aspire Tax Credit Approval Fees					100,000	
Angel Tax Credit Approval Fees	126,000	200,000	74,000		225,000	
Evergreen					250,000	
Film Tax Credit Issuance Fees					50,000	
GROW NJ Approval Fees	5,153,000	2,926,000	(2,227,000)		1,829,000	
GROW NJ Issuance Fees	3,946,000	1,648,000	(2,298,000)		2,772,000	
Hub Tax Credit Issuance Fees	142,000	142,000			268,000	
Modification Fees	500,000	475,000	(25,000)		450,000	
NJ Forward Tax Credit Approval Fees					500,000	
Offshore Wind Approval Fees					300,000	
Other	100,000	1,000	(99,000)		50,000	
Total Financing Fees	14,050,000	7,658,100	(6,391,900)	-45.5%	10,185,000	-27.5%
Lease Revenue						
NY Daily News	119,000	119,000			119,000	
Biotech Development Center	316,000	177,000	(139,000)		574,000	
Commercialization Ctr	800,000	919,200	119,200		834,000	
SPF-Philadelphia 76ers	28,000	28,100	100		28,000	
Technology Centre of NJ	5,861,000	5,801,200	(59,800)		5,704,000	
Total Lease Revenue	7,124,000	7,044,500	(79,500)	-1.1%	7,259,000	1.9%
Agency Fees						
Board of Public Utilities Clean Energy	168,000	114,000	(54,000)		97,000	
Historic Trust Fund	1,000	1,000			1,000	
NJ Local Development Financing Fund	450,000	450,000			450,000	
Total Agency Fees	619,000	565,000	(54,000)	-8.7%	548,000	-11.5%
Program Services						
BEIP Service Fees	365,000	355,000	(10,000)		861,000	
BRRAG Service/Transfer Fees	259,000	259,000			166,000	
ERGG Service/Transfer Fees	48,000	127,500	79,500		140,000	
Grow Service/Transfer Fees	1,948,000	2,600,000	652,000		3,300,000	
HUB Annual Review/Tax Transfer Fees	85,000	82,500	(2,500)		92,000	
Municipal Economic Recovery Initiative		200	200			
Total Program Services	2,705,000	3,424,200	719,200	26.6%	4,559,000	68.5%
Venture Fund Distributions/Warrants						
Edison VI, VII, & VIII	165,000	350,000	185,000			
NewSpring Health	500,000	50,000	(450,000)		100,000	
NJ Tech Council		258,500	258,500		2,350,000	
Osage	99,000		(99,000)			
Equity Sale/Warrant Income	500,000	2,287,000	1,787,000		200,000	
Total Distributions/Warrants	1,264,000	2,945,500	1,681,500	133.0%	2,650,000	109.7%
Real Estate Development and Mgt Fees						
Development Fees						
Camden Parking Projects - Various	50,000	63,000	13,000		50,000	
Department of Health Building	251,000		(251,000)		1,384,000	
Division of Taxation Building	291,000		(291,000)		724,000	
Parcel F-1 ROI/RWJ					332,000	
Total Development Fees	592,000	63,000	(529,000)	-89.4%	2,490,000	320.6%
Management Fees						
Aquarium	600,000	740,500	140,500		600,000	
Bio-Medical Administrative Fee	30,000	30,000			15,000	
State Office Buildings	48,000	48,000			48,000	
Total Management Fees	678,000	818,500	140,500	20.7%	663,000	-2.2%
Total RE Development & Mgt Fees	1,270,000	881,500	(388,500)	-30.6%	3,153,000	148.3%

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

2019 Fiscal Plan
Administrative Expenses

	2018 Approved Plan	2018 Projected Actual	Actual Over/(Under) Plan	% Variance	2019 Fiscal Plan	'19 Plan to '18 Plan % Variance
SALARY EXPENSE	\$14,188,000	\$13,870,000	(\$318,000)	-2.2%	\$17,902,000	26.2%
FRINGE BENEFITS						
Social Security	1,050,000	977,000	(73,000)		1,314,000	
Pension Costs	1,785,000	1,785,000			2,001,000	
Non-health related Ins.	221,000	213,000	(8,000)		272,000	
Health Insurance	2,480,000	2,339,000	(141,000)		3,130,000	
Less: Employee Contribution	(720,000)	(750,000)	(30,000)		(950,000)	
Post-employment benefits obligation	1,294,000	1,294,000			1,726,000	
Prescription Ins.	633,000	588,000	(45,000)		622,000	
Dental Care Ins.	137,000	128,000	(9,000)		157,000	
Vision Care	25,000	20,000	(5,000)		30,000	
TOTAL FRINGE BENEFITS	6,905,000	6,594,000	(311,000)	-4.5%	8,302,000	20.2%
TOTAL PERSONNEL AND FRINGE	\$21,093,000	\$20,464,000	(\$629,000)	-3.0%	\$26,204,000	24.2%
Total Salaried Employees	163	180	17		210	28.8%

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
2019 Fiscal Plan
Administrative Expenses**

	2018 Approved Plan	2018 Projected Actual	Actual Over/(Under) Plan	% Variance	2019 Fiscal Plan	'19 Plan to '18 Plan % Variance
PERSONNEL RELATED						
Part-time Employees	\$50,000	\$55,000	\$5,000		\$60,000	
Temporary Agencies	85,000		(85,000)		75,000	
Publications & Subscriptions	7,000	8,100	1,100		8,000	
Automobile	19,000	34,300	15,300		10,000	
Local Travel & Meetings	37,000	41,000	4,000		44,000	
Affirmative Action Monitoring	5,000	4,800	(200)		5,000	
Conference	32,000	37,500	5,500		40,000	
Professional Training/Development	128,000	104,200	(23,800)		160,000	
TOTAL PERSONNEL RELATED	363,000	284,900	(78,100)	-21.5%	402,000	10.7%
CONTRACT SERVICES						
Financial Audit	175,000	190,000	15,000		190,000	
Actuarial Assessment	31,000	14,000	(17,000)		14,000	
HR Consultation	10,000	40,000	30,000		90,000	
Governor's Authorities Unit Assessment	34,000	33,600	(400)		34,000	
TOTAL CONTRACT SERVICES	250,000	277,600	27,600	11.0%	328,000	31.2%
INFORMATION SYSTEMS						
System Maintenance	191,000	142,000	(49,000)		179,000	
System Software	496,000	400,000	(96,000)		553,000	
System Hardware	48,000	75,000	27,000		208,000	
CRMS	20,000	200,000	180,000		200,000	
Online Subscriptions	116,000	110,000	(6,000)		120,000	
Communications	225,000	202,500	(22,500)		296,000	
External Services Providers	71,000	64,000	(7,000)		74,000	
TOTAL INFORMATION SYSTEMS	1,167,000	1,193,500	26,500	2.3%	1,630,000	39.7%
OFFICE OPERATIONS						
Utilities	266,000	278,100	12,100		292,000	
Postage & Delivery	21,000	17,700	(3,300)		23,000	
Rent	109,000	125,600	16,600		300,000	
Insurance-liability & property	265,000	238,000	(27,000)		255,000	
Equipment Maintenance	19,000	16,500	(2,500)		22,000	
Furniture/Equipment lease/purchase	287,000	119,800	(167,200)		751,000	
Stationary & Supplies	76,000	28,800	(47,200)		55,000	
TOTAL OFFICE OPERATIONS	1,043,000	824,500	(218,500)	-20.9%	1,698,000	62.8%
BUILDING MANAGEMENT						
Facility Management	119,000	108,400	(10,600)		120,000	
Building Security Guard	116,000	131,900	15,900		136,000	
Janitorial	135,000	131,900	(3,100)		138,000	
Taxes/PILOT	63,000	62,000	(1,000)		63,000	
Grounds	90,000	80,000	(10,000)		90,000	
Parking Lot	29,000	20,400	(8,600)		54,000	
Mechanical Maintenance	134,000	162,300	28,300		164,000	
TOTAL BUILDING MANAGEMENT	686,000	696,900	10,900	1.6%	765,000	11.5%
GENERAL	38,000	48,000	10,000	26.3%	57,000	50.0%
TOTAL GEN'L & ADMIN. EXPENSE	\$3,547,000	\$3,325,400	(\$221,600)	-6.2%	\$4,880,000	37.6%
TOTAL ADMINISTRATIVE (Excl FM/OR)	\$24,640,000	\$23,789,400	(\$850,600)	-3.5%	\$31,084,000	26.2%

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

2019 FISCAL PLAN

Program Cost Detail

	2018 Fiscal Plan	2018 Projected Actual	Actual Over/(Under) Plan	% Variance	2019 Fiscal Plan	'19 Plan to '18 Plan % Variance
Asset Management						
Environmental Fees	\$10,000		(\$10,000)		\$10,000	
Maintenance and Repair	1,484,000	1,437,400	(46,600)		1,800,000	
Property Management	256,000	220,500	(35,500)		286,000	
Taxes and PILOT	1,116,000	1,108,300	(7,700)		1,136,000	
Tenant Billing System	9,000	8,100	(900)		9,000	
Furniture/Fixtures/Equip - Biotech Dev Center	233,000	209,500	(23,500)			
Utilities	940,000	959,000	19,000		985,000	
Total Asset Management	4,048,000	3,942,800	(105,200)	-2.6%	4,226,000	4.4%
Outreach						
Marketing	325,000	325,000			325,000	
Events & Sponsorship	75,000	75,000			110,000	
Website Redevelopment					40,000	
Total Outreach	400,000	400,000			475,000	18.8%
Consultation/Legal						
Deputy AG Contracted Fees (Excl. FMERO)	900,000	780,000	(120,000)		900,000	
Other Litigation (Special Counsel)	25,000	20,000	(5,000)		25,000	
LMS Programming	18,000	95,000	77,000		90,000	
Camden Waterfront Survey	20,000		(20,000)		20,000	
DEP/Licensed Site Remediation	15,000	5,000	(10,000)		15,000	
Environmental Consultants					35,000	
Incentive Programs Audit	100,000	100,000			100,000	
Incubator Funding Competition (NJ Ignite)					300,000	
Innovation Challenge		450,000	450,000		450,000	
Innovation Challenge, Round II					500,000	
GSGZ/Small Bus. Incentives	200,000		(200,000)		250,000	
State Office Feasibility (Newark)	200,000		(200,000)			
Stranded Assets (Planning/Grants)					250,000	
Tech Centre Space Planning	100,000		(100,000)		50,000	
Tech Centre Condo (Engineering/Architect)					100,000	
Real Estate Advisory Services	100,000	225,000	125,000		100,000	
Other Consulting/Feasibility		18,000	18,000		50,000	
Total Consultation/Legal	1,678,000	1,693,000	15,000	0.9%	3,235,000	92.8%
Services						
Appraisals of Collateral	30,000		(30,000)		30,000	
Credit Reporting Services	5,000	5,000			5,000	
Realtor Commissions	250,000	297,500	47,500		114,000	
Total Services	285,000	302,500	17,500	6.1%	149,000	-47.7%
Insurance						
Property & Liability Insurance	245,000	225,000	(20,000)		241,000	
Total Insurance	245,000	225,000	(20,000)	-8.2%	241,000	-1.6%
Other						
Camden Waterfront Landscaping						
Caren Franzini Fellowship		5,000	5,000		5,000	
Debt Servicing	32,500	32,500			32,500	
Filing Fees	8,000	5,000	(3,000)		5,000	
Program Related Travel & Meetings	44,500	43,000	(1,500)		46,500	
Trade Missions					20,000	
Searches-Titles, Leins, Property	16,000	23,000	7,000		20,000	
Other	15,000	15,000			15,000	
Total Other	116,000	123,500	7,500	6.5%	144,000	24.1%
Total Program Costs	\$6,772,000	\$6,686,800	(\$85,200)	-1.3%	\$8,470,000	25.1%



MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan
Chief Executive Officer
DATE: December 11, 2018
SUBJECT: Authorized Signers for Staff Delegations

Proposed Action:

Revise the staff delegations signing authority previously approved by the members to reflect current titles. Add the Director, Closing Services to the Bond, Credit and Incentives Delegations, Design & Construction Director to Real Estate Delegations and Director of Technology and Life Sciences Operations to both the Bond, Credit and Incentives and the CCIT/BDC Delegations

Background:

Since 2003, the Members' approval has been sought to delegate authority to staff to sign new approvals and modifications to existing transactions to create efficiencies for our customers and to provide fluidity to our business. Delegations are grouped by business areas and signing authority is designated by level based on the complexity of the transaction or exposure to the Authority.

In 2018, EDA aligned titles for consistency across the organization.

Title changes to the Bond, Credit and Incentives Delegations include: Managing Director, Underwriting and Closing to Vice President; Managing Director, Post Closing Financial Services to Vice President; Director, Underwriting to Managing Director; Director, Jobs Portfolio Management to Director, Incentives Compliance Management; and Director, Post Closing and Real Estate Incentives Management to Director, Incentives Relationship Management.

Title changes in the Technology & Life Sciences Delegations: Director of Technology and Life Sciences to Vice President.

Title changes in the Real Estate Delegations: Change Director of Real Estate to Vice President, Real Estate; and Level 4 changes: Development & Finance Manager to Director and add Design & Construction Director.

The members are asked to consent to these changes and to add the Director, Closing Services to the Bonds, Credit and Incentives Delegations grid as a signer.

Recommendation:

Consent to the staff delegation signing authority changes as shown on the attached grid to reflect current titles.

A handwritten signature in blue ink is written over a horizontal line. The signature is stylized and appears to be the initials "TL".

Prepared by: Lisa Butterfield

BOND, CREDIT, INCENTIVES DELEGATIONS INCLUDING TECHNOLOGY & LIFE SCIENCES

Current Delegation Signing Levels:

Level 1	Level 2	Level 3	Level 4	Board Approval Date
CEO or President/COO	CEO or President/COO with any SVP or Managing Director (Underwriting & Closing or Post-Closing Services) and any one Director (Credit & Real Estate Underwriting, Bonds & Incentives*, Post Closing Credit & Bonds, Post Closing Incentives* or Technology and Life Sciences)	SVP or Managing Director (Underwriting & Closing, or Post-Closing Services) with any one Director (Credit & Real Estate Underwriting, Bonds & Incentives*, Post Closing Credit & Bonds Post Closing Incentives)	Any one Director (Credit & Real Estate Underwriting, Post Closing Credit & Bond, Bonds & Incentives*, Post Closing Incentives*	March 10, 2009: Level 3 for SVP-OPS. August 10, 2010: Level 2-4 signers. September 13, 2012 change in signers June 11, 2013 extend delegation to add Managing Directors (OR, CU, PC) and Directors of OR and TLS to specific business lines

*Limited to Incentives and Closing Documents (no credit exposure transactions)

Proposed: Effective December 11, 2018

Level 1	Level 2	Level 3	Level 4	Board Approval Date - New only
CEO or President/COO	CEO or President/COO with any SVP or Vice President (Underwriting & Closing, Post Closing Financial Services, Technology & Life Sciences with any one: Managing Director (Underwriting) or any Director (Finance Bond & Credit Post Closing, Incentives Compliance* or Incentives Relationship Management*)	SVP or Vice President (Underwriting & Closing, Post Closing Financial Services, Technology & Life Sciences) with any one: Managing Director, Underwriting, or any Director (Finance Bond & Credit Post Closing Financial Services, Incentives Compliance* Director, Incentives Relationship Management*, Technology and Life Sciences Operations*)	Any one: Managing Director, Underwriting or any Director (Finance, Bond & Credit Post Closing Financial Services, Closing Services*, Incentives Compliance* or Incentives Relationship Management*, Technology and Life Sciences Operations*)	December 11, 2018: a) Incorporates the following title changes: Managing Director to Vice President for Underwriting & Closing and Post Closing Financial Services; Director Technology & Life Sciences to Vice President; Director, Underwriting to Managing Director; Director, Jobs Incentives to Director of Incentives Compliance; Director of Post Closing and Real Estate Incentives to Director of Incentives Relationship Management; adds Directors of Closing Services and Technology and Life Sciences Operations; and b) corrects minor inconsistencies in titles on the prior delegation grid.

*Limited to Incentives and Closing Documents (no credit exposure transactions)

CCIT Lease Delegations

BDC Tech IV Delegations

Current:

Level 1	Level 2	Level 3	Level 4	Level 5
CEO and President/COO	SVP	Vice President-Technology and Life Sciences- only ("VP-TLS")	Program Manager-Technology and Life Sciences, Only ("PM-TLS")	Program Officer ("PO") CCIT ONLY

Current:

Level 1	Level 2	Level 3	Level 4	Level 5
CEO and President/COO	SVP	Vice President-Technology and Life Sciences- only ("VP-TLS")	Program Manager-Technology and Life Sciences, Only ("PM-TLS")	Program Officer ("PO") BDC only

As Proposed: Effective December 11, 2018

Level 1	Level 2	Level 3	Level 4	Level 5
CEO and President/COO	SVP	Vice President-Technology and Life Sciences - only	Director of Technology and Life Sciences or Operations or Program Manager - Technology and Life Sciences	Program Officer CCIT ONLY

As Proposed: Effective December 11, 2018

Level 1	Level 2	Level 3	Level 4	Level 5
CEO and President/COO	SVP	Vice President-Technology and Life Sciences- only	Program Manager - Technology and Life Sciences (PM-TLS), or Director Technology and Life Sciences	Program Officer BDC only



MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan
Chief Executive Officer
RE: Newark Office Space
DATE: December 11, 2018

Summary

I request the Members approve:

- execution of a lease with One Gateway Center Office LLC (Landlord) for approximately 10,643 rentable square feet (RSF) of office space at One Gateway Center, Newark
- execution of parking agreement(s) for the number of staff reporting to Newark
- expending up to \$2,317,525 for tenant improvements, fixture, furniture and equipment, and moving expenses
- execution of a Use and Occupancy Memorandum of Understanding with the Division of Property Management and Construction within Treasury for approximately 4,040 RSF in One Gateway Center, which will be used as an executive state office.

Background

Existing Conditions

On February 1, 2014, the Authority entered into a 3,339 SF office lease with Diversified Capital – Newark, LLC for space at 24 Commerce Street on the third floor initially at the annual rental rate of \$18 RSF (or \$60,102 annually), increasing annually at \$.50 RSF. The current rent is \$66,780 annually or \$20 RSF. The lease terminates on May 31, 2019. Eleven (11) Authority employees currently report to the Newark office.

Request for Lease Proposals

As part of the Authority's planning process, staff evaluated alternative space options to accommodate new staff and programmatic needs in Newark. After reviewing listings on CoStar and identifying five potentially suitable sites, Real Estate staff toured the five sites, and requested lease proposals from the five landlords. The initial program was for space for approximately twenty (20) employees. The five sites were reduced to three after senior leadership determined that two sites would not meet the Authority's programmatic needs.

After refining and increasing the staff programming to forty-five (45) employees, Real Estate staff issued an addendum to the initial request for lease proposals to the three landlords for space in the following buildings: One Newark, One Gateway and Ironside. The lease proposals were ranked on

evaluative criteria, rent and other factors considered, as outlined on the summary attached as Exhibit A to this memo. Senior leadership toured the three final sites and confirmed that the highest-ranking site, One Gateway, was the preferred location.

New Lease, Tenant Improvements, FF&E, and Parking Agreements

The One Gateway lease will include 10,643 RSF, a 63 month (5 years, 3 months) term, the initial three months at free rent, one five year renewal option at 95% of fair market value, modified gross rent commencing at \$36 RSF (or \$383,148 first year rent), increasing 3% annually, and a \$25 RSF tenant improvement allowance (or \$266,075 in Landlord tenant improvement allowance). Landlord shall also have the right to relocate the demised premises to equivalent space at no cost to the Authority and upon six months' prior notice. The letter of intent to lease is attached as Exhibit B to this memo. The lease is anticipated to commence on or about June 2019.

Real Estate staff has estimated the total tenant improvement cost at approximately \$2,128,600, with the Authority paying \$1,862,525 and the Landlord's tenant improvement allowance (\$266,075) covering the balance. Landlord will provide turnkey space. In addition, new fixtures, furniture and equipment and moving expenses are estimated at \$455,000.

Separate parking agreement(s) will be executed for employee parking spaces within the garage and/or nearby parking lot(s) yet to be determined. The lease includes one reserved parking space for each 1,000 RSF of leased space in the Gateway One or Gateway Three garages owned by Landlord at market rate. Market rates range from \$150 to \$350 per space per month depending on the location of the parking (independent parking lots, garage in Gateway One or Garage in Gateway Three). The parking agreement(s) will be coterminous with the new lease, with either an independent parking operator, the Landlord or a combination of both and include the ability to add and remove spaces as staff requirements change.

Use and Occupancy Agreement with DPMC

After issuing the request to lease addendum and obtaining the Landlords' responses, senior leadership revisited the staffing needs in Newark and determined that space will be required for planned growth from 11 full time staff to approximately 30 full time staff in the Newark office. The departments primarily comprising this growth are:

- the Office of Economic Transformation
- International Trade and Investment
- Planning, Policy and Research

In addition, the space programming will provide for flexibility which will allow additional staff to use the Newark office when needed.

In addition, in conversations between senior leadership staff and the Treasury staff, it was discovered that there is a need for an executive state office in Newark that could be satisfied with the excess space within the Authority's 10,643 RSF at One Gateway. The Landlord provided revised programming for an executive state office at 4,040 RSF and EDA's space at 6,603 RSF will accommodate at least thirty (30) Authority employees. The Landlord has no objection to occupancy by the State as part of the Authority's lease. The revised programming will accommodate the projected staffing need in Newark.

The Use and Occupancy Memorandum of Understanding (“MOU”) with DPMC will provide the following:

- The Authority will pay the tenant improvement expenses for the entire leasehold, minus the Landlord’s fit out allowance. DPMC will reimburse the Authority the tenant improvement upgrades specific to executive state office (e.g., upgraded flooring, office bathroom, separate entrance) which are not included in the base tenant improvements, and any fixtures, furniture and equipment specifically purchased for the executive state office
- DPMC would reimburse the Authority DPMC’s pro rata occupancy cost for 4,040 RSF which includes rent, common area maintenance, utilities, real estate taxes, and after hour HVAC charges
- The parking spaces will be allocated based on the square footage of the leased space and the costs reimbursed to the Authority

A draft MOU is attached as Exhibit C to this memo. The final terms of the lease and the MOU will be subject to the approval of the Chief Executive Officer and the Attorney General’s Office.

Recommendation

In summary, I request the Members approve: execution of a lease with One Gateway Center Office LLC (Landlord) for approximately 10,643 RSF of office space at One Gateway Center, Newark; execution of parking agreement(s) for the number of staff reporting to Newark; expending up to \$2,317,525 for tenant improvements, fixture, furniture and equipment, and moving expenses; and execution of a Use and Occupancy Memorandum of Understanding with the Division of Property Management and Construction within Treasury for approximately 4,040 RSF in One Gateway Center, which will be used as an executive state office.



Tim Sullivan
Chief Executive Officer

Atts: Exhibits A through C.
Prepared by: Juan Burgos

EXHIBIT A: SCORING SUMMARY

EXHIBIT A

Newark Office Space Scoring Summary

Newark Lease Scoring					
Items	One Newark - 16th Floor	One Gateway - 14th Floor	Ironside	Max Score.	Notes
Rentable SF	1	3	2	3	Ranked highest to lowest on SF basis
Useable SF	1	3	2	3	Ranked highest to lowest on SF basis
5 YR NPV	3	1	2	3	Lowest NPV ranked highest
10 YR NPV	3	2	1	3	Lowest NPV ranked highest
Landlord 5 Yr TI Allowance	1	2	2	3	Landlord TI \$SF ranked highest to lowest
EDA Est. 5 Yr TI Cost	3	1	2	3	EDA TI cost ranked lowest to highest
Landlord 10 Yr TI Allowance	1	2	3	3	Landlord TI \$SF ranked highest to lowest
EDA Est. 10 Yr TI Cost	2	1	3	3	EDA TI cost ranked lowest to highest
Building Rating	4.25	4.25	4.25	4.5	Building ranked, lowest to highest, A+ to C
Adequacy of Floor Plan for Program	Yes	Yes	Yes	0	Yes or no, not ranked
Proposed Schedule (weeks)	2	2	0	3	Schedules ranked from lesser to greater time period
Building Amenities	3	4	4	5	1 point for each type of amenity provided (no double points for the same type)
Proximity Mass Transit	4	4	4	4	Weighted average of score for distance from train, light, rail or bus stop
Parking Per 1,000 SF	1	2	3	3	Greatest number of space made available under lease terms (not free spaces)

Red denotes highest score in category

Newark Space: Scored Criteria Summary			
Items	One Newark - 16th Floor	One Gateway - 14th Floor	Ironside
Rentable SF	9,215	10,643	10,000
Useable SF	7,843	8,514	8,475
5 YR NPV	\$3,148,308	\$3,611,214	\$3,258,093
10 YR NPV	\$4,121,923	\$4,288,997	\$4,478,695
Landlord 5 Yr TI Allowance	\$18.00	\$25.00	\$25.00
EDA Est. 5 Yr TI Cost	\$1,677,130	\$1,862,525	\$1,750,000
Landlord 10 Yr TI Allowance	\$35.00	\$45.00	\$50.00
EDA Est. 10 Yr TI Cost	\$1,520,475	\$1,649,665	\$1,500,000
Building Rating	A	A	A
Adequacy of Floor Plan for Program	Yes	Yes	Yes
Proposed Schedule (weeks)	22	22	0
Building Amenities	3	4	4
Proximity Mass Transit	4	4	4
Parking Per 1,000 SF	9	11	20

Red denotes highest score in category

Scoring Summary	One Newark - 16th Floor	One Gateway - 14th Floor	Ironside
5 Year Lease Score	23.25	26.25	25.25
5 Year Ranking	3	1	2
10 Year Lease Score	22.25	27.25	26.25
10 Year Lease Rank	3	1	2

Color Legend:

- Item included in 5 Year Lease Score Only
- Item included in 10 Year Lease Score Only
- Item included in 5 Year and 10 Year Lease Score
- Not Scored

Financial Summary	One Newark - 16th Floor	One Gateway - 14th Floor	Ironside
5 Initial Lease Rate	\$34.00	\$36.00	\$34.00
10 Year Initial Lease Rate	\$33.50	\$34.50	\$34.00
5 Year Net Present Value @ 5%	\$3,148,308	\$3,611,214	\$3,258,093
10 Year Net Present Value @ 5%	\$4,121,923	\$4,288,997	\$4,478,695
Tenant Improvement (TI) Estimate	\$1,843,000	\$2,128,600	\$2,000,000
Landlord TI Allowance 5 Yrs	\$165,870	\$266,075	\$250,000
Landlord TI Allowance 10 Yrs	\$322,525	\$478,935	\$500,000
5 Year EDA TI Out of Pocket Cost	\$1,677,130	\$1,862,525	\$1,750,000
10 Year EDA TI Out of Pocket Cost	\$1,520,475	\$1,649,665	\$1,500,000
FF&E & Move Estimate	\$455,000	Excludes computers, copier & supplies	
5 Year NPV of Parking Est. @ 5%	\$445,009		
10 Year NPV of Parking Est. @ 5%	\$895,037		

EXHIBIT B: LETTER OF INTENT TO LEASE



December 5, 2018

VIA E-MAIL ONLY

Mr. Blake Goodman
Executive Vice President
Jones Lang LaSalle
8 Campus Drive
Parsippany, New Jersey 07054

Re: One Gateway Center
Authority Newark Office Space

Dear Mr. Goodman:

Thank you for your responses to the Authority's **REQUEST FOR LEASE PROPOSALS FOR OFFICE SPACE IN NEWARK, ESSEX COUNTY ("Request to Lease")** issued on June 19th and September 21st of this year. This constitutes the Authority's non-binding Letter of Intent (LOI) to Lease, incorporating One Gateway Center Office LLC response, dated September 24, 2018, to the Authority's Request to Lease:

1. **Tenant:** New Jersey Economic Development Authority
36 West State Street
P.O. Box 990
Trenton, New Jersey 08625
2. **Property/Landlord:** One Gateway Center Office LLC
3. **Lease Commencement:** Approximately June 1, 2019
4. **Tenant's Space Program:** On the 14th floor, the NJEDA office for approximately 30 employees that will be programmed as follows:
 - Separate entrance to the suite
 - 6 offices
 - 24 workstations
 - 2 conference rooms (1 large, 2 small)
 - 1 break room
 - 1 storage room
 - 1 IT room

- 1 copy and mail room
- 1 wellness room

This space will be ±6,603 rentable SF

In addition, the NJEDA leasehold will include the following program which NJEDA will either sublet or otherwise provide occupancy to the Division of Property Management and Construction within Treasury:

- Separate second entrance to the suite
- Reception area
- Executive office with private bathroom
- 3 offices
- 6 workstations
- Copier and mail room
- Conference room
- Breakroom

This space will be approximately ±4,040 rentable SF adjacent to the NJEDA office space

The total RSF will be ±10,643.

The program is subject to change when Landlord and Tenant create the final space plan for the demised premises.

In no event will a revised program increase the rentable square feet.

- 5. Estimated Required Useable Square Feet (USF):** ±8,514 useable square feet
- 6. Rentable Square Feet and Common Area Factor:**
- ±10,643 rentable square feet (RSF)
 - 25% common loss factor
- 7. Base Rental Rate:**
- 5 Year Term: \$36.00 per RSF (PRSF) with 3% annual increases
 - Base year of 2019
- 8. Free Rent:** 5 Year Term, plus three (3) months Base Rental outside the lease term

- 9. Renewal Option:** Landlord shall provide one (1) five (5) year option with twelve (12) months' prior written notice
- 10. Renewal Rate:** The greater of 95% of FMV or the fully escalated rate in the final year of the lease term.
- 11. Utilities, Common Area Maintenance and Real Estate Taxes:** \$1.75 PRSF subject to survey for electric. No other costs other than escalations over the Base Year.
- 12. Janitorial:** Landlord will provide janitorial services as outlined in the lease provided by Landlord at no additional cost.
- 13. HVAC:** The HVAC is separately controlled by Tenant. Heating and cooling on perimeter provided by individually controlled 1-ton units. Common areas and interior portions are controlled by one central 2-ton Trane air conditioning unit.
- Tenant will pay directly via submeter for any usage above and beyond normal building hours.
- 14. Building Amenities:** The building is connected to Newark Penn Station, offers ample parking at a ratio of 1/1,000sf and hosts an array of amenities, including on site NY Sports Club, Hilton Hotel and Conference Center, ATM machines, shoe shine, numerous restaurants, coffee shops and bars. Property management is on site and access is 24/7.
- The Hilton Newark has 13 flexible meeting rooms totaling over 11,000ft with a 4,400ft ballroom with foyer for receptions.
- A Dedicated meetings manager
 - An on-site audio/visual company with high-tech expertise
 - Food and beverage service with flexible menu
 - Online group accommodation tools
- 15. Tel-Data Wiring:** The building hosts fiber through Newark Fiber, AT&T & Verizon and runs through a telecom room on each floor.
- 16. Tenant Improvement Allowance:** Five Year Term: Landlord shall provide a Turnkey work letter up to \$25 per RSF

- 17. Floor Plan:** See attached Exhibit A
- 18. Space Planning:** As part of the Tenant improvement allowance, Landlord shall be responsible for any space planning, architectural and engineering expense. All cost shall be deducted from Tenant's improvement allowance.
- 19. Landlord Work:**
- Landlord to construct all required tenant improvements
 - Landlord to provide a turnkey installation based upon a mutually agreed to floor plan, which includes, but is not limited to: design, permitting, construction, required approvals, and certificate of occupancy for the demised premises.
- 20. Tenant Work:** Tenant and its vendors shall have early access to install furniture, equipment and related items
- 20.a. Project Schedule** From Lease signing Landlord anticipates six (6) weeks for construction documents followed by thirty (30) days for permitting and two (2) months for Tenant's build out. Total timeline is estimated to be 4.5 to 5 months from Lease signing
- 21. Parking:** Tenant shall be permitted to use a ratio up to 1/1,000 occupied RSF at the current market rate in garages at Gateway One and/or Gateway Three.
- Rates range from \$250 to \$350 per space permits depending upon space requirements (i.e., marked reserved etc.). Guest parking is available subject to availability at market daily rates
- 22. Right to Sublet or Assign:** Subject to the final terms of the Lease, with Landlord's reasonable consent, Tenant may, from time to time assign or sublet its space to the extent such space is not required by Tenant. No consent will be required for an assignment or sublet to any subsidiary, affiliate or related company, or to a-successor-in-interest resulting from a merger, consolidation, joint venture or reorganization.
- Tenant advises Landlord that 4,040 RSF shall be used by the Division of Property Management and Construction within Treasury or by such other

agency or agencies of the State government as may be determined by the Tenant

23. Relocation:

Landlord may move Tenant under the following conditions:

1. Landlord to provide equivalent fit out to the currently occupied space (as determined by Tenant) and at Landlord's expense
2. Landlord provides Tenant at least 6 months notice
3. Landlord incurs all the move and any additional fit out costs for the new space Landlord may move Tenant only one time during the Initial and any Extended Lease Term
4. Landlord may not move Tenant in first year or last year of the term
5. Landlord will not increase rent or escalations if larger space is provided, and will proportionately decrease rent if less space is provided
6. Tenant, in its sole discretion, has the right to decline space in its sole opinion if not equivalent or better or otherwise not suitable, including space finishes.
7. Landlord to submit all construction and architectural documents to Tenant for approval
8. Landlord's notice must specify location of substitute space, proposed date of relocation and provide reasonable times for Tenant to inspect for suitability
9. Landlord must pay the following move costs: moving of all furniture, equipment and telecommunications and installation/set up in new space, any stationary costs, new utility deposits, and certificate of occupancy
10. Move must occur on weekend and/or State holiday only
11. In no event will Tenant pay rent at any time of rent for both existing and substitute space
12. No move can occur unless all approvals are obtained and Tenant can immediately operate/conduct business

24. Signage and Tenant Directory:

Tenant shall have the right to install two corporate names on the building's electronic directory, at the entrance to the demised premises at Tenant's cost. and two distinct suite designations

- 25. Building Security and Building Access:** 24/7 manned security desk. After hours access controlled by card access.
- 26. Tenant Suite Security:** Tenant may install, at Tenant's expense, a security system as part of its tenant improvement
- 27. Transportation:** One Gateway is directly connected to Newark Penn Station, offering NJ Transit and Amtrak trains, PATH service and the Newark Light Rail
- 28. Brokerage Disclosure:** Tenant is not represented by a broker and will not be responsible for any brokerage commission
- 29. Security Deposit:** Tenant shall not provide a security deposit
- 30. Business Registration Form:** The State of New Jersey Treasury requires that anybody doing business with an authority have a Business Registration Certificate. This is required for all vendors (except not-for-profit) whether it's a supply, service, material, equipment, real estate, or lease procurement at \$2,625 or above.
- Landlord to provide upon the execution of this Letter of Intent.
- 31. Prevailing Wage:** All tenant improvements and alterations shall be subject to the prevailing wage and Affirmative Action Requirements of the NJEDA.
- 32. Non-Binding Proposal:** This letter of intent is an outline of the major contemplated lease provisions only and is not to be construed as a binding legal agreement to lease.
THE PARTIES AGREE THAT NO CONTRACTUAL OBLIGATION WILL BE CREATED BY NJEDA'S ACCEPTANCE OF LANDLORD'S LEASE PROPOSAL.
Neither Landlord nor Tenant will have any legal obligation or liability to the other with respect to the matters set forth in this letter of interest unless and until the NJEDA Board approves the transaction and a definitive lease is executed and delivered by both parties.
- 33. Political Campaign Contributions:** On March 22, 2005, Acting Governor Codey signed into law P.L. 2005, c. 51, amending and supplementing N.J.S.A 19:44A- 20.1 et seq. This

legislation supersedes Executive Order 134 (2004) (EO 134”), but essentially codified its substantive provisions aimed at safeguarding the integrity of State government procurement by imposing restrictions to insulate that process from political contributions posing the risk of improper influence, purchase of access, or the appearance thereof. Landlord will be required to respond in a timely fashion to certification and disclosure requirements that will be issued by the NJEDA prior to the execution of a lease. The lease during the time that the property is leased by a governmental or quasi-governmental entity will be subject to EO 134 requirements. Tenant to provide a copy of the EO 134 requirements. See Exhibit A for form.

Landlord to provide upon the execution of this Letter of Intent.

34. Compliance

Respondents will be required to provide all Compliance documents as indicated in Exhibits A which is attached to this RFP.

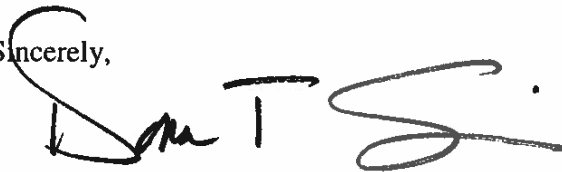
Landlord to provide upon the execution of this Letter of Intent.

This LOI is an outline of the major contemplated lease provisions only and is not to be construed as a binding legal agreement to lease. **THE PARTIES AGREE THAT NO CONTRACTUAL OBLIGATION WILL BE CREATED BY THE ACCEPTANCE OF LANDLORD’S PROPOSAL.**

Neither Landlord nor Tenant will have any legal obligation or liability to the other with respect to the matters set forth in this LOI unless and until the New Jersey Economic Development board approves the transaction and a definitive lease is executed and delivered by both parties.

If this LOI is acceptable, please arrange for execution and return to Juan Burgos, Director of Finance and Development, Real Estate Division.

Sincerely,

A handwritten signature in black ink, appearing to read 'Donna T. Sullivan', written over a horizontal line.

Donna T. Sullivan
Vice President
Real Estate Development Division

Accepted:

Date: _____

One Gateway Center Office LLC

Name:

Title:

EXHIBIT A

FLOOR PLAN LEGEND

- EXISTING DOOR TO REMAIN
- EXISTING PARTITION TO REMAIN
- NEW PARTITION
- NEW DOOR & DOOR TAG WITH DOOR NUMBER
- NEW GLAZING & GLAZING TAG
- ROOM NAME
- ROOM TAG
- NEW FIRE EXTINGUISHER CABINET - SEMI-RECESSED
- NEW MILLWORK
- SHEET NOTE

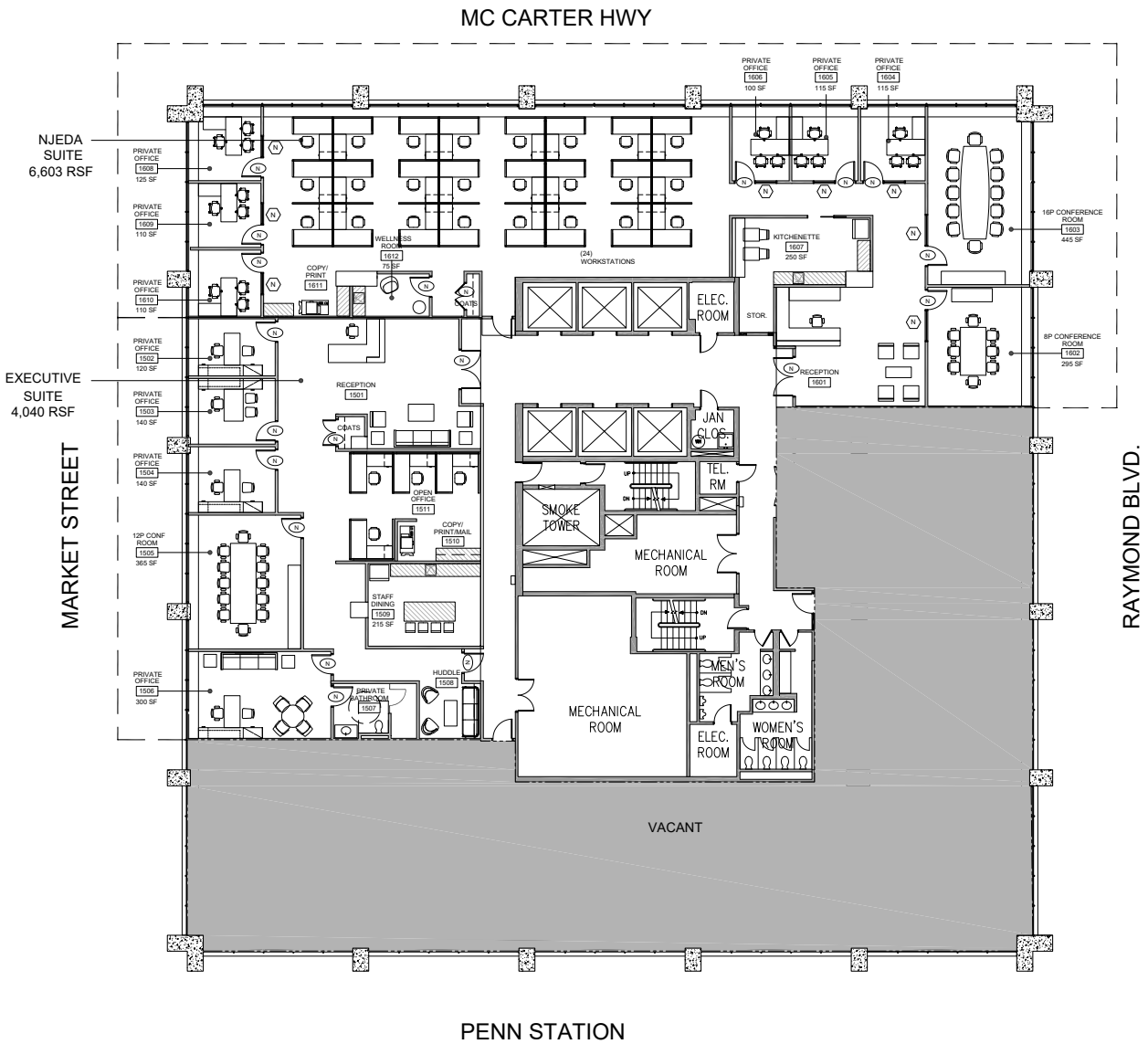
PRELIMINARY PLAN - GENERAL NOTES

APPLICABLE CODES

- IBC 2015
- OCCUPANCY AND USE GROUP CLASSIFICATION: B
- CONSTRUCTION CLASSIFICATION OF BASE BUILDING: II B
- THIS BUILDING IS FULLY SPRINKLERED.
- OCCUPANT LOAD FOR TENANT SPACE: BASED ON SF.

- THIS PLAN HAS BEEN PREPARED FOR REVIEW AND APPROVAL OF LAYOUT AND IS NOT FOR CONSTRUCTION.
- FURNITURE AND SYSTEMS FURNITURE PARTITIONS ARE SHOWN TO ILLUSTRATE APPROXIMATE SIZE AND FUNCTION OF THE AREAS AND ARE NOT IN CONTRACT (N.C.) UNLESS NOTED OTHERWISE.
- PARTITION TYPES, DOORS AND CONSTRUCTION DETAILS ARE BUILDING STANDARD UNLESS NOTED OTHERWISE. LEVER HARDWARE TO BE STANDARD UNLESS NOTED OTHERWISE.
- BUILDING STANDARD TENANT FINISHES THROUGHOUT UNLESS NOTED OTHERWISE.
- ALL MECHANICAL, ELECTRICAL, PLUMBING, AND FIRE PROTECTION WILL BE PROVIDED ON A DESIGN/BUILD BASIS BY THE GENERAL CONTRACTOR.
- ROOM SIZES NOTED ARE APPROXIMATE. TOLERANCE WITHIN SIX INCHES. ROOMS ON THE WINDOW LINE ARE MEASURED TO CENTERLINE OF WINDOW MULLION.

NJEDA: 6,603 RSF
 NJ Governor's Suite: 4,040 RSF
 Total Floor: 10,643 RSF



www.norr.com
 Architecture - Interior Design - Engineering

CLIENT
 ONYX EQUITIES, LLC.
 381 Route 17 North, Suite 300
 Rahonnet NJ
 07065-4800
 WWW.ONYXEQUITIES.COM

DESIGN FIRM
 NORR DESIGN, INC.
 4817 JFK BLVD. SUITE 100
 PHILADELPHIA, PA 19103
 215-528-4848
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NJ ED/A STATE
 EXECUTIVE OFFICES
 ONE GATEWAY
 NEWARK, NJ
 CLIENT: ONYX EQUITIES, LLC.



NO.	DATE	DESCRIPTION
01	12/11/18	ISSUED FOR REVIEW
02	12/11/18	ISSUED FOR REVIEW
03	12/11/18	ISSUED FOR REVIEW
04	12/11/18	ISSUED FOR REVIEW
05	12/11/18	ISSUED FOR REVIEW
06	12/11/18	ISSUED FOR REVIEW
07	12/11/18	ISSUED FOR REVIEW
08	12/11/18	ISSUED FOR REVIEW
09	12/11/18	ISSUED FOR REVIEW
10	12/11/18	ISSUED FOR REVIEW

PROJECT NUMBER: 180445000
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DATE: 12/11/18
 PRELIMINARY SPACE PLAN

SHEET NUMBER: SP-04

SPACE PLAN 14TH FLOOR A1
 SCALE: 1/8" = 1'-0"

E:\Onyx_EdA\on1\Drawings\180445_NJEDASuite\14th_Floor\14th_Floor.dwg 12/02/2018 2:26:14 PM

EXHIBIT A - COMPLIANCE:

This Attachment describes the compliance requirements and includes exhibits containing several forms, instructions and samples. Please note that the terms "Bidder", "Proposer", "Contractor" and "Vendor" are synonymous with "Tenant", "Landlord", "Purchaser", "Buyer" and "Seller".

A. BUSINESS REGISTRATION- Public Law 2001, chapter 134; Public Law 2004, chapter 57; and Public Law 2009, chapter 315:

Each entity responding to this *RFQ/P* must be registered with the New Jersey Department of Taxation – Division of Revenue and obtain a "*Business Registration Certificate*" ("*BRC*"), prior to entering into a contract with the New Jersey Economic Development Authority ("Authority"). All New Jersey and out-of-State business organizations must obtain a "*BRC*", prior to conducting business with the New Jersey Economic Development Authority. Proposers and any joint venture partners submitting a proposal are strongly encouraged to submit their "*Business Registration Certificate(s)*", as well as the "*Business Registration Certificate*" for any named subcontractors with the proposal. The successful Proposer is required to ensure that it, each joint venture partner and all subcontractors possess a valid "*Business Registration Certificate*" throughout the term of the contract and any extensions thereto.

A sample "*Business Registration Certificate*" is attached.

The Authority cannot award a contract unless a valid "*Business Registration Certificate*" is obtained for each entity, as required by law. In the event the Proposer, joint venture partners and / or any named subcontractors are unable to provide evidence of possessing a valid "*Business Registration Certificate*" prior to the award of a contract; the proposal may be deemed materially non-responsive.

During the term of the contract and any extensions thereto, and prior to performing any work against said contract, the successful Proposer must obtain and submit to the Authority, proof of a valid "*BRC*" registration for any subcontractor who will perform work against the resulting contract. The Contractor shall maintain and submit to the Authority a list of subcontractors and their current addresses, updated as necessary, during the course of the contract performance. No subcontract shall be entered into with a subcontractor for work under this contract, unless the subcontractor first provides to the Contractor, proof of the subcontractor's valid "*BRC*" registration.

Pursuant to N.J.S.A. 54:49-4.1, a business organization that fails to provide a copy of a business registration as required pursuant to section 1 of P.L.2001, c.134 (N.J.S.A. 52:32-44 et al.) or subsection e. or f. of section 92 of P.L.1977, c.110 (N.J.S.A. 5:12-92), or that provides false information of business registration under the requirements of either of those sections, shall be liable for a penalty of \$ 25 for each day of violation, not to exceed \$ 50,000 for each business registration copy not properly provided under a contract with a contracting agency or under a casino service industry enterprise contract.

As required by law, the Authority cannot award a contract to any Proposer or joint venture partners, which does not possess a valid "*Business Registration Certificate*".

The business registration form (Form NJ-REG) can be found online at

<https://www.njportal.com/DOR/BusinessRegistration>.

Proposers may go to www.nj.gov/njbgs to register with the Division of Revenue or to obtain a copy of an existing "*Business Registration Certificate*".

INDIVIDUALS, who may be responding to this *RFQ/P*, or who may perform work against the contract as a subcontractor MUST also possess a valid "*Business Registration Certificate*". The individual must complete and sign form "*NJ-REG-A*" (Rev 12/06) and submit to the Department of Treasury. Evidence of registration with the Department of Treasury – Client Registration Bureau should be submitted with the bid proposal.

The "*NJ-REG-A*" form may be found at the Department of Treasury's website:

<http://www.state.nj.us/treasury/revenue/pdf/forms/reg-a.pdf>

The contractor and any subcontractor / subconsultant providing goods or performing services under this contract, and each of their affiliates, shall, during the term of the contract, collect and remit to the Director of the Division of Taxation in the Department of the Treasury the use tax due pursuant to the "*Sales and Use Tax Act*", P.L. 1966, c. 30 (N.J.S.A. 54:32B-1 et seq.) on all their sales of tangible personal property delivered into the State.

Any Bidder, inclusive of any named subcontractors, which does not possess a valid Business Registration at the time of the bid proposal submission opening or whose BRC was revoked prior to the submission of the proposal should proceed immediately to register its business or seek re-instatement of a revoked BRC. Bidders are cautioned that it may require a significant amount of time to secure the re-instatement of a revoked BRC. The process can require actions by both the Division of Revenue and the Division of Taxation. For this reason, a Bidder's early attention to this requirement is highly recommended. The Bidder and its named subcontractors may register with the Division of Revenue, obtain a copy of an existing BRC or obtain information necessary to seek re-instatement of a revoked BRC online at <http://www.state.nj.us/treasury/revenue/busregcert.shtml>.

A Bidder otherwise identified by the Division as a responsive and responsible Bidder, inclusive of any named subcontractors, but that was not business registered at the time of submission of its quotation must be so registered and in possession of a valid BRC by a deadline to be specified in writing by the Division. A Bidder who fails to comply with this requirement by the deadline specified by the Division will be deemed ineligible for contract award. Under any circumstance, the Division will rely upon information available from computerized systems maintained by the State as a basis to verify independently compliance with the requirement for business registration.

A Bidder receiving a contract award as a result of this procurement and any subcontractors named by that Bidder will be required to maintain a valid business registration with the Division of Revenue for the duration of the executed contract, inclusive of any contract extensions.

B. P.L. 2005, c. 51 SPECIAL PROVISIONS – POLITICAL CAMPAIGN CONTRIBUTIONS:

On March 22, 2005, Acting Governor Codey signed into law *P.L. 2005, c. 51*, amending and supplementing *N.J.S.A. 19:44A-20.1 et seq.* This legislation supersedes *Executive Order 134 (2004)* ("EO 134"), but essentially codified its substantive provisions aimed at safeguarding the integrity of State government procurement by imposing restrictions to insulate that process from political contributions posing the risk of improper influence, purchase of access, or the appearance thereof. As set forth in detail below, a selected entity will be required to respond in a timely fashion to certification and disclosure requirements that will be issued by the Authority. Under *N.J.S.A. 19:44A-20.24*, the terms and conditions set forth in this section are material terms of the contract.

(1) Definitions. For purposes of this section, the following shall be defined as follows:

- (i) "Contributions" means a contribution reportable by the recipient under the "*New Jersey Campaign Contributions and Expenditures Reporting Act, P.L. 1973, c. 83 (N.J.S.A. 19:44A-1 et seq.)*", and implementing regulations set forth at *N.J.A.C. 19-25-7 and N.J.A.C. 19:25-10.1 et seq.* Currently, contributions in excess of \$300.00 during a reporting period are deemed "reportable" under these laws. The provisions of *P.L. 2005, c. 51 shall apply only to contributions made on or after October 15, 2004.*
 - (ii) "Business Entity" means any natural or legal person, business corporation, professional services corporation, Limited Liability Company, partnership, limited partnership, business trust, association or any other legal commercial entity organized under the laws of New Jersey or any other state or foreign jurisdiction. It also includes (i) all principals who own or control more than 10 percent of the profits or assets of a business entity or 10 percent of the stock in the case of a business entity that is a corporation for profit, as appropriate; (ii) any subsidiaries directly or indirectly controlled by the business entity; (iii) any political organization organized under *26 U.S.C.A. §527* that is directly or indirectly controlled by the business entity other than a candidate committee, election fund, or political party committee; and (iv) if a business entity is a natural person, that person's spouse or child, residing therewith.
- (2) Prohibited Conduct.** The Authority shall not enter into a contract valued at more than \$17,500 for goods or services with any Business Entity, if the Business Entity solicited or made any contribution of money, or pledge of contribution, including in-kind contributions to a candidate committee and/or election fund of any candidate for a holder of the public office of Governor, or to any State or county political party committee on or after October 15, 2004.

(3) Certification and Disclosure Requirements:

- (i) **Requirements for Selected Entity.** The selected entity *shall receive notification that* will, among other things, notify the entity that it must submit a “**Two (2) Year Vendor Certification of Political Contributions Disclosure**” and “**Ownership Disclosure**” forms as provided by the Authority. Instructions for completing the forms are also included. Failure to submit these forms in a timely fashion shall be cause for rejection of the entity.
- (ii) **Consultant’s Continuing Obligation to Comply with P.L. 2005, c. 51.** The selected entity shall be required on a continuing basis to disclose and report to the Authority any contributions made during the contract term by the Business Entity on forms provided by the Authority, at the time it makes the contribution.
- (4) **State Treasurer Review.** Prior to the award of the contract, the State Treasurer or his designee shall review the Disclosures submitted by the apparent successful entity, as well as, any other pertinent information concerning the contributions or reports thereof. This review will also take place on a continuing basis during the term of the contract. If the State Treasurer determines that any contribution or action of the contractor constitutes a breach of contract pursuant to this section, or presents a conflict of interest in the awarding of the contract under this solicitation, the State Treasurer shall disqualify the Business Entity from award of this or any future contract.
- (5) **Breach of Contract.** It shall be a breach of the terms of the contract for the Business Entity to: (i) make or solicit a contribution in violation of P.L. 2005, c. 51, (ii) knowingly conceal or misrepresent a contribution given or received; (iii) make or solicit contributions through intermediaries for the purpose of concealing or misrepresenting the source of the contribution; (iv) make or solicit any contribution on the condition or with the agreement that it will be contributed to a campaign committee or any candidate or holder of the public office of Governor, or to any State or county party committee; (v) engage or employ a lobbyist or consultant with the intent or understanding that such lobbyist or consultant would make or solicit any contribution, which if made or solicited by the Business Entity itself would subject that entity to the restrictions of P.L. 2005, c. 51; (vi) fund contributions made by third parties including consultants, attorneys, family members, and employees; (vii) engage in any exchange of contributions to circumvent the intent of P.L. 2005, c. 51; or (viii) directly or indirectly through or by any other person or means, do any action which would subject that entity to the restrictions of P.L. 2005, c. 51.
- (6) **Contract Provisions.** Political Campaign Contribution provisions will be included in and be a part of the contract that the selected entity will be required to sign.

C. DISCLOSURE OF INVESTMENT ACTIVITIES IN IRAN

Pursuant to N.J.S.A. 52:32-55 et seq the Proposer should complete, sign and submit the “*Disclosure of Investment Activities in Iran*” form.

D. OWNERSHIP DISCLOSURE FORM

Pursuant to N.J.S.A. 52:25-24.2, in the event the bidder is a corporation, partnership or sole proprietorship, the bidder should complete the attached Ownership Disclosure Form.

E. P.L. 2005, C. 271 SPECIAL PROVISIONS - CAMPAIGN CONTRIBUTION DISCLOSURES:

Bidders are advised that this contract is subject to the annual political campaign contribution disclosure requirements set forth in C. 19:44A-20.13 (P.L. 2005, c. 271, section 3). Failure to so file can result in the imposition of financial penalties by the New Jersey Election Law Enforcement Commission (“ELEC”). Additional information about this requirement is available from ELEC at 888-313-3532 or at www.elec.state.nj.us. If awarded a contract, your company/firm will be required to submit a completed Public Law 2005, c. 271 Certification and Political Disclosure Form to NJEDA at least ten (10) days before the contract becomes legally binding.

Business Registration Certificate (BRC)

(All contracts no type or dollar limit)

(9/1/04)

A BRC serves as proof of a valid business registration with the New Jersey Division of Revenue.

- **Any business including an out-of-state business** with a presence or nexus in NJ, operating as a corporation, limited partnership, limited liability company, or limited liability partnership must first obtain legal authority to operate in this State prior to submitting form NJ-REG. Generally this is accomplished by filing a “Certificate of Incorporation” or Formation with the division.
- **Out-of-State business** that believe they do not have state tax nexus, will file a paper form NJ-REG in order to obtain a BRC. Business entities that file form NJ-REG only will be subject to a nexus review, initiated and conducted by the Division of Taxation.
- **Individuals with no business tax or employer obligations** may register using form REG-A instead of form NJ-REG in order to obtain the BRC. Individuals who have created and are operating as a business entity (e.g. LLC) may not use form REG-A
- **Non-profit organizations** although required to register for tax purposes, are not subject to the proof of registration requirements when contracting with the Authority



STATE OF NEW JERSEY BUSINESS REGISTRATION CERTIFICATE

Taxpayer Name:

Trade Name:

Address:

Certificate Number:

Date of Issuance:

For Office Use Only:

20050705105635523

Taxpayer Identification# _____

Dear Business Representative:

Congratulations! You are now registered with the New Jersey Division of Revenue.

Use the Taxpayer Identification Number listed above on all correspondence with the Divisions of Revenue and Taxation, as well as with the Department of Labor (if the business is subject to unemployment withholdings). Your tax returns and payments will be filed under this number, and you will be able to access information about your account by referencing it.

Additionally, please note that State law (Public Law 2001, c.134) requires all contractors and subcontractors with State, county and municipal agencies to provide proof of their registration with the Division of Revenue. The law also amended Section 92 of the Casino Control Act, which deals with the casino service industry.

We have attached a Proof of Registration Certificate for your use. To comply with the law, if you are currently under contract or entering into a contract with a State, county or municipal agency, you must provide a copy of the certificate to the contracting agency.

If you have any questions or require more information, feel free to call our Registration Hotline at (609) 292-1730.

I wish you continued success in your business endeavors.

Sincerely,

Patricia A. Chiacchio

Patricia A. Chiacchio
Director, Division of Revenue

STATE OF NEW JERSEY BUSINESS REGISTRATION CERTIFICATE FOR STATE AGENCY AND CASINO SERVICE CONTRACTORS		DEPARTMENT OF TREASURY/ DIVISION OF REVENUE PO BOX 252 TRENTON, N.J. 08646-0252
TAXPAYER NAME:	TRADE NAME:	
TAXPAYER IDENTIFICATION#	CONTRACTOR CERTIFICATION#	
ADDRESS	ISSUANCE DATE:	
EFFECTIVE DATE: 11/25/85	<i>Patricia A. Chiacchio</i> Director, Division of Revenue	
FORM-BRC(08-01)	This Certificate is NOT assignable or transferable. It must be conspicuously displayed at above address.	



**STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF PURCHASE AND PROPERTY**

**33 WEST STATE STREET, P.O. BOX 230
TRENTON, NEW JERSEY 08625-0230**

OWNERSHIP DISCLOSURE FORM

BID SOLICITATION #: _____ **VENDOR/BIDDER:** _____

PART 1

PLEASE COMPLETE THE QUESTIONS BELOW BY CHECKING EITHER THE "YES" OR THE "NO" BOX. ALL PARTIES ENTERING INTO A CONTRACT WITH THE STATE ARE REQUIRED TO COMPLETE THIS FORM PURSUANT TO N.J.S.A. 52:25-24.2

PLEASE NOTE THAT IF THE VENDOR/BIDDER IS A NON-PROFIT ENTITY, THIS FORM IS NOT REQUIRED.

- | | | |
|--|------------|-----------|
| | YES | NO |
|--|------------|-----------|
1. Are there any individuals, corporations, partnerships, or limited liability companies owning a **10% or greater** interest in the Vendor/Bidder?

IF THE ANSWER TO QUESTION 1 IS "NO", PLEASE SIGN AND DATE THE FORM.
IF THE ANSWER TO QUESTION 1 IS "YES", PLEASE ANSWER QUESTIONS 2 – 4 BELOW.
 2. Of those parties owning a 10% or greater interest in the Vendor/Bidder, are any of those parties individuals?
 3. Of those parties owning a 10% or greater interest in the Vendor/Bidder, are any of those parties **corporations, partnerships, or limited liability companies**?
 4. If your answer to Question 3 is "YES", are there any parties owning a **10% or greater** interest in the corporation, partnership, or limited liability company referenced in Question 3?

IF ANY OF THE ANSWERS TO QUESTIONS 2 - 4 ARE "YES", PLEASE PROVIDE THE REQUESTED INFORMATION IN PART 2 BELOW.

PART 2

PLEASE PROVIDE FURTHER INFORMATION RELATED TO QUESTIONS 2 – 4 ANSWERED AS "YES".

If you answered "YES" for questions 2, 3, or 4, you must disclose identifying information related to the individuals, corporations, partnerships, and/or limited liability companies owning a 10% or greater interest in the Vendor/Bidder. Further, if one or more of these entities is itself a corporation, partnership, or limited liability company, you must also disclose all parties that own a 10% or greater interest in that corporation, partnership, or limited liability company. This information is required by statute.

INDIVIDUALS

NAME _____	DATE OF BIRTH _____
ADDRESS 1 _____	
ADDRESS 2 _____	
CITY _____	STATE _____ ZIP _____

NAME _____	DATE OF BIRTH _____
ADDRESS 1 _____	
ADDRESS 2 _____	
CITY _____	STATE _____ ZIP _____

NAME _____	DATE OF BIRTH _____
ADDRESS 1 _____	
ADDRESS 2 _____	
CITY _____	STATE _____ ZIP _____

Attach Additional Sheets If Necessary.

PART 2 continued
PARTNERSHIPS/CORPORATIONS/LIMITED LIABILITY COMPANIES

ENTITY NAME	_____
PARTNER NAME	_____
ADDRESS 1	_____
ADDRESS 2	_____
CITY	_____ STATE _____ ZIP _____

ENTITY NAME	_____
PARTNER NAME	_____
ADDRESS 1	_____
ADDRESS 2	_____
CITY	_____ STATE _____ ZIP _____

ENTITY NAME	_____
PARTNER NAME	_____
ADDRESS 1	_____
ADDRESS 2	_____
CITY	_____ STATE _____ ZIP _____

ENTITY NAME	_____
PARTNER NAME	_____
ADDRESS 1	_____
ADDRESS 2	_____
CITY	_____ STATE _____ ZIP _____

Attach Additional Sheets If Necessary.

In the alternative, to comply with the ownership disclosure requirement, a Vendor/Bidder with any direct or indirect parent entity which is publicly traded may submit the name and address of each publicly traded entity and the name and address of each person that holds a 10% or greater beneficial interest in the publicly traded entity as of the last annual filing with the federal Securities and Exchange Commission or the foreign equivalent, and, if there is any person that holds a 10% or greater beneficial interest, also shall submit links to the websites containing the last annual filings with the federal Securities and Exchange Commission or the foreign equivalent and the relevant page numbers of the filings that contain the information on each person that holds a 10 percent or greater beneficial interest. N.J.S.A. 52:25-24.2.

CERTIFICATION

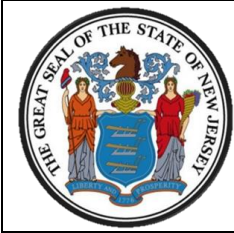
I, the undersigned, certify that I am authorized to execute this certification on behalf of the Vendor/Bidder, that the foregoing information and any attachments hereto, to the best of my knowledge are true and complete. I acknowledge that the State of New Jersey is relying on the information contained herein, and that the Vendor/Bidder is under a continuing obligation from the date of this certification through the completion of any contract(s) with the State to notify the State in writing of any changes to the information contained herein; that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification. If I do so, I will be subject to criminal prosecution under the law, and it will constitute a material breach of my agreement(s) with the State, permitting the State to declare any contract(s) resulting from this certification void and unenforceable.

 Signature (Do not enter vendor ID as a signature)

 Date

 Print Name and Title

 FEIN/SSN



**STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF PURCHASE AND PROPERTY**

**33 WEST STATE STREET, P.O. BOX 230
TRENTON, NEW JERSEY 08625-0230**

DISCLOSURE OF INVESTMENT ACTIVITIES IN IRAN FORM

BID SOLICITATION #: _____

VENDOR/BIDDER: _____

PART 1

CERTIFICATION

VENDOR/BIDDER MUST COMPLETE PART 1 BY CHECKING ONE OF THE BOXES

FAILURE TO CHECK ONE OF THE BOXES WILL RENDER THE PROPOSAL NON-RESPONSIVE

Pursuant to Public Law 2012, c. 25, any person or entity that submits a bid or proposal or otherwise proposes to enter into or renew a contract must complete the certification below to attest, under penalty of perjury, that neither the person nor entity, nor any of its parents, subsidiaries, or affiliates, is identified on the Department of the Treasury's Chapter 25 list as a person or entity engaged in investment activities in Iran. The Chapter 25 list is found on the Division's website at <http://www.state.nj.us/treasury/purchase/pdf/Chapter25List.pdf>. Vendors/Bidders **must** review this list prior to completing the below certification. **Failure to complete the certification will render a Vendor's/Bidder's proposal non-responsive.** If the Director of the Division of Purchase and Property finds a person or entity to be in violation of the law, s/he shall take action as may be appropriate and provided by law, rule or contract, including but not limited to, imposing sanctions, seeking compliance, recovering damages, declaring the party in default and seeking debarment or suspension of the party.

CHECK THE APPROPRIATE BOX

- OR**
- A. I certify, pursuant to Public Law 2012, c. 25, that neither the Vendor/Bidder listed above nor any of its parents, subsidiaries, or affiliates is listed on the N.J. Department of the Treasury's list of entities determined to be engaged in prohibited activities in Iran pursuant to P.L. 2012, c. 25 ("Chapter 25 List"). Disregard Part 2 and complete and sign the Certification below.
- B. I am unable to certify as above because the Vendor/Bidder and/or one or more of its parents, subsidiaries, or affiliates is listed on the Department's Chapter 25 list. I will provide a detailed, accurate and precise description of the activities in Part 2 below and sign and complete the Certification below. Failure to provide such information will result in the proposal being rendered as nonresponsive and appropriate penalties, fines and/or sanctions will be assessed as provided by law.

PART 2

PLEASE PROVIDE ADDITIONAL INFORMATION RELATED TO INVESTMENT ACTIVITIES IN IRAN

If you checked Box "B" above, provide a detailed, accurate and precise description of the activities of the Vendor/Bidder, or one of its parents, subsidiaries or affiliates, engaged in the investment activities in Iran by completing the boxes below.

ENTITY NAME: _____
RELATIONSHIP TO VENDOR/BIDDER: _____
DESCRIPTION OF ACTIVITIES: _____
DURATION OF ENGAGEMENT: _____
ANTICIPATED CESSATION DATE: _____
VENDOR/BIDDER CONTACT NAME: _____
VENDOR/BIDDER CONTACT PHONE No.: _____

Attach Additional Sheets If Necessary.

CERTIFICATION

I, the undersigned, certify that I am authorized to execute this certification on behalf of the Vendor/Bidder, that the foregoing information and any attachments hereto, to the best of my knowledge are true and complete. I acknowledge that the State of New Jersey is relying on the information contained herein, and that the Vendor/Bidder is under a continuing obligation from the date of this certification through the completion of any contract(s) with the State to notify the State in writing of any changes to the information contained herein; that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification. If I do so, I will be subject to criminal prosecution under the law, and it will constitute a material breach of my agreement(s) with the State, permitting the State to declare any contract(s) resulting from this certification void and unenforceable.

Signature

Date

Print Name and Title

CHAPTER 51

AN ACT concerning campaign contributions by certain business entities seeking or holding State contracts, supplementing P.L.1973, c.83 (C.19:44A-1 et seq.), amending P.L.2004, c.19, and repealing section 1 of P.L.2004, c.19 (C.19:44A-20.2).

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

C.19:44A-20.13 Findings, declarations relative to certain campaign contributions by business entities.

1. The Legislature finds and declares that:

In our representative form of government, it is essential that individuals who are elected to public office have the trust, respect and confidence of the citizenry; and

All individuals, businesses, associations, and other persons have a right to participate fully in the political process of New Jersey, including making and soliciting contributions to candidates, political parties and holders of public office; and

When a person or business interest makes or solicits major contributions to obtain a contract awarded by a government agency or independent authority, this constitutes a violation of the public's trust in government and raises legitimate public concerns about whether the contract has been awarded on the basis of merit; and

The growing infusion of funds donated by business entities into the political process at all levels of government has generated widespread cynicism among the public that special interest groups are "buying" favors from elected officeholders; and

For the purposes of protecting the integrity of government contractual decisions and of improving the public's confidence in government, it is a compelling interest of this State to prohibit awarding government contracts to business entities which are also contributors to candidates, political parties and the holders of public office; and

There exists the perception that campaign contributions are often made to a State or county political party committee by an individual or business seeking favor with State elected officials, with the understanding that the money given to such a committee will be transmitted to other committees in other parts of the State, or is otherwise intended to circumvent legal restrictions on the making of political contributions or gifts directly to elected State officials, thus again making elected State officials beholden to those contributors; and

County political party committees, through their powers of endorsement, fundraising, ballot slogan or party line designation, and other means, exert significant influence over the gubernatorial primary and general election process; and

Although the right of individuals and businesses to make campaign contributions is unequivocal, that right may be limited, even abrogated, when such contributions promote the actuality or appearance of public corruption; and

It is essential that the public have confidence that the selection of State contractors is based on merit and not on political contributions made by such contractors and it is essential that the public have trust in the processes by which taxpayer dollars are spent; and

It has long been the public policy of this State to secure for the taxpayers the benefits of competition, to promote the public good by promoting the honesty and integrity of bidders for public contracts and the system, and to guard against favoritism, improvidence, extravagance and corruption in order to benefit the taxpayers; and

In the procurement process, our public policy grants to the State broad discretion, taking into consideration all factors, to award a contract to a bidder whose proposal will be most advantageous to the State; and

The operations of the State government must be effectively and fairly managed to ensure public order and prosperity, and malfeasance, in whatever form it may take, must be confronted and uprooted; and

The Legislature must safeguard the integrity of State government procurement by imposing restrictions on State agencies and independent authorities to insulate the negotiation and award of State contracts from political contributions that pose the risk of improper influence, purchase of access, or the appearance thereof.

C.19:44A-20.14 Contributors, certain, ineligible to enter into agreement with the State or its authorities.

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2. The State or any of its purchasing agents or agencies or those of its independent authorities, as the case may be, shall not enter into an agreement or otherwise contract to procure from any business entity services or any material, supplies or equipment, or to acquire, sell, or lease any land or building, where the value of the transaction exceeds \$17,500, if that business entity has solicited or made any contribution of money, or pledge of contribution, including in-kind contributions to a candidate committee or election fund of any candidate or holder of the public office of Governor, or to any State or county political party committee: (i) within the eighteen months immediately preceding the commencement of negotiations for the contract or agreement; (ii) during the term of office of a Governor, in the case of contributions to a candidate committee or election fund of the holder of that office, or to any State or county political party committee of a political party nominating such Governor in the last gubernatorial election preceding the commencement of such term; or (iii) within the eighteen months immediately preceding the last day of the term of office of Governor, in which case such prohibition shall continue through the end of the next immediately following term of the office of Governor, in the case of contributions to a candidate committee or election fund of the holder of that office, or to any State or county political party committee of a political party nominating such Governor in the last gubernatorial election preceding the commencement of the latter term.

C.19:44A-20.15 Certain contributions prohibited by certain contractors of the State or its authorities.

3. No business entity which agrees to any contract or agreement with the State or any department or agency thereof or its independent authorities either for the rendition of services or furnishing of any material, supplies or equipment or for the acquisition, sale, or lease of any land or building, if the value of the transaction exceeds \$17,500, shall knowingly solicit or make any contribution of money, or pledge of a contribution, including in-kind contributions, to a candidate committee or election fund of any candidate or holder of the public office of Governor or to any State or county political party committee prior to the completion of the contract or agreement.

C.19:44A-20.16 "Contribution" defined.

4. For the purposes of this act, a "contribution" means a contribution reportable by the recipient under "The New Jersey Campaign Contributions and Expenditures Reporting Act," P.L.1973, c.83 (C.19:44A-1 et seq.) made on or after the effective date of this act.

C.19:44A-20.17 "Business entity" defined.

5. For the purposes of this act, a "business entity" means any natural or legal person, business corporation, professional services corporation, limited liability company, partnership, limited partnership, business trust, association or any other legal commercial entity organized under the laws of this State or any other state or foreign jurisdiction. The definition of a business entity includes: (i) all principals who own or control more than 10 percent of the profits or assets of a business entity or 10 percent of the stock in the case of a business entity that is a corporation for profit, as appropriate; (ii) any subsidiaries directly or indirectly controlled by the business entity; (iii) any political organization organized under section 527 of the Internal Revenue Code that is directly or indirectly controlled by the business entity, other than a candidate committee, election fund, or political party committee; and (iv) if a business entity is a natural person, that person's spouse or child, residing therewith, are also included within this definition.

C.19:44A-20.18 Report of contributions by business entities as part of State procurement process.

6. Prior to awarding any contract or agreement to procure services or any material, supplies or equipment from, or for the acquisition, sale, or lease of any land or building from or to, any business entity, the State or any of its purchasing agents or agencies, as the case may be, shall require, as part of the procurement process, the business entity to report all contributions the business entity made during the preceding four years to any political organization organized

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under section 527 of the Internal Revenue Code that also meets the definition of a "continuing political committee" within the meaning of section 3 of P.L.1973, c.83 (C.19:44A-3). Such reporting shall be made in a manner and form to be developed by the State Treasurer with the advice of the New Jersey Election Law Enforcement Commission, which agencies shall promulgate regulations to effect and implement this disclosure obligation. Such reports shall be subject to review by the State Treasurer. If the State Treasurer determines that any such contribution, or any other act that would constitute a breach of contract pursuant to section 9 of this act, poses a conflict of interest in the awarding of any contract or agreement, the State Treasurer shall disqualify such business entity from bidding on or being awarded such contract or agreement.

C.19:44A-20.19 Written certification by business entities relative to contributions.

7. Prior to awarding any contract or agreement to procure services or any material, supplies or equipment from, or for the acquisition, sale, or lease of any land or building from or to, any business entity, the State or any of its purchasing agents or agencies or independent authorities, as the case may be, shall require the business entity to provide a written certification that it has not made a contribution that would bar the award of the contract pursuant to this act. The business entity shall have a continuing duty to report any contribution it makes during the term of the contract. Such reports shall be subject to review by the State Treasurer. If the State Treasurer determines that any such contribution poses a conflict of interest, such contribution shall be deemed a material breach of such contract or agreement.

C.19:44A-20.20 Request for reimbursement of contribution.

8. If a business entity inadvertently makes a contribution that would otherwise bar it from receiving a contract or makes a contribution during the term of a contract in violation of this act, the entity may request a full reimbursement from the recipient and, if such reimbursement is received within 30 days after the date on which the contribution was made, the business entity would again be eligible to receive a contract or would no longer be in violation, as appropriate. It shall be presumed that contributions made within 60 days of a gubernatorial primary or general election were not made inadvertently.

C.19:44A-20.21 Breach of terms of government contract concerning contributions.

9. It shall be a breach of the terms of the government contract for a business entity to: (i) make or solicit a contribution in violation of this act; (ii) knowingly conceal or misrepresent a contribution given or received; (iii) make or solicit contributions through intermediaries for the purpose of concealing or misrepresenting the source of the contribution; (iv) make or solicit any contribution on the condition or with the agreement that it will be contributed to a campaign committee of any candidate or holder of the public office of Governor, or to any State or county party committee; (v) engage or employ a lobbyist or consultant with the intent or understanding that such lobbyist or consultant would make or solicit any contribution, which if made or solicited by the business entity itself, would subject that entity to the restrictions of this act; (vi) fund contributions made by third parties, including consultants, attorneys, family members, and employees; (vii) engage in any exchange or contributions to circumvent the intent of this act, or (viii) directly or indirectly, through or by any other person or means, do any act which would subject that entity to the restrictions of this act.

C.19:44A-20.22 Exception for public exigency.

10. This act shall not prohibit the awarding of a contract when the public exigency requires the immediate delivery of goods or performance of services as determined by the State Treasurer.

C.19:44A-20.23 Applicability of act to State agencies and authorities.

11. This act shall apply to all State agencies including any of the principal departments in the Executive Branch, and any division, board, bureau, office, commission or other instrumentality within or created by such department and any independent State authority, board, commission,

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instrumentality or agency.

C.19:44A-20.24 Contract, bid applications and specs to describe requirements of act.

12. Every contract and bid application and specifications promulgated in connection therewith covered by this act shall contain a provision describing the requirements of this act and a statement that compliance with this act shall be a material term and condition of said contract or bid application and binding upon the parties thereto upon the entry of all applicable contracts.

C.19:44A-20.25 Inapplicability of act under federal law or eminent domain.

13. The provisions of sections 1 through 12 of this act, P.L.2005, c.51, shall not: a. apply in circumstances when it is determined by the federal government or a court of competent jurisdiction that its application would violate federal law or regulation; or b. prevent the State, its executive departments, agencies or independent authorities from complying with all of the requirements, conditions and obligations of the "Eminent Domain Act of 1971," P.L.1971, c.361 (C.20:3-1 et seq.), as amended and supplemented.

14. Section 6 of P.L.2004, c.19 (C.19:44A-20.7) is amended to read as follows:

C.19:44A-20.7 Definitions relative to certain campaign contributions.

6. As used in sections 2 through 12 of this act:

"business entity" means any natural or legal person, business corporation, professional services corporation, limited liability company, partnership, limited partnership, business trust, association or any other legal commercial entity organized under the laws of this State or of any other state or foreign jurisdiction;

"interest" means the ownership or control of more than 10% of the profits or assets of a business entity or 10% of the stock in the case of a business entity that is a corporation for profit, as appropriate;

"fair and open process" means, at a minimum, that the contract shall be: publicly advertised in newspapers or on the Internet website maintained by the public entity in sufficient time to give notice in advance of the contract; awarded under a process that provides for public solicitation of proposals or qualifications and awarded and disclosed under criteria established in writing by the public entity prior to the solicitation of proposals or qualifications; and publicly opened and announced when awarded. The decision of a public entity as to what constitutes a fair and open process shall be final.

"State agency in the Legislative Branch" means the Legislature of the State and any office, board, bureau or commission within or created by the Legislative Branch.

15. Section 7 of P.L.2004, c.19 (C.19:44A-20.8) is amended to read as follows:

C.19:44A-20.8 Business entity to provide written certification, ELEC reports.

7. a. Prior to awarding any contract, except a contract that is awarded pursuant to a fair and open process, a State agency in the Legislative Branch, a county, or a municipality shall require the business entity to which the contract is to be awarded to provide a written certification that it has not made a contribution that would bar the award of a contract pursuant to this act.

b. A business entity shall have a continuing duty to report to the Election Law Enforcement Commission any contributions that constitute a violation of this act that are made during the duration of a contract.

Repealer.

16. Section 1 of P.L.2004, c.19 (C.19:44A-20.2) is repealed.

Superseder.

17. Executive Order No. 134 (2004) is hereby superseded.

18. Sections 14, 15 and 16 shall take effect on the original effective date of P.L.2004, c.19

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(C.19:44A-20.2 et seq.), and the remainder of this act shall take effect immediately and shall be retroactive to October 15, 2004 and shall apply to contributions made and contracts awarded on or after October 15, 2004.

Approved March 22, 2005.

Public Law 2005, Chapter 51 and Executive Order 117 (2008)

INFORMATION AND INSTRUCTIONS For Completing the “Two-Year Vendor Certification and Disclosure of Political Contributions” Form

Background Information

On September 22, 2004, then-Governor James E. McGreevey issued E.O. 134, the purpose of which was to insulate the negotiation and award of State contracts from political contributions that posed a risk of improper influence, purchase of access or the appearance thereof. To this end, E.O. 134 prohibited State departments, agencies and authorities from entering into contracts exceeding \$17,500 with individuals or entities that made certain political contributions. E.O. 134 was superseded by Public Law 2005, c. 51, signed into law on March 22, 2005 (“Chapter 51”).

On September 24, 2008, Governor Jon S. Corzine issued E.O. 117 which is designed to enhance New Jersey’s efforts to protect the integrity of procurement decisions and increase the public’s confidence in government. The Executive Order builds upon the provisions of Chapter 51.

Two-Year Certification Process

Upon approval by the State Chapter 51 Review Unit, the Certification and Disclosure of Political Contributions form is valid for a two (2) year period. Thus, if a vendor receives approval on January 1, 2014, the certification expiration date would be December 31, 2015. Any change in the vendor’s ownership status and/or political contributions during the two-year period will require the submission of new Chapter 51/Executive Order 117 forms to the State Review Unit. **Please note that it is the vendor’s responsibility to file new forms with the State should these changes occur.**

State Agency Instructions: Prior to the awarding of a contract, the State Agency should first send an e-mail to CD134@treas.nj.gov to verify the certification status of the vendor. If the response is that the vendor is NOT within an approved two-year period, then forms must be obtained from the vendor and forwarded for review. If the response is that the vendor is within an approved two-year period, then the response so stating should be placed with the bid/contract documentation for the subject project.

Instructions for Completing the Form

NOTE: Please refer to pages 3 and 4 “USEFUL DEFINITIONS for the purposes of Chapter 51 and Executive Order 117” for guidance when completing the form.

Part 1: BUSINESS ENTITY INFORMATION

Business Name – Enter the full legal name of the vendor, including trade name if applicable.

Address, City, State, Zip and Phone Number -- Enter the vendor's street address, city, state, zip code and telephone number.

Vendor Email – Enter the vendor’s primary email address.

Vendor FEIN – Please enter the vendor’s Federal Employment Identification Number.

Business Type - Check the appropriate box that represents the vendor's type of business formation.

Listing of officers, shareholders, partners or members - Based on the box checked for the business type, provide the corresponding information. (A complete list must be provided.)

Public Law 2005, Chapter 51 and Executive Order 117 (2008)

Part 2: DISCLOSURE OF CONTRIBUTIONS

Read the three types of political contributions that require disclosure and, if applicable, provide the recipient's information. The definition of "Business Entity/Vendor" and "Contribution" can be found on pages 3 and 4 of this form.

Name of Recipient - Enter the full legal name of the recipient.

Address of Recipient - Enter the recipient's street address.

Date of Contribution - Indicate the date the contribution was given.

Amount of Contribution - Enter the dollar amount of the contribution.

Type of Contribution - Select the type of contribution from the examples given.

Contributor's Name - Enter the full name of the contributor.

Relationship of the Contributor to the Vendor - Indicate the relationship of the contributor to the vendor. (e.g. officer or shareholder of the company, partner, member, parent company of the vendor, subsidiary of the vendor, etc.)

NOTE: If form is being completed electronically, click "Add a Contribution" to enter additional contributions. Otherwise, please attach additional pages as necessary.

Check the box under the recipient information if no reportable contributions have been solicited or made by the business entity. **This box must be checked if there are no contributions to report.**

Part 3: CERTIFICATION

Check Box A if the representative completing the Certification and Disclosure form is doing so on behalf of the business entity and all individuals and/or entities whose contributions are attributable to the business entity.

(No additional Certification and Disclosure forms are required if BOX A is checked.)

Check Box B if the representative completing the Certification and Disclosure form is doing so on behalf of the business entity and all individuals and/or entities whose contributions are attributable to the business entity with the exception of those individuals and/or entities that submit their own separate form. For example, the representative is not signing on behalf of the vice president of a corporation, but all others. The vice president completes a separate Certification and Disclosure form. **(Additional Certification and Disclosure forms are required from those individuals and/or entities that the representative is not signing on behalf of and are included with the business entity's submittal.)**

Check Box C if the representative completing the Certification and Disclosure form is doing so on behalf of the business entity only. **(Additional Certification and Disclosure forms are required from all individuals and/or entities whose contributions are attributable to the business entity and must be included with the business entity submittal.)**

Check Box D when a sole proprietor is completing the Certification and Disclosure form or when an individual or entity whose contributions are attributable to the business entity is completing a separate Certification and Disclosure form.

Read the five statements of certification prior to signing.

The representative authorized to complete the Certification and Disclosure form must sign and print her/his name, title or position and enter the date.

Public Law 2005, Chapter 51 and Executive Order 117 (2008)

State Agency Procedure for Submitting Form(s)

The State Agency should submit the completed and signed Two-Year Vendor Certification and Disclosure forms either electronically to: cd134@treas.nj.gov or regular mail at: Chapter 51 Review Unit, P.O. Box 230, 33 West State Street, Trenton, NJ 08625-0230. Original forms should remain with the State Agency and copies should be sent to the Chapter 51 Review Unit.

Business Entity Procedure for Submitting Form(s)

The business entity should return this form to the contracting State Agency.
The business entity can submit the Certification and Disclosure form directly to the Chapter 51 Review Unit only when:

- The business entity is approaching its two-year certification expiration date and is seeking certification renewal;
- The business entity had a change in its ownership structure; OR
- The business entity made any contributions during the period in which its last two-year certification was in effect, or during the term of a contract with a State Agency.

Questions & Information

Questions regarding the interpretation or application of Public Law 2005, Chapter 51 (N.J.S.A. 19:44A-20.13) or E.O. 117 (2008) may be submitted electronically through the Division of Purchase and Property website at: <https://www.state.nj.us/treas/purchase/eo134questions.shtml>

Reference materials and forms are posted on the Political Contributions Compliance website at: <http://www.state.nj.us/treasury/purchase/execorder134.shtml>

USEFUL DEFINITIONS for the purposes of Chapter 51 and Executive Order 117

- **“Business Entity/Vendor”** means any natural or legal person, business corporation, professional services corporation, limited liability company, partnership, limited partnership, business trust, association or any other legal commercial entity organized under the laws of New Jersey or any other state or foreign jurisdiction. The definition also includes (i) if a business entity is a for-profit corporation, any officer of the corporation and any other person or business entity that owns or controls 10% or more of the stock of the corporation; (ii) if a business entity is a professional corporation, any shareholder or officer; (iii) if a business entity is a general partnership, limited partnership or limited liability partnership, any partner; (iv) if a business entity is a sole proprietorship, the proprietor; (v) if the business entity is any other form of entity organized under the laws of New Jersey or any other state or foreign jurisdiction, any principal, officer or partner thereof; (vi) any subsidiaries directly or indirectly controlled by the business entity; (vii) any political organization organized under 26 U.S.C.A. § 527 that is directly or indirectly controlled by the business entity, other than a candidate committee, election fund, or political party committee; and (viii) with respect to an individual who is included within the definition of “business entity,” that individual’s civil union partner and any child residing with that person. ¹
- **“Officer”** means a president, vice president with senior management responsibility, secretary, treasurer, chief executive officer or chief financial officer of a corporation or any person routinely performing such functions for a corporation. Please note that officers of non-profit entities are excluded from this definition.
- **“Partner”** means one of two or more natural persons or other entities, including a corporation, who or which are joint owners of and carry on a business for profit, and which business is organized under the laws of this State or any other state or foreign jurisdiction, as a general partnership, limited partnership, limited liability partnership, limited liability company, limited partnership association, or other such form of business organization.

¹Contributions made by a spouse, civil union partner or resident child to a candidate for whom the contributor is eligible to vote or to a political party committee within whose jurisdiction the contributor resides are permitted.

Public Law 2005, Chapter 51 and Executive Order 117 (2008)

USEFUL DEFINITIONS for the purposes of Chapter 51 and Executive Order 117

- **“Contribution”** is a contribution, including an in-kind contribution, in excess of \$300.00 in the aggregate per election made to or received by a candidate committee, joint candidates committee, or political committee; or per calendar year made to or received by a political party committee, legislative leadership committee, or continuing political committee or a currency contribution in any amount.
- **“In-kind Contribution”** means a contribution of goods or services received by a candidate committee, joint candidates committee, political committee, continuing political committee, political party committee, or legislative leadership committee, which contribution is paid for by a person or entity other than the recipient committee, but does not include services provided without compensation by an individual volunteering a part of or all of his or her time on behalf of a candidate or committee.
- **“Continuing Political Committee”** includes any group of two or more persons acting jointly, or any corporation, partnership, or any other incorporated or unincorporated association, including a political club, political action committee, civic association or other organization, which in any calendar year contributes or expects to contribute at least \$4,300 to aid or promote the candidacy of an individual, or the candidacies of individuals, for elective public office, or the passage or defeat of a public questions, and which may be expected to make contributions toward such aid or promotion or passage or defeat during a subsequent election, provided that the group, corporation, partnership, association or other organization has been determined by the Commission to be a continuing political committee in accordance with N.J.S.A. 19:44A-8(b).
- **“Candidate Committee”** means a committee established by a candidate pursuant to N.J.S.A. 19:44A-9(a), for the purpose of receiving contributions and making expenditures.
- **“State Political Party Committee”** means a committee organized pursuant to N.J.S.A. 19:5-4.
- **“County Political Party Committee”** means a committee organized pursuant to N.J.S.A. 19:5-3.
- **“Municipal Political Party Committee”** means a committee organized pursuant to N.J.S.A. 19:5-2.
- **“Legislative Leadership Committee”** means a committee established, authorized to be established, or designated by the President of the Senate, the Minority Leader of the Senate, the Speaker of the General Assembly, or the Minority Leader of the General Assembly pursuant to N.J.S.A. 19:44A-10.1 for the purpose of receiving contributions and making expenditures.
- **“Political Party Committee”** means:
 1. The State committee of a political party, as organized pursuant to N.J.S.A. 19:5-4;
 2. Any county committee of a political party, as organized pursuant to N.J.S.A. 19:5-3; or
 3. Any municipal committee of a political party, as organized pursuant to N.J.S.A. 19:5-2



State of New Jersey
Department of the Treasury

Division of Purchase and Property

Two-Year Chapter 51/Executive Order 117 Vendor Certification and
Disclosure of Political Contributions

FOR STATE AGENCY USE ONLY

Solicitation, RFP, or Contract No. _____ Award Amount _____

Description of Services _____

State Agency Name _____ Contact Person _____

Phone Number _____ Contact Email _____

Check if the Contract / Agreement is Being Funded Using FHWA Funds

**Please check if requesting
recertification**

Part 1: Business Entity Information

Full Legal Business Name _____
(Including trade name if applicable)

Address _____

City _____ State _____ Zip _____ Phone _____

Vendor Email _____ Vendor FEIN (SS# if sole proprietor/natural person) _____

**Check off the business type and list below the required information for the type of business selected.
MUST BE COMPLETED IN FULL**

- Corporation: LIST ALL OFFICERS and any 10% and greater shareholder
- Professional Corporation: LIST ALL OFFICERS and ALL SHAREHOLDERS
- Partnership: LIST ALL PARTNERS with any equity interest
- Limited Liability Company: LIST ALL MEMBERS with any equity interest
- Sole Proprietor

Note: "Officers" means President, Vice President with senior management responsibility, Secretary, Treasurer, Chief Executive Officer or Chief Financial Officer of a corporation, or any person routinely performing such functions for a corporation.

All Officers of a Corporation or PC

**10% and greater shareholders of a corporation
or all shareholder of a PC**

All Equity partners of a Partnership

All Equity members of a LLC

If you need additional space for listing of Officers, Shareholders, Partners or Members, please attach separate page.

IMPORTANT NOTE: You must review the definition of "contribution" and "business entity" on the Information and Instructions form prior to completing Part 2 and Part 3. The Information and Instructions form is available at: <http://www.state.nj.us/treasury/purchase/forms.shtml#eo134>

Part 2: Disclosure of Contributions by the business entity or any person or entity whose contributions are attributable to the business entity.

- 1. Report below all contributions solicited or made during the 4 years immediately preceding the commencement of negotiations or submission of a proposal to any:**

Political organization organized under Section 527 of the Internal Revenue Code and which also meets the definition of a continuing political committee as defined in N.J.S.A. (See Information and Instructions form.)

- 2. Report below all contributions solicited or made during the 5 ½ years immediately preceding the commencement of negotiations or submission of a proposal to any:**

Candidate Committee for or Election Fund of any Governorial or Lieutenant Governorial candidate
State Political Party Committee
County Political Party Committee

- 3. Report below all contributions solicited or made during the 18 months immediately preceding the commencement of negotiations or submission of a proposal to any:**

Municipal Political Party Committee
Legislative Leadership Committee

Full Legal Name of Recipient _____
Address of Recipient _____
Date of Contribution _____ Amount of Contribution _____
Type of Contribution (i.e. currency, check, loan, in-kind) _____
Contributor Name _____
Relationship of Contributor to the Vendor _____
If this form is not being completed electronically, please attach additional contributions on separate page. Click the "Add a Contribution" tab to enter additional contributions.
<input type="button" value="Remove Contribution"/>
<input type="button" value="Add a Contribution"/>

Check this box only if no political contributions have been solicited or made by the business entity or any person or entity whose contributions are attributable to the business entity.

Part 3: Certification

- (A) I am certifying on behalf of the business entity and all individuals and/or entities whose contributions are attributable to the business entity as listed on Page 1 under **Part 1: Vendor Information**.
- (B) I am certifying on behalf of the business entity and all individuals and/or entities whose contributions are attributable to the business entity as listed on Page 1 under **Part 1: Vendor Information**, except for the individuals and/or entities who are submitting separate Certification and Disclosure forms which are included with this submittal.
- (C) I am certifying on behalf of the business entity only; any remaining persons or entities whose contributions are attributable to the business entity (as listed on Page 1) have completed separate Certification and Disclosure forms which are included with this submittal.
- (D) I am certifying as an individual or entity whose contributions are attributable to the business entity.

I hereby certify as follows:

- 1. I have read the Information and Instructions accompanying this form prior to completing the certification on behalf of the business entity.**
- 2. All reportable contributions made by or attributable to the business entity have been listed above.**

3. The business entity has not knowingly solicited or made any contribution of money, pledge of contribution, including in-kind contributions, that would bar the award of a contract to the business entity unless otherwise disclosed above:

- a) Within the 18 months immediately preceding the commencement of negotiations or submission of a proposal for the contract or agreement to:
 - (i) A candidate committee or election fund of any candidate for the public office of Governor or Lieutenant Governor or to a campaign committee or election fund of holder of public office of Governor or Lieutenant Governor; OR
 - (ii) Any State, County or Municipal political party committee; OR
 - (iii) Any Legislative Leadership committee.
- b) During the term of office of the current Governor or Lieutenant Governor to:
 - (i) A candidate committee or election fund of a holder of the public office of Governor or Lieutenant Governor; OR
 - (ii) Any State or County political party committee of the political party that nominated the sitting Governor or Lieutenant Governor in the last gubernatorial election.
- c) Within the 18 months immediately preceding the last day of the sitting Governor or Lieutenant Governor's first term of office to:
 - (i) A candidate committee or election fund of the incumbent Governor or Lieutenant Governor; OR
 - (ii) Any State or County political party committee of the political party that nominated the sitting Governor or Lieutenant Governor in the last gubernatorial election.

4. During the term of the contract/agreement the business entity has a continuing responsibility to report, by submitting a new Certification and Disclosure form, any contribution it solicits or makes to:

- (a) Any candidate committee or election fund of any candidate or holder of the public office of Governor or Lieutenant Governor; OR
- (b) Any State, County or Municipal political party committee; OR
- (c) Any Legislative Leadership committee.

The business entity further acknowledges that contributions solicited or made during the term of the contract/agreement may be determined to be a material breach of the contract/agreement.

5. During the two-year certification period the business entity will report any changes in its ownership structure (including the appointment of an officer within a corporation) by submitting a new Certification and Disclosure form indicating the new owner(s) and reporting said owner(s) contributions.

I certify that the foregoing statements in Parts 1, 2 and 3 are true. I am aware that if any of the statements are willfully false, I may be subject to punishment.

Signed Name _____ Print Name _____

Title/Position _____ Date _____

Procedure for Submitting Form(s)

The contracting State Agency should submit this form to the Chapter 51 Review Unit when it has been required as part of a contracting process. The contracting State Agency should submit a copy of the completed and signed form(s), to the Chapter 51 Unit and retain the original for their records.

The business entity should return this form to the contracting State Agency. The business entity can submit this form directly to the Chapter 51 Review Unit only when it -

- Is approaching its two-year certification expiration date and wishes to renew certification;
- Had a change in its ownership structure; OR
- Made any contributions during the period in which its last two-year certification was in effect, or during the term of a contract with a State Agency.

Forms should be submitted either electronically to: cd134@treas.nj.gov , or regular mail at: Chapter 51 Review Unit, P.O. Box 230, 33 West State Street, Trenton, NJ 08625.

**Chapter 51/Executive Order 117 Q & A
Updated 8/26/15**

**These questions and answers have been updated to reflect all developments concerning Chapter 51 and Executive Order 117.
Please do not refer to any prior versions.**

1. How are EO 134, Chapter 51 and EO 117 related?

Answer: Chapter 51 superseded EO 134 in 2005. EO 117 was issued in 2008 and is applied along with Chapter 51 to vendor contributions.

2. Do employee contributions disqualify the vendor or contractor from receiving a state contract award?

Answer: Employee contributions do not disqualify the employer, so long as the employee is not considered part of the business entity. See definition of business entity in the Information and Instructions for Completing the Two-Year Vendor Certification and Disclosure of Political Contributions form.

<http://www.state.nj.us/treasury/purchase/forms/eo134/Chapter51.pdf>

3. Who can make a request for a public exigency exception to Chapter 51?

Answer: Only the State agency that is procuring or otherwise entering the contract with the business entity can make a request for a public exigency.

4. Does Chapter 51 apply to grants given by covered agencies? Does it matter if it's for a for-profit entity?

Answer: In general no, even if it is for a grant to a for-profit entity. However, if a procurement transaction is called a grant but will result in the acquisition of goods and services from a for-profit entity, then Chapter 51 does apply.

5. Does the law apply only to procurement of services?

Answer: No, the law applies to the procurement of goods, commodities, services, materials, supplies and equipment, and the acquisition, sale or lease of land or buildings.

6. In what format will departments be notified once the Chapter 51 Review Unit completes the review of a vendor's Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form?

Answer: The Chapter 51 Review Unit will notify State agencies by email of a business entity's Chapter 51/Executive Order 117 compliance or to request additional information

if necessary. It is the State agency's responsibility to communicate that response to the potential vendor.

7. Does the \$17,500 threshold in Chapter 51 apply per individual transaction, or is it cumulative Statewide or by department or by division within a department?

Answer: The threshold is applicable per transaction executed cumulatively by a division within a department. However, if the agency becomes aware of a vendor receiving more than \$17,500 in contracts during the same fiscal year, the agency should obtain a Two-Year Vendor Certification and Disclosure of Political Contributions form from the vendor. Contracts should not be divided by dollar amount or between agencies to avoid the \$17,500 threshold.

8. In cases where the public exigency requires the immediate purchase of goods or services, what will the Chapter 51 Review Unit require in terms of justification and/or supporting documentation?

Answer: Chapter 51 provides that the Treasurer may exempt compliance from Chapter 51 and EO 117 in the case of a public exigency. Please see below for Public Exigency guidelines. Accordingly, agencies need not request that the vendor execute the Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form, but instead, should send a request to the Treasurer explaining why the Treasurer should exempt the procurement as a public exigency.

Public Exigency - must be an emergency that affects the public health, safety, or welfare or a critical agency mandate which requires the immediate delivery of goods or performance of services or involves a contract for specific goods or services that:

- a. Must be provided by a specific vendor; and,
- b. The timing of the procurement does not make compliance with Chapter 51 practical or possible; and
- c. The procurement is consistent with the intentions of pay-to-play laws.

An example of this would be a procurement where the goods or services are only available from a single source and the single source vendor's action prevents or stymies application of the law. In these cases, the public agency can request approval from the Treasurer.

9. With respect to Chapter 51, if an individual makes a contribution to a PAC and the PAC makes contributions, how does this affect the person's ability to enter into contracts with public agencies? Who receives credit for the contribution?

Answer: A "PAC" is not a legal term, but when people use it, they generally are referring to what is defined as a "continuing political committee" under New Jersey law. Assuming by "PAC" you are referring to a continuing political committee and not to a candidate committee or a political party committee, an individual's contribution to a PAC does not affect the individual's ability to contract with State agencies, unless (1) the individual directly or indirectly controls the PAC and the PAC itself makes a disqualifying

contribution, or (2) the Treasurer determines, under Section 6 of Chapter 51, that the individual's contribution to the PAC would constitute a breach of contract under Section 9 of the statute or would pose a conflict of interest.

10. Does Chapter 51 apply to DPA purchases of \$17,500 and less?

Answer: No, however it does apply to DPA purchases in excess of \$17,500.

11. Is there a contact person that I could speak to directly about compliance with Chapter 51 and Executive Order 117? We have a few questions that I need to discuss with someone, if possible.

Answer: No. Agencies and business entities are requested to submit all questions electronically to the following link:

<https://www.state.nj.us/treas/purchase/eo134questions.shtml>

This format eliminates responding to duplicate questions, provides the opportunity to share questions and answers with agencies, as well as the business community and expedites response.

12. What documentation is required to be submitted to the Chapter 51 Review Unit? Is it only the certification form or should the vendor quote also be included?

Agencies should submit the Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form to the Chapter 51 Unit. The form is available online at:

<http://www.state.nj.us/treasury/purchase/forms/eo134/Chapter51.pdf>.

If additional information is needed, the Chapter 51 Review Unit will send its request to the public agency to be forwarded to the business entity.

13. Can State Agencies submit the Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form as a scanned attachment (.pdf) via email?

Answer: Yes. We encourage submissions be sent electronically for review to: CD134@treas.nj.gov.

14. Do Chapter 51 and Executive Order 117 affect subcontractors of a vendor that we would like to contract with?

Answer: No. The prime contractor only – not its subcontractors – is responsible to be in compliance with Chapter 51 and Executive Order 117.

15. Are contracts to procure goods and services for school districts previously referred to as “Abbott districts” within the scope of Chapter 51 and EO 117?

Answer: Yes. Procurements by State agencies on behalf of the school districts formerly referred to as “Abbott districts” are within the scope of Chapter 51. Purchases made directly by a school district are not covered by Chapter 51 or EO 117.

16. Do we have to provide compliance documents repeatedly for vendors once we establish approval by the Treasurer or will we have to do this every time we award, especially for a DPA purchase? Many of our DPA purchases are to the same vendors again and again.

Answer: No, the Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form is valid for a two year period effective the date of approval. State agencies should first verify a business entity’s compliance status with the Chapter 51 Review Unit prior to requesting the completion of a form. If approval has already been obtained, a new form is not required to be submitted for that vendor. If there is a change in the vendor’s ownership status or if the vendor makes a political contribution(s) during the two-year period, the vendor is required to submit a new Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form for approval to the Chapter 51 Review Unit.

17. Is my corporation required to submit a separate Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form for each 10% or greater owner and their spouses and children (living at home)? In our case, this would require completion of 10 copies of each form. What is to be done if children are not of legal age?

Answer: Where the business entity is a corporation, a Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form is required from the business entity itself, each 10% or greater owner, officers of the corporation and each controlled subsidiary or Section 527 Political Organization.

As a matter of convenience, a business entity may submit only one form if its authorized representative completing and signing the form is certifying on behalf of the business entity and all individuals and/or entities whose contributions are attributable to the business entity. If the authorized representative completing the form is only certifying for the business entity itself, then separate forms must be completed and submitted along with the business entity’s form from all other individuals and/or entities whose contributions are attributable to the business entity.

No form is required from children that are not of legal age or children that do not reside with an individual that falls under the definition of business entity. Additionally, it does not apply to a contribution made by a spouse, civil union partner, or child to a candidate for whom the contributor is entitled to vote or to a political party committee within whose jurisdiction the contributor resides.

18. We received in the mail a Vendor Certification and Disclosure of Political Contributions form (CH51.1 R1/21/2009). The form (Chapter 51 – Rev. 4/17/15) on the website also refers to Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form. Both are two year forms. Can we use the form on the website in place of the one we received in the mail?

Answer: Yes. The form on our website is always the most current and correct. This is the only form that will be accepted for review and approval.

19. My company is owned by another company. I understand that my company, and the company that owns my company, must complete the Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form. The owner company has 3 shareholders. Are these shareholders also required to complete the compliance forms?

Answer: You are correct that certification and disclosure is required from the contracted company and the company that owns the contracted company. However, the shareholders of the owner company are not considered "principals" of your company and, therefore, are not required to submit compliance documentation. Keep in mind, the Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form submitted is signed on behalf of the contracted company and any individuals and/or entities whose contributions are attributable to the contracted company. If the authorized representative completing the form is only certifying for the business entity itself, and not the parent company, which is the principle in your situation, a separate form must be completed and submitted along with the business entity's form from the parent company.

20. I am reviewing a contract between the Board of Public Utilities and a consulting company. The contractor will not be paid by BPU, but by the various utility companies that are involved in the project (for development of electronic data interchange processes). Would this be considered a "state contract" requiring compliance with Chapter 51?

Answer: Although the contractor will be paid by the various utility companies, the contract in place is between the Board of Public Utilities and the consulting company. If the expenses to be incurred by the various utility companies are expected to exceed \$17,500, Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions forms are required.

21. Is the Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form required in the case of an assignment of an existing agreement, where the original vendor has been acquired by a third party and the assignee is the new corporate form of the original vendor? The term of the original agreement is not being extended, and the terms and conditions are unchanged, except for the assignment.

Answer: No.

22. I represent a State agency preparing to enter into a contract with a municipality. Is a municipality required to fill out the Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form prior to entering into a contract with the State? How about other State entities that are vendors, such as colleges and universities?

Answer: Municipalities and State entities are not required to comply with Chapter 51 and Executive Order 117 because they do not fall within the definition of a business entity. Additionally, colleges, universities and non-profit organizations are excluded from this definition and are, therefore, exempt from Chapter 51 and Executive Order 117 compliance.

23. Do Chapter 51 and Executive Order 117 apply to contracts with the Administrative Office of the Courts?

Answer: No.

24. Are extensions of contracts, subject to the terms of Chapter 51 and Executive Order 117?

Answer: Contract extensions are treated as exercises of existing contractual rights and are not subject to the requirements of Chapter 51 and Executive Order 117.

25. Are contract change orders subject to the terms of Chapter 51?

Answer: Contract change orders are treated as exercises of existing contractual rights and are not subject to the requirements of Chapter 51.

26. Is an amendment or change order to a contract that was originally below the \$17,500 threshold subject to the terms of Chapter 51 if the amendment brings the value of the agreement over \$17,500?

Answer: Yes.

27. Please define "any entity designated and organized as a "political organization" under 26 U.S.C.A. 527, that is also defined as "continuing political committee" under N.J.S.A. 19:44A-3(n) and N.J.A.C. 19:25-1.7." Is there a listing that can be provided for all "entities" that are organized under these criteria?

Answer: The simplest way to obtain information about the registration status of a political organization is to inquire of the organization itself. In addition, information regarding political organizations that are tax exempt under Section 527 of the Internal Revenue Code is available at the IRS website link:

<http://forms.irs.gov/politicalOrgsSearch/search/basicSearch.jsp?ck>

New Jersey Election Law Enforcement Commission (ELEC) maintains information regarding organizations which have registered as "continuing political committees" and is available at ELEC website link: <http://www.elec.state.nj.us/>

28. We request clarification of the language with respect to Chapter 51. The language states that each person or organization within the definition of business entity is required to provide certification and disclosure. We are a subsidiary of a publicly-held company listed on the NYSE. Our parent company has over 300 subsidiaries in the U.S. and it has a New Jersey PAC (continuing political committee). The definition of business entity would clearly include Bidder (our company) and its parent corporation.

The definition also includes any subsidiaries directly or indirectly controlled by the business entity. This seemingly includes all 300+ subsidiaries of our parent company, since parent is a business entity."

Would it be acceptable for our company to include with our bid proposal forms for our company and our parent company? Or would we need to include forms for all 300 subsidiaries of our parent company? Our parent company's PAC would certify, since it appears to fall under the definition of a business entity.

Answer: In your example, only the parent company and the PAC would be required to certify and disclose. However, if the authorized representative from your company can certify on behalf of the parent and the PAC as well, only one Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form must to be submitted. Please see the answers to Question 17 and 19.

29. Would an agreement signed between a New Jersey landlord and the NJ Department of Community Affairs (DCA) to receive federal Section 8 rental assistance funding constitute a "contract" as defined in Chapter 51?

Answer: No. The Section 8 program is, essentially, a grant program, and therefore, Chapter 51 does not apply.

30. With regard to property and real estate matters, do Chapter 51 and Executive Order 117 apply to the date of the real estate closing or when the real estate contract was executed by all parties?

Answer: The applicable date would be the date when negotiations commenced.

31. Under New Jersey law, partnerships cannot make political contributions to New Jersey candidates and political committees. See N.J.A.C. 19:25-11.10. However, partners can contribute and contributions can be made on partnership checks provided the contribution is allocated to a partner(s), i.e., comes from the partner's share of partnership funds, and such contribution is authorized in writing by the partner, and the written authorization accompanies the contribution when sent to a candidate or political committee. This being the case, is it correct

to assume reportable contributions (in excess of \$300.00) under Chapter 51 and Executive Order 117 are those made by equity partners in the partnership?

Answer: Yes.

32. I have been asked to act as placement agent for an agency's upcoming bond transaction. The placement is for the investment of the bond proceeds into guaranteed investment agreements. We have been asked to get each potential provider of an investment agreement to sign the Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form. The contract(s) will be signed with entities. These entities have or will shortly be submitting their forms under their corporate names. These entities, and others, have guarantors. I don't believe we need to have the guarantors also sign certification and disclosure forms. (They will never be the counterparty – just the backup credit in the event of a failure to perform by the signatory.) I want to confirm so that we don't have a problem at closing.

Answer: Since the guarantor does not have a contract with the State of New Jersey, it does not need to submit a Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form.

33. I understand Chapter 51 contains a provision so that it does not apply to certain federally funded contracts. Does this provision apply only to the NJ Department of Transportation for highway projects, or does it apply to all FTA-funded (Federal Transportation Authority) transit projects?

Answer: The exception is in N.J.S.A. 19:44A-20.25. This exception does not apply to all federally funded contracts, only those where the federal government or a court has determined Chapter 51's application would violate federal law. At present, we are aware that the exception applies to DOT contracts funded by the FHWA and to any other contracts funded in whole or in part, by the FHWA.

34. New Jersey law, N.J.S.A. 19:34-45 in particular, prohibits certain corporations, including banks and insurance companies, from making contributions to political candidates or parties. Given that it would appear that these companies were forbidden under law from making contributions covered under Chapter 51, is it necessary for these companies to provide a Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form?

Answer: Yes, the companies are required to file a Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form. The referenced statute does prohibit some contributions by certain corporations and their majority stockholders to or in support of political candidates and parties, but does not prohibit contributions by all of the individuals whose contributions are attributable to the business entity under Chapter 51 and may not prohibit contributions to all of the political committees within the scope of Chapter 51.

35. One of our vendor's owners died and the estate has not completed the probate process. Are we required to obtain a Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form from the estate?

Answer: No. Estates are not included in the definition of business entity.

36. Our company is a State contract vendor. Would the owner (who has a greater than 10% equity interest) of the company be allowed to be on the host committee for a gubernatorial fundraising event?

Answer: No, as that would violate the prohibition in the statute against solicitation of contributions by vendors' principals. Further, if as the host, the owner also paid any costs of or made in-kind contributions to the fundraising event with a value in excess of \$300.00, it would violate the prohibitions of the statute.

37. Would our Medicaid “fee for service” providers, who bill our system for reimbursement, be subject to Chapter 51? These providers have contracts with the HMOs to which the State is not a party, but which do prescribe certain parameters that must be met in the HMO contract. The fee for service providers have a simple provider agreement which certifies that they will comply with all applicable federal and state law, provide information regarding claims and keep records. There is no countersignature by the State. There is no acceptance process for service providers; all who apply and agree to the program’s terms are accepted.

Answer: No, these providers are not subject to Chapter 51, as Medicaid has made no contract “award” to the fee for service providers.

38. Certain foreign entities – defined as “foreign nationals” – are prohibited by U.S. federal law from making political contributions in the United States. Based on this prohibition, are such businesses or foreign entities excused from compliance with Chapter 51?

Answer: No. The statute does not differentiate among business entities based on country of residence or origin, nor does the statute provide an exemption based upon compliance with other State or federal laws.

39. Our company is a state contract vendor. Our president is first vice-chair of a county political organization. As a state contract vendor, would our president be allowed to sign checks from the county political organization?

Answer: The signing of political organization checks does not alone disqualify a vendor under Chapter 51. However, as an executive with the county political organization, the company’s president should be aware of the restrictions set forth in Chapter 51 on soliciting contributions. Those restrictions apply to state vendors and their principals. This company’s president should also be aware of the possibility that services provided

to the county political organization may, if not voluntary personal services, be considered reportable “in-kind contributions” to the organization pursuant to N.J.S.A. 19:44A-3(f) and N.J.A.C. 19:25-1.7, which would have a potential Chapter 51 impact.

40. If a business entity responds that they have not contributed or solicited contributions, does the using agency have to submit the paperwork to the Chapter 51 Review Unit, or may they continue to process the contract without submission?

Answer: The paperwork must be submitted to the Chapter 51 Review Unit. We will confirm whether all of the required entities have submitted the required Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form, and will notify the using agency whether the business entity’s documentation complies with the requirements of the statute.

41. For a professional corporation, does the definition of business entity include only principals who own or control more than 10 percent of the stock, or does it also include principals who own or control more than 10 percent of the profits or assets of a business entity?

Answer: It applies to both. Please refer to the Information and Instructions for Completing the Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form for the complete definition of business entity.

<http://www.state.nj.us/treasury/purchase/forms/eo134/Chapter51.pdf>

42. May two members of a corporation, neither of whom owns more than 10% of the stock of the corporation, but who in the aggregate own more than 10% of the stock of the corporation, make or solicit contributions subject to the statute.

Answer: Ownership in the corporation is not aggregated for purposes of determining the applicability of the statute.

43. Our agency utilizes New Jersey State contracts for a good portion of its procurement of goods and services. Please clarify whether our agency has to separately require that the vendors who have existing State Contracts comply with Chapter 51 before we can order?

Answer: Purchase Orders and other procurements against existing State contracts established by the Division of Purchase and Property, are not separately subject to the requirements of Chapter 51. Compliance with respect to such State contracts is the responsibility of the Division of Purchase and Property, Chapter 51 Unit.

44. Can a principal of a business entity give a power of attorney to another principal of the same business entity to sign as attorney-in-fact, the Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form?

Answer: Yes, authorized representatives are allowed to sign the Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form.

45. Is there any guidance as to how often and when our company should disclose any political contributions made after the award of a contract? Additionally, is there a special form to be filed to report these contributions?

Answer: A new Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form is required to be submitted for approval upon the making of any political contribution(s) aside from those disclosed on the original form and also to report changes in the ownership structure (including the appointment of a new officer within a corporation).

46. How should sole source purchases be handled with respect to Chapter 51?

Answer: The Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form is required even if it is a sole source contract. In the event that the sole source business entity has made a disqualifying contribution, the agency may request a public exigency from the State Treasurer.

Likewise, if you are inquiring whether or not your agency is entitled to receive an exemption from submitting documents because of the mere fact that you have received one bid or have one qualified bidder for services; the answer is No.

47. May a bidder safely use the Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form found on the Treasury website instead of the particular form included in the bid solicitation of the State agency?

Answer: Yes, the form on the Department of the Treasury website is the correct form for any type of procurement, including a publicly advertised bid. The location of the form on the web is: <http://www.state.nj.us/treasury/purchase/forms/eo134/Chapter51.pdf>

48. A business is a publicly traded company, and is owned in part by one or more financial firms, each of which owns more than 10% of the shares of the business. Is the business required to obtain a Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form from each financial firm?

Answer: Publicly traded companies are not required to obtain certification and disclosure forms from holders of 10% or more of their shares, where the holders of such shares are mutual funds, financial advisors, or other institutional investors that own the shares for the benefit of investors. However, financial firms or individuals that hold such shares for their own account are required to submit a Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form.

49. If a public company is required to obtain a Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form from a 10% shareholder where that shareholder is a mutual funds, financial advisor, or other institutional investor that owns the shares for its own account and such public company in good faith attempts to obtain the form, but is unable, does a public exigency exist to enable the state agency to still contract with the public company despite the lack of a certification and disclosure from the shareholder?

Answer: A public exigency is determined on a case by case basis by the State Treasurer. If the Treasurer determines that a public exigency requires the immediate delivery of goods or performance of services, the agency would not be precluded from contracting with the company.

50. Our company is currently under contract with the State of New Jersey. Is our company allowed under the provision of Chapter 51 and Executive Order 117 to contribute \$500.00 to a committee to re-elect a county Freeholder, or a State Assembly or State Senate candidate

Answer: Contributions to the election fund or committee of a county Freeholder, State Assembly or State Senate candidate are outside of the scope of Chapter 51 and Executive Order 117.

51. The Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form requires disclosure of contributions to "political organizations"; does this require a disclosure of groups and political organizations not covered by Chapter 51 and Executive Order 117?

Answer: The business entity is required to disclose any political contribution solicited or made in the preceding four years to any political organization organized under Section 527 of the Internal Revenue Code which also meets the definition of a continuing political committee, which is commonly referred to as a PAC (Refer to Question 27). Also, the form requires the disclosure of any contributions solicited or made during the preceding 5 ½ years to any:

Candidate committee/election fund for any Gubernatorial or Lieutenant Gubernatorial candidate,
State Political Party Committee,
County Political Party Committee; OR

Any contributions solicited or made during the preceding 18 months to any:

Municipal Political Party Committee,
Legislative Leadership Committee

52. Chapter 51 requires disclosure of contributions to the election fund of any candidate or current holder of public office of Governor or Lieutenant Governor

or State or county political party committee. EO 117 requires disclosure of contributions to municipal political party committees and legislative leadership committees Does this apply to a contribution to the election fund for a city/township mayoral candidate? Also, would payment for dinner tickets be considered a "contribution" to such township election fund events under Chapter 51?

Answer: Payment for dinner tickets would be considered a contribution. Contributions to candidates for municipal offices are not subject to Chapter 51 or EO 117.

53. An incorporated trade association intends to register in New Jersey as a continuing political committee. Its members include corporations and individuals. Can the association accept contributions to its CPC from members who have contracts with the State and/or local jurisdictions, whose contributions will be used to make contributions to New Jersey candidates and political party committees?

Answer: Contributions to a CPC (Continuing Political Committee) are required to be disclosed by the contributor as part of the compliance process. Disclosure of such contributions will trigger a conflict of interest analysis under Chapter 51.

54. Is a Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form required for an annual dues assessment payment to a national association of which every state/territory government is a member? For example, NJ is a member of a national association which advocates for mental health issues. Each state/territory is represented by their respective Commissioner or Division Director for Mental Health. This organization advocates for mental health issues and legislation at the national level.

Answer: The described group is, effectively, a consortium of governmental entities that would not constitute a business entity for purposes of Chapter 51 or Executive Order 117. As such, the group would be exempted from the form requirement.

55. As a State agency, are we required to obtain a Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form if we purchase land from an estate?

Answer: No. An estate is not included in the definition of business entity under Chapter 51 and Executive Order 117.

56. Do Chapter 51 and EO 117 apply to a political contribution by a business entity to a particular county political party for purposes of funding the legislative election campaigns of that party's candidates, and where the contribution is not related to any gubernatorial campaign?

Answer: Contributions to a county political party committee are disqualifying contributions under Chapter 51 and EO 117. Contributions to separately established single or joint candidate committees are not subject to Chapter 51 and EO 117.

57. Do Chapter 51 and Executive Order 117 apply to a business entity's contribution to a gubernatorial campaign fund if that particular candidate was NOT elected?

Answer: Yes. The success of the candidate does not affect the application of Chapter 51 or Executive Order 117, but it does potentially affect the length of disqualification.

58. If a disqualifying contribution was made without awareness of the Chapter 51 implications and the candidate committee fails to return the contribution within the required 30 days, can a vendor be awarded State contracts?

Answer: No, Chapter 51 requires inadvertent contributions be refunded within 30 days after the date on which the contribution was made. There is no exception in the law for a contributor's delay in requesting or the committee's failure to timely refund a contribution.

59. Is a Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form required for non-profit corporations organized under the New Jersey Nonprofit Corporation Act (N.J.S.A. 15A:1-1 et. seq.), and refers to commercial entities.

Answer: Non-profit entities are not considered business entities and, therefore, exempt from Chapter 51 and Executive Order 117 compliance.

60. I am the executive director of a business with State contracts. If I bought a ticket to a birthday party for a Freeholder (\$150) and an assembly person (\$100) in one year, is that a reportable contribution required to be reported on the Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form?

Answer: Contributions to County Freeholders or members of the State Assembly are outside the scope of Chapter 51 and Executive Order 117.

61. As a business entity organized as a Limited Liability Partnership, we are prohibited from making or soliciting certain political contributions under the provisions of Chapter 51. Our partnership has partners with 10% and greater and partners with less than 10% equity interest. May these partners utilize certain facilities of the partnership such as fax machines, telephones, Xerox machines, personal computers, etc., to solicit political contributions for a campaign if the value of such administrative cost is less than the \$300 amount of a reportable contribution in the aggregate?

Answer: Yes, in your example, the value of the in-kind contributions does not exceed the \$300 reportable amount and will not disqualify the LLP from contracting with a State agency.

62. May a business entity established as a partnership make a political contribution to a county political party using a partnership check so long as the contribution is accompanied by an appropriate letter allocating the contribution to individual partners and so long as the allocation for each partner is \$300 or less?

Answer: Yes. Consistent with the Election Law Enforcement Commission (ELEC) regulations and procedures, use of the partnership check is not determinative, provided that the contribution check is accompanied by a clear allocation to individual partners, as is required by ELEC.

63. May a partner of a Limited Partnership contribute under the reportable amount?

Answer: Yes, individual partners can each contribute \$300 or less, and such contributions are not attributed to the partnership provided the contribution was not given in cash. For cash contributions, any amount is considered reportable.

64. May a spouse of a LLP partner contribute more than the reportable amount?

Answer: Spouses residing with an officer of a corporation, partner of a LLP, LP or general partnership, member of a LLC and shareholder or officer of a PC, are also precluded from contributing more than \$300 to a political committee or election fund. However, Executive Order 117 does not apply to the spouse, civil union partner or child when contributions are made to a candidate for whom the contributor is entitled to vote or to a political party committee within the jurisdiction the contributor resides.

65. If a company has a current State contract can they contribute to a county political party?

Answer: Pursuant to N.J.S.A. 19:44A-20.21, it is a breach of contract to make a reportable contribution (meaning a contribution in excess of \$300 or a contribution in cash) to county political party committees during the term of the contract.

66. Are employees employed by the company allowed to contribute to a county political party while the company has a current State contract?

Answer: An employee may contribute to a county political party provided that the employee is not an officer of the company and does not have a 10% or greater ownership interest if the business entity is a corporation or does not have any equity interest if the business entity is a LLP, LP, LLC, GP or PC. However, pursuant to N.J.S.A. 19:44A-20.21, if an employer makes or solicits contributions directly or indirectly through its employees or reimburses an employee in order to circumvent the

effects of the statute by concealing the source of a contribution it is a breach of the contract

67. Our political action committee (PAC) has contributed to a State political party committee and one of the PAC member's has a contract with the State. Would Chapter 51 apply to the member with the State contract? What if the member contributes to our PAC, and in turn our PAC makes a contribution?

Answer: There are several ways in which your committee's members could be impacted by Chapter 51:

If the PAC is determined to be controlled by one or more members that have State contract(s), then the PAC's contributions would be attributed to the member(s) as part of the member's business entity under Chapter 51.

In addition, assuming the PAC is a "Continuing Political Committee" under NJ law, contributions to the PAC by your members would be required to be disclosed in accordance with Chapter 51. The disclosure would trigger a "conflict of interest" review, in which we would take into consideration: whether the contributions were given to the PAC as a means of circumventing the restrictions of Chapter 51, which would be a violation of the statute; and whether there are other factual indications that would raise "conflict of interest" concerns with respect to the contribution from the member to the PAC, and subsequent contributions from the PAC to political committees.

68. Chapter 51 includes a section on eminent domain. It specifically states that the provisions of the statute shall not prevent agencies "from complying with all of the requirements, conditions and obligations of the "Eminent Domain Act of 1971..." What is the process that our agency has to follow with respect to the requirements of the statute? Can we negotiate the purchase of property without the filing of a complaint under the Eminent Domain Act?

Answer: The exemption in Chapter 51 of acquisitions accomplished in compliance with the Eminent Domain Act was intended to allow agencies to conduct the bona fide negotiations required by the Act. As such, the positive results of any negotiations conducted in compliance with the mandates of the Act are outside the purview Chapter 51.

69. The owner of our company held a fundraising dinner for one of the Republican candidates for Governor and personally contributed an amount over the \$300 reportable threshold. If this candidate withdraws from the race or fails to secure the party nomination to run for Governor, do Chapter 51 and Executive Order 117 restrictions apply?

Answer: Yes, both apply. Chapter 51 is interpreted consistent with Election Law Enforcement Commission (ELEC) laws in that a candidate who has sought election for a primary or general election is a candidate regardless of his/her success or failure in that election. Moreover, an individual seeking election in this instance would also be

considered a candidate for purposes of reporting under ELEC laws when that candidate has received funds or other benefits (i.e. contributions from a fundraising dinner) in order to make a decision on whether to run for a primary or general election.

70. If a vendor has a contract with the State of New Jersey and the vendor intends to make contributions to continuing political committees (CPC's), to whom must the Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form be addressed for review and approval?

Answer: If the vendor already has a current Chapter 51/EO 117 Two-Year Certification form on file and has made a contribution to a CPC, the vendor is required to complete a new form and send it to the Chapter 51 Review Unit for review. The vendor can also send a new form directly to the Chapter 51 Review Unit if it is approaching the end of their two year certification and wishes to renew for another two years. All other submittals must be sent directly to the State Agency which you are seeking a contract and addressed to the contact person for that agency.

71. Is the Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form required to be notarized?

Answer: No, however the form calls for the authorized representative to certify the responses, which means that the authorized representative is certifying that the statements on the form are true and that if any statement is willfully false, the representative may be subject to punishment.

72. We are the concessionaire at certain venues within the State of New Jersey. Many of our contracts with the owner/operators of such venues provide that we are to be the exclusive food and beverage provider at such venues. Since there is no bid process, and the State agency is required to use our company for its food and beverage needs should it decide to schedule an event at such venue, it would appear that the rationale behind Chapter 51 wouldn't be implicated (i.e., that the fair bidding process shouldn't be compromised through the use of political donations). In other words, there is no bid process, there are no alternative suppliers, and accordingly, there is no opportunity for a vendor to gain favor through contributions. In such an "exclusive rights" circumstance, must we as the service provider still comply with Chapter 51?

Answer: Under the circumstances described, it appears that the relevant contracts for Chapter 51 purposes would be the agreements between your company and the public agencies or authorities that are the owners/operators of the venues, if applicable, not a State agency which may schedule events at the venues.

73. The New Jersey Sports Authority has collective bargaining agreements with 13 different unions. Are the unions subject to the provisions of Chapter 51 and Executive Order 117?

Answer: No. Collective bargaining agreements are not transactions subject to Chapter 51 or EO 117.

74. For purposes of determining the principals of a limited liability company (LLC) that holds a state contract valued over \$17,500, would a corporation which owns 1% of the LLC be considered a principal subject to the restrictions and reporting requirements of Chapter 51?

Answer: A limited liability company is a for profit company and any equity member is subject to the restrictions and reporting requirements of Chapter 51.

75. I represent a limited liability partnership that has a lease agreement with a State agency with a value in excess of \$17,500. This lease is still in effect. Can owners of this partnership contribute to current gubernatorial campaigns, and state or county political parties?

Answer: Unless the lease agreement was signed prior to October 15, 2004, partnership principals are prohibited from making such contributions prior to the completion of the contract or agreement.

76. I represent several entities which are limited liability companies and limited liability partnerships that have contracts with a value above \$17,500 with the State. Members and partners of these entities are subject to the restrictions and reporting requirements in Chapter 51 and Executive Order 117. Because business entity is defined to include a natural person, and because, "if a business entity is a natural person, that person's spouse or child, residing therewith, are also included in this definition," are the spouses and at-home children of equity members and partners in limited liability companies and limited liability partnerships subject to Chapter 51 and Executive Order 117?

Answer: Effective November 15, 2008, Executive Order 117 revised the definition of business entity to include the spouse, civil union partner or child residing with an individual who is included within the definition of business entity. However, the Executive Order does not apply to the spouse, civil union partner or child when contributions are made to a candidate for whom the contributor is entitled to vote or to a political party committee within the jurisdiction the contributor resides.

77. Does Chapter 51 apply to Federal Social Services Block Grant funding received through DYFS?

Answer: If this funding is a true grant, this grant is not subject to Chapter 51.

This funding could be construed differently, however, if the procurement transaction designated as a 'grant' is, in fact, a contract for goods or services or if the State has a substantial role in the funded activity. In that instance, the restrictions of Chapter 51 would apply.

78. Our agency receives electricity and natural gas from a BPU regulated utility company. Billings for these services are based on tariffs established by the BPU. Is it necessary to have these utility companies complete the Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form?

Answer: Utility companies that are providing a BPU-regulated service (e.g. electricity, natural gas, cable) are outside the scope of Chapter 51.

79. Our firm will be merging to form a new firm with two additional principals. Since December 2007 our firm has been a vendor, under a contract with a State agency. Our contract will end at the end of this month. My question is, if one of our firm's new partners has made a contribution to a state party committee, county party committee, candidate for Governor or Lieutenant Governor, legislative leadership committee or municipal political party committee in the past year, would the new firm be eligible to receive a State contract?

Answer: In order to be awarded a State contract, the new firm will have to submit a Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form. As such, each equity partner's contributions would be attributable to the partnership and must be disclosed. If one or more of the firm's partners, as a result of the merger, has made a reportable contribution, your firm would not be eligible for any new contract awards until the period of disqualification expired. However, if the reportable contribution was made before the merger by someone who was a partner only as a result of the merger, it would not be considered a breach of the contract pursuant to N.J.S.A. 19:44A-20.21.

80. Under federal law, pharmaceutical manufacturers are required to enter into an agreement with the Center for Medicare and Medicaid (CMS) to provide rebates for their drug products paid for by Medicaid. Manufacturers that do not sign an agreement with CMS are not eligible for Medicaid Coverage of their product(s). Since the State Medicaid rebate agreements are required under federal law, is it correct to assume that the pharmaceutical manufacturers that execute Medicaid rebate agreements are not prohibited from making political contributions under Chapter 51 and Executive Order 117?

Answer: The State Medicaid rebate agreement does not constitute contract awards, and therefore are not subject to and do not trigger the restrictions of Chapter 51 and Executive Order 117.

81. The State has a similar form agreement to the Medicaid rebate agreement concerning the PAAD and Senior Gold programs. Signature of the New Jersey drug rebate agreement is mandated in order for the drugs produced by a manufacturer to be eligible for State funding when dispensed to PAAD or Senior Gold beneficiaries. The provision of drugs in these two programs is not subject to the public bidding provisions. Is it correct to assume that the pharmaceutical manufacturers that enter into rebate agreements with the Department of Health

and Senior Services are not prohibited from making political contributions under Chapter 51 and Executive Order 117?

Answer: The State rebate agreements under the referenced programs do not constitute contract awards, and therefore are not subject to and do not trigger the restrictions of Chapter 51 and Executive Order 117.

82. If a manufacturer is prohibited from making certain political contributions under Chapter 51 and Executive Order 117, does the prohibition apply to a PAC or continuing political committee formed by a pharmaceutical manufacturer?

Answer: A continuing political committee formed by and under the control of a manufacturer would be considered part of the business entity of the manufacturer. Accordingly, the restrictions applicable to the manufacturer would be applicable to the committee, and contributions by the committee would be attributable to and required to be reported by the manufacturer.

83. May an individual, corporation, limited liability corporation or limited partnership that has a contract with the State of New Jersey exceeding \$17,500 make a contribution to the following committees: 1. Senate Democratic Majority; 2. Senate Republican Majority; 3. Democratic Assembly Campaign Committee; 4. Assembly Republican Victory?

Answer: The four committees listed are all legislative leadership committees and are restricted under EO117. A business entity with a State contract which was entered into after November 15, 2008, the effective date of EO117, will be prohibited from making a reportable contribution to any of the four committees.

84. State, county and municipal agencies and authorities will often advertise, obtain membership, sponsor and or attend a specific trade association's events or publications. The fees paid for these advertisements, memberships, sponsorships, and attendance fees often exceed \$17,500. We recognize that the Department has previously responded that Chapter 51 "applies to the purchase of services, materials, supplies and equipment, and the acquisition, sale or lease of land or buildings." Are the fees paid for advertisements, memberships, sponsorships and attendance fees of the trade association equivalent to entering into an "agreement or contract" or considered a "transaction" for the purposes of Chapter 51?

Answer: Fees paid to a trade association for memberships and/or sponsorships are not considered contracts to procure goods or services. In addition, fees paid to place advertising in a trade circulation or in the general media would not be considered contracts to procure goods or services and would not trigger Chapter 51 or Executive Order 117. However, fees paid to a business entity (such as an advertisement/marketing company) to secure the placement of ads on behalf of the State Agency, are within the scope of the law and a Two-Year Chapter 51/Executive

Order 117 Vendor Certification and Disclosure of Political Contributions form would be required.

85. If fees paid to a trade association for advertisements, memberships, and/or sponsorships are outside the scope of Chapter 51, is it correct to assume that the trade association would not be precluded from making political contributions to gubernatorial candidates or county or State political party committees or legislative leadership committees?

Answer: Although fees paid to a trade association for advertisements, memberships, and/or sponsorships are outside the scope of Chapter 51, a trade association's contributions to gubernatorial candidates or county or State political party committees or legislative leadership committees would affect its eligibility for contract awards.

86. I have read newspaper accounts that indicate giving to a State political party is not a Chapter 51 violation if the contribution is directed specifically to the federal account; is this accurate?

Answer: The New Jersey Election Law Enforcement Commission (ELEC) issued an Advisory Opinion (No. 03-2006) stating that contributions to the federal account of a New Jersey State political party committee are outside of the jurisdiction of ELEC, so long as the funds in the "federal account" are used exclusively for federal election purposes and are not spent on State candidates or elections. See the ELEC Advisory Opinion at: <http://www.elec.state.nj.us/legalresources/advisory.htm>

Thus, if the contribution to the federal account of a State political party is handled in accordance with those limits, the answer is yes.

87. If a vendor has made an inadvertent contribution and it was refunded beyond the 30 day limit that reverses disqualification, what is the exact time the vendor is not eligible for State contract awards?

Answer: Your question raises two separate issues.

First, Chapter 51 states that an inadvertent contribution may be returned to the contributor, and eligibility for State contract award restored, if the refund is obtained within thirty days of the contribution. A refund obtained more than thirty days after the date of the contribution will not restore the eligibility of the vendor. Contributions made within 60 days of a gubernatorial primary or general election are not considered inadvertent, and a refund obtained within the 30 day timeframe would not restore eligibility.

Second, the period of ineligibility depends upon the timing of the contribution, and the committee to which the contribution was made. As a general rule, there is an eighteen (18) month period during which the contributor is not eligible for State contract award when contributions are to the following political entities:

Candidate Committee/Election Fund for candidate for Governor or Lieutenant Governor
County Political Party Committee
State Political Party Committee
Municipal Political Party Committee
Legislative Leadership Committee

There are longer periods of disqualification for contributions to some of these entities, in the following circumstances. Where the contribution is made to a candidate committee or election fund of a sitting Governor or Lieutenant Governor, or to the State or county political party committee of the party which nominated the sitting Governor and Lieutenant Governor, and the contribution is made during the Governor's term of office, the contributor is ineligible for State contract award for the remainder of the Governor's term of office or 18 months whichever is longer.

Finally, where the contribution is made to a candidate committee or election fund of a sitting Governor or Lieutenant Governor, or to the State or county political party committee of the party which nominated the sitting Governor and Lieutenant Governor, and the contribution is made during the last eighteen months of the Governor's term of office, the period of ineligibility could extend through the next gubernatorial term if the sitting Governor is elected to a second term of office.

88. For State term contracts issued by the Division of Purchase and Property, does the \$17,500 transaction threshold amount established by the statute pertain to each individual purchase made by each term contract user or to the aggregate purchases made by all term contract users combined?

Answer: The \$17,500 transaction threshold applies to the aggregate purchases made, or expected to be made, by all users of the individual State contract. When the Division of Purchase and Property prepares to award a term contract to a vendor, that agency obtains a Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form from the intended awardees. For this reason, using agencies need not obtain certification and disclosure forms for purchases from contracts already awarded by the Division of Purchase and Property.

89. Do all potential vendors have to send in the Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form with their bids?

Answer: If you are responding to an RFP, RFQ or other contract solicitation, you should follow the specific directions provided. When the Division of Purchase and Property conducts a procurement, it only requires the form from the intended awardee(s).

90. Does EO 117 extend restrictions only to “equity partners” (the actual “owners” of partnerships and like entities) or do they affect non-equity partners, their spouses and resident children?

Answer: EO 117 applies to any partner with an ownership interest and by extension their spouse or civil union partner and resident children. EO 117 does not apply to people who hold the title of “partner” but do not actually have an ownership interest in the business entity. This is consistent with the Election Law Enforcement Commission (ELEC), which defines partner as one of two or more natural persons or other entities, including a corporation, who or which are joint owners of and carry on a business for profit, and which business is organized under the laws of this State or of any other state or foreign jurisdiction, as a general partnership, limited partnership, limited liability partnership, limited liability company, limited partnership association, or other such form of business organization. N.J.A.C. 19:25-26.1.

91. May partners with an ownership interest solicit multiple contributions of \$300 or less?

Answer: Yes. Chapter 51 prohibits the State from contracting with business entities that have solicited or made any “contribution” of money to certain candidates or committees. A “contribution” means a contribution reportable by the recipient under the New Jersey Campaign Contributions and Expenditures Reporting Act (CCERA). Reportable contributions under the CCERA are currently those in excess of \$300 from a single source in the aggregate per election for a candidate committee and per calendar year for a continuing political committee.

92. I wanted to clarify the contribution restrictions under Chapter 51 for companies that do business with the State. How is the \$300 reportable contribution threshold applied regarding a limited liability company? Is the \$300 limit applied only to the limited liability company (LLC) or can each member (10% owner) also contribute \$300?

Answer: A limited liability company (LLC) organized pursuant to N.J.S.A. 42:2B-1, et seq., with a State contract is not permitted to make contributions as an entity but instead, its contributions may be attributed to its members. N.J.A.C. 19:25-10.15, N.J.A.C. 19:25-11.10. For Chapter 51 purposes, a reportable contribution is any contribution made by check in excess of \$300 in the aggregate made by any member of the LLC, or a contribution of any amount made in cash, including those members with less than 10% ownership interest. Each member of the LLC may make a contribution by check of \$300.

93. If a corporation makes a reportable contribution to a non-incumbent candidate for Governor, how long is it disqualified from bidding on public contracts?

Answer: Contributions to a successful candidate for Governor made prior to the candidate’s inauguration, disqualify a business entity for 18 months from the date of the contribution. Contributions made to the holder of the public office of Governor, disqualify the business entity for the remainder of the term of the governor. If the contribution is made during the last 18 months of the Governor’s current term, the period of ineligibility would extend through the next term if the Governor is reelected for

a second term. Contributions to an unsuccessful candidate will disqualify a business entity for 18 months from the date of contribution.

94. Can each member of a limited liability company with a State contract make a \$300 contribution to a gubernatorial candidate, or are the contributions aggregated for purposes of the \$300 limit towards the company? In other words, is the \$300 limit attributable to the company or to each partner/member?

Answer: Each member of the LLC is allowed to make a \$300 contribution to a gubernatorial candidate except if the contribution is given in cash. Any contribution over \$300 from any equity member would be a breach of contract. A limited liability company organized pursuant to N.J.S.A. 42:2B-1, et seq., is not permitted to make contributions as an entity. N.J.A.C. 19:25-10.15. For more detailed information, please refer to New Jersey Administrative Code N.J.A.C. 19:25-1.1, et seq.

95. Is there any limit on the spouse of an officer of a company with a State contract contributing to a gubernatorial candidate?

Answer: Spouses or civil union partners and any child over 18 residing with the officer are allowed to contribute to a candidate for whom they are entitled to vote or to a political party committee within whose jurisdiction the contributor resides. This would include a gubernatorial candidate.

96. I have filled out the Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form and I need to know where I can email this form or if I can't email it to whom and where do I mail it.

Answer: Vendor Certification and Disclosure of Political Contributions forms are to be submitted to the contracting State Agency. The contracting State Agency is required to email the forms to: CD134@treas.nj.gov

Forms submitted by mail from the State agency should be sent to:

**Dept. of the Treasury
Chapter 51 Review Unit
PO Box 230
Trenton, NJ 08625**

The Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form is available at:
<http://www.state.nj.us/treasury/purchase/forms/eo134/Chapter51.pdf>

97. We are a State agency planning on contracting with a company that has an individual stock owner who owns more than 10% of the company's stock but this individual is not an active principal of the company. Must we require a Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form from this individual? Accordingly, if we have an ownership

disclosure form which lists four individuals as having equal stock ownership, if two of those individuals are "active" principals and the other two are "inactive", do we require forms for the two inactive stockholders? Thus, are the two inactive stockholders considered "principals"?

Answer: Chapter 51 and Executive Order 117 do not make a distinction between active or inactive principals within a business entity. Therefore, both the active and inactive principals are subject to the requirements.

98. Do we have to supply a separate Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form for each member of an LLC; even our members with less than 10% equity interest?

Answer: The Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form can be signed by one authorized representative on behalf of the business entity and any individual or business entity whose contributions would be attributed to the business entity. In your particular case, the representative can sign on behalf of the LLC and all equity members of the LLC, including those with less than 10% equity interest. If the representative does not wish to authorize this type of certification, separate forms must be obtained from those individuals/entities that certification is not being provided for.

99. May a state contractor subject to pay-to-play restrictions freely make contributions to the newly formed Republican Governors Public Policy Committee (RGPPC), 1747 Penn. Ave., Suite 250, Washington, D.C. 20006? It purports to be a 501(c)(4) organization under Internal Revenue Code and advises that it does not contribute to candidates or engage in elections on the local, state or national level. Is any contribution to RGPPC even required to be disclosed by a State contractor at time of competitive bids or in its annual report?

Answer: The Republican Governors Public Policy Committee, an affiliate of the Republican Governors Association, is not within the scope of Chapter 51 or Executive Order 117 and contributions to it would not be prohibited or required to be disclosed.

100. We are a corporation that provides professional services to the State. I believe we fall into the business type category of a "corporation". There is also a "Professional Corporation" category. Can you please confirm that the professional corporation category does not apply to a corporation that supplies professional services?

Answer: On the Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form under "Part 1: Business Entity Information," there are 5 business types listed. If your business is a legally formed corporation, you should check the Corporation box. Only vendors that are legally formed as a P.C. (professional corporation) should check the Professional Corporation box.

101. Regarding the Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form, “Part 2: Disclosure of Contributions,” we have already filed an Annual Statement with ELEC (Election Law Enforcement Commission). Should we just list those contributions made since the filing of our annual statement? Otherwise, what is the starting date for listing contributions?

Answer: The Business Entity Annual Disclosure Statement is required to be filed with ELEC and is not used in the review process of the Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form. Please refer to the Information and Instructions form for a complete list of all contributions required to be disclosed.

102. We are a corporation with our president having 100% ownership. On the Vendor Certification and Disclosure for Political Contributions form, specifically page 2, it references certifying on behalf of the business entity and all individuals and/or entities whose contributions are attributable to the business entity. Who all does this cover and is our VP able to sign?

Answer: Where the business entity is a corporation, it covers each 10% or greater shareholder, all officers of the corporation, each controlled subsidiary or Section 527 Political Organization and spouses and children of legal age (18 years and older) residing with a shareholder or officer. An authorized representative may complete only one form on behalf of all of these people and entities if the authorized representative has the requisite authority. Please see Question #98 for more information.

103. Would a contribution given to a political committee restricted under Chapter 51 or EO 117 be considered disqualifying if the total amount was \$300 or less, but given in cash?

Answer: Yes, a contribution reportable by the recipient shall mean a currency contribution in any amount or a contribution or contributions in excess of \$300 in the aggregate per election made to or received by a candidate committee or joint candidates committee or per calendar year made to or received by a political party committee or legislative leadership committee.

104. I represent a business that was previously majority owned by a large financial company (its former parent company). The business was spun-off and is now an independent publicly traded company. The former parent company no longer owns any shares of the business in its own accounts, so as of today it would not be considered a 10% owner for purposes of the NJ campaign contribution disclosure requirements. However, as of a year ago the former parent company would have fallen within the 10% owner definition. Are the former parent and its officers subject to the contribution disclosure requirements?

Answer: In respect to corporations, Chapter 51 and Executive Order 117 apply to the corporation itself, all officers of the corporation, any 10% or greater shareholders of the corporation and the spouses or civil union partners and any children who reside with the officers. Assuming negotiations started after the business was spun off, the former parent company would not be included in the definition of business entity.

105. Would it be appropriate under Chapter 51 and EO 117 for one of our managing directors to host and/or attend an event for a presidential candidate that currently is the holder of the public office of Governor? Also, would it be appropriate for him to make a contribution to a federal Super PAC supporting the Governor's candidacy for president?

Answer: Chapter 51 and EO 117 do not apply to a federal candidate election fund, regardless of the State office the candidate currently holds. Additionally, contributions to a federal Super PAC, also known as an "independent expenditure-only committee," are also not restricted under Chapter 51 and EO 117.

**PUBLIC LAW 2005
CHAPTER 271**

**Vendor Certification and
Political Contribution
Disclosure Form**

Contract Reference: _____ **Vendor:** _____

At least ten (10) days prior to entering into the above-referenced contract, the Vendor must complete this Certification and Disclosure Form, in accordance with the directions below and submit it to the State contact for such contract.

Please note that the disclosure requirements under Public Law 2005, Chapter 271 are separate and different from the disclosure requirements under Public Law 2005, Chapter 51 (formerly Executive Order 134). Although no vendor will be precluded from entering into a contract by any information submitted on this form, a vendor's failure to fully, accurately and truthfully complete this form and submit it to the appropriate State agency may result in the imposition of fines by the New Jersey Election Law Enforcement Commission.

Disclosure

Following is the required Vendor disclosure of all Reportable Contributions made in the twelve (12) months prior to and including the date of signing of this Certification and Disclosure to: (i) any State, county, or municipal committee of a political party, legislative leadership committee, candidate committee of a candidate for, or holder of, a State elective office, or (ii) any entity that is also defined as a "continuing political committee" under N.J.S.A. 19:44A-3(n) and N.J.A.C. 19:25-1.

The Vendor is required to disclose Reportable Contributions by: the Vendor itself; all persons or other business entities owning or controlling more than 10% of the profits of the Vendor or more than 10% of the stock of the Vendor, if the Vendor is a corporation for profit; a spouse or child living with a natural person that is a Vendor; all of the principals, partners, officers or directors of the Vendor and all of their spouses; any subsidiaries directly or indirectly controlled by the Vendor; and any political organization organized under section 527 of the Internal Revenue Code that is directly or indirectly controlled by the Vendor, other than a candidate committee, election fund, or political party committee.

"Reportable Contributions" are those contributions that are required to be reported by the recipient under the "New Jersey Campaign Contributions and Expenditures Reporting Act," P.L. 1973, c.83 (C.19:44A-1 et seq.), and implementing regulations set forth at N.J.A.C. 19:25-10.1 et seq. As of January 1, 2005, contributions in excess of \$300 during a reporting period are deemed "reportable."

PUBLIC LAW 20 0 5
CHAPTER 271

Vendor: _____

Name and Address of Committee to Which Contribution Was Made	Date of Contribution	Amount of Contribution	Contributor's Name
--	----------------------	------------------------	--------------------

Indicate "none" if no Reportable Contributions were made. Attach Additional Pages As Needed

1

Certification:

I certify as an officer or authorized representative of the Vendor that, to the best of my knowledge and belief, the foregoing statements by me are true. I am aware that if any of the statements are willfully false, I am subject to punishment.

2

Name of Vendor: _____

Signed: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT C: USE AND OCCUPANCY MEMORANDUM OF UNDERSTANDING

EXHIBIT C

**STATE OF NEW JERSEY
USE AND OCCUPANCY
MEMORANDUM OF UNDERSTANDING**

Date of Execution: _____

THIS MEMORANDUM OF UNDERSTANDING (the “MOU”) is made and entered into by and between the New Jersey Economic Development Authority (hereinafter referred to as (“EDA”), and the Department of Treasury, Division of Property Management and Construction (hereinafter referred to as the “DPMC”). EDA and DPMC are collectively referred to herein as the “Parties”.

WHEREAS, EDA entered into a certain lease with One Gateway Center LLC (the “Lessor”) dated _____ (hereinafter referred to as the “Lease”) for 10,643 rentable square feet of space on the 14th floor at Gateway One, Newark, New Jersey (the “Demised Premises”) for a five (5) year term commencing on or about June 1, 2019. A copy of this Lease is attached hereto as **Exhibit A**; and

WHEREAS. DPMC wishes to provide a total of 4,040 rentable square feet of space within the Demised Premises on behalf of and to the Executive Office as an ancillary office in Newark, New Jersey (the “Executive Premises”); and

WHEREAS, DPMC shall be entitled to all of the improvements and fixtures set forth in the Lease as designated for the Executive Premises; and

WHEREAS, it is the intent of EDA and DPMC to share, on a proportional basis (based on each parties allotted space and actual use of shared space within the Demised Premises), all costs associated with leasing the Demised Premises including but not limited to a Use and Occupancy Payment as hereinafter defined and all operating expenses; and

WHEREAS, EDA and DPMC wish to delineate in writing, the understanding between EDA and DPMC to permit DPMC to use and occupy space within the Demised Premises; and

NOW, THEREFORE, the Parties hereto hereby agree as follows:

1. **Incorporation and Capitalized Terms**. All of the above recitals are incorporated as if set forth herein. All capitalized terms not defined in this MOU shall have the same meaning as ascribed to them in the Lease.
2. **Executive Premises**. EDA hereby agrees to permit DPMC to use the Executive Premises subject to this MOU. The Executive Premises is depicted on the floor plan attached hereto as **Exhibit B**, which is attached hereto and incorporated by reference herein.

EXHIBIT C

3. **Condition of the Premises.** DPMC acknowledges that it is leasing the Executive Premises in its "as is" condition and that EDA shall not be required to do any work in the Executive Premises. DPMC shall be responsible to perform all of the maintenance, repair and all of the obligations of EDA as the occupant, to the extent applicable, as set forth in the Lease at DPMC's sole cost and expense.

4. **Rules and Regulations Governing Use of the Executive Premises and Use of the Demised Premises/Incorporation of Lease Terms.** DPMC hereby agrees that the use of the Executive Premises within Demised Premises, including any common areas, is hereby conditioned upon the agreement by DPMC to conform and comply with any and all rules and regulations imposed on EDA as a part of the Lease. DPMC also agrees that except as herein otherwise expressly provided, all of the terms of the Lease as they pertain to the Executive Premises are hereby incorporated into and made a part of this MOU as if stated at length herein.

5. **Term and Exercise of Option to Renew.**
 - a. Upon its execution, this MOU shall be effective for two years, with the three (3) one (1) year renewal options. This MOU shall automatically terminate upon termination of the Lease.

 - b. For each renewal option, DPMC shall give written notice to EDA no later than 180 days prior to the expiration of the initial or renewal term term stating that DPMC wishes to exercise its one-year renewal term for the Demised Premises. In such event, DPMC shall continue to occupy the entire Executive Premises.

 - c. It is understood and agreed, however, that either party may terminate this MOU ninety (90) days after providing written notice to the other party of the intent to terminate

Use and Occupancy Payment. DPMC shall pay to EDA annual payments (hereinafter referred to as the "Use and Occupancy Payment") for its use of the Executive Premises as noted in **Exhibit C** attached hereto.

The Use and Occupancy Payments will be due on the first day of each month during the Lease term. The Use and Occupancy Payments shall be sent to EDA at the following address:

New Jersey Economic Development Authority
ATTENTION: REAL ESTATE DIVISION
36 West State Street
P.O. Box 990
Trenton, New Jersey 08625-0990

6. **Pro Rata Share.** The Parties agree that that DPMC's pro rata share of occupancy in the Demised Premises is 37.96%.

EXHIBIT C

7. Payment for Operating Expenses.

- a. DPMC also shall make additional payments to EDA for its pro rata share as set forth in Section 5 hereof of escalations of Operating Expenses (e.g. parking, security, recycling and trash removal, maintenance, etc); Utilities (e.g. water and sewer, electric, fuel for heating, air-conditioning and hot water); and Real Estate Taxes (collectively all of the foregoing costs shall hereinafter be referred to as the "Operating Expenses"), as further described in **Exhibit C** attached hereto.
- b. It is understood and agreed that DPMC's proportional share equals the percentage of its occupancy compared to the total amount of space leased by EDA.

8. Parking. The Executive Premises will be entitled to 1 parking space per 1,000 RSF space in the One or Three Gateway garages. NJEDA will enter into a parking agreement with the Landlord for any spaces used for the Executive Premises and will reimburse EDA for those costs as outlined in **Exhibit C** attached hereto.

9. Cooperation between the Parties. The Parties agree to exercise all reasonable efforts to resolve any dispute that may arise as a result of this MOU or the shared occupancy of the Demised Premises including but not limited to any heating, air conditioning or other maintenance, issues or complaints

10. Damages to the Property. DPMC hereby agrees that DPMC shall be obligated to pay for any damages to the Executive Premises or any other portion of the Demised Premises caused by their officers, agents, guests and employees. In the event such damage occurs, EDA shall give DPMC written notice specifying the nature of said damages. Within a reasonable time after receipt of written notice, DPMC shall cure or commence to cure said damages.

11. Right of Entry. EDA has the right to enter the Executive Premises for the purposes of examining and inspecting same to assure compliance with this MOU and the Lease, provided that reasonable notice, emergencies excepted, is provided. DPMC shall have the right to monitor said inspection or participate in said inspection.

12. Alterations and/or Capital improvements to the Demised Premises or Executive Premises. DPMC agrees to pay, on a proportional basis, its share of all costs, expenditures and fees associated with alterations or improvements that include the Executive Premises within the Demised Premises. EDA shall notify DPMC in advance as to all such proposed alterations and improvements. DPMC shall not make any alterations or additions to the Executive Premises of any nature whatsoever without the prior written consent of EDA.

13. No Other Occupancy of Executive Premises. DPMC shall not agree to lease, license or otherwise permit the Executive Premises to be used by others.

EXHIBIT C

14. Condemnation and Casualty. In the event of any taking by eminent domain or damage by fire or other casualty to the Executive Premises thereby rendering the Executive Premises wholly or in part unsuitable for occupancy, DPMC shall acquiesce in and be bound by any action taken by or agreement entered into between Lessor and EDA with respect thereto.

15. Termination. Upon the expiration or other termination of the term of the MOU, DPMC shall quit and surrender to EDA the Executive Premises, broom clean, in good order and condition, ordinary wear and tear excepted, and at DPMC's expense to remove all property of DPMC.

16. Notices.

- a. Any notices, demands, or communications intended for DPMC with respect to this MOU shall be sent by certified and regular mail, or by overnight and regular mail. Any notices given hereunder by any of the above-mentioned methods shall be deemed delivered when deposited in a United States general or branch post office, or with a reputable overnight mail delivery service that provides proof of delivery, addressed as provided below.
- b. Unless such other address is requested by DPMC in writing, notices, demands, and communications shall be addressed to:

Director, Division of Property Management and Construction
33 West State Street, 9th Floor
P O Box 039
Trenton, NJ 08625-0039

- c. If intended for EDA said notices, demands, and communications shall be addressed to the following address and to such other officials as the State may request in writing:

New Jersey Economic Development Authority
Donna T. Sullivan, Vice President-Real Estate
336 West State Street
PO Box 990
Trenton, NJ 08625-0990

17. Payment by DPMC. Payments by DPMC are subject to appropriations.

18. Integration.

The Parties recognize that this MOU and the attachments hereto embody the entire understanding between the parties and is entered into for the sole purpose of evidencing the mutual understanding and intention of the Parties. All modifications, waivers, and amendments hereto must be made in writing and signed by the parties.

EXHIBIT C

19. Governing Law. This MOU and all documents and actions relating hereto shall be governed by the laws of the State of New Jersey.

20. Construction of MOU.

- a. Whenever possible, each provision of this MOU shall be interpreted in such a manner as to be effective and valid under the applicable law, but, if any provision of this MOU shall be held to be prohibited or invalid, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this MOU.
- b. The captions of individual sections or Section hereof are for the convenience of reference only and shall be given no effect in the construction of this MOU.
- c. Nothing in this MOU shall be construed in such a manner as to create a sublease between the Parties.

21. Counterparts. This MOU may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts when taken together shall constitute but one agreement.

The remainder of this page is left blank intentionally.

IN WITNESS WHEREOF, the Parties hereto, duly authorized, have executed this MOU as of the date of the last signing party, which date shall be entered on the first page of this MOU, (hereinafter referred to as the "Date of Execution of the MOU").

ATTESTED

NEW JERSEY ECONOMIC
DEVELOPMENT AUTHORITY

Donna T, Sullivan
Vice President, Real Estate Development
Division

APPROVED AS TO FORM:
ATTORNEY GENERAL OF NEW JERSEY
GURBIR S. GREWAL

EXHIBIT C

By: Gary Kotler
Deputy Attorney General

Date

ATTESTED

STATE OF NEW JERSEY

Christopher Chianese
Director, Division of Property Management and
Construction

Catherine Brennan
Deputy State Treasurer

EXHIBIT C

APPROVED AS TO FORM:
ATTORNEY GENERAL OF NEW JERSEY
GURBIR S. GREWAL

By: Nicholas L. DePaolo
Deputy Attorney General

Date:

EXHIBIT B

FLOOR PLAN LEGEND

- EXISTING DOOR TO REMAIN
- EXISTING PARTITION TO REMAIN
- NEW PARTITION
- NEW DOOR & DOOR TAG WITH DOOR NUMBER
- NEW GLAZING & GLAZING TAG
- ROOM NAME
- ROOM TAG
- NEW FIRE EXTINGUISHER CABINET- SEMI-RECESSED
- NEW MILLWORK
- SHEET NOTE

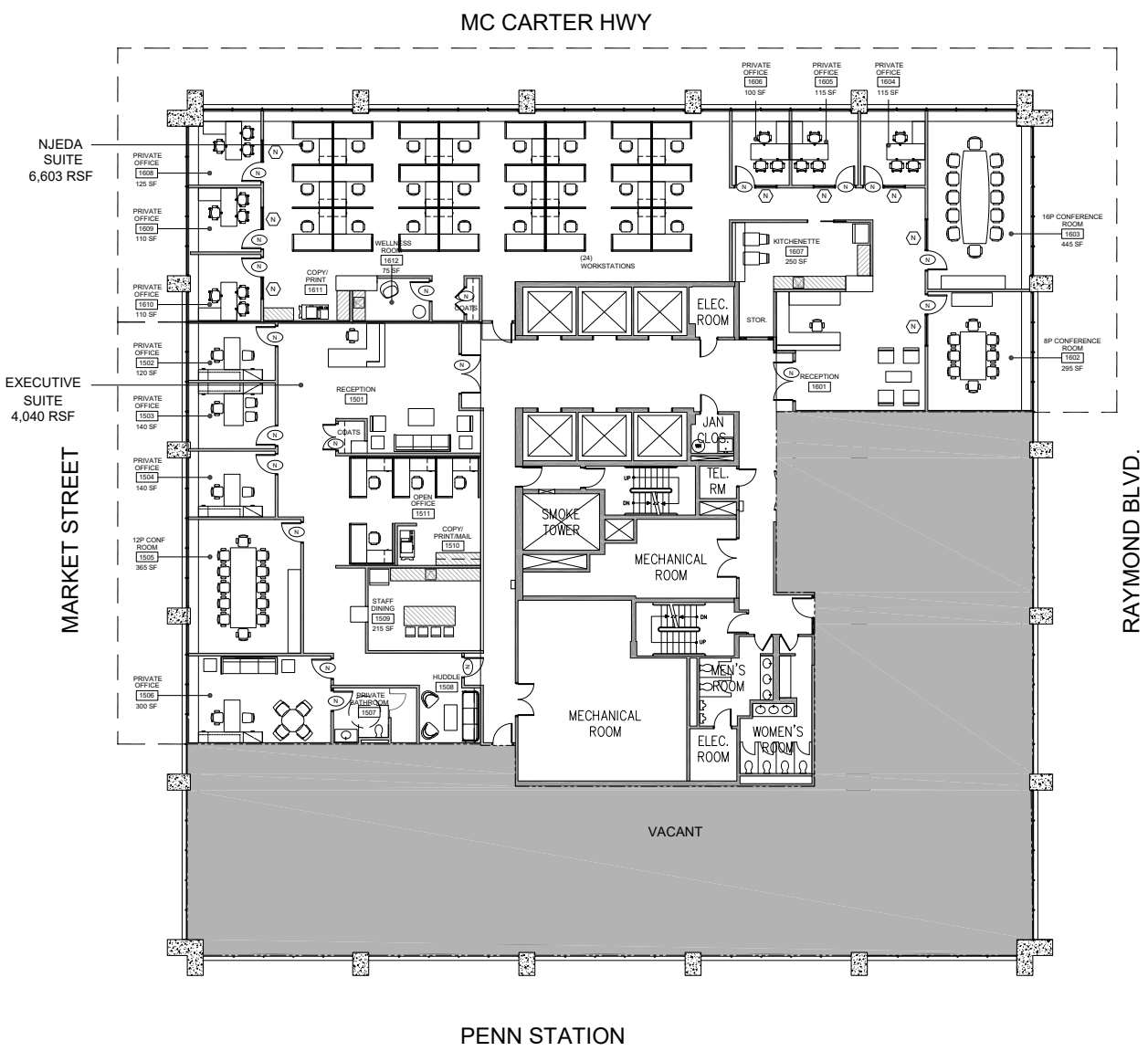
PRELIMINARY PLAN - GENERAL NOTES

APPLICABLE CODES

- IBC 2015
- OCCUPANCY AND USE GROUP CLASSIFICATION: B
- CONSTRUCTION CLASSIFICATION OF BASE BUILDING: II B
- THIS BUILDING IS FULLY SPRINKLERED.
- OCCUPANT LOAD FOR TENANT SPACE: BASED ON SF.

- THIS PLAN HAS BEEN PREPARED FOR REVIEW AND APPROVAL OF LAYOUT AND IS NOT FOR CONSTRUCTION.
- FURNITURE AND SYSTEMS FURNITURE PARTITIONS ARE SHOWN TO ILLUSTRATE APPROXIMATE SIZE AND FUNCTION OF THE AREAS AND ARE NOT IN CONTRACT (N.C.) UNLESS NOTED OTHERWISE.
- PARTITION TYPES, DOORS AND CONSTRUCTION DETAILS ARE BUILDING STANDARD UNLESS NOTED OTHERWISE. LEVER HARDWARE TO BE STANDARD UNLESS NOTED OTHERWISE.
- BUILDING STANDARD TENANT FINISHES THROUGHOUT UNLESS NOTED OTHERWISE.
- ALL MECHANICAL, ELECTRICAL, PLUMBING, AND FIRE PROTECTION WILL BE PROVIDED ON A DESIGN/BUILD BASIS BY THE GENERAL CONTRACTOR.
- ROOM SIZES NOTED ARE APPROXIMATE. TOLERANCE WITHIN SIX INCHES. ROOMS ON THE WINDOW LINE ARE MEASURED TO CENTERLINE OF WINDOW MULLION.

NJEDA: 6,603 RSF
 NJ Governor's Suite: 4,040 RSF
 Total Floor: 10,643 RSF



www.norr.com
 Architecture - Interior Design - Engineering

CLIENT
 ONYX EQUITIES, LLC.
 381 Route 17 North, Suite 300
 Rahonnet NJ
 07065-8800
 WWW.ONYXEQUITIES.COM

DESIGNER
 NORR DESIGN, INC.
 4817 JFK BLVD. SUITE 100
 PHILADELPHIA, PA 19103
 215-528-4848
 WWW.NORR.COM

NJ ED/A/ STATE
 EXECUTIVE OFFICES
 ONE GATEWAY
 NEWARK, NJ
 CLIENT: ONYX EQUITIES, LLC.



NO.	DATE	DESCRIPTION
01	12/11/18	ISSUED FOR REVIEW
02	12/11/18	ISSUED FOR REVIEW
03	12/11/18	ISSUED FOR REVIEW
04	12/11/18	ISSUED FOR REVIEW
05	12/11/18	ISSUED FOR REVIEW
06	12/11/18	ISSUED FOR REVIEW
07	12/11/18	ISSUED FOR REVIEW
08	12/11/18	ISSUED FOR REVIEW
09	12/11/18	ISSUED FOR REVIEW
10	12/11/18	ISSUED FOR REVIEW

PROJECT NUMBER: 180445000
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DATE: 12/11/18
 PROJECT NUMBER: 180445000
 PRELIMINARY SPACE PLAN

SHEET NUMBER: SP-04

SPACE PLAN 14TH FLOOR A1
 SCALE: 1/8" = 1'-0"

E:\Onyx_EdA\on1\Drawings\180445_NJEDASuite\180445_NJEDASuite\180445_NJEDASuite.dwg 12/02/2018 2:26:14 PM

Exhibit C

C-1 For the Use and Occupancy of the Executive Premises, DPMC shall pay EDA as follows:

Occupancy Year	Rental SF	Rentable \$SF	Annual Charge	Monthly Payment
Year 1	4,040	\$36.00	\$145,440.00	\$12,120.00
Year 2	4,040	\$37.08	\$149,803.20	\$12,483.60
Year 3	4,040	\$38.19	\$154,287.60	\$12,857.30
Year 4	4,040	\$39.34	\$158,933.60	\$13,244.47
Year 5	4,040	\$40.52	\$163,700.80	\$13,641.73

C-2 DPMC will reimburse the Authority the specific upgrades to the Executive Premises which are not included in the base tenant improvements, and for any fixtures, furniture and equipment ("FF&E") specifically purchased for the Executive Premises. The Executive Premise specific upgrades and FF&E costs will be finalized and approved by DPMC and EDA in writing at the completion of the tenant improvements for the Executive Premises, which will include a schedule for repayment. This approval will be incorporated as part of this Exhibit C to the MOU.

C-3 As defined in the Lease included in Exhibit A to this MOU, on a monthly basis DPMC shall pay EDA for the additional common area maintenance and real estate taxes over the 2019 base year for the Executive Premises. Annually, EDA will advise DPMC of these additional costs when it receives the Landlord's notice under the Lease.

C-4 As defined in the Lease included in Exhibit A to this MOU, on a monthly basis DPMC shall pay EDA for after hour HVAC charges attributable to the Executive Premises.

C-5 As defined in the parking agreement attached as Exhibit D to this MOU for parking spaces in One and/or Three Gateway garage(s), on a monthly basis, DPMC shall pay EDA the monthly cost for the parking spaces DPMC has allocated to the Executive Premises.

C-6 If DPMC terminates the MOU under Section 5.c., DPMC shall pay EDA any outstanding balance due under Exhibit C to this MOU within 60 days of the termination date.

INCENTIVE PROGRAMS

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



MEMORANDUM

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: December 11, 2018

RE: **Parking Authority of the City of Paterson**
Mixed Use Parking Economic Redevelopment and Growth Grant Program (“Mixed Use Parking ERG”)
P #45229

Request

As created by statute, the Economic Redevelopment and Growth (ERG) Program offers state incentive grants to finance development projects that demonstrate a financing gap. Applications to the ERG Program are evaluated to determine eligibility in accordance with P.L. 2013, c. 161 and as amended through the “Economic Opportunity Act of 2014, Part 3,” P.L. 2014, c. 63, based on representations made by applicants to the Authority. Per N.J.S.A. 52 :27D-489a et seq. / N.J.A.C. 19:31-4 and the program’s rules, developers or non-profit organizations on behalf of a qualified developer, must have a redevelopment project located in a qualifying area, demonstrate that the project has a financing gap, meet minimum environmental standards, meet a 20% equity requirement, and, except with regards to a qualified residential project, yield a net positive benefit to the state. With the exception of residential ERG projects, grants are made annually based on the incremental eligible taxes actually generated as a result of the project.

The Members are asked to approve the application of the Parking Authority of the City of Paterson(the “Applicant”) for a Project located at 169 Ward Street, Paterson City (the “Project”), for the issuance of tax credits pursuant to the Mixed Use Parking ERG program of the Authority as set forth in the New Jersey Economic Opportunity Act of 2013, P.L. 2013, c. 161 (“Act”).

On July 13, 2015, legislation was enacted as P.L. 2015, c. 69 allowing municipal redevelopers to apply for tax credits under the Mixed Use Parking ERG program for mixed use parking projects. The maximum of reimbursement shall equal up to 100% of the total eligible project costs allocable to the parking component of the project and in addition 40% of the total eligible project costs allocable to the office space / retail component of the project. The total costs of the Project are estimated to be \$43,825,161 and of this amount, \$30,802,560 is eligible costs under the Mixed-Use Parking ERG program. The recommendation is to award 100% of actual eligible Parking costs and 40% of the total actual eligible project costs allocable to office space/ retail component of the project, not to exceed \$30,534,450.

Project Description

The Project site currently has an existing operating 735-space parking garage on 1.94 acres located at 169 Ward Street, Paterson City, Passaic County. The site sits adjacent to the Paterson Train Station in downtown Paterson City. The current parking structure is past its useful life and is operating at full capacity. The project consists of the demolition of the current parking garage and construction of a nine-story, 940 space parking structure with 2,500 square feet of street level retail space.

It is anticipated the end users of the project are employees and commuters using the train station in the downtown area. The project is aligned with the Transit Village Initiative whose goals are to help create attractive, vibrant, pedestrian friendly neighborhoods where people can live, work and shop without relying on cars. The larger capacity of the new parking structure will facilitate greater transit ridership, which will decrease traffic congestion and improve air quality. The Project is located adjacent to the Paterson Train Station and will provide the infrastructure for Paterson's growth initiatives. A developer plans to construct a 7,500 seat sports & entertainment arena within walking distance of the project site.

Construction is expected to begin in February 2019 in conjunction with the closing of financing. The anticipated completion of the Project is March 2020. This date is consistent with the July 2022 required date of construction completion and temporary issuance of certificate of occupancy. The Applicant intends to comply with the green building requirements. As per an Appraisal prepared by Tony Kamand Realty LLC, a third-party consultant, the "as is" value utilizing the market income approach was determined to be \$12,130,000 as of October 17, 2018.

Although applicants for the Mixed-Use Parking ERG program are not required to maintain certain employment levels, it is estimated that this Project, per the Applicant, will create approximately 150 temporary construction jobs.

Project Ownership

The Parking Authority of the City of Paterson is a public body politic and corporate, created in 1948 by the City of Paterson and existing under the State of New Jersey's Parking Authority Law 40:11A. The Parking Authority of the City of Paterson is governed by a Board consisting of seven commissioners. The Parking Authority was created for acquiring, constructing, maintaining, and operating parking facilities. In addition, the authority helps alleviate traffic congestion caused by excessive parking on the streets and improves the movement of traffic within the City. The Authority owns and or operates 20 parking facilities, a total of approximately 5,000 parking spaces are provided in these facilities. The Parking Authority also has approximately 1,310 meters within the city streets and in parking spots.

Project Uses

The Applicant proposes the following uses for the Project:

<i>Uses</i>	<i>Total Project Costs</i>	<i>MIXED USE PARKING ERG Eligible Amount</i>
Value of Land and Building	\$12,130,000	\$ 0
Construction & Site Improvements	25,273,448	25,273,448
Professional Services	2,125,000	2,125,000
Financing & Other Costs	3,296,713	2,404,112
Contingency	1,000,000	1,000,000
TOTAL USES	\$43,825,161	\$30,802,560

ERG eligible project costs exclude ineligible costs aggregating \$13,022,601, which include escrows and reserves which are deemed ineligible of \$892,601 and the value of Land and Building that the Applicant currently owns of \$12,130,000. Land and improvements are excluded from the eligible project costs as the existing improvements will be demolished and thus not a component of this project and the costs to acquire the land was incurred in connection with the development of the original parking facility versus this redevelopment project. For a Mixed-Use Parking Project the maximum reimbursement shall equal up to 100% of the actual eligible costs of the parking component and 40% of the actual eligible costs of the non-parking component of the project. The award is limited to the amount the total amount of eligible cost, \$30,802,560. The total eligible construction costs that can be attributed to the parking structure are \$30,355,710 and the total eligible costs that can attributed to the retail space construction costs of the project are \$446,850. Total ERG award amount is \$30,534,450.

<i>Sources of Financing</i>	<i>Amount</i>
Applicant Equity	\$ 12,130,000
Debt Financing	13,788,507
ERG Bridge funds	17,906,654
Total	\$ 43,825,161

The Applicant anticipates issuing \$13.8 million of 30-year bond financing at an estimated interest rate of 5.5% through the Passaic County Improvement Authority that will be supported by the Project's cash flows. The Applicant has received a LOI from Stonehenge Capital Company, LLC to monetize the credits at an estimated \$0.825 on the dollar of ERG tax credits on an annual basis. The Applicant anticipates receiving ERG Bridge Financing of \$17.9 million at an estimated interest rate of 6.5% that will be supported by the annual ERG tax credit award. Mixed Use Parking ERG projects are required to have a minimum of 20% equity in the Project. The Applicant is providing the property valued at \$12.1 million as equity towards the Project that equates to 28% of total project costs. As per an Appraisal prepared by Tony Kamand Realty LLC, a third-party consultant, the "as is" value utilizing the market income approach was determined to be \$12,130,000 as of October 17, 2018. Since, the new project being constructed is the same type of project that is being demolished and the new project will have increased parking space capacity with lower projected maintenance cost it is anticipated the completed project's income-based valuation will increase upon completion of the project.

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 Mixed-Use Parking ERG over 11 years (one year to build and 10 years of cash flow).

Without ERG	With ERG
Equity IRR 8.69%	Equity IRR 13.16 %

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 13.16% which is significantly below the Hurdle Rate Model provided by EDA's contracted consultant Jones Lang LaSalle which indicates a maximum IRR of 15.10% for a project located in the City of Paterson.**

Other Statutory Criteria

In order to be eligible for the program, the Authority is required to consider the following items:

The economic feasibility and the need of the redevelopment incentive agreement to the viability of the project.

Staff received The Parking Authority of the City of Paterson's audited financial statements for the years ending December 31, 2016 and December 31, 2017. Staff reviewed these statements and determined that the Authority has the financial capacity to complete this project. A more detailed review of staff's analysis of the Applicant's capacity to complete the project can be found in the Confidential Memorandum of Financial Analysis. The Parking Authority of the City of Paterson has completed many similar projects in the past. The Authority owns and or operates 20 parking facilities, a total of approximately 5,000 parking spaces are provided in these facilities demonstrating the historical experience in both developing and managing the parking garage upon completion. The current parking structure is past it's useful life and is operating at full capacity.

The degree to which the redevelopment project within a municipality which 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 site is located in Paterson, an urban aid municipality. The project site's surrounding area has a median family income of less than \$28,000 per year. The site's surrounding population is over 95% minority with owner-occupied homes comprising 3 percent of the housing within the area. The average age of the homes in this area is over 50 years old and nearly 10% of the available housing remains vacant. Paterson City's unemployment rate is currently 9.1%, more than double the national average and only 10% of the city's population has a college degree. Paterson City's violent crime rate is roughly double the national average and triple the average crime rate of New Jersey as a whole.

As stated earlier, the project is aligned with the Transit Village Initiative whose goals are to help create attractive, vibrant, pedestrian friendly neighborhoods where people can live, work and shop

without relying on cars. The larger capacity of the new parking structure will facilitate greater transit ridership, which will decrease traffic congestion and improve air quality. The project is located adjacent to the Paterson Train Station and will provide the infrastructure for Paterson's growth initiatives. A developer plans to construct a 7,500 seat sports & entertainment arena within walking distance of the project site. The entertainment arena is anticipated to create over 200 jobs.

Recommendation

Authority staff has reviewed the application for the Parking Authority of the City of Paterson 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 Mixed-Use Parking ERG tax credits is 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 Mixed Use Parking ERG, and
2. Evidence of site control and site plan approval for the Project within one year of approval; 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.

Tax Credits shall be issued upon:

1. Completion of construction and issuance of a Certificate of Occupancy (no later than July 28, 2022); and
2. Submission of a detailed list of all eligible costs, which costs shall be certified by a CPA and 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.

Total Estimated Eligible Project Costs: \$ 30,802,560.

Eligible Actual Credits and Recommended Award: 100% of actual eligible Parking costs and 40% of the total eligible project costs allocable to the office space / retail component of the project, not to exceed \$30,534,450 to be paid over ten years.



Tim Sullivan

Prepared by: Matt Boyle



MEMORANDUM

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: December 11, 2018

RE: **Ria Hospitality Urban Renewal, LLC**
Economic Redevelopment and Growth Grant Program
P #45232

Request

As created by statute, the Economic Redevelopment and Growth (ERG) Program offers state incentive grants to finance development projects that demonstrate a financing gap. Applications to the ERG Program are evaluated to determine eligibility in accordance with P.L. 2013, c. 161 and as amended through the "Economic Opportunity Act of 2014, Part 3," P.L. 2014, c. 63, based on representations made by applicants to the Authority. Per N.J.S.A. 52 :27D-489a et seq. / N.J.A.C. 19:31-4 and the program's rules, developers or non-profit organizations on behalf of a qualified developer, must have a redevelopment project located in a qualifying area, demonstrate that the project has a financing gap, meet minimum environmental standards, meet a 20% equity requirement, and, except with regards to a qualified residential project, mixed-use parking project, or a university infrastructure project yield a net positive benefit to the state. With the exception of residential ERG projects, mixed-use parking projects, and university infrastructure projects, grants are made annually based on the incremental eligible taxes generated as a result of the project.

The Members are asked to approve the application of Ria Hospitality Urban Renewal, LLC (the "Applicant") for a Project located on Roosevelt Avenue in the City of Carteret (the "Project"), for the reimbursement of eligible taxes generated by the project per the 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 \$21,784,576 and of this amount, \$20,554,576 are eligible costs under the ERG program. The Applicant is eligible for an ERG in the amount of 20% of eligible costs. The recommendation is to give 20% of actual eligible costs not to exceed \$4,110,915.

Project Description

The applicant proposes to construct a new Marriott-Courtyard Hotel that will contain approximately 71,730 square feet with 125 rooms on 4 floors. The project site is located at 1179, 1235, & 1239 Roosevelt Avenue, Carteret, NJ 07008 and comprises approximately 1.5 acres.

The project is within the Borough of Carteret Redevelopment Area, and aligns the West Carteret Minue Street Retail Redevelopment Area Plan's to enhance the presently underutilized area by allowing for a diverse mix of appealing commercial and lifestyle activities in a location that affords convenient access for Carteret Borough residents. The redevelopment plan is designed to enhance the presently substandard and underutilized areas and envisions the area will function as an integrated component of the Borough while taking advantage of nearby highway accessibility to broaden the site's regional appeal. The layout of the project will compliment retail developments and their associated roadway network, improves the functional and physical layout of the former industrial area. The project also furthers the Borough's Master Plan's goals, which are consistent with the Redevelopment Plan.

The anticipated demand for the proposed project in the local and regional area are the following: (i) a speed water ferry was just approved for development to NYC and there is a free shuttle service to the ferry; (ii) an Arts Center is being built, which will attract visitors, including overnight stays; and (iii) Amazon just completed construction of a warehouse facility in Carteret. The applicant submitted market study data as of March 28, 2018 that supports the feasibility of this project.

The Project is estimated to start construction in February of 2019 with an anticipated completion date of March 2020. The Applicant is aware that prevailing wage rates will be paid during term of construction. The Applicant estimates 26 permanent jobs will be created as a result of this project and 69 construction jobs. The project is expected to have sufficient features that would qualify for Energy Star with a possible silver certification. The project will also contain green roof features and a high energy efficiency rating.

Project Ownership and Developer Capacity

Ria Hospitality Urban Renewal, LLC is 51% owned by Rajesh Bhagia and 49% owned by Mahesh Bhagia. Rajesh and Mahesh own the hotel development firm RJ Hospitality LLC. RJ Hospitality consults, develops and manages hotels and has represented and developed the brands of Marriott, Sheraton, Hilton, Holiday Inn, Best Western, Comfort Inn and multiple independent hotels. RJ Hospitality's completed portfolio of projects are concentrated in New York including a Holiday Inn Express in West Coxsackie, New York; Sleep Inn and Hotel BPM in Brooklyn New York; and the Parc Hotel in Flushing New York.

Project Uses and Sources

The Applicant proposes the following uses for the Project:

<i>Uses (thousands)</i>	<i>Total Amount</i>	<i>ERG Eligible Amount</i>
Land Acquisition	\$ 4,180,000	\$ 4,180,000
Construction & Site	\$ 13,231,450	\$ 13,231,450
Professional Services	\$ 2,474,166	\$ 2,474,166
Financing & legal fees	\$ 1,898,960	\$ 658,960
TOTAL USES	\$ 21,784,576	\$ 20,544,576

The ERG ineligible costs of \$1,240,000 include: tax escrow of \$90,000, debt service escrow of \$400,000, and development fee of \$750,000. The above were excluded from the eligible ERG costs. Land Acquisition was included as an eligible expense because specific lots were recently purchased or will be purchased for the purpose of the proposed redevelopment.

<i>Sources of Financing</i>	<i>Amount</i>
Parke Bank Loan	\$ 13,500,000
Hi-Tech Hospitality Financing	1,749,203
Deferred Developer Fee	750,000
Applicant Equity	5,785,373
Total	\$ 21,784,576

The Applicant received a letter of interest from Parke Bank dated November 21, 2018 for a construction loan with a term of up to 24 months that will convert into permanent financing for a term of 60 months with payments based on a 25-year amortization at an interest rate of 6% in amount up \$13,500,000. The Applicant also received a letter of intent from for subordinate financing from Hi-Tech Hospitality dated November 23, 2018 for a construction loan up to 24 months converting into permanent financing with payments based on a 25-year amortization at a 6.25% interest rate. Hi-Tech Hospitality is a privately owned hotel management and finance company that owns a portfolio of hotels and provides financing to other hotel developers. ERG projects are required to have a minimum of 20% equity in the Project. The Applicant plans on providing \$5.8 million of equity toward the project or 27% equity in the Project. The equity the Applicant is providing to the Project comprises of land equity contribution of \$4.18 million, \$600,444 of cash equity, and \$1,004,929 of development expenses paid by the Applicant to date.

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 8.27%	Equity IRR 13.69%

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 13.69 which is below the Hurdle Rate Model provided by EDA’s contracted consultant Jones Lang LaSalle which indicates a maximum IRR of 14.43% for a project located in the City of Carteret.**

Net Positive Benefit Analysis:

NJSA 19:31-4.5 requires that in order to determine eligibility for the ERG award, the Authority must undertake a fiscal impact analysis by determining whether public assistance provided to the proposed development will result in net positive economic benefits to the State for a period equal to 75% of the useful life of the Project, not to exceed 20 years.

The Authority has conducted the required Net Benefit Analysis with the following taxes included in the Net Positive Benefit calculation:

- 1] 66% of the incremental annual corporate business tax;
- 2] 66% of the incremental gross income tax;
- 3] 100% of the incremental one-time tax generated from the Project's construction;
- 4] 100% of the incremental indirect tax revenues from spending and earnings;

The net positive benefit analysis includes 26 new full-time positions with an annual blended wage of approximately 30,120 before benefits, for a total annual payroll of \$783,120. The Net Benefit analysis supports the information noted.

The ERG award to Ria Hospitality Urban Renewal, LLC is equal to lesser of (1) 20% of eligible costs or (2) an amount that results in the projects present value of the total benefit to the State over the analysis period to be a minimum 110% of the award. The Project's total present value of the benefit to the State totals \$6.3 million. This figure is 152% of the proposed award amount of \$4,110,915 thus satisfying the 110% requirement.

Other Statutory Criteria

The economic feasibility and the need of the redevelopment incentive agreement to the viability of the project.

A review of the market study data as of March 28, 2018 concludes the financial and operating projections are reasonable. The proposed site has the opportunity to be developed into a hotel that is anticipated to feature an attractive, limited-service extended-stay product.

Based on the expected generation of \$370,405 in year one (with modest increases each year thereafter), in the amount of incremental State and local direct taxes over the 20-year period and a 75% rebate of eligible taxes, there are adequate funds to support the reimbursement of taxes to the Applicant as outlined in the analysis. Per the project's financial returns as mentioned earlier and to obtain the funding necessary to develop this project, there is a demonstrated need for the redevelopment incentive grant agreement.

Based on the information provided, the Project is economically feasible based on the track record and capacity of the Applicant and their development team as well as the committed funding sources for the entire cost budget, which is available to this project.

The degree to which the redevelopment project within a municipality which 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 Borough of Carteret has a poverty rate of 13%. With the exceptions of certain other newer development, the general area surrounding the project consists of many vacant industrial and commercial properties. The project will help to revitalize the surrounding area and provide needed construction and full and part-time permanent jobs for the Borough of Carteret.

The project, a full-service hotel is consistent with and complementing other new development in the area. The anticipated demand for the proposed project in the local and regional area are the following: (i) a speed water ferry was just approved for development to NYC and there is a free shuttle service to the ferry; (ii) an Arts Center is being built, which will attract visitors, including overnight stays; and (iii) Amazon just completed construction of a warehouse facility in Carteret.

The project is within the Borough of Carteret Redevelopment Area, furthers the West Carteret Minue Street Retail Redevelopment Area Plan's to enhance the presently underutilized area by allowing for a diverse mix of appealing commercial and lifestyle activities in a location that affords convenient access for Carteret Borough residents. The redevelopment plan is designed to enhance the presently substandard and underutilized areas and envisions the area will function as an integrated component of the Borough while taking advantage of nearby highway accessibility to broaden the site's regional appeal. The addition of a full-service hotel adjacent to the existing retail developments, which are all in close proximity to and have access to the New Jersey Turnpike and Route 9, maximizes this hotel's strategic location. The layout of the project will compliment retail developments and their associated roadway network, improves the functional and physical layout of the former industrial area. The project also furthers the Borough's Master Plan's goals, which are consistent with the Redevelopment Plan.

The project is located within the growth-friendly (Carteret) Urban Center and Metropolitan Planning Area designations of the State Development and Redevelopment Plan, where projects such as the Applicant's project, which involves the redevelopment of land to promote economic development are strongly encouraged. In addition, the project furthers the state plan goals of "revitalizing the existing community" and creating "communities of place" at a regional scale through the redevelopment of vacant land to create a full-service hotel.

Recommendation

Authority staff has reviewed Ria Hospitality Urban Renewal, LLC's application and finds that it is consistent with eligibility requirements of the Act. The Treasury has reviewed the application and notified the Authority of the adequacy of the Project's estimated tax revenues and specified the percentage reimbursement of total project costs. Therefore, it is recommended that the Members approve the application and authorize the CEO of the Authority to execute an Incentive Grant Agreement with the Applicant and the State Treasurer, subject to final review and approval of the Office of the Attorney General. All disbursements under the ERG program are subject to annual appropriation by the New Jersey State Legislature.

Closing of the ERG Agreement and the reimbursement of any taxes is contingent upon the Applicant meeting the following conditions regarding the Project within twelve months of approval:

1. Financing commitments for all Project funding sources are consistent with the information provided by the Applicant in its application to the Authority for the ERG; and
2. Evidence of site control and site plan approval for all properties within the Project;
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;

Reimbursement shall commence upon:

1. Completion of construction and issuance of a permanent Certificate of Occupancy;
2. Submission of a detailed list of all actual eligible costs, which costs shall be satisfactory to the NJEDA; and
3. New tax revenues have been paid to the NJ Treasury and appropriated.

The NJ Treasury annually tracks taxes received from job sites and remits reimbursement equal to a percentage of funds collected during the year.

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

Total Actual Eligible Project Costs: \$ 20,554,576

Eligible Recommended Award: 20% of actual eligible costs, not to exceed \$4,110,915 million to be paid over 20 years.



Tim Sullivan

Prepared by: Matt Boyle

GROW NEW JERSEY ASSISTANCE PROGRAM (GROW NJ)

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

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

APPLICANT: Creative Management Services, LLC d/b/a MC² P45316

PROJECT LOCATION: 15 E. Midland Avenue Paramus Borough Bergen County

APPLICANT BACKGROUND:

Creative Management Services, LLC (“MC²”) specializes in design, production and management of integrated marketing programs. The company designs, constructs, installs and stores trade shows materials and exhibits. Creative Management Services serves customers in the United States. MC² is a wholly owned subsidiary of MCH Group Ltd. and the US operations of MCH Group Ltd.

The applicant has demonstrated the financial ability to undertake the project through the support of its parent company.

The applicant is currently located in Chestnut Ridge, NY.

MATERIAL FACTOR/NET BENEFIT:

The applicant would lease approximately 24,560 square feet in an approximately 260,832 square foot building. The initial lease term would be 11 years with 2 five-year renewal options. The landlord would be responsible for delivering “turn-key” premises to the applicant. The renovations would include only fit out of tenant space. The Paramus location would be the US based headquarters. The alternate location is a 24,500 square foot facility in Pearl River, NY, that would also be leased by MC².

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Creative Management Services, 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 Gary W. Benson, the CEO of Creative Management Services, 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 \$14.0 million over the 20-year period required by the Statute.

ELIGIBILITY AND GRANT CALCULATION:

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

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

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

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

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

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

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$982,400	\$2,995,135
New Jobs	35	75
Retained Jobs	50	0

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

Base Grant	Requirement	Proposed by Applicant
Priority Area	Base award of \$3,000 per year for projects located in a designated Priority Area	Paramus Borough is a designated Priority Area
Increase(s) Criteria		

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} * \\$3,000 = \\$1,500$) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$2,995,135 / 10 / (75 + 0) = \\$3,993$) <p>In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.</p>

Grant Calculation

BASE GRANT PER EMPLOYEE:		
Priority Area		\$ 3,000
INCREASES PER EMPLOYEE:		
INCREASE PER EMPLOYEE:		
		<u>\$ 0,000</u>
PER EMPLOYEE LIMIT:		
Priority Area	\$10,500	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:		
		\$ 3,000
AWARD:		
New Jobs:	75 Jobs X \$3,000 X 100% =	\$225,000
Retained Jobs:	0 Jobs X \$3,000 X 50% =	<u>\$ 0,000</u>
	Total:	\$225,000
ANNUAL LIMITS:		
Priority Area (Est. 90% Withholding Limit)	\$ 4,000,000/(\$400,206)	
TOTAL ANNUAL AWARD		
		<u>\$225,000</u>

PROJECT IS: (X) Expansion	() Relocation	
ESTIMATED ELIGIBLE CAPITAL INVESTMENT:		\$ 2,995,135
ANTICIPATED COMPLETION DATE		
FOR CAPITAL INVESTMENT:		April 1, 2019
ANTICIPATED DATE THAT JOBS WILL BE AT QUALIFIED		
BUSINESS FACILITY:		May 1, 2019
SIZE OF PROJECT LOCATION:		24,560 sq. ft.
NEW BUILDING OR EXISTING LOCATION?		Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?		Non-Industrial
CONSTRUCTION: (X) Yes	() No	
NEW FULL-TIME JOBS:		75
RETAINED FULL-TIME JOBS:		0
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2017):		0
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY:		N/A
MEDIAN WAGES:		\$ 91,800
NET BENEFIT MODEL:		2017
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD):		\$ 16,251,511
TOTAL AMOUNT OF AWARD:		\$ 2,250,000
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):		\$ 14,001,511
ELIGIBILITY PERIOD:		10 years

CONDITIONS OF APPROVAL:

1. Applicant has not committed to locate the project in New Jersey, such as by executing a lease or a purchase contract, unless the decision to locate in New Jersey is completely contingent on the award of Grow New Jersey tax credits.
2. Applicant will create and/or retain jobs and will make eligible capital investment, at the qualified business facility, of no less than the minimum eligibility requirements after Board approval, but no later than three 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 12 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 Creative Management Services, LLC dba MC² to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: Maggie Peters

APPROVAL OFFICER: Mark Chierici

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

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

APPLICANT: Cross River Bank P45311

PROJECT LOCATION: 2115 Linwood Avenue Fort Lee Borough Bergen County

APPLICANT BACKGROUND:

Cross River Bank, a subsidiary of CRB Group, Inc., established in 2008, provides personal and corporate banking products and services to individuals and companies throughout the United States. The company’s personal and corporate banking products include checking, savings and a variety of deposit accounts. Its direct lending loans include commercial real estate loans for financing the acquisition, redevelopment and refinancing of office, mixed use, industrial, retail, commercial condominiums and multi-family properties. The company has focused on innovation in the banking industry and was selected as the nation’s Most Innovative Bank for the second year in a row at the LendIT Fintech Industry Awards in April of 2018. The applicant is currently located in Fort Lee, NJ. The applicant has demonstrated the financial ability to undertake the project through the support of its parent company.

MATERIAL FACTOR/NET BENEFIT:

Cross River Bank is seeking additional space to accommodate its growth needs. The company is considering a 36,447 Sq. Ft. facility in Fort Lee, NJ or a 38,276 Sq. Ft. facility in Orangeburg, NY. The project involves the retention of 50 employees and the creation of 255 new positions.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Cross River Bank 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 Gilles Gade, the CEO of Cross River Bank 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 \$69.4 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:

The applicant has certified that the 50 New Jersey jobs listed in the application are at risk of being located outside the State on or before April 1, 2019, the date of expected occupancy at the new headquarter. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

ELIGIBILITY AND GRANT CALCULATION:

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

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

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

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

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

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

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$1,457,880	\$4,445,563
New Jobs	25	255
Retained Jobs	35	50

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	Fort Lee Borough is a designated Priority Area
Increase(s) Criteria		
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	The applicant is proposing to create/retain 305 Full-Time Jobs at the project location

	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	resulting in an increase of \$500.
Targeted Industry	An increase of \$500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is a Finance business.

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

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
All other projects	<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 * \$4,000 = \$2,000) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs (\$4,445,563 / 10 / (255 + 50) = \$1,457) <p>In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.</p>

Grant Calculation**BASE GRANT PER EMPLOYEE:**

Priority Area	\$ 3,000
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INCREASES PER EMPLOYEE:

Large Number of New/Retained F/T Jobs:	\$ 500
Targeted Industry (Finance):	\$ 500

INCREASE PER EMPLOYEE:	<u>\$ 1,000</u>
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PER EMPLOYEE LIMIT:

Priority Area	\$10,500
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LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:	\$ 4,000
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AWARD:

New Jobs:	255 Jobs X \$4,000 X 100% =	\$1,020,000
Retained Jobs:	50 Jobs X \$1,457 X 100% =	<u>\$ 72,850</u>

Total:	\$1,092,850
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ANNUAL LIMITS:

Priority Area (Est. 90% Withholding Limit)	\$ 4,000,000/(\$1,095,895)
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TOTAL ANNUAL AWARD	<u>\$1,092,850</u>
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PROJECT IS: (X) Expansion () Relocation
ESTIMATED ELIGIBLE CAPITAL INVESTMENT: \$ 4,445,563
ANTICIPATED COMPLETION DATE FOR CAPITAL INVESTMENT: September 1, 2021
ANTICIPATED DATE THAT JOBS WILL BE AT QUALIFIED BUSINESS FACILITY: September 1, 2021
SIZE OF PROJECT LOCATION: 36,447 sq. ft.
NEW BUILDING OR EXISTING LOCATION? Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Non-Industrial
CONSTRUCTION: (X) Yes () No

NEW FULL-TIME JOBS: 255
RETAINED FULL-TIME JOBS: 50
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2017): 116
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: N/A
MEDIAN WAGES: \$ 70,000

NET BENEFIT MODEL: 2017
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): \$ 80,369,601
TOTAL AMOUNT OF AWARD: \$ 10,928,500
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): \$ 69,441,101

ELIGIBILITY PERIOD: 10 years

CONDITIONS OF APPROVAL:

1. Applicant has not committed to locate the project in New Jersey, such as by executing a lease or a purchase contract, unless the decision to locate in New Jersey is completely contingent on the award of Grow New Jersey tax credits.
2. Applicant will create and/or retain jobs and will make eligible capital investment, at the qualified business facility, of no less than the minimum eligibility requirements after Board approval, but no later than three 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 12 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 April 1, 2019; 2) approve the proposed Grow New Jersey grant to encourage Cross River Bank 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

Cross River Bank

Grow New Jersey

Page 6

recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: M. Peters

APPROVAL OFFICER: S. Novak

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

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

APPLICANT:	Gucci America, Inc.	P45408
PROJECT LOCATION:	70 Hudson Street	Jersey City Hudson County

APPLICANT BACKGROUND:

Gucci America, Inc. (“Gucci”) operates as a multi-brand luxury goods company that designs, produces, and distributes personal luxury items for men and women in the United States and internationally. Its products include ready-to-wear, handbags, luggage, small leather goods, shoes, timepieces, jewelry, ties and scarves, eyewear, perfumes, cosmetics and skincare.

The applicant has demonstrated the financial ability to undertake the project.

The applicant is currently located in New York, NY.

MATERIAL FACTOR/NET BENEFIT:

Gucci has decided to centralize its consumer service operations. This project involves the creation of the Gucci Customer Hub, a call center aimed at providing customer service to millions of customers throughout North America. Currently, the company’s customer service operations are fragmented, and left to the initiative of the company’s in-store personnel. The Gucci Customer Hub will make sure any and all Gucci customers or any person interested in the brand, will receive the most up-to-date information and be routed to the department capable of providing effective support, 365 days a year. Gucci has identified two locations for this project. The first is a 51,824 square foot facility in Jersey City that would be renovated and leased. The alternate location is a 49,382 square foot facility in Long Island City, NY, that would also be leased.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Gucci America, 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 Susan Chokachi, the CEO of Gucci America, 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 \$2.9 million over the 20-year period required by the Statute.

ELIGIBILITY AND GRANT CALCULATION:

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

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

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

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

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

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

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

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

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$2,072,960	\$6,656,793
New Jobs	35	210
Retained Jobs	50	0

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

Base Grant	Requirement	Proposed by Applicant
Urban Transit Hub Municipality	Base award of \$5,000 per year for projects located in a designated Urban Transit Hub Municipality	Jersey City is a designated Urban Transit Hub Municipality
Increase(s) Criteria		
Transit Oriented Development	An increase of \$2,000 per job for a project locating in a Transit Oriented Development	70 Hudson Street is located in a Transit Oriented Development by virtue of being within ½ mile of the

		midpoint of a Port Authority Transit Corporation rail station
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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"> - 1/2 of the Grant Calculation for New Full-Time Jobs ($1/2 * \\$7,000 = \\$3,500$) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$6,656,793 / 10 / (210 + 0) = \\$3,169$) <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:**

Urban Transit HUB Municipality	\$ 5,000
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INCREASES PER EMPLOYEE:

Transit Oriented Development:	\$ 2,000
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INCREASE PER EMPLOYEE:

<u>\$ 2,000</u>

PER EMPLOYEE LIMIT:

Urban Transit HUB Municipality	\$12,000
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LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:

\$ 7,000

AWARD:

New Jobs:	210 Jobs X \$7,000 X 100% =	\$1,470,000
Retained Jobs:	0 Jobs X \$3,169 X 100% =	<u>\$ 0,000</u>

Total:	\$1,470,000
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ANNUAL LIMITS:

Urban Transit HUB Municipality	\$10,000,000
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TOTAL ANNUAL AWARD

<u>\$1,470,000</u>

Gucci America, Inc.**Grow New Jersey****Page 5****PROJECT IS:** (X) Expansion () Relocation

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	\$ 6,656,793
ANTICIPATED COMPLETION DATE FOR CAPITAL INVESTMENT:	October 1, 2019
ANTICIPATED DATE THAT JOBS WILL BE AT QUALIFIED BUSINESS FACILITY:	October 1, 2019
SIZE OF PROJECT LOCATION:	51,824 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Non-Industrial
CONSTRUCTION: (X) Yes () No	

NEW FULL-TIME JOBS:	210
RETAINED FULL-TIME JOBS:	0
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2017):	25
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY:	N/A
MEDIAN WAGES:	\$ 52,003

NET BENEFIT MODEL:	2017
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD):	\$ 17,569,785
TOTAL AMOUNT OF AWARD:	\$ 14,700,000
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	\$ 2,869,785

ELIGIBILITY PERIOD:	10 years
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CONDITIONS OF APPROVAL:

1. Applicant has not committed to locate the project in New Jersey, such as by executing a lease or a purchase contract, unless the decision to locate in New Jersey is completely contingent on the award of Grow New Jersey tax credits.
2. Applicant will create and/or retain jobs and will make eligible capital investment, at the qualified business facility, of no less than the minimum eligibility requirements after Board approval, but no later than three 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 12 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 Gucci America, Inc. to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: Maggie Peters**APPROVAL OFFICER:** Mark Chierici

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

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

APPLICANT: Madame RX LLC P45312

PROJECT LOCATION: 418 Federal Street Camden City Camden

APPLICANT BACKGROUND:

Madame RX LLC, doing business as Chemistry RX, was founded in 2013 by Amany Mansour-Awad as a unique compounding pharmacy that specializes in the design and compounding of medications for patients with rare diseases for which very limited therapeutic options currently exist. Its services include pediatric and general dermatology, ear, nose and throat and other clinical specialties. Madame RX is licensed in all 50 states and accredited with the Accreditation Commission for Health Care (ACHC). The company is currently located in Philadelphia, PA with 17 employees. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:

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

The management of Madame RX LLC has indicated that the grant of tax credits is a material factor in the company's decision whether or not to locate the project in Camden. The Authority is in receipt of an executed CEO certification by Amany Mansour-Awad the CEO of Madame RX LLC, which states that the Grow New Jersey award is a material factor in the company's decision to make the capital investment and locate the project in Camden. The CEO certification also states that the application has been reviewed and the information submitted and representations contained therein are accurate.

Staff reviewed the project and finds support for management’s assertion that the award of tax credits is a material factor in the company’s decision to locate in Camden. If Madame RX LLC chooses the Camden option, the company would establish a new facility for the manufacturing of certain drugs that are in short supply. The required space will need to accommodate a production area, prep room and quality control laboratory built to ISO standards, CGMP standards and would be regulated by the Food, Drug & Cosmetic Act (FD&C). Madame RX has identified a 14,000 sq. ft. facility to lease in Camden, NJ, which would be renovated by the landlord and the fit-out and the purchase of machinery and equipment completed by the company. The alternative is the purchase

of a condominium unit of 6,299 sq. ft. and the construction of an addition of 5,000 sq. ft., for total of 11,299 sq. ft. in Philadelphia, PA. The number of new jobs for this expansion is 56.

This project represents a significant positive step forward for Camden’s redevelopment efforts, bringing a new manufacturing project to the city. It is estimated that the project would have a net benefit to the State of \$42,369 over the 35 year period required by the Statute.

ELIGIBILITY AND GRANT CALCULATION:

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

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

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

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

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

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

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

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

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$186,667	\$5,574,820
New Jobs	8	56
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
Garden State Growth Zone	Base award of \$5,000 per year for projects located in a Garden State Growth Zone	Camden is a Garden State Growth Zone.

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	418 Federal Street is located in a Deep Poverty Pocket.
Transit Oriented Development	An increase of \$2,000 per job for a project locating in a Transit Oriented Development	418 Federal Street is located in a Transit Oriented Development by virtue of being within 1 mile of the midpoint of a New Jersey Transit Corporation rail station.
Jobs with Salary in Excess of County/GSGZ Average	An increase of \$250 per job for each 35% the applicant's median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of \$1,500	The proposed median salary of \$50,000 exceeds the Garden State Growth Zone median salary by 69% resulting in an increase of \$250 per year.
Targeted Industry	An increase of \$500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is a Manufacturing business.
Mega/GSGZ Ind. Project w/ Cap. Inv. In Excess of Min	An increase of \$1,000 per job for a Mega Project or a project located in a Garden State Growth Zone for each additional amount of capital investment that exceeds the minimum amount required for eligibility by 20%, with a maximum increase of \$5,000	The proposed project is in a Garden State Growth Zone. The proposed capital investment of \$5,574,820 is 2,886% above the minimum capital investment resulting in an increase of \$5,000 per year.
2007 Revit. Index > 465 in Atlantic, Burlington, Camden	An increase of \$1,000 per job for locating in a municipality	Camden City has a 2007 Revitalization Index of 566.

Cape May, Cumberland, Gloucester, Ocean, Salem	with a 2007 Revitalization Index greater than 465	
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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 * \\$15,000 = \\$7,500$) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$5,574,820 / 10 / (56 + 0) = \\$9,955$) <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:		
Garden State Growth Zone		\$5,000
INCREASES:		
Deep Poverty Pocket:	\$1,500	
Transit Oriented Development:	\$2,000	
Jobs with Salary in Excess of County/GSGZ Average:	\$ 250	
Targeted Industry (Manufacturing):	\$ 500	
Mega/GSGZ Ind. Project w/ Cap. Inv. In Excess of Min:	\$5,000	
2007 Revit. Index>465 in Atlantic, Burlington, Camden Cape May, Cumberland, Gloucester, Ocean, Salem:	\$1,000	
INCREASE PER EMPLOYEE:		<u>\$10,250</u>
PER EMPLOYEE LIMIT:		
Garden State Growth Zone	\$15,000	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:		\$15,000
AWARD:		
New Jobs:	56 Jobs X \$15,000 X 100% =	\$840,000
Retained Jobs:	0 Jobs X \$15,000 X 100% =	<u>\$0,000</u>
	Total:	\$840,000
ANNUAL LIMITS:		
Garden State Growth Zone and MRERA		\$35,000,000
TOTAL ANNUAL AWARD		<u>\$840,000</u>
TOTAL ANNUAL AWARD BASED ON THE BENEFIT TO THE STATE (OVER 35 YEARS, PRIOR TO THE AWARD) BEING 100% OF THE AWARD WITH A COMMITMENT TO REMAIN IN THE QUALIFIED BUSINESS FACILITY FOR 34 YEARS:		
New Jobs:	56 Jobs X \$15,000 X 100% =	\$840,000
Retained Jobs:	0 Jobs X \$15,000 X 100% =	<u>\$0,000</u>
	Total:	\$840,000

RECOUPMENT SCHEDULE

	<u>YEAR</u>	<u>RECOUPMENT AMOUNT</u>
IF THE APPLICANT LEAVES IN YEAR:	16	\$3,163,534
IF THE APPLICANT LEAVES IN YEAR:	17	\$2,934,679
IF THE APPLICANT LEAVES IN YEAR:	18	\$2,713,919
IF THE APPLICANT LEAVES IN YEAR:	19	\$2,500,970
IF THE APPLICANT LEAVES IN YEAR:	20	\$2,295,554
IF THE APPLICANT LEAVES IN YEAR:	21	\$2,097,405
IF THE APPLICANT LEAVES IN YEAR:	22	\$1,906,267
IF THE APPLICANT LEAVES IN YEAR:	23	\$1,721,890
IF THE APPLICANT LEAVES IN YEAR:	24	\$1,544,036
IF THE APPLICANT LEAVES IN YEAR:	25	\$1,372,475
IF THE APPLICANT LEAVES IN YEAR:	26	\$1,206,982
IF THE APPLICANT LEAVES IN YEAR:	27	\$1,047,344
IF THE APPLICANT LEAVES IN YEAR:	28	\$ 893,354
IF THE APPLICANT LEAVES IN YEAR:	29	\$ 744,810
IF THE APPLICANT LEAVES IN YEAR:	30	\$ 601,524
IF THE APPLICANT LEAVES IN YEAR:	31	\$ 463,306
IF THE APPLICANT LEAVES IN YEAR:	32	\$ 329,977
IF THE APPLICANT LEAVES IN YEAR:	33	\$ 201,366
IF THE APPLICANT LEAVES IN YEAR:	34	\$ 77,304

PROJECT IS: Expansion Relocation
ESTIMATED ELIGIBLE CAPITAL INVESTMENT: \$ 5,574,820
ANTICIPATED COMPLETION DATE FOR CAPITAL INVESTMENT: June 1, 2019
ANTICIPATED DATE THAT JOBS WILL BE AT QUALIFIED BUSINESS FACILITY: February 1, 2020
SIZE OF PROJECT LOCATION: 14,000 sq. ft.
NEW BUILDING OR EXISTING LOCATION? Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Industrial
CONSTRUCTION: Yes No

NEW FULL-TIME JOBS: 56
RETAINED FULL-TIME JOBS: 0
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2017): 0
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: N/A
MEDIAN WAGES: \$ 50,000

NET BENEFIT MODEL: 2017
GROSS BENEFIT TO THE STATE (OVER 35 YEARS, PRIOR TO AWARD): \$ 8,442,369
TOTAL AMOUNT OF AWARD: \$ 8,400,000
NET BENEFIT TO THE STATE (OVER 35 YEARS, NET OF AWARD): \$ 42,369

ELIGIBILITY PERIOD: 10 years

CONDITIONS OF APPROVAL:

1. Applicant has not committed to locate the project in New Jersey, such as by executing a lease or a purchase contract, unless the decision to locate in New Jersey is completely contingent on the award of Grow New Jersey tax credits.
2. Applicant will create and/or retain jobs and will make eligible capital investment, at the qualified business facility, of no less than the minimum eligibility requirements after Board approval, but no later than three years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within twelve months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.
6. If the number of employees, salaries or capital investment to be counted in the Net Benefit Test (NBT) falls by more than 10% from the amounts contained herein, the net benefit to the state will need to be recalculated under the then current NBT model, which may reduce the amount of the Grow NJ Award.
7. The applicant will be required to produce a site control document prior to closing that demonstrates control of the site for the entire 34-year period it has committed to remain in the Qualified Business Facility or its award will revert back to the standard award (\$5,236,467 for a 15-year commitment) based on the actual length of the site control document.

APPROVAL REQUEST:

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

DEVELOPMENT OFFICER: C. Fuentes**APPROVAL OFFICER:** T. Wells

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

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

APPLICANT: Novelpay LLC P45259

PROJECT LOCATION: 433 Hackensack Avenue, Suite 601 6th floor Hackensack City Bergen County

APPLICANT BACKGROUND:

Novelpay LLC, a subsidiary of RealPage, Inc., established in 2013, provides a SaaS-based payment and billing platform for the multi-family and commercial real estate industry in the United States. The company offers integrated billing, payment processing, and software services that provide property owners and managers with a customizable electronic solution to bill and collect from their residents, including online payment, lockbox, check scanning, paper statement, and electronic billing aspects. Its platform also accepts various payment methods, such as e-check, paper check, debit and credit card, and American Express methods. The applicant is currently located in Hackensack, NJ. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:

Novelpay LLC is seeking additional space to accommodate its growth needs. The company is considering a 22,458 Sq. Ft. facility in Hackensack, NJ or a 27,883 Sq. Ft. facility in Richardson, TX. The project involves the retention of 97 employees and the creation of 40 new positions.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Novelpay 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 Stephen Winn, the CEO of Novelpay 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 \$6.7 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:

The applicant has certified that the 97 New Jersey jobs listed in the application are at risk of being located outside the State on or before May 30, 2019, the date the applicant’s current lease expires. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

ELIGIBILITY AND GRANT CALCULATION:

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

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

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

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

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

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

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	\$898,320	\$2,563,998
New Jobs	25	40
Retained Jobs	35	97

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	Hackensack City 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	433 Hackensack Avenue is located in a Deep Poverty Pocket

	Poverty Pocket or Choice Neighborhood	
Transit Oriented Development	An increase of \$2,000 per job for a project locating in a Transit Oriented Development	433 Hackensack Avenue is located in a Transit Oriented Development by virtue of being within ½ mile of the midpoint of a New Jersey Transit Corporation rail station
Targeted Industry	An increase of \$500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is a 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"> - ½ of the Grant Calculation for New Full-Time Jobs ($1/2 * \\$8,000 = \\$4,000$) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$2,563,998 / 10 / (40 + 97) = \\$1,871$) <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
Transit Oriented Development:	\$ 2,000
Targeted Industry (Technology):	\$ 500

INCREASE PER EMPLOYEE:

<u>\$ 4,000</u>

PER EMPLOYEE LIMIT:

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

\$ 8,000

AWARD:

New Jobs:	40 Jobs X \$8,000 X 100% =	\$320,000
Retained Jobs:	97 Jobs X \$1,871 X 100% =	<u>\$181,487</u>
	Total:	\$501,487

ANNUAL LIMITS:

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

<u>\$501,487</u>

PROJECT IS: (X) Expansion () Relocation
ESTIMATED ELIGIBLE CAPITAL INVESTMENT: \$ 2,563,998
ANTICIPATED COMPLETION DATE
FOR CAPITAL INVESTMENT: May 1, 2019
ANTICIPATED DATE THAT JOBS WILL BE AT QUALIFIED
BUSINESS FACILITY: May 1, 2020
SIZE OF PROJECT LOCATION: 22,458 sq. ft.
NEW BUILDING OR EXISTING LOCATION? Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Non-Industrial
CONSTRUCTION: (X) Yes () No

NEW FULL-TIME JOBS: 40
RETAINED FULL-TIME JOBS: 97
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2017): 97
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: N/A
MEDIAN WAGES: \$ 42,000

NET BENEFIT MODEL: 2017
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): \$ 11,723,263
TOTAL AMOUNT OF AWARD: \$ 5,014,870
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): \$ 6,708,393

ELIGIBILITY PERIOD: 10 years

CONDITIONS OF APPROVAL:

1. Applicant has not committed to locate the project in New Jersey, such as by executing a lease or a purchase contract, unless the decision to locate in New Jersey is completely contingent on the award of Grow New Jersey tax credits.
2. Applicant will create and/or retain jobs and will make eligible capital investment, at the qualified business facility, of no less than the minimum eligibility requirements after Board approval, but no later than three 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 12 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 May 30, 2019; 2) approve the proposed Grow New Jersey grant to encourage Novelpay 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

Novelpay LLC

Grow New Jersey

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recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: M. Peters

APPROVAL OFFICER: S. Novak

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

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

APPLICANT: Paolo Foods LLC P45334

PROJECT LOCATION: 100 Martin Luther King Jr. Boulevard Bridgeton City Cumberland County

APPLICANT BACKGROUND:

Paolo Foods LLC is a newly formed company by Buona Vita Foods Inc. to manufacture various kinds of pizza toppings. Buona Vita Foods is a privately held company formed in 1988 and is a manufacturer of Italian style meatballs, in addition to sausages, eggplant cutlets, beef braciola. Buona Vita is located in Bridgeton, NJ and employs 109 employees. The applicant has demonstrated the financial ability to undertake the project through the support of its parent company.

MATERIAL FACTOR/NET BENEFIT:

The company is evaluating sites for the location of a new business line to manufacture pizza toppings and has identified a 19,551 sq. ft. facility to lease in Bridgeton, NJ or to lease 19,000 sq. ft. facility in Pittston, PA. The company expects to purchase machinery and equipment estimated at approximately \$7 million at either site together with creation of 59 jobs.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Paolo Foods 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 Paul Infranco, the CEO of Paolo Foods 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 \$598,829 million over the 20 year period required by the Statute.

ELIGIBILITY AND GRANT CALCULATION:

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

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

Minimum Capital Investment Requirements (\$/Square Foot of Gross Leasable Area)

Industrial/Warehouse/Logistics/R&D - Rehabilitation Projects	\$ 20
Industrial/Warehouse/Logistics/R&D - New Construction Projects	\$ 60
Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Projects	\$ 40
Non-Industrial/Warehouse/Logistics/R&D – New Construction Projects	\$120

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

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

Minimum Full-Time Employment Requirements (New / Retained Full-time Jobs)

Tech start ups and manufacturing businesses	10 / 25
Other targeted industries	25 / 35
All other businesses/industries	35 / 50

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

As an Industrial Rehabilitation Project for a manufacturing business in Cumberland 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	\$260,680	\$6,706,012
New Jobs	8	59
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
Urban Transit Hub Municipality	Base award of \$5,000 per year for projects located in a designated Urban Transit Hub Municipality	Bridgeton City is a designated Urban Transit Hub Municipality
Increase(s) Criteria		
Deep Poverty Pocket or Choice Neighborhood	An increase of \$1,500 per job for a project locating in a Deep Poverty Pocket or Choice Neighborhood	100 Martin Luther King Jr. Boulevard 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%,	The proposed capital investment of \$6,706,012 is 2,472% above the minimum capital investment resulting in an increase of \$3,000 per year.

Paolo Foods LLC

Grow New Jersey

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	with a maximum increase of \$3,000	
Targeted Industry	An increase of \$500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is a Manufacturing business.
2007 Revit. Index > 465 in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, Salem	An increase of \$1,000 per job for locating in a municipality with a 2007 Revitalization Index greater than 465	Bridgeton City has a 2007 Revitalization Index of 553.

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 ($1/2 * \\$11,000 = \\$5,500$) or - The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($\\$6,706,012 / 10 / (59 + 0) = \\$11,366$) <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:**

Urban Transit HUB Municipality	\$5,000
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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
2007 Revit. Index > 465 in Atlantic, Burlington, Camden Cape May, Cumberland, Gloucester, Ocean, Salem:	\$ 1,000

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

Urban Transit HUB Municipality	\$12,000
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LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:	\$11,000
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AWARD:

New Jobs:	59 Jobs X \$11,000 X 100% =	\$649,000
Retained Jobs:	0 Jobs X \$11,000 X 50% =	<u>\$0,000</u>
	Total:	\$649,000

ANNUAL LIMITS:

Urban Transit HUB Municipality	\$10,000,000
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TOTAL ANNUAL AWARD	<u>\$649,000</u>
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TOTAL ANNUAL AWARD BASED ON THE BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO THE AWARD) BEING 110% OF THE AWARD WITH A COMMITMENT TO REMAIN IN THE QUALIFIED BUSINESS FACILITY FOR 15 YEARS:

New Jobs:	59 Jobs X \$10,140 X 100% =	\$598,260
Retained Jobs:	0 Jobs X \$15,000 X 100% =	<u>\$0,000</u>
	Total:	\$598,260

PROJECT IS: (X) Expansion () Relocation
ESTIMATED ELIGIBLE CAPITAL INVESTMENT: \$ 6,706,012
ANTICIPATED COMPLETION DATE
FOR CAPITAL INVESTMENT: June 30, 2019
ANTICIPATED DATE THAT JOBS WILL BE AT QUALIFIED
BUSINESS FACILITY: June 30, 2019
SIZE OF PROJECT LOCATION: 19,551 sq. ft.
NEW BUILDING OR EXISTING LOCATION? Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY? Industrial
CONSTRUCTION: (X) Yes () No

NEW FULL-TIME JOBS: 59
RETAINED FULL-TIME JOBS: 0
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2017): 0
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY: N/A
MEDIAN WAGES: \$ 31,200

NET BENEFIT MODEL: 2017
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD): \$ 6,581,429
TOTAL AMOUNT OF AWARD: \$ 5,982,600
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD): \$ 598,829

ELIGIBILITY PERIOD: 10 years

CONDITIONS OF APPROVAL:

1. Applicant has not committed to locate the project in New Jersey, such as by executing a lease or a purchase contract, unless the decision to locate in New Jersey is completely contingent on the award of Grow New Jersey tax credits.
2. Applicant will create and/or retain jobs and will make eligible capital investment, at the qualified business facility, of no less than the minimum eligibility requirements after Board approval, but no later than three 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 12 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. If the number of employees, salaries or capital investment to be counted in the Net Benefit Test (NBT) falls by more than 10% from the amounts contained herein, the net benefit to the state will need to be recalculated under the then current NBT model, which may reduce the amount of the Grow NJ Award.

APPROVAL REQUEST:

The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage Paolo Foods 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: D. Ubinger

APPROVAL OFFICER: T. Wells

**GROW NEW JERSEY ASSISTANCE PROGRAM (GROW NJ)
MODIFICATIONS**



MEMORANDUM

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: December 11, 2018

Subject: **Cummins Power Systems, LLC (“CPS”) – Modification**
\$3,195,000 Grow NJ – P40463

Request

Consent to changing the applicant on the approved GrowNJ award from CPS to Cummins, Inc. due to the absorption of the applicant CPS post approval into its parent, Cummins, Inc.

Background

On June 9, 2015, the members approved a \$3,195,000 10-year Grow NJ to incent the creation of 35 new jobs and the retention and relocation of 72 existing jobs by CPS to an existing 61,825 sf site in Kearny. The capital investment at the Qualified Business Facility (“QBF”) was anticipated to be \$17,893,638.

As the incentive agreement was being finalized, staff learned that CPS no longer existed as a separate legal entity. Specifically, on January 1, 2017, CPS was consolidated into its parent, Cummins, Inc. On that date, CPS ceased to exist as a legal entity and the operation was renamed Cummins Sales and Service East Region, a division of Cummins, Inc. Because CPS no longer exists as a legal entity, Cummins, Inc. has requested the change to the entity approved for the GrowNJ award.

Without any action by EDA otherwise, the dissolution of the legal entity approved for the tax credits means that no entity would be able to receive the tax credits under the GrowNJ incentive. In this particular case, CPS was absorbed into its parent, as opposed to its assets being sold to a third party, which would have by its action terminated the award. The financial statements of Cummins, Inc. were also taken into consideration at the time of the original approval. Moreover, the parent company has since advised EDA that it invested over \$18.4 million in capital investment at the QBF and employs 100 employees (including the former CPS employees), both of which will be confirmed through a certification of costs and jobs before the award can be certified. Because staff believes that the original terms of the approved GrowNJ to CPS have been met by the parent company, the absorption of CPS should cause the loss of the GrowNJ award. As such, staff recommends that the Grow NJ applicant be changed from CPS to Cummins, Inc.

If approved by the members, Cummins Inc. will be required to meet all the terms of the original Grow NJ award approved in June 2015. The Statewide base will be increased from the CPS

Statewide base to include the Statewide employees of Cummins, Inc. in New Jersey as of December 31, 2014, which is the last tax filing period prior to the approval of the Grow NJ tax credit in June of 2015.

Recommendation

Consent to changing the applicant on the approved GrowNJ award from CPS to Cummins, Inc. due to the absorption of the applicant CPS post approval into its parent, Cummins, Inc.



Prepared by: Susan Greitz



MEMORANDUM

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: December 11, 2018

Subject: Geri-Care Pharmaceuticals Corp (“Geri-Care”) – Modification
\$11,700,000 Grow NJ Assistance Program (“Grow NJ”) – P44313

Request

Consent to increase the square footage of the Qualified Business Facility (“QBF”) from 50,000 sf to 88,325 sf (76.7%) which will require a proportional increase in the minimum capital investment from \$666,667 to \$1,177,667.

Board action is required because the proposed changes represent a greater than 25% change in the square footage and capital investment which exceeds staff delegation.

Background

Geri-Care manufactures and distributes OTC generics and supplements and is currently based in Brooklyn, NY.

On August 8, 2017, the Members approved a \$11,700,000 10-year Grow NJ to incent the company’s relocation from Brooklyn and the creation of 130 new jobs to an existing facility in Lakewood. At approval, Geri-Care planned to lease approximately 50,000 sf of an 88,325 sf foot facility that was to be acquired by a related real estate holding affiliate with common ownership. The real estate holding company planned to lease the remainder of the space to unrelated third parties.

Subsequent to the Grow NJ approval, the applicant evaluated its needs over the next five years and has determined that future growth will require it to lease the entire facility and is requesting EDA’s consent to expand the QBF from 50,000 sf to 88,325 sf (76.7%) to accommodate that growth. As a result of this change, the required minimum capital investment will also proportionately increase from \$666,667 to \$1,177,667. Geri-Care originally projected that it would spend \$1,350,000 in eligible capital investment to improve the smaller space and has adjusted that projection to \$2,384,775 for the expanded space.

Staff compared the total costs over 15 years for the QBF as originally proposed to the modified QBF. The CBA comparison evidences that the larger project is \$1,034,755 more expensive than the original approved project over the 15-year grant commitment duration. Additionally, the total costs over 15 years without NPV at the original site increase by 76.7%, from \$3,753,914 to \$4,897,500.

All the eligibility bonuses (Distressed Municipality, Deep Poverty Pocket) at the time of Board-approval remain the same as there is no change in the location of the QBF. There are no changes to the number of anticipated jobs, which will remain at 130.

In September 2016, the Board adopted a policy to approve site expansion modifications for Grow NJ applicants provided that the expanded space had the same characteristics as the original QBF (same municipality, same bonus criteria, etc.). This proposal meets those criteria, with the exception of the fact that the applicant's real estate holding affiliate establishing site control for the entire site after the original Board approval, but before the applicant formally requested a modification to expand the QBF from a portion of the building to the entire facility.

The initial requirement that applicants could not have obtained site control of the proposed expansion space *before* requesting that it become part of the QBF was intended to guard against certain abuses, such as the improvement of the facility without conforming to prevailing wage requirements or segregating the QBF so as to not trigger the over \$40 million test that would require addition review to cap the award. Here, the expansion appears to be supported by the applicant's assessment of its business growth over time, which is acceptable. Moreover, the applicant had informed EDA that the real estate holding company was going to purchase the entire space and planned to lease the additional space to third party entities.

Though the change in total costs for the proposed project is over 10%, the net benefit test was not rerun, since total costs over 15 years are proposed to increase. The 10-year tax credit of \$11,700,000 remains consistent with the original approval.

Should the company fail to evidence site control for 17 years prior to closing, its award will revert to the standard award of \$11,034,619 for a 15-year commitment based on the actual length of the site control document. The 10% threshold for a reduction in the jobs, capital investment, or salaries that would require the recalculation of the net benefit at certification will remain in effect.

Summary of Project Changes

	<u>Original</u>	<u>As Proposed</u>
Qualified Business Location	1295 Towbin Ave, Lakewood	1295 Towbin Ave, Lakewood
Total Project Square Footage	50,000 sf	88,325 sf
Jobs	130 New	130 New
Award Amount	\$11,700,000	\$11,700,000
Minimum Capital Investment	\$666,667	\$1,177,667
Estimated Eligible Capital Investment	\$1,350,000	\$2,384,775

Recommendation

Consent to increase the square footage of the QBF from 50,000 sf to 88,325 sf (76.7%). The increase in space will proportionately require the applicant to increase its minimum capital investment from \$666,667 to \$1,177,667.

The proposed change will not alter the 10-year tax credit award at \$11,700,000. If Geri-Care does not evidence site control for 17 years, the award will be reduced to \$11,034,619 based on the recoupment schedule.

A handwritten signature in blue ink, consisting of a stylized 'V' followed by a horizontal line extending to the right.

Prepared by: Vincent Man

BOND RESOLUTIONS

BOND RESOLUTIONS



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

SUBJECT: 2018 Carryforward Request

DATE: December 11, 2018

The State Treasurer allocated \$90,000,000 to the New Jersey Economic Development Authority out of the State's 2018 Private Activity Bond Cap.

The Authority may elect to carryforward any unused portion of the above noted 2018 Private Activity Bond allocation with the U.S. Department of Treasury.

Out of the \$90,000,000 allocation to the Authority, there were no closings against the Cap, resulting in \$90,000,000 being unused and available for carryforward subject to the State Treasurer's approval. The private activity bond approved this year that was subject to the State's volume cap used the allocation carryforward from 2015.

The attached resolution approves the filing of the attached IRS Form 8328 by the Chief Executive Officer carrying forward unused 2018 Private Activity Bond Cap to be determined and approved by the State Treasurer for certain eligible exempt facility activities.

I recommend adoption of the attached Carryforward Resolution.

A handwritten signature in blue ink, appearing to be "TS", is written above a horizontal line.

Prepared by: David A. Lawyer

Form **8328**
 (Rev. September 2011)
 Department of the Treasury
 Internal Revenue Service

**Carryforward Election of Unused
 Private Activity Bond Volume Cap**
 (Under Sections 146(f) and 142(k))

OMB No. 1545-0874

Enter the calendar year for which the election is made ►

2018

Part I Reporting Authority

State name for qualifying public educational facility bond or issuer's name for all other bonds New Jersey Economic Development Authority		Reporting Authority's EIN 2 2 2 0 4 5 8 1 7
Number, street (or P.O. box if mail is not delivered to street address) 36 West State Street, PO box 990	Room/suite	Report number 9
City or town, state, and ZIP code Trenton, NJ 08625-0990		

Caution: Part II is only for section 146(f) filers. Part III is only for qualifying public educational facility bond filers.

Part II Unused Volume Cap and Carryforward under Section 146(f)

Computation of Unused Volume Cap		
1	Total volume cap of the issuer for the calendar year	90,000,000.
2	Aggregate amount of private activity bonds issued to date that are taken into account under section 146 (see instructions)	0.00
3	Total amount of volume cap exchanged for authority to issue mortgage credit certificates (see instructions)	0.00
4	Total amount of volume cap allocated to private activity portion of governmental bonds (see instructions)	0.00
5	Add lines 2 through 4	0.00
6	Unused volume cap (subtract line 5 from line 1)	90,000,000.
Purpose and Amount of Each Carryforward		
7	Qualified student loan bonds	
8	Qualified mortgage bonds or mortgage credit certificates	
9	Qualified redevelopment bonds	
10	Exempt facility bonds:	
a	Mass commuting facilities (section 142(a)(3))	
b	Water furnishing facilities (section 142(a)(4))	5,000,000.
c	Sewage facilities (section 142(a)(5))	10,000,000.
d	Solid waste disposal facilities (section 142(a)(6))	15,000,000.
e	Qualified residential rental projects (section 142(a)(7))	40,000,000.
f	Facilities for the local furnishing of electric energy or gas (section 142(a)(8))	10,000,000.
g	Local district heating or cooling facilities (section 142(a)(9))	10,000,000.
h	Qualified hazardous waste facilities (section 142(a)(10))	
i	25% of bonds for privately owned high-speed intercity rail facilities (section 142(a)(11))	
j	Qualified enterprise zone facility bonds (section 1394(a)-(e))	
11	Total carryforward amount (add lines 7 through 10j) (not to exceed line 6)	90,000,000.

Part III Unused Volume Cap and Carryforward Under Section 142(k) (Qualifying Public Educational Facility Bonds)

12	Total volume cap for the calendar year	
13	Total amount of bonds issued under section 142(k) for the calendar year	
14	Unused volume cap available for carryforward (subtract line 13 from line 12)	
15	Amount elected to carryforward (not to exceed line 14)	

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature of authorized public official _____ Date _____

Chief Executive Officer _____
 Type or print name and title. *Tom Siller*

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

Form 8328 is filed by the issuing authority of private activity bonds to elect to carry forward its unused volume cap for one or more carryforward purposes (see section 146(f)). If the election is made, bonds issued with respect to a specified carryforward purpose are not subject to the volume cap under section 146(a) during the 3 calendar years following the calendar year in which the carryforward arose, but only to the extent that the amount of such bonds does not exceed the amount of the carryforward elected for that purpose.

Also, Form 8328 is used by a state to carry forward the unused volume cap under section 142(k). A state may elect to carry forward an unused limitation for any calendar year for 3 calendar years following the calendar year in which the unused limitation arose under rules similar to the rules of section 146(f). However, this election can only be made for the issuance of qualified public educational facility bonds. For definitions related to qualified public educational facilities, see section 142(k).

When To File

Form 8328 must be filed by the earlier of: (1) February 15 of the calendar year following the year in which the excess amount arises, or (2) the date of issue of bonds issued pursuant to the carryforward election.

Once Form 8328 is filed, the issuer may not revoke the carryforward election or amend the carryforward amounts shown on this form.

Errors on this form cannot be corrected through an amended filing. The issuer may file a Voluntary Closing Agreement Program (VCAP) request to correct mathematical, typographical, and similar errors. See Notice 2008-31, 2008-11 I.R.B. 592, and IRM 7.2.3 for more information about VCAP.

Where To File

File Form 8328 with the Department of the Treasury, Internal Revenue Service Center, Ogden, UT 84201.

Bonds Taken Into Account Under Section 146

All private activity tax-exempt bonds issued during a calendar year are taken into account under section 146 except:

1. Qualified veterans' mortgage bonds.
2. Qualified section 501(c)(3) bonds.
3. Exempt facility bonds for governmentally owned airports, docks and wharves, and environmental enhancements of hydroelectric generating facilities; also exempt facility bonds for qualified public educational facilities, qualified green building and sustainable design projects and qualified highway or surface freight transfer facilities.
4. 75% of any exempt facility bonds for privately owned high-speed intercity rail facilities; 100% if governmentally owned.
5. Exempt facilities bonds for governmentally owned solid waste disposal facilities. See section 146(h).
6. Bonds issued pursuant to a carryforward election. See section 146(f)(3)(A).
7. Certain current refundings. See section 146(i).
8. Certain bonds issued by Indian tribal governments for tribal manufacturing facilities. See section 7871(c)(3).
9. Tribal Economic Development Bonds, section 7871(f).
10. Gulf Opportunity Zone bonds, Midwestern Disaster Area bonds, Hurricane Ike Disaster Area bonds, section 1400N.
11. New York Liberty Zone bonds, section 1400L.
12. Enterprise Zone Facility bonds, section 1394(f).

Note. Enterprise Zone Facility bonds under section 1394(a)-(e) are subject to section 146. See Line 10j of Form 8328.

In addition, the private activity portion of governmental bonds is taken into account to the extent that the nonqualified amount exceeds \$15 million. See sections 141(b)(5) and 146(m).

Bonds Eligible for Carryforward Elections

• An election under section 146(f) may be made by the issuing authority for only the following types of tax-exempt bonds:

1. Qualified student loan bonds.
2. Qualified mortgage bonds (or mortgage credit certificates).
3. Qualified redevelopment bonds.
4. Exempt facility bonds taken into account under section 142(a).

5. Enterprise zone facility bonds taken into account under Regulations section 1.1394-1(m)(3).

6. Tax-Exempt Economic Development Bonds for the District of Columbia Enterprise Zone, section 1400A. Include any Tax-Exempt Economic Development Bond carryforward on Line 10j.

- An election under section 142(k) may be made by the state for qualified public educational facility bonds.

Specific Instructions

Parts I and II of this form must be completed to properly elect the carryforward provisions under section 146(f).

Parts I and III must be completed to properly elect the carryforward provisions under section 142(k).

Part I. Reporting Authority

Name. Enter the name of the state if filing under section 142(k). For all others, enter the name of the entity issuing the bonds.

Report number. This line is for IRS use only. Do not make an entry.

Part II. Unused Volume Cap and Carryforward Under Section 146(f)

Computation of Unused Volume Cap

Line 1. Enter the issuing authority's volume cap under section 146 for the current calendar year. Take into account any reduction in the amount of the volume cap under section 25(f) (relating to the reduction in the aggregate amount of qualified mortgage bonds where certain requirements are not met). See section 146(n)(2).

Line 2. Enter the total amount of private activity bonds issued by the issuing authority during the current calendar year that are taken into account under section 146. See **Bonds Taken Into Account Under Section 146.**

Line 3. Enter the total amount of qualified mortgage bonds the issuing authority has elected not to issue under section 25(c)(2)(A)(ii) during the current calendar year, plus the reduction under section 25(f) for that calendar year. See section 146(n).

Line 4. Enter the total amount of volume cap allocated by the issuer to the private activity portion of governmental bonds. See sections 141(b)(5) and 146(m).

Purpose and Amount of Each Carryforward

Enter the amount of unused volume cap the issuer elects to carry forward for each carryforward purpose and the total carryforward amount.

Part III. Unused Volume Cap and Carryforward Under Section 142(k) (Qualifying Public Educational Facility Bonds)

Complete lines 12 through 15 to compute the amount elected to carry forward under section 142(k).

Signature

Form 8328 must be signed by an authorized public official responsible for carrying forward unused volume cap.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	7 hr., 24 min.
Learning about the law or the form	2 hr., 47 min.
Preparing and sending the form to the IRS	3 hr., 1 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send the form to this address. Instead, see *Where To File*.

AMENDED BOND RESOLUTIONS

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

APPLICANT: NEWARK DOWNTOWN DISTRICT MANAGEMENT CORP P45354
PROJECT USER(S): Same as applicant * - indicates relation to applicant
PROJECT LOCATION: 60 Park Place Newark City (T/UA) Essex

APPLICANT BACKGROUND:

The Newark Downtown District Management Corporation ("NDD") was established by an ordinance passed in September, 1998 by the Newark Municipal Council to revitalize downtown Newark by improving the economic viability of the central business district and enhancing the quality of life for residents, workers, students and visitors through supplemental services, marketing and physical improvement programs.

Prior Authority assistance was provided to the Applicant in 2007 with a 30-year fixed rate \$10 million Tax-Exempt bond with Wachovia Bank, which is now Wells Fargo Bank.

NDD submitted another application under P#45378, in the amount of \$400,000 to purchase streetscapes, including decorative lighting. The two applications are not expected to exceed \$10,000,000.

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

REFUNDING REQUEST:

Authority assistance will enable the applicant to refund existing debt at a lower interest rate, thereby reducing interest expenses. This bond is expected to be issued with bond insurance.

FINANCING SUMMARY:

BOND PURCHASER: R. Seelaus & Co.
AMOUNT OF BOND: \$10,000,000 Tax-Exempt Bond
TERMS OF BOND: 18 years; Fixed interest rate of 5.125%.
ENHANCEMENT: N/A

PROJECT COSTS:

Refinancing	\$8,056,044
Debt service reserve fund	\$667,543
Cost of Issuance	\$410,904
Finance fees	\$197,375
Legal fees	\$175,000
Bond Insurance Premium	\$93,134
TOTAL COSTS	\$9,600,000

PUBLIC HEARING: 12/11/18 (Published 11/27/18) **BOND COUNSEL:** McCarter & English, LLP
DEVELOPMENT OFFICER: K. Durand **APPROVAL OFFICER:** M. Chierici

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

APPLICANT: NEWARK DOWNTOWN DISTRICT MANAGEMENT CORP P45378
PROJECT USER(S): Same as applicant * - indicates relation to applicant
PROJECT LOCATION: 60 Park Place Newark City (T/UA) Essex

APPLICANT BACKGROUND:

The Newark Downtown District Management Corporation ("NDD") was established by an ordinance passed in September, 1998 by the Newark Municipal Council to revitalize downtown Newark by improving the economic viability of the central business district and enhancing the quality of life for residents, workers, students and visitors through supplemental services, marketing and physical improvement programs.

Prior Authority assistance was provided to the Applicant in 2007 with a 30-year fixed rate \$10 million Tax-Exempt bond with Wachovia Bank, which is now Wells Fargo Bank.

NDD submitted another application under P#45354, in the amount of \$9,600,000 to refinance the 2007 EDA debt issuance. The two applications are not expected to exceed \$10,000,000.

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 borrow new money to purchase streetscapes, including decorative lighting, at a lower interest rate, thereby reducing interest expenses. This bond is expected to be issued with bond insurance. Two new full-time and 4 "seasonal" part-time employees are projected to be hired over the next two years.

FINANCING SUMMARY:

BOND PURCHASER: R. Seelaus and Company
AMOUNT OF BOND: \$400,000 Tax-Exempt Bond
TERMS OF BOND: 18 years; Fixed interest rate of 5.125%.
ENHANCEMENT: N/A

PROJECT COSTS:

Streetscapes & decorative lighting	\$400,000
TOTAL COSTS	\$400,000

JOBS: At Application 39 Within 2 years 2 Maintained 0 Construction 0

PUBLIC HEARING: 12/11/18 (Published 11/27/18) **BOND COUNSEL:** McCarter & English, LLP
DEVELOPMENT OFFICER: K. Durand **APPROVAL OFFICER:** M. Chierici

COMBINATION PRELIMINARY AND BOND RESOLUTIONS

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

APPLICANT: North American Camp Trust, Inc.

P45210

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 4010 Herbertsville Road

Wall Township (N)

Monmouth County

GOVERNOR'S INITIATIVES:

APPLICANT BACKGROUND:

North American Camp Trust, Inc. ("NACT") was formed in 2016 as a 501(c)(3) not-for-profit organization in order to preserve and expand the traditional summer camp experience. NACT seeks to accomplish this mission by acquiring, developing and operating camps in multiple states and nations, protecting its landscapes from development, and raising funds for children without the means to attend summer camp. NACT first acquisition will be in NJ. NACT plans to acquire a summer day camp for children known as Pine Grove Day Camp (the "Camp"). The Camp, in operation since 1973, is located on 36 acres with approximately 25 structures for a total gross building area of 36,800 sq. ft., in Wall Township, Monmouth County, NJ and serves more than 900 campers each summer. The Camp is a full service camp offering many activities and amenities including door to door transportation, hot lunch, heated pools, an indoor dining hall, theater and gym and ample field space and studio space for a wide array of activities both athletic and creative. NACT intends to continue to operate the Camp in the manner it has been operated to date and to use the surplus funds generated by the operation to support NACT's mission of sending deserving children to summer camp. Michele Friedman is the Executive Director of NACT.

NACT 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 1986 Internal Revenue Code as amended, and is not subject to the State Volume Cap limitation, pursuant to Section 146(g) of the Code.

APPROVAL REQUEST:

Authority assistance will enable the Applicant to acquire the Camp, make site improvements and purchase machinery and equipment, furniture and fixtures. Bond proceeds will also fund costs of issuance and a debt service reserve fund. Other source of funds includes subordinate debt financing.

FINANCING SUMMARY:

BOND PURCHASER: Gates Capital Corporation (Underwriter - Limited Offering Memorandum)

AMOUNT OF BOND: \$7,495,000 Tax-exempt Series A Bond

\$390,000 Taxable Series B Bond

TERMS OF BOND: 30 years; Fixed interest rate not to exceed 8%. Estimated rate as of 9/10/18 is 6.75%.

5 years; Fixed interest rate not to exceed 8%. Estimated interest rate as of 9/10/18 is 6.5%.

ENHANCEMENT: N/A

PROJECT COSTS:

Land	\$4,200,000
Acquisition of existing building	\$3,780,000
Renovation of existing building	\$605,000
Other site improvement	\$605,000
Furniture & Fixtures	\$320,000
Debt service reserve fund	\$309,856
Finance fees	\$282,144
Legal fees	\$258,000
Purchase of equipment & machinery	\$200,000

APPLICANT: North American Camp Trust, Inc.

P45210

Page 2

Accounting fees

\$30,000

TOTAL COSTS

\$9,985,000

JOBS: At Application 4 Within 2 years 4 Maintained 0 Construction 5

PUBLIC HEARING: 12/11/18 (Published 11/27/18) **BOND COUNSEL:** Chiesa, Shahinian & Giantomasi,

DEVELOPMENT OFFICER: K. Durand

APPROVAL OFFICER: T. Wells

PRELIMINARY BOND RESOLUTIONS

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

APPLICANT: Black Horse EHT, LLC

P45415

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 6817 Black Horse Pike

Egg Harbor City (T)

Atlantic

APPLICANT BACKGROUND:

Black Horse EHT, LLC is a recently formed entity comprised of ALFNJ, LLC, CDP Entity/Carding Group and Shelter American Holdings, Inc., as members of Black Horse ALR, LLC, the managing member. Drew A. Barile, CEO of Ashore Property Management and Eric Wolf of WolfCo. formed ALFNJ to develop and own affordable assisted living projects, each owner with experience in the development and management of senior healthcare and housing related facilities. Members of CDP Entity/Carding Group have participated in the financing and development of 20 affordable assisted living communities since 2013. Shelter American Holdings, a privately held company responsible for the management of approx. 2.7 million sq. ft. of commercial space, will guarantee the obligations of the managing member under an operating agreement.

The project qualifies for tax-exempt bond financing as an Exempt Public Facility - Qualified Residential Project under Sections 142 (d) (2) and 142 (a)(7) of the Internal Revenue Code of 1986 as amended. The applicant will set aside 20% of the units in the project to individuals whose income does not exceed 50% of area median gross income.

APPROVAL REQUEST:

Authority assistance will enable the Applicant to acquire a 137-unit frame hotel structure of 48,750 sq.ft. located on 5 acres in Egg Harbor Township, Atlantic County, renovate and construct a 42,000 sq. ft. addition, to create a 160-unit (166-bed) assisted living facility, together with a 5,500 sq. ft. adult medical daycare with an 80-participant capacity. The site will have a lobby area, kitchen, offices, main dining room, computer room, laundry room, library as well as fitness room, beauty/barber shop, and multi-purpose lounge.

FINANCING SUMMARY:

BOND PURCHASER:

AMOUNT OF BOND:

TERMS OF BOND:

ENHANCEMENT: N/A

PROJECT COSTS:

Construction of new building or addition	\$8,534,000
Renovation of existing building	\$8,500,000
Engineering & architectural fees	\$5,370,557
Working capital	\$4,050,000
Acquisition of existing building	\$3,750,000
Interest during construction	\$2,750,000
Debt service reserve fund	\$1,550,000
Finance fees	\$1,152,000
Purchase of equipment & machinery	\$500,000
Land	\$450,000
Legal fees	\$380,000
Accounting fees	\$30,000

APPLICANT: Black Horse EHT, LLC

P45415

Page 2

TOTAL COSTS

\$37,016,557

JOBS: At Application 0 Within 2 years 95 Maintained 0 Construction 139

PUBLIC HEARING:

BOND COUNSEL: Chiesa, Shahinian & Giantomasi,

DEVELOPMENT OFFICER: K. Durand

APPROVAL OFFICER: T. Wells

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

APPLICANT: White Horse HMT, LLC

P45429

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 308 South White Horse Pike Hammonton Township (T) Atlantic

APPLICANT BACKGROUND:

White Horse HMT, LLC is a recently formed entity comprised of ALFNJ, LLC, CDP Entity/Carding Group and Shelter American Holdings, Inc., as members of White Horse ALR, LLC, the managing member. Drew A. Barile, CEO of Ashore Property Management and Eric Wolf of WolfCo. formed ALFNJ to develop and own affordable assisted living projects, each owner with experience in the development and management of senior healthcare and housing related facilities. Members of CDP Entity/Carding Group have participated in the financing and development of 20 affordable assisted living communities since 2013. Shelter American Holdings will guarantee the obligation of the managing member under the operating agreement; Shelter is a privately held company responsible for the management of approx. 2.7 million sq. ft. of commercial space.

The project qualifies for tax-exempt bond financing as an Exempt Public Facility - Qualified Residential Project under Sections 142 (d) (2) and 142 (a)(7) of the Internal Revenue Code of 1986 as amended. The applicant will set aside 20% of the units in the project to individuals whose income does not exceed 50% of area median gross income.

APPROVAL REQUEST:

Authority assistance will enable the Applicant to acquire a 50,000 sq. ft. facility located on 9 acres in Hammonton, Atlantic County and construct a 45,000 sq. ft. addition to create a 162-unit assisted living facility, together with a 5,500 sq. adult medical daycare with an 80-participant capacity. The site will have lobby area, kitchen, offices, main dining room, computer room, laundry room, library as well as fitness room, beauty/barber shop, and multi-purpose lounge.

FINANCING SUMMARY:

BOND PURCHASER:

AMOUNT OF BOND:

TERMS OF BOND:

ENHANCEMENT: N/A

PROJECT COSTS:

Construction of new building or addition	\$9,292,000
Renovation of existing building	\$9,250,000
Engineering & architectural fees	\$5,412,779
Acquisition of existing building	\$4,200,000
Working capital	\$4,050,000
Interest during construction	\$2,820,000
Debt service reserve fund	\$1,600,000
Finance fees	\$1,160,000
Land	\$500,000
Purchase of equipment & machinery	\$500,000
Legal fees	\$390,000
Accounting fees	\$30,000

APPLICANT: White Horse HMT, LLC

P45429

Page 2

TOTAL COSTS

\$39,204,779

JOBS: At Application 0 Within 2 years 95 Maintained 0 Construction 151

PUBLIC HEARING:

BOND COUNSEL: Chiesa, Shahinian & Giantomasi,

DEVELOPMENT OFFICER: K. Durand

APPROVAL OFFICER: T. Wells

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

APPLICANT: Nu-World Corporation

P45462

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 300 Milik Street

Carteret Borough (T/UA)

Middlesex

APPLICANT BACKGROUND:

Nu-World Corporation ("Nu-World") established in 1991 and headquartered in Carteret, New Jersey engages in the contract development, engineering, manufacturing, packaging and fulfillment of color cosmetics and fragrances. Nu-World offers a full-service operation from product and brand development to complete pack-out, providing customers with a competitive advantage in the beauty industry and a one-stop shop for its manufacturing needs. NuWorld's products include lipsticks, mascaras, face kits, blushers, eye shadows, nail color, and fragrances. The company's primary place of business is a 142,331 square foot operation located at 300 Milik Street, Carteret, and includes a 130,000 square-foot, SA 8000-certified cosmetics manufacturing facility.

APPROVAL REQUEST:

Authority assistance will enable the Applicant to undertake a renovation and capital investment plan for its manufacturing space in order to accommodate new capital equipment and replace existing equipment and machinery as well as other necessary upgrades. The capital investment will expand and improve Nu-World's production capabilities.

FINANCING SUMMARY:

BOND PURCHASER:

AMOUNT OF BOND:

TERMS OF BOND:

ENHANCEMENT: N/A

PROJECT COSTS:

Purchase of equipment & machinery	\$5,731,474
Renovation of existing building	\$1,965,642
Engineering & architectural fees	\$54,350
Legal fees	\$50,000
TOTAL COSTS	\$7,801,466

JOBS: At Application 382 Within 2 years 6 Maintained 0 Construction 14

PUBLIC HEARING:

BOND COUNSEL: Chiesa, Shahinian & Giantomasi,

DEVELOPMENT OFFICER: K. Durand

APPROVAL OFFICER: T. Wells

LOANS/GRANTS/GUARANTEES

HAZARDOUS DISCHARGE SITE REMEDIATION FUND



MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan, Chief Executive Officer
DATE: December 11, 2018
SUBJECT: NJDEP Hazardous Discharge Site Remediation Fund Program

The following grant projects have been approved by the Department of Environmental Protection to perform remedial investigation and remedial action activities. The scope of work is described on the attached project summaries:

HDSRF Municipal Grants:

P45450	Borough of National Park (Robert Hawthorne Landfill)	\$264,516
P45054	City of Trenton (Clinton Commerce Center)	\$1,088,480

Total HDSRF Funding – December 2018 **\$1,352,996**

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Tim Sullivan

Prepared by: Kathy Junghans

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

APPLICANT: Borough of National Park (Robert Hawthorne Landfill) P45450
PROJECT USER(S): Same as applicant * - indicates relation to applicant
PROJECT LOCATION: Robert Hawthorne Sanitary Gloucester Township (T/UA) Camden
GOVERNOR'S INITIATIVES: (X) Urban () Edison () Core () Clean Energy

APPLICANT BACKGROUND:

In July 2018, The Borough of National Park (Robert Hawthorne Sanitary Landfill) received an initial grant to perform Remedial Action in the amount of \$286,257 under P44798. The project site, identified as Block 111, Lots 1,2&3 is a former landfill which has potential environmental areas of concern (AOCs). The Borough of National 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 a solar field.

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

According to the HDSRF legislation, a grant can be awarded to a municipality, county or redevelopment entity authorized to exercise redevelopment powers up to 75% of the costs of remedial action for projects involving the redevelopment of contaminated property for recreation and conservation purposes, provided that the use of the property for recreation and conservation purposes is included in the redevelopment plan and is conveyed by a development easement, deed restriction for development or conservation easement for recreation and conservation purposes. The matching 25% (\$88,171) of funds is being provided by the designated developer for the project.

APPROVAL REQUEST:

The Borough of National Park is requesting supplemental grant funding to perform additional RA activities required by NJDEP in the amount of \$264,516 at the project site. Total funding including this approval is \$550,773.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund
AMOUNT OF GRANT: \$264,516
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial Action	\$352,687
EDA administrative cost	\$500
TOTAL COSTS	\$353,187

APPROVAL OFFICER: K. Junghans

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

APPLICANT: City of Trenton (Clinton Commerce Center) P45054
PROJECT USER(S): Same as applicant * - indicates relation to applicant
PROJECT LOCATION: 780 N. Clinton Ave. Trenton City (T/UA) Mercer
GOVERNOR'S INITIATIVES: (X) Urban () Edison () Core () Clean Energy

APPLICANT BACKGROUND:

City of Trenton, identified as Block 22101, Lot 2 is a former industrial facility which has potential environmental areas of concern (AOCs). The City of Trenton currently holds a tax sale certificate on the project site 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 recreational use.

NJDEP has approved this request for Remedial Investigation (RI) and Remedial Action (RA) grant funding on the above-referenced project site and finds the project technically eligible under the HDSRF program, Category 2, Series A. The City has received a Brownfield Development Area (BDA) designation from the NJDEP for this project site.

According to the HDSRF legislation, a grant can be awarded to a municipality, county or redevelopment entity authorized to exercise redevelopment powers up to 75% of the costs of remedial action for projects involving the redevelopment of contaminated property for recreation and conservation purposes, provided that the use of the property for recreation and conservation purposes is included in the redevelopment plan and is conveyed by a development easement, deed restriction for development or conservation easement for recreation and conservation purposes. The grant has been calculated off 75% of the RA costs \$1,249,940 and adding the RI costs of \$151,025.

APPROVAL REQUEST:

City of is requesting grant funding to perform RI and RA in the amount of \$1,088,455 at the Clinton Commerce Center project site.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund
AMOUNT OF GRANT: \$1,088,480
TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial Action	\$1,249,940
Remedial investigation	\$151,025
EDA administrative cost	\$500
 TOTAL COSTS	 <hr/> \$1,401,465 <hr/>

APPROVAL OFFICER: K. Junghans

PETROLEUM UNDERGROUND STORAGE TANK (PUST)



MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan, Chief Executive Officer
DATE: December 11, 2018
SUBJECT: NJDEP Petroleum UST Remediation, Upgrade & Closure Fund Program

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

PUST Commercial Grant:

P45240 Butler Foreign Car, Inc. \$ 19,204

PUST Residential Grant:

P44962 Santos Ayerdis \$231,910

Total UST Funding – December 2018 \$251,114

A handwritten signature in blue ink, appearing to be "TS", is written above a horizontal line.

Tim Sullivan

Prepared by: Kathy Junghans

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

APPLICANT: Santos Ayerdis

P44962

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 363 Ege Avenue

Jersey City (T/UA)

Hudson

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

APPLICANT BACKGROUND:

Between July 2008 and July 2010, Santos Ayerdis received a grant in the amount of \$16,810 under P21826 and a supplemental grant in the amount of \$99,459 under P31519 to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform remedial activities. The tank was decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional remedial activities.

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 aggregate supplemental grant funding in the amount of \$231,910 to perform extensive soil and groundwater remediation at the project site. Because the aggregate supplemental funding including this request is \$331,369, it exceeds the maximum aggregate supplemental approval of \$100,000 and therefore requires EDA's board approval. Total grant funding including this approval is \$348,179.

The NJDEP oversight fee of \$23,191 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: \$231,910

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remediation	\$231,910
NJDEP oversight cost	\$23,191
EDA administrative cost	\$250
TOTAL COSTS	\$255,351

APPROVAL OFFICER: K. Junghans

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

APPLICANT: Butler Foreign Car, Inc.

P45240

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 159 Glenwild Ave.

Bloomingtondale Borough (N) Passaic

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

APPLICANT BACKGROUND:

Between October 1999 and January 2014, Butler Foreign Car, Inc., an automotive repair shop, received an initial grant in the amount of \$158,605 under P10957 and a supplemental grant in the amount of \$264,176 under P38311 to remove three underground storage tanks (USTs) and perform the required remediation. The NJDEP has determined the supplemental project costs are technically eligible for continued soil and groundwater remediation.

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

APPROVAL REQUEST:

The applicant is requesting additional supplemental funding in the amount of \$19,204 to perform the approved scope of work at the project site. Because the aggregate supplemental funding including this request is \$283,380, it exceeds the maximum aggregate staff delegation approval of \$100,000 and therefore requires EDA's board approval. Total grant funding including this approval is \$441,985.

The NJDEP oversight fee of \$1,920 is the customary 10% of the grant amount. This estimate 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: \$19,204

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

PROJECT COSTS:

Remediation	\$19,204
NJDEP oversight cost	\$1,920
EDA administrative cost	\$500
TOTAL COSTS	\$21,624

APPROVAL OFFICER: K. Junghans

OFFICE OF RECOVERY

**ENERGY RESILIENCE BANK (ERB) PROGRAM
MODIFICATIONS**



MEMORANDUM

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: December 11, 2018

Subject: Energy Resilience Bank – Ocean County Utilities Authority – Southern Water
Pollution Control Facility Cogeneration Improvements Project Funding Modification
Recommendation

Request:

The Members are asked to modify the May 11, 2017 Board action for the Ocean County Utilities Authority – Southern Water Pollution Control Facility Cogeneration Improvements Project under the Energy Resilience Bank (ERB) program by changing the reservation of ERB funding from \$5,080,000 to \$7,626,480 for the project due to bid responses which exceeded the original project budget.

Background:

In May 2017, the Ocean County Utilities Authority – Southern Water Pollution Control Facility Cogeneration Improvements Project was presented to the EDA Board for review and funding consideration under the Energy Resilience Bank (ERB) program.

The Ocean County Utilities Authority's (OCUA) Southern Water Pollution Control Facility (SWPCF) is a secondary wastewater treatment facility located in Stafford Township that serves ten municipalities. OCUA's service area is affected by nearly every major coastal storm to strike New Jersey, and after Superstorm Sandy portions of OCUA's system were without grid power for multiple days. OCUA will develop a combined heat and power system at the SWPCF site with three 200 kW reciprocating engines and including expanded biogas storage capacity with enhanced treatment allowing for dual fuel operations. The CHP system will include the necessary islanding and blackstart controls so OCUA can operate independently from the electric grid in the event of a future disaster or emergency.

Consistent with ERB program requirements, OCUA has proceeded with project bidding for the ERB project and undertook both a public bid process for the Combined Heat and Power System (3, 200 kW engines) and for Construction (SWPCF Cogeneration Improvements). Bids received were higher than original budget estimates. OCUA has finalized the CHP systems contract with the lowest bidder and has approved a construction bid and awarding of the construction contract. Combined, the bids resulted in higher total project costs than the original May 2017 budget and EDA Board action. OCUA and ERB staff also reviewed and updated the resilient costs breakdown.

The original estimated total project cost was \$5,080,000, to be fully funded by ERB funds (ERB Grant of \$3,228,262 and ERB Loan of \$1,851,738).

It is now estimated that the total costs will be \$7,626,480, with \$2,859,042 as cost reasonable resilient related costs per ERB program guidelines. Consistent with the ERB's Financing and Program Guide, the SMRSA project will be provided with the following, subject to cost reasonableness analysis and review of final project costs:

ERB Grant:	\$ 4,766,017	
ERB Loan Funding:	\$ 2,860,463	(2% interest rate, 20-year term)

The financing will be a general obligation to OCUA with the projected annual cost of \$173,647. Through the established feasibility and technical review, the annual net energy cost savings projected from development of the CHP project are approximately \$151,000 in year one but increase above \$174,000 by year six and exceed \$200,000 for years eleven through twenty, which combined with annual operating and maintenance and service costs will be sufficient to repay the project loan within the loan terms. OCUA's most recent bond rating is High Investment Grade -- AAA from Fitch (effective August 16, 2018) and Aaa from Moody's (effective January 17, 2018).

ERB Program Fund Balance: After today's action, \$179,155,774 in Energy Resilience Bank funding will have been reserved for ERB projects. The total ERB program funding of \$200 million from HUD includes a maximum 15% allocation of funds for program delivery expenses, which ERB does not plan to spend in its entirety, thus there is available funding for this project.

Recommendation:

Approval to modify the May 11, 2017 Board action for the Ocean County Utilities Authority – Southern Water Pollution Control Facility Cogeneration Improvements Project under the Energy Resilience Bank (ERB) program by changing the reservation of ERB funding from \$5,080,000 to \$7,626,480 for the project due to bid responses which exceeded the original project budget.



Prepared by: Russel Like

BOARD MEMORANDUM



MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan, Chief Executive Officer
DATE: December 11, 2018
SUBJECT: Projects Approved Under Delegated Authority –
For Informational Purposes Only

The following projects were approved under Delegated Authority in November 2018:

Premier Lender Program:

- 1) 99 MOUNTBETHEL LLC (P45350), located in Warren Township, Somerset County, is a real estate holding company that was formed in 2018 to purchase the project property. The operating companies, American Linehaul Corporation (“ALC”) and US Linehaul, Inc. (“USL”) will operate their businesses in the facility being purchased. ALC is a freight forwarding company specializing in domestic truckload, ground transportation shipping and warehouse services. USL was formed in 2012 and handles owner operators for liability purposes. The Provident Bank approved a \$1,540,000 loan contingent upon a 19.48% (\$300,000) Authority participation. Proceeds will be used to purchase the project property to facilitate business growth and expansion. Currently, the Company has 49 employees and plans to create four new jobs over the next two years.
- 2) 251 S. 31st Street LLC (P45310), is a real estate holding company formed to purchase the project property. The operating company, Kalustyan Corporation, was formed in 1948 as an importer of spices, herbs and aromatics. M & T Bank approved a \$9,850,000 bank loan with a 10.15% (\$1,000,000) Authority participation. Proceeds will be used to purchase the project property to expand the business by eliminating several leased locations. The Company currently has 128 employees and plans to create ten new positions within the next two years.
- 3) Northeast Precast LLC (“NEP”) (P45233) and Superior Ventures Limited Liability Company (“Superior”) (P45234) are located in Millville City, Cumberland County. NEP was established in 2001 to develop total precast solutions for commercial building designs for schools, apartments, warehouses, parking garages and residential structures. Components include columns, beams, trusses, stairs, wall and floor panels. TD Bank approved a \$8,460,000 bank loan with a 11.8% (\$1,000,000) Authority participation and a \$6,500,000 bank loan with a 15.4% (\$1,000,000) Authority participation. Proceeds will be used to refinance existing debt. Currently, the Company has 200 employees and plans to create two new positions over the next two years.

A handwritten signature in blue ink, appearing to be "G. Robins", is written over a horizontal line.

Prepared by: G. Robins