

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

August 10, 2018

MINUTES OF THE MEETING

Members of the Authority present: Chairman Larry Downes, Commissioner Marlene Caride of the Department of Banking and Insurance; Commissioner Robert Asaro - Angelo of Department of Labor and Workforce Development; Catherine Brennan representing State Treasurer Elizabeth Muoio; Fred Dumont, Philip Alagia, Louis Goetting, and John Lutz, Third Alternate Public Member.

Present via conference call: Dan Ryan representing Commissioner Catherine McCabe of the Department of Environmental Protection; Public Members Charles Sarlo, William J. Albanese, Sr., Second Alternate Public Member, and Rodney Sadler, Non-Voting Member.

Absent: Mary Maples of the Executive Branch; and Public Members Massiel Medina Ferrara, Thomas Scrivo, and William Layton.

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 10:00 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 June 12, 2018 meeting minutes. A motion was made to approve the minutes by Mr. Lutz, and seconded by Commissioner Caride, and was approved by the 11 voting members present.

The next item of business was the approval of the July 15, 2018 Special meeting minutes. A motion was made to approve the minutes by Commissioner Caride, and seconded by Mr. Lutz, and was approved by 10 of the 11 voting members present.

Mr. Goetting abstained because he was not present for the meeting.

Chairman Downes presented and read a proclamation for Timothy Lizura, former President and Chief Operating Officer of the EDA.

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

BOARD PRESENTATION

Steven Gorelick, New Jersey Motion Picture and Television Commission; and Pat Rose, NJEDA gave a presentation on the Film & Digital Media Tax Credit Program.

AUTHORITY MATTERS

FOR INFORMATION ONLY: Edward J. Bloustein School of Planning and Public Policy Review and Analysis of Grow NJ, and Economic Redevelopment and Growth Grant Programs

ITEM: Comprehensive annual report for 2017

REQUEST: To approve the Authority's comprehensive annual report for 2017, as required under Executive Order No. 37.

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

RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

ITEM: Independent Auditor Services- Contract Extension

REQUEST: Approval to extend the existing contract with Ernst & Young, LLP of Iselin, NJ to provide independent Auditor Services

MOTION TO APPROVE: Mr. Lutz **SECOND:** Commissioner Caride **AYES: 11**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

INCENTIVE PROGRAMS

Grow New Jersey Assistance Program- Modification

ITEM: Yoland Corporation

APPL.#44623

REQUEST: Consent to the change of location of the qualified business facility (QBF)

MOTION TO APPROVE: Commissioner Caride **SECOND:** Mr. Goetting **AYES: 11**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

BOND PROJECTS

Combination Preliminary Bond Resolutions

PROJECT: Friends of Golden Door Charter School, Inc. APPL.#45134
LOCATION: Jersey City, Hudson County
PROCEEDS FOR: Refinancing, Construction, Improvements
FINANCING: \$10,500,000 Tax-Exempt Bond; \$500,000 Taxable Bond
MOTION TO APPROVE: Mr. Dumont **SECOND:** Commissioner Caride **AYES: 10**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

Mr. Albanese recused himself because his company was the Construction Manager on the project.

PROJECT: The Friends of Marion P. Thomas Charter School APPL.#45127
LOCATION: Newark City, Essex County
PROCEEDS FOR: Acquisition of building, Renovations
FINANCING: \$24,450,000 Tax-Exempt Bond; \$550,000 Taxable Bond
MOTION TO APPROVE: Ms. Brennan **SECOND:** Commissioner Angelo **AYES: 11**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

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. Dumont **SECOND:** Commissioner Caride **AYES: 11**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

PROJECT: City of Asbury Park (Springwood Avenue Turf Club) APPL.#45021
LOCATION: Asbury Park, Monmouth County
PROCEEDS FOR: Remedial Action
FINANCING: \$245,738

PROJECT: Township of Mount Holly (Frmr Regal Custom Fixtures Inc) APPL.#44799
LOCATION: Mount Holly Twp, Burlington County
PROCEEDS FOR: Remedial Investigation
FINANCING: \$80,215

PROJECT: City of Perth Amboy (Former Municipal Complex BDA) APPL.#45079
LOCATION: Perth Amboy City, Middlesex County
PROCEEDS FOR: Remedial Investigation
FINANCING: \$30,818

PROJECT: City of Trenton (Hetzl Field) APPL.#44380
LOCATION: Trenton City, Mercer County
PROCEEDS FOR: Remedial Investigation
FINANCING: \$188,894

PROJECT: Superior-MPM (Manufacturing Property Management) APPL.#39520
LOCATION: Bayonne City, Hudson County
PROCEEDS FOR: Remedial Investigation & Action
FINANCING: \$200,000

EDISON INNOVATION FUND

ITEM: Technology Business Tax Certificate Transfer Program (NOL) 2018
REQUEST: To approve the applicants which have met the evaluation criteria.
MOTION TO APPROVE: Comm. Angelo **SECOND:** Comm. Caride **AYES: 9**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

Mr. Goetting voted no.

Mr. Lutz voted no.

Authorized Luxury Group, Inc., CEO Fred Levine addressed the board detailing reasons his company should be approved for the NOL program. The company was recommended for declination.

Mr. Alagia requested that an update be provided at the next board meeting on the status of the Authorized Luxury Group, Inc. application.

OFFICE OF RECOVERY

Energy Resilience Bank (ERB) Program

ITEM: RWJ Barnabas Health Somerset CHP Project Funding Recommendation

REQUEST: Approval to 1. Deem the Project preliminarily eligible for ERB funding; 2. Approve moving the project to the next phase of program review and approval process; 3. Reserve \$11,577,036 of ERB funds for the project; 4. Authorize execution of ERB program funding documents

MOTION TO APPROVE: Mr. Dumont **SECOND:** Commissioner Caride **AYES: 11**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

Energy Resilience Bank (ERB) Program- Modification

ITEM: Bergen County Utilities Authority Resiliency Project Funding

REQUEST: Approve a modification to the project due to a revised scope as a result of BCUA's successful appeal to FEMA.

MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Lutz **AYES: 10**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

Commissioner Caride abstained because her firm represented Bergen County in the past.

Stronger NJ Business Loan & Neighborhood & Community Revitalization Program

ITEM: Extension of Stronger NJ Business Loan & Neighborhood & Community Revitalization Program

REQUEST: Extension of the completion deadline for the Stronger NJ Business Loan & Neighborhood & Community Revitalization Program

MOTION TO APPROVE: Mr. Goetting **SECOND:** Mr. Lutz **AYES: 11**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

Stronger NJ Business Loan Program Modification

ITEM: S Kelly Corporation dba Mad Hatter Sports Bar & Restaurant

REQUEST: Approve a new \$3 million loan from Savoy Bank in a superior position to the EDA's previously approved construction loan.

MOTION TO APPROVE: Mr. Goetting **SECOND:** Mr. Lutz **AYES: 11**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

REAL ESTATE

ITEM: BB&T Pavilion

REQUEST: Approval to allow Live Nation to lease office space at the BB&T Pavilion

MOTION TO APPROVE: Commissioner Caride **SECOND:** Mr. Lutz **AYES: 11**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

ITEM: Former Riverfront State Prison Site, Camden, NJ

REQUEST: Consent to enter into the second amendment to Memorandum of Understanding with DPMC.

MOTION TO APPROVE: Mr. Goetting **SECOND:** Mr. Lutz **AYES: 11**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

BOARD MEMORANDUMS

FOR INFORMATION ONLY: Angel Tax Credit - Q2 2018 Delegated Authority Approvals

FOR INFORMATION ONLY: Projects approved under Delegated Authority

Premier Lender Program:

PROJECT: 765 Collingswood, LLC

APPL.#45034

LOCATION: Collingswood Borough, Camden County

PROCEEDS FOR: Purchase of Property

FINANCING: \$675,000 bank loan with \$112,500 EDA participation

PROJECT: Crystalware Limited Liability Company

APPL.#45118

LOCATION: Lakewood Township, Ocean County

PROCEEDS FOR: Purchase of Property

FINANCING: \$15,000,000 bank loan with \$2,000,000 EDA participation

Stronger NJ Business Loan Program:

PROJECT: C.S. Stier II Consulting, Inc.

APPL.#43588

LOCATION: Sea Isle City, Cape May County

PROCEEDS FOR: Expenses

FINANCING: \$24,748

FOR INFORMATION ONLY: PUST and HDSRF Program Funding Status Delegated Authority Approvals

FOR INFORMATION ONLY: Hazardous Discharge Site Remediation Fund Delegated Authority Approvals

FOR INFORMATION ONLY: Post Closing Credit Delegated Authority Approvals

FOR INFORMATION ONLY: Incentives Modifications Delegated Authority Approvals

FOR INFORMATION ONLY: Real Estate Division Delegated Authority Approvals

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 matters involving contract negotiations and potential litigation, 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: Comm. Angelo **SECOND:** Comm. Caride **AYES: 12**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

The Board returned to Public Session.

The next item was to approve a confidential matter pertaining to the Sixth Amendment to Lease Agreement with Chromocell Corporation.

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

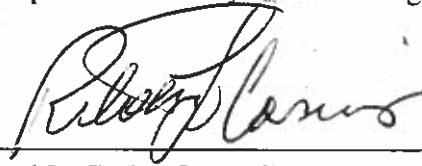
RESOLUTION ATTACHED AND MARKED EXHIBIT: 15

The next item was to approve a confidential matter pertaining to the Amendment to Information Technology and Business Process Analysis Consulting Services.

MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Goetting **AYES:** 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 16

There being no further business, on a motion by Mr. Dumont, and seconded by Mr. Goetting, the meeting was adjourned at 11:48 a.m.

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



Richard LoCasio, Controller
Assistant Secretary

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

August 10, 2018

EXECUTIVE SESSION MINUTES

Members of the Authority present: Chairman Larry Downes, Commissioner Marlene Caride of the Department of Banking and Insurance; Commissioner Robert Asaro - Angelo of Department of Labor and Workforce Development; Catherine Brennan representing State Treasurer Elizabeth Muoio; Fred Dumont, Philip Alagia, Louis Goetting, and John Lutz, Third Alternate Public Member.

Present via conference call: Dan Ryan representing Commissioner Catherine McCabe of the Department of Environmental Protection; Public Members Charles Sarlo, William J. Albanese, Sr., Second Alternate Public Member, and Rodney Sadler, Non-Voting Member.

Absent: Mary Maples of the Executive Branch; and Public Members Massiel Medina Ferrara, Thomas Scrivo, and William Layton.

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

SIXTH AMENDMENT TO LEASE AGREEMENT WITH CHROMOCELL CORPORATION THE TECHNOLOGY CENTRE OF NEW JERSEY 685 SOUTH ROUTE 1, NORTH BRUNSWICK, NJ (TECH IV, 1ST FLOOR)

CEO Sullivan summarized the item before the board, stating that approval was requested to enter into a Sixth Amendment to the Lease with Chromocell Corporation, which would authorize the following:

- A three-month rent and Payment in Lieu of Tax payment forbearance for July through September of 2018
- A waiver of the five percent late charge during the Forbearance Period; and
- Commencing in October of 2018, acceptance of the current month's rent and PILOT payment plus one-half of the rent and PILOT payment that would have been paid during the Forbearance Period, each month through March 2019, at which time the rent and PILOT payment that would have been due during the Forbearance Period will be paid in full.

Mr. Sullivan advised that Chromocell was one of the first tenants to occupy space at the Commercialization Centre for Innovative Technologies when CCIT first opened in 2002. To facilitate Chromocell's move from CCIT, in October 2008, the Members approved an initial five-year lease to Chromocell, which included 14,662 square feet, or one of the two graduate generic laboratories on the first floor of Tech IV. Chromocell experienced growth on several occasions. In response to that growth, the Members approved lease amendments to provide additional space to Chromocell in February 2010.

In February 2011, the Members authorized the expansion of Chromocell's premises to the entire first floor of Tech IV. In addition, the Members approved extending the initial term of Chromocell's lease for an additional 5 years. In January of 2018, the Members authorized a two-year lease extension and a rent reduction consistent with current market conditions at the Tech Centre.

Chromocell has recently advised staff of the following:

In the therapeutic field, Chromocell has discovered a promising new pain blocker that could be an alternative to the opioids that are currently used. Their lead compound has obtained fast track designation by the FDA and has been shown to be safe in a Phase I trial that was concluded last year.

Based on the successful conclusion of Phase I trial last year and an end of Phase I meeting with the FDA, Chromocell's business and financial planning had assumed that it would obtain \$15M by mid-year 2018 from Astellas at the start of Phase II studies. Astellas unexpectedly decided to terminate the contract which caused an immediate urgency for bridge funding and a rent and PILOT payment forbearance.

As a result of this short-term financing shortfall and its long relationship with the EDA, Chromocell requested a three-month rent and PILOT payment forbearance for July through September of 2018 with a repayment starting in October of 2018 of the current month's rent and PILOT payment plus one-half of the rent and PILOT payment which would have been due during the Forbearance Period through March of 2019 as outlined on the attached Rent and PILOT Forbearance Chart. EDA currently has a \$143,500 security deposit from Chromocell.

As part of their repayment plan, Chromocell provided income projections for the second half of 2018:

- Astellas Termination Settlement (\$5M - \$10M)
- Flexion Therapeutics Licensing Agreement (\$5 - \$10M)
- ADM Novel Natural Sweetener (\$5 - \$10M)

Management at Chromocell has represented that it is working tirelessly to come up with a plan to bridge their short-term cashflow gap. In addition to the foregoing, Chromocell will be implementing the reduction of staff by 50%, management team members forgo their salaries during the interim period, and a broad range of other expense reductions.

In the event Chromocell does not satisfy in full its obligations following the expiration of the Forbearance Period, Chromocell will be subject to late charges for late or nonpayment(s) as of the date of non-payment. EDA will also retain all of its rights and remedies under the lease and at law in the event Chromocell is in default of these obligations.

**AMENDMENT TO INFORMATION TECHNOLOGY AND BUSINESS
PROCESS ANALYSIS CONSULTING SERVICES – AND MICROSOFT
DYNAMICS CRM 2013, COMMERCIAL LOAN SYSTEM AND
ADDITIONAL THIRD-PARTY SYSTEMS – PROCUREMENT AND
IMPLEMENTATION – REF. 2014-RFQ/P-057**

Mr. Sullivan asked Mr. Murphy, IT Director, to summarize the next item before the board. Mr. Murphy stated that the Members are asked to approve a change order to the consulting services contract with Crowe LLP up to the amount of \$900,000.00 for additional services to complete implementation, additional configuration and Go-Live in.

Mr. Murphy advised that the additional funds are required to complete the conversion of our legacy Loan Management System. In November 2014, Crowe was awarded a contract with the EDA for consulting services to assist with process improvements, replacing our twenty plus year old database with Microsoft Dynamics CRM, and implement a commercial loan application. Work began in earnest during the Spring of 2015 as the project was delayed due to the EDA 2014 year end closing. The EDA had to cease active programming for new products during 2014, as the final version of FoxPro was released in October 2007 and official Microsoft support ended December 2015. To bridge the gap

between supporting new products/programs being offered by the EDA and the eventual launch of our new enterprise application the EDA had to use Excel spreadsheets to track new data. Once we engaged with Crowe it was clear that the data mapping would be far more complex than what was contemplated during the writing of the RFQ/P. Crowe had to spend nearly \$900,000.00 of the design and implementation budget assisting with data migration.

Mr. Murphy also noted that during the Fall of 2014, Office 364 became available to the EDA for access to the government cloud. He added that Systems and Security drove our desire to migrate from an on-premise Office solution to the government cloud. We began the migration mid-winter of 2015 and completed the migration in December of 2015. This migration and the partnership with Microsoft was so successful that Microsoft made us aware that Dynamics 365 would be released on November 1, 2016. The EDA Steering Committee for this project was presented with the possibility of moving Dynamics into the cloud. After reviewing all the benefits, it was determined that we should skip going to Dynamics 2013 on premise and moved directly to Dynamics 365. We had already invested time working with Crowe to setup an on-premise solution. This decision utilized another \$50,000.00 from the design and implementation budget. It was determined by the EDA Steering Committee that delaying this conversion before our data migration was finalized would cost us more money in the future.

Mr. Murphy pointed out that the EDA will be offering many new programs/products now and in the future and it would be very prudent to include additional funds to account for the data and coding needs now.

In conclusion, there being no further business, Chairman Downes asked for a motion to close the Executive Session and return to Public Session.

On a motion by Mr. Goetting, seconded by Mr. Lutz, the Board adjourned the Executive Session and opened the Public Meeting.

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.



Richard LoCasio, Controller
Assistant Secretary