

**Gateway Transit Village Residential "For Sale" Component
New Brunswick, Middlesex County, New Jersey**

Construction Period Flow of Funds Analysis

BASIC ASSUMPTIONS	Total Development Budget Final	Loan Closing Projected 6/9/2011	Draw	Draw	Draw	Draw	Draw
			#1 07/15/11	#2 08/15/11	#3 09/15/11	#4 10/15/11	#5 11/15/11 01/00/00
Anticipated Transaction Date							
Estimated Financing Rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Monthly Construction Completion Estimate (as percentage)		56.97%	10.00%	7.00%	7.00%	7.00%	8.00%
Cumulative Construction Completion Estimate (as percentage)		56.97%	66.97%	73.97%	80.97%	87.97%	95.97%
Housing Units Closed		0	0	0	0	0	0
Housing Units Closed - Cumulative		0	0	0	0	0	0
Units Sold at TICIC Payoff		0	0	0	0	0	0
Retainage Percentage		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Sources of Funds -							
TICIC Construction Loan	9,028,993	4,525,209	787,624	599,092	530,044	533,841	622,139
TICIC Construction Loan Pay-Off	(9,028,993)	-	-	-	-	-	-
New Brunswick Parking Authority Funds	3,496,558	3,474,000					
New Brunswick Parking Authority Funds - Pay-Off	(3,496,557)	-					
DEVCO Line of Credit	600,000		100,000	100,000	100,000	100,000	100,000
DEVCO Line of Credit - Cumulative			100,000	200,000	300,000	400,000	500,000
Sales Proceeds - Total	15,725,654		-	-	-	-	-
Sales Commission & Selling Costs	(943,539)						
Developer's Profit	(1,653,720)						
Sources (Over)/Under Uses - Unidentified	-						
Total Sources of Funds	13,128,394	7,999,209	887,624	699,092	630,044	633,841	722,139
Uses of Funds -							
Site Acquisition & Relocation	867,073	867,073	-	-	-	-	-
Construction:							
Demolition	37,350	37,350					
Residential Structures, incl. General Conditions	7,231,258	4,119,543	723,126	506,188	506,188	506,188	578,501
Allocation of Podium Costs to Condominiums	2,000,000	2,000,000					
Less: Retainage -- Residential Structures		(219,496)	(36,156)	(25,309)	(25,309)	(25,309)	(28,925)
Add: Retainage Released - Residential Structures		-	-				
Testings/Inspections							
Site Performance Bond	8,300	-	8,300				
Project Administration	-	-	-	-	-	-	-
Signage	6,640	-	6,640				
Construction Contingency	391,000	126,929	39,100	27,370	27,370	27,370	31,280
Less: Retainage -- Contingency		-	-	-	-	-	-
Add: Retainage Released - Contingency							
	9,674,548	6,064,326	741,010	508,249	508,249	508,249	580,856
Contractor's Overhead & Profit	580,442	325,180	58,044	40,631	40,631	40,631	46,435

**Gateway Transit Village Residential "For Sale" Component
New Brunswick, Middlesex County, New Jersey**

Construction Period Flow of Funds Analysis

BASIC ASSUMPTIONS	Total Development Budget Final	Loan Closing Projected 6/9/2011	Draw	Draw	Draw	Draw	Draw
			#1 07/15/11	#2 08/15/11	#3 09/15/11	#4 10/15/11	#5 11/15/11 01/00/00
Anticipated Transaction Date							
Estimated Financing Rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Monthly Construction Completion Estimate (as percentage)		56.97%	10.00%	7.00%	7.00%	7.00%	8.00%
Cumulative Construction Completion Estimate (as percentage)		56.97%	66.97%	73.97%	80.97%	87.97%	95.97%
Housing Units Closed		0	0	0	0	0	0
Housing Units Closed - Cumulative		0	0	0	0	0	0
Units Sold at TICIC Payoff		0	0	0	0	0	0
Retainage Percentage		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Professional Services:							
Appraisal & Market Study	8,250	8,250	-		-	-	-
Architect Cost -- NBPA	387,500	387,500					
Architect Costs - Lender	37,500	-	6,250	6,250	6,250	6,250	6,250
Architectural	425,000	387,500	6,250	6,250	6,250	6,250	6,250
Attorney	118,000	100,000	-		-	-	-
Consultant	38,500	-	-	38,500	-	-	-
Engineer	18,000	18,000	-		-	-	-
Accounting	8,300	-	-	-	-	-	-
Environmental Consultant -	17,000	17,000	-		-	-	-
Soil Investigation/Geotechnical Report	10,000	10,000		-	-	-	-
Environmental	27,000	27,000		-	-	-	-
Surveyor	28,500	28,500					
Municipal Applications	45,000	45,000					
Total Professional Services	716,550	614,250	6,250	44,750	6,250	6,250	6,250
Carrying & Financing:							
Interest - TICIC	671,296	10,480	7,998	37,190	35,636	38,831	40,692
Interest - Line of Credit	35,358	-	-	700	1,206	1,808	2,333
Title Insurance & Recording	26,479	25,000	45	45	45	45	45
TICIC Placement Fee - Construction	90,400	90,400					
TICIC Engineering Consultant	10,000	2,500	1,250	1,250	1,250	1,250	1,250
Municipal Inspections	11,250	-	11,250				
Property Taxes	15,000	-		7,500			7,500
Property Insurance	25,000	-	25,000				
Utility Connection Fees	22,000	-	-	22,000			
Sales & Marketing Expenses							
Advertising & Promotion	286,000	-	31,778	31,778	31,778	31,778	31,778
HOW Fees	47,000	-	-	-	-	-	-
Sales & Marketing Expenses	333,000	-	31,778	31,778	31,778	31,778	31,778
Total Carrying & Financing	1,239,783	128,380	77,321	100,463	69,914	73,712	83,598
Soft Cost Contingency	50,000	-	5,000	5,000	5,000	5,000	5,000
Total Uses of Funds	13,128,396	7,999,209	887,624	699,092	630,044	633,841	722,139
Difference Due To Rounding	(2)	0	0	0	0	0	0

**Gateway Transit Village Residential "For Sale" Component
New Brunswick, Middlesex County, New Jersey**

Construction Period Flow of Funds Analysis

BASIC ASSUMPTIONS	Total Development Budget Final	Draw	Draw	Draw	Draw	31	30
		#6	#7	#8	#9	#10	#11
Anticipated Transaction Date		12/15/11	01/15/12	02/15/12	03/15/12	04/15/12	05/15/12
Estimated Financing Rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Monthly Construction Completion Estimate (as percentage)		4.03%	0.00%	0.00%	0.00%	0.00%	0.00%
Cumulative Construction Completion Estimate (as percentage)		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Housing Units Closed		0	0	0	0	0	4
Housing Units Closed - Cumulative		0	0	0	0	0	4
Units Sold at TICIC Payoff		0	0	0	0	0	4
Retainage Percentage		5.00%	5.00%	5.00%	5.00%	2.50%	2.50%
Sources of Funds -							
TICIC Construction Loan	9,028,993	502,258	183,410	277,867	97,001	60,508	62,363
TICIC Construction Loan Pay-Off	(9,028,993)	-	-	-	-	-	(1,497,681)
New Brunswick Parking Authority Funds	3,496,558						
New Brunswick Parking Authority Funds - Pay-Off	(3,496,557)						
DEVCO Line of Credit	600,000	100,000					
DEVCO Line of Credit - Cumulative		600,000	600,000	600,000	600,000	600,000	600,000
Sales Proceeds - Total	15,725,654	-	-	-	-	-	1,497,681
Sales Commission & Selling Costs	(943,539)			-	-	-	(89,861)
Developer's Profit	(1,653,720)						
Sources (Over)/Under Uses - Unidentified	-						
Total Sources of Funds	13,128,394	602,258	183,410	277,867	97,001	60,508	62,363
Uses of Funds -							
Site Acquisition & Relocation	867,073	-	-	-	-	-	-
Construction:							
Demolition	37,350						
Residential Structures, incl. General Conditions	7,231,258	291,523	-	-	-	-	-
Allocation of Podium Costs to Condominiums	2,000,000						
Less: Retainage -- Residential Structures		(14,576)	-	-	-	-	-
Add: Retainage Released - Residential Structures		187,541	-	187,541		-	
Testings/Inspections					-		
Site Performance Bond	8,300						
Project Administration	-	-	-	-	-	-	-
Signage	6,640						
Construction Contingency	391,000	15,745	95,836	-	-	-	-
Less: Retainage -- Contingency		-	-	-	-	-	-
Add: Retainage Released - Contingency					-	-	-
	9,674,548	480,233	95,836	187,541	-	-	-
Contractor's Overhead & Profit	580,442	28,890	-	-	-	-	-

**Gateway Transit Village Residential "For Sale" Component
New Brunswick, Middlesex County, New Jersey**

Construction Period Flow of Funds Analysis

BASIC ASSUMPTIONS	Total Development Budget Final	Draw	Draw	Draw	Draw	31	30
		#6	#7	#8	#9	#10	#11
Anticipated Transaction Date		12/15/11	01/15/12	02/15/12	03/15/12	04/15/12	05/15/12
Estimated Financing Rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Monthly Construction Completion Estimate (as percentage)		4.03%	0.00%	0.00%	0.00%	0.00%	0.00%
Cumulative Construction Completion Estimate (as percentage)		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Housing Units Closed		0	0	0	0	0	4
Housing Units Closed - Cumulative		0	0	0	0	0	4
Units Sold at TICIC Payoff		0	0	0	0	0	4
Retainage Percentage		5.00%	5.00%	5.00%	5.00%	2.50%	2.50%
Professional Services:							
Appraisal & Market Study	8,250	-	-	-	-	-	-
Architect Cost -- NBPA	387,500						
Architect Costs - Lender	37,500	6,250					-
Architectural	425,000	6,250	-	-	-	-	-
Attorney	118,000	-	-	-	-	-	1,714
Consultant	38,500	-	-	-	-	-	-
Engineer	18,000	-	-	-	-	-	-
Accounting	8,300	-	-	-	-	8,300	-
Environmental Consultant -	17,000						
Soil Investigation/Geotechnical Report	10,000						
Environmental	27,000	-	-	-	-	-	-
Surveyor	28,500						
Municipal Applications	45,000						
Total Professional Services	716,550	6,250	-	-	-	8,300	1,714
Carrying & Financing:							
Interest - TICIC	671,296	45,799	47,251	49,932	51,607	48,824	52,556
Interest - Line of Credit	35,358	3,014	3,500	3,617	3,617	3,383	3,617
Title Insurance & Recording	26,479	45	45	-	-	-	-
TICIC Placement Fee - Construction	90,400						
TICIC Engineering Consultant	10,000	1,250				-	-
Municipal Inspections	11,250						
Property Taxes	15,000	-		-	-		-
Property Insurance	25,000	-					-
Utility Connection Fees	22,000						
Sales & Marketing Expenses							
Advertising & Promotion	286,000	31,778	31,778	31,778	31,778		
HOW Fees	47,000	-	-	-	-	-	4,476
Sales & Marketing Expenses	333,000	31,778	31,778	31,778	31,778	-	4,476
Total Carrying & Financing	1,239,783	81,885	82,574	85,326	87,001	52,208	60,649
Soft Cost Contingency	50,000	5,000	5,000	5,000	10,000	-	-
Total Uses of Funds	13,128,396	602,258	183,410	277,867	97,001	60,508	62,363
Difference Due To Rounding	(2)	0	0	0	0	0	0

**Gateway Transit Village Residential "For Sale" Component
New Brunswick, Middlesex County, New Jersey**

Construction Period Flow of Funds Analysis

BASIC ASSUMPTIONS	Total Development Budget Final	31	30	Draw	Draw	Draw	Draw	Draw
		#12	#13	#14	#15	#16	#17	#18
		06/15/12	07/15/12	08/15/12	09/15/12	10/15/12	11/15/12	12/15/12
Anticipated Transaction Date								
Estimated Financing Rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Monthly Construction Completion Estimate (as percentage)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cumulative Construction Completion Estimate (as percentage)		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Housing Units Closed		4	4	2	2	2	2	2
Housing Units Closed - Cumulative		8	12	14	16	18	20	22
Units Sold at TICIC Payoff		8	12	14	16	18	20	22
Retainage Percentage		2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Sources of Funds -								
TICIC Construction Loan	9,028,993	52,179	44,998	32,701	29,642	25,578	20,896	17,372
TICIC Construction Loan Pay-Off	(9,028,993)	(1,497,681)	(1,055,865)	(455,865)	(703,910)	(703,910)	(703,910)	(703,910)
New Brunswick Parking Authority Funds	3,496,558							
New Brunswick Parking Authority Funds - Pay-Off	(3,496,557)							
DEVCO Line of Credit	600,000							
DEVCO Line of Credit - Cumulative		600,000	248,045	-				
Sales Proceeds - Total	15,725,654	1,497,681	1,497,681	748,841	748,841	748,841	748,841	748,841
Sales Commission & Selling Costs	(943,539)	(89,861)	(89,861)	(44,930)	(44,930)	(44,930)	(44,930)	(44,930)
Developer's Profit	(1,653,720)							
Sources (Over)/Under Uses - Unidentified	-							
Total Sources of Funds	13,128,394	52,179	44,998	32,701	29,642	25,578	20,896	17,372
Uses of Funds -								
Site Acquisition & Relocation	867,073	-	-	-	-	-	-	-
Construction:								
Demolition	37,350							
Residential Structures, incl. General Conditions	7,231,258	-	-	-	-	-	-	-
Allocation of Podium Costs to Condominiums	2,000,000							
Less: Retainage -- Residential Structures		-	-	-	-	-	-	-
Add: Retainage Released - Residential Structures			-	-	-	-	-	-
Testings/Inspections								
Site Performance Bond	8,300							
Project Administration	-	-	-	-	-	-	-	-
Signage	6,640							
Construction Contingency	391,000	-	-	-	-	-	-	-
Less: Retainage -- Contingency		-	-	-	-	-	-	-
Add: Retainage Released - Contingency		-	-	-	-	-	-	-
	9,674,548	-	-	-	-	-	-	-
Contractor's Overhead & Profit	580,442	-	-	-	-	-	-	-

**Gateway Transit Village Residential "For Sale" Component
New Brunswick, Middlesex County, New Jersey**

Construction Period Flow of Funds Analysis

BASIC ASSUMPTIONS	Total Development Budget Final	31	30	Draw	Draw	Draw	Draw	Draw
		#12	#13	#14	#15	#16	#17	#18
Anticipated Transaction Date		06/15/12	07/15/12	08/15/12	09/15/12	10/15/12	11/15/12	12/15/12
Estimated Financing Rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Monthly Construction Completion Estimate (as percentage)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cumulative Construction Completion Estimate (as percentage)		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Housing Units Closed		4	4	2	2	2	2	2
Housing Units Closed - Cumulative		8	12	14	16	18	20	22
Units Sold at TICIC Payoff		8	12	14	16	18	20	22
Retainage Percentage		2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Professional Services:								
Appraisal & Market Study	8,250	-	-	-	-	-	-	-
Architect Cost -- NBPA	387,500	-	-	-	-	-	-	-
Architect Costs - Lender	37,500	-	-	-	-	-	-	-
Architectural	425,000	-	-	-	-	-	-	-
Attorney	118,000	1,714	1,714	857	857	857	857	857
Consultant	38,500	-	-	-	-	-	-	-
Engineer	18,000	-	-	-	-	-	-	-
Accounting	8,300	-	-	-	-	-	-	-
Environmental Consultant -	17,000	-	-	-	-	-	-	-
Soil Investigation/Geotechnical Report	10,000	-	-	-	-	-	-	-
Environmental	27,000	-	-	-	-	-	-	-
Surveyor	28,500	-	-	-	-	-	-	-
Municipal Applications	45,000	-	-	-	-	-	-	-
Total Professional Services	716,550	1,714	1,714	857	857	857	857	857
Carrying & Financing:								
Interest - TICIC	671,296	42,488	35,191	28,159	26,547	22,483	17,801	14,277
Interest - Line of Credit	35,358	3,500	3,617	1,447	-	-	-	-
Title Insurance & Recording	26,479	-	-	-	-	-	-	-
TICIC Placement Fee - Construction	90,400	-	-	-	-	-	-	-
TICIC Engineering Consultant	10,000	-	-	-	-	-	-	-
Municipal Inspections	11,250	-	-	-	-	-	-	-
Property Taxes	15,000	-	-	-	-	-	-	-
Property Insurance	25,000	-	-	-	-	-	-	-
Utility Connection Fees	22,000	-	-	-	-	-	-	-
Sales & Marketing Expenses								
Advertising & Promotion	286,000	-	-	-	-	-	-	-
HOW Fees	47,000	4,476	4,476	2,238	2,238	2,238	2,238	2,238
Sales & Marketing Expenses	333,000	4,476	4,476	2,238	2,238	2,238	2,238	2,238
Total Carrying & Financing	1,239,783	50,464	43,284	31,844	28,785	24,721	20,039	16,515
Soft Cost Contingency	50,000	-	-	-	-	-	-	-
Total Uses of Funds	13,128,396	52,179	44,998	32,701	29,642	25,578	20,896	17,372
Difference Due To Rounding	(2)	0	0	0	0	0	0	0

**Gateway Transit Village Residential "For Sale" Component
New Brunswick, Middlesex County, New Jersey**

Construction Period Flow of Funds Analysis

BASIC ASSUMPTIONS	Total Development Budget Final	Draw	Draw	Draw	Draw	Draw	Draw	Draw
		#19	#20	#21	#22	#23	#24	#25
Anticipated Transaction Date		01/15/13	02/15/13	03/15/13	04/15/13	05/15/13	06/15/13	07/15/13
Estimated Financing Rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Monthly Construction Completion Estimate (as percentage)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cumulative Construction Completion Estimate (as percentage)		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Housing Units Closed		2	2	2	2	2	2	2
Housing Units Closed - Cumulative		24	26	28	30	32	34	36
Units Sold at TICIC Payoff		24	26	28				
Retainage Percentage		2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Sources of Funds -								
TICIC Construction Loan	9,028,993	12,050	8,206	4,013	-	-	-	-
TICIC Construction Loan Pay-Off	(9,028,993)	(703,910)	(703,910)	(298,438)	-	-	-	-
New Brunswick Parking Authority Funds	3,496,558			4,013	3,095	3,095	2,238	2,238
New Brunswick Parking Authority Funds - Pay-Off	(3,496,557)			(396,822)	(700,815)	(700,815)	(701,672)	(701,672)
DEVCO Line of Credit	600,000							
DEVCO Line of Credit - Cumulative								
Sales Proceeds - Total	15,725,654	748,841	748,841	748,841	748,841	748,841	748,841	748,841
Sales Commission & Selling Costs	(943,539)	(44,930)	(44,930)	(44,930)	(44,930)	(44,930)	(44,930)	(44,930)
Developer's Profit	(1,653,720)							
Sources (Over)/Under Uses - Unidentified	-							
Total Sources of Funds	13,128,394	12,050	8,206	8,026	3,095	3,095	2,238	2,238
Uses of Funds -								
Site Acquisition & Relocation	867,073							
Construction:								
Demolition	37,350							
Residential Structures, incl. General Conditions	7,231,258							
Allocation of Podium Costs to Condominiums	2,000,000							
Less: Retainage -- Residential Structures								
Add: Retainage Released - Residential Structures		-	-	-	-	-	-	-
Testings/Inspections								
Site Performance Bond	8,300							
Project Administration	-	-	-	-	-	-	-	-
Signage	6,640							
Construction Contingency	391,000	-	-	-	-	-	-	-
Less: Retainage -- Contingency		-	-	-	-	-	-	-
Add: Retainage Released - Contingency		-	-	-	-	-	-	-
	9,674,548							
Contractor's Overhead & Profit	580,442							

**Gateway Transit Village Residential "For Sale" Component
New Brunswick, Middlesex County, New Jersey**

Construction Period Flow of Funds Analysis

BASIC ASSUMPTIONS	Total Development Budget Final	Draw	Draw	Draw	Draw	Draw	Draw	Draw
		#19	#20	#21	#22	#23	#24	#25
Anticipated Transaction Date		01/15/13	02/15/13	03/15/13	04/15/13	05/15/13	06/15/13	07/15/13
Estimated Financing Rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Monthly Construction Completion Estimate (as percentage)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cumulative Construction Completion Estimate (as percentage)		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Housing Units Closed		2	2	2	2	2	2	2
Housing Units Closed - Cumulative		24	26	28	30	32	34	36
Units Sold at TICIC Payoff		24	26	28				
Retainage Percentage		2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Professional Services:								
Appraisal & Market Study	8,250				-	-		
Architect Cost -- NBPA	387,500	-	-	-	-	-	-	-
Architect Costs - Lender	37,500							
Architectural	425,000				-	-		
Attorney	118,000	857	857	857	857	857	857	857
Consultant	38,500				-	-		
Engineer	18,000				-	-		
Accounting	8,300	-	-	-	-	-	-	-
Environmental Consultant -	17,000							
Soil Investigation/Geotechnical Report	10,000							
Environmental	27,000				-	-		
Surveyor	28,500							
Municipal Applications	45,000							
Total Professional Services	716,550				857	857		
Carrying & Financing:								
Interest - TICIC	671,296	9,812	5,968	1,775	(0)	(0)	-	-
Interest - Line of Credit	35,358	-	-	-	-	-	-	-
Title Insurance & Recording	26,479	-	-	-	-	-	-	-
TICIC Placement Fee - Construction	90,400							
TICIC Engineering Consultant	10,000							
Municipal Inspections	11,250							
Property Taxes	15,000							
Property Insurance	25,000							
Utility Connection Fees	22,000							
Sales & Marketing Expenses								
Advertising & Promotion	286,000	-	-	-	-	-	-	-
HOW Fees	47,000	2,238	2,238	2,238	2,238	2,238	2,238	2,238
Sales & Marketing Expenses	333,000	2,238	2,238	2,238	2,238	2,238	2,238	2,238
Total Carrying & Financing	1,239,783	12,050	8,206	4,013	2,238	2,238	2,238	2,238
Soft Cost Contingency	50,000	-	-	-	-	-	-	-
Total Uses of Funds	13,128,396	12,050	8,206	4,013	3,095	3,095	2,238	2,238
Difference Due To Rounding	(2)	0	0	4,013	0	0	0	0

**Gateway Transit Village Residential "For Sale" Component
New Brunswick, Middlesex County, New Jersey**

Construction Period Flow of Funds Analysis

BASIC ASSUMPTIONS	Total Development Budget Final	Draw	Draw	Draw	TOTAL Construction Actual
		#26 08/15/13	#27 09/15/13	#28 10/15/13	
Anticipated Transaction Date					
Estimated Financing Rate	7.00%	7.00%	7.00%	7.00%	7.00%
Monthly Construction Completion Estimate (as percentage)		0.00%	0.00%	0.00%	100.00%
Cumulative Construction Completion Estimate (as percentage)		100.00%	100.00%	100.00%	100.00%
Housing Units Closed		2	2	2	42
Housing Units Closed - Cumulative		38	40	42	
Units Sold at TICIC Payoff					
Retainage Percentage		2.50%	2.50%	2.50%	5.00%
Sources of Funds -					
TICIC Construction Loan	9,028,993	-	-	-	9,028,993
TICIC Construction Loan Pay-Off	(9,028,993)	-	-	-	(9,028,993)
New Brunswick Parking Authority Funds	3,496,558	2,238	2,238	3,402	3,496,558
New Brunswick Parking Authority Funds - Pay-Off	(3,496,557)	(289,121)	(2,238)	(3,402)	(3,496,557)
DEVCO Line of Credit	600,000				600,000
DEVCO Line of Credit - Cumulative					
Sales Proceeds - Total	15,725,654	748,841	748,841	748,841	15,725,654
Sales Commission & Selling Costs	(943,539)	(44,930)	(44,930)	(44,930)	(943,539)
Developer's Profit	(1,653,720)	(412,274)	(701,672)	(539,774)	(1,653,720)
Sources (Over)/Under Uses - Unidentified	-				-
Total Sources of Funds	13,128,394	2,238	2,238	3,402	13,128,394
Uses of Funds -					
Site Acquisition & Relocation	867,073				867,073
Construction:					
Demolition	37,350				37,350
Residential Structures, incl. General Conditions	7,231,258				7,231,257
Allocation of Podium Costs to Condominiums	2,000,000				2,000,000
Less: Retainage -- Residential Structures					(375,082)
Add: Retainage Released - Residential Structures		-	-	-	375,082
Testings/Inspections					-
Site Performance Bond	8,300				8,300
Project Administration	-	-	-	-	-
Signage	6,640				6,640
Construction Contingency	391,000	-	-	-	391,000
Less: Retainage -- Contingency		-	-	-	-
Add: Retainage Released - Contingency		-	-	-	-
	9,674,548				9,674,547
Contractor's Overhead & Profit	580,442	-	-	-	580,442

**Gateway Transit Village Residential "For Sale" Component
New Brunswick, Middlesex County, New Jersey**

Construction Period Flow of Funds Analysis

BASIC ASSUMPTIONS	Total Development Budget Final	Draw	Draw	Draw	TOTAL Construction Actual
		#26 08/15/13	#27 09/15/13	#28 10/15/13	
Anticipated Transaction Date					
Estimated Financing Rate	7.00%	7.00%	7.00%	7.00%	7.00%
Monthly Construction Completion Estimate (as percentage)		0.00%	0.00%	0.00%	100.00%
Cumulative Construction Completion Estimate (as percentage)		100.00%	100.00%	100.00%	100.00%
Housing Units Closed		2	2	2	42
Housing Units Closed - Cumulative		38	40	42	
Units Sold at TICIC Payoff					
Retainage Percentage		2.50%	2.50%	2.50%	5.00%
Professional Services:					-
Appraisal & Market Study	8,250				8,250
Architect Cost -- NBPA	387,500	-	-	-	387,500
Architect Costs - Lender	37,500				37,500
Architectural	425,000				425,000
Attorney	118,000	857	857	857	118,000
Consultant	38,500				38,500
Engineer	18,000				18,000
Accounting	8,300	-	-	-	8,300
Environmental Consultant -	17,000				17,000
Soil Investigation/Geotechnical Report	10,000				10,000
Environmental	27,000				27,000
Surveyor	28,500				28,500
Municipal Applications	45,000				45,000
Total Professional Services	716,550				716,550
Carrying & Financing:					
Interest - TICIC	671,296	-	-	-	671,296
Interest - Line of Credit	35,358	-	-	-	35,358
Title Insurance & Recording	26,479	-	-	1,164	26,479
TICIC Placement Fee - Construction	90,400				90,400
TICIC Engineering Consultant	10,000				10,000
Municipal Inspections	11,250				11,250
Property Taxes	15,000				15,000
Property Insurance	25,000				25,000
Utility Connection Fees	22,000				22,000
Sales & Marketing Expenses					-
Advertising & Promotion	286,000	-	-	-	286,000
HOW Fees	47,000	2,238	2,238	2,238	47,000
Sales & Marketing Expenses	333,000	2,238	2,238	2,238	333,000
Total Carrying & Financing	1,239,783	2,238	2,238	3,402	1,239,783
Soft Cost Contingency	50,000	-	-	-	50,000
Total Uses of Funds	13,128,396	2,238	2,238	3,402	13,128,395
Difference Due To Rounding	(2)	0	0	0	0



March 24, 2010

Caren Franzini
Executive Director
New Jersey Economic Development Authority
36 West State Street
P.O. Box 990
Trenton, NJ 08625-0990

RE: NJEDA Urban Transit Hub Tax Credit
Downtown New Brunswick Transit Village Initiative Application

Dear Caren:

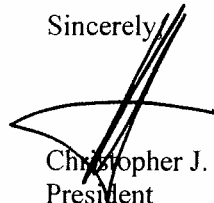
Enclosed please find our amended Urban Transit Hub Tax Credit Application. This application amends two previous applications which were originally submitted in September 2009 with supplemental information submitted in February 2010.

This application combines the two previous applications which were submitted into a single project – known as the Downtown New Brunswick Transit Village Redevelopment Initiative. This initiative is comprised of three components, including the Gateway, Arts and Ferren projects which collectively comprise the Transit Village project.

We previously received approval under the UTHTC program for credits for the Gateway project. We are now seeking to replace that approval with an approval for the overall Transit Village project.

Thank you in advance for your consideration on this worthwhile redevelopment initiative.

Sincerely,



Christopher J. Paladino
President

c: Timothy Lizura, NJEDA
Alex Pavlovsky, NJEDA

DOWNTOWN NEW BRUNSWICK TRANSIT VILLAGE REDEVELOPMENT INITIATIVE

EXECUTIVE SUMMARY

The New Brunswick Development Corporation is embarking on an overall downtown redevelopment program known as the **DOWNTOWN TRANSIT VILLAGE REDEVELOPMENT INITIATIVE**. This program is based upon the designation of New Brunswick as a Transit Village by the State of New Jersey and the orientation of redevelopment activities within the downtown and around the centrally-located train station. The overall program incorporates several important development components which share complementary uses, project ownership and development structure.

The program consists of three phases of development, which are detailed in this submission. The first phase of the initiative is underway and is scheduled to be completed by September 2012. This phase includes the development of the **Gateway, Ferren and Arts Redevelopment Projects**. These projects represent the corner stone of the Downtown Transit Village Redevelopment Initiative and will bring about essential connections needed for further redevelopment within the downtown. These projects are being developed by the same developer and utilize the same overall development structure.

This package is being submitted to the New Jersey Economic Development Authority for approval under the Urban Transit Hub Tax Credit Program. The total amount of credits sought as part of this application is **\$55.1 million based upon a total eligible capital investment of \$275.5 million**.

A summary of the overall redevelopment program and the components is provided herein.

SECTION 1: TRANSIT VILLAGE REDEVELOPMENT INITIATIVE

DOWNTOWN DEVELOPMENT PRINCIPLES

For over 30 years, the New Brunswick Development Corporation ("Devco"), as a not for profit real estate development company, has focused on the systematic and broad based revitalization of the City of New Brunswick ("City"). Through this time period, Devco has participated in over \$1.5 billion in development, encompassing a variety of residential, commercial and institutional development uses. One of the reasons which Devco and the City have served as a national model of urban revitalization during this time, is their adherence to a long standing development philosophy that carries several core principles:

- 1.) Redevelopment projects must be positioned and timed to seek critical mass;
- 2.) Projects should address broad public policy goals by implementing mixed-use solutions; and
- 3.) Public-Private partnerships should be utilized to assure the success of mixed use urban redevelopment.

The importance of these development principles to redevelopment in New Brunswick have been proven time and again with the successful completion of redevelopment initiatives. As such, they have been incorporated into the overall planning and development structure for the Transit Village Redevelopment Initiative.

TRANSIT VILLAGE DEVELOPMENT INITIATIVE

In partnership with the City, DEVCO has developed and is in the process in of developing a **three phase program** that will result in the development of 300,000 sf. of retail, 600 housing units, 800,000 sf. of commercial space, including office and research space and expansion and improvement to the New Brunswick Cultural Center. *This particular application for the Urban Transit Hub Tax Credit Program incorporates first phase of development only.*

- **Phase I** includes three major components to be built simultaneously in downtown New Brunswick. The three projects will be developed by the same development entity and are all scheduled to be completed by September 2012.
 - **Gateway.** This project is currently under construction. **It incorporates 192 housing units**, 58,000 sf office, 657 parking spaces, and 58,000 sf retail. This project represents a true public-private partnership with Rutgers University and the New Brunswick Parking Authority and will provide for important links with mass transit, including a direct access to train platform serving the Northeast Corridor.

(School housing)

- *Ferren*. This 730,000 sf project incorporates **market rate housing** together with public parking, an urban grocery store, a hospital based fitness and wellness program that will provide a long sought after public aquatics program available to the public and the school system, and significant customer elements for rail and bus service operated by New Jersey Transit.
- *Arts*. This 128,000 sf project incorporates much needed **affordable housing and** retail elements in a project that will provide an essential link between the train station and the downtown corridor. Directly across the street from the Arts site are the Heldrich Hotel & Condominiums and Rockoff Hall University Housing. Together, these three buildings provide an important residential anchor for the entire downtown corridor.
- Phase II is an important downtown project that will focus on the expansion and modernization of the New Brunswick Cultural Center and includes the development of 300,000 sf. of commercial office space, 200 residential units and 57,000 sf of new practice and performance space for the New Brunswick Cultural Center. This project's central location will also provide an essential connection between the train station and the downtown corridor.
- Phase III will provide for additional housing and large scale office, residential and retail component and encompasses the redevelopment of the balance of the overall Ferren redevelopment initiative. This phase will also incorporate the development of 250,000 sf. of research, laboratory and clinical facilities to further stimulate the local health care industry. This facility will provide an important link between research universities, hospitals, and private sector pharmaceutical and biotech companies.

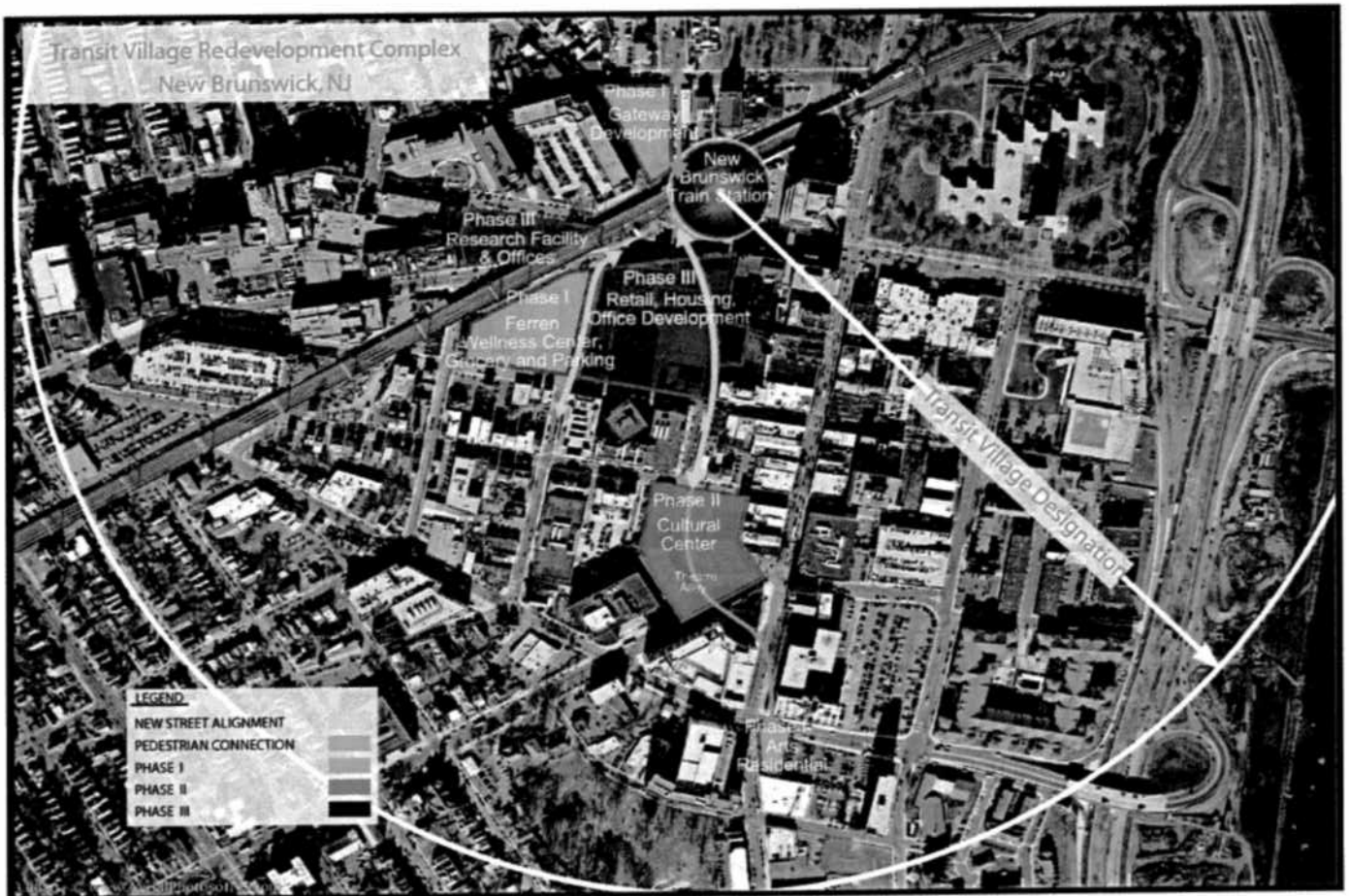
DEVELOPMENT CONNECTIVITY

The overall development program emanates from two development programs that represent significant public input and comment and have become a template for all downtown core projects. The **C.O.R.E Vision Program** and the **Downtown Transit Village Plan**, which were completed over the course of the past few years, both call for the phasing of critical path projects that systematically add retail, housing, office, research, parking and transportation infrastructure projects. Paramount in both of the initiatives was the critical connectivity of all these component development paths.

The development of Phase I of the Transit Village Redevelopment Initiative illustrates the importance of connectivity to the success of mixed use urban redevelopment.

The development of the first phase of this initiative not only adds to the inventory of housing, parking, retail and a long awaited full service grocery store and community based fitness and wellness center in the city's core downtown area, but it provides for the connectivity at a pedestrian level that is critical to the urban development and access to mass transit. The plans

developed as part of the C.O.R.E Vision and Transit Village Initiative focused on reestablishing New Brunswick as a walkable city. The phases on this project are critical to establishing the pedestrian connection from Rutgers University to the Medical School and the Robert Wood Johnson University Hospital complex to the train station to the Cultural Center to housing, hotel and other university based investments in a quick, safe and engaging manner.



ESSENTIAL LINKS

Each project provides essential components that when brought together serves as links to the broader plan and to the City as a whole.

The Gateway component establishes the link from Rutgers to the Train Station. The Ferren component establishes the link from the hospital area and the train Station to the downtown via reestablishment of the traditional urban street grid away from the current mega-block configuration. One will be able to walk from the train station through the new street grid of the Ferren development, through the public promenade that is visioned for the new Culture Center empty in to the Arts District that is currently anchored by the Rutgers assets of Civic Square and Rockoff Hall, the Heldrich Hotel and Conference Center and completed by the Arts Building. The Arts Building is the last piece of the critical mass puzzle at the corner of New and George Street. It was specifically included in this development initiative so that redevelopment between Monument Square and Commercial Avenue which includes Arts, and other redevelopment projects including Rockoff Hall University Housing, the Heldrich Hotel and Conference Center, the Lord Stirling Community School, Hope VI Housing along George Street, the Chandler Health Center and the Rutgers Public Safety Building will complete a seamless connection via George Street between the train station and Rutgers' Douglass College Campus to the east.

URBAN TRANSIT HUB TAX CREDIT ELIGIBILITY

In connection with this application for approval under the Urban Transit Hub Tax Credit program, we have confirmed the project's eligibility under the program's requirements.

First, the total project cost exceeds \$326 million.

Second, the three components of this phase of development will be developed by a single development entity, who will own all components during construction and until such time that the project costs have been certified for the tax credit.

Third, the components of the project have been structured to yield a mix of uses whereby the residential use is the predominant use for the entire project, comprising 51% of the total project, with the commercial uses comprising 49%.

Fourth, the development schedule for all three elements are slated to run concurrently, with construction on all projects to be completed by September 2012. Gateway has the longest construction schedule, and is currently underway. Ferren has the shortest construction schedule, which is scheduled commence in early 2011.

CALCULATION OF PREDOMINANT USE

Following is an analysis of the calculation of residential as the predominant use (by square foot).

USE	Ferren	Arts	Gateway	TOTAL	% by SF
Residential SF	80,000	124,000	273,800	477,800	51%
Residential Parking Allocation (2/unit)	57,760	-	139,346	197,106	
Total Residential SF Allocation	137,760	124,000	413,146	674,906	
Commercial SF	118,800	4,000	115,200	238,000	49%
Commercial Parking Allocation (to 49%)	306,850	-	103,654	410,504	
Total Commercial SF Allocation	425,650	4,000	218,854	648,504	
TOTAL SIZE	563,410	128,000	632,000	1,323,410	
Total Parking Spaces Allocated	1,010		657	1,667	

CAPITAL INVESTMENT

Following is an analysis of the calculation of the total eligible capital investment.

USE	Ferren	Arts	Gateway	TOTAL
Residential	19,175,630	21,272,280	51,343,717	86,866,517
Retail	21,813,699	4,322,700	12,550,808	38,057,956
Office	-	-	12,464,925	12,464,925
Parking	24,523,718	-	22,940,550	52,178,593
Tenant Improvements	10,800,000	-	10,000,000	20,800,000
Soft Costs (20% of total project budget)	16,862,609	7,071,418	24,854,569	49,338,752
Transportation Improvements	8,000,000	-	-	8,000,000
TOTAL CAPITAL INVESTMENT	101,175,657	32,607,418	134,154,569	267,706,743
TOTAL ELIGIBLE CREDITS (20%)				53,541,349
TOTAL MINIMUM NET PROCEEDS (75%)				41,333,260

SECTION 2:

PROJECT SUMMARY

New Brunswick Transit Village Redevelopment Initiative

Following are summaries of the three components of the Transit Village Redevelopment Initiative.

I. New Brunswick Gateway Transit Village Project



Location: Easton Avenue and Somerset Street, adjacent to the North East Corridor train line, New Brunswick, New Jersey

Size: 632,000 sq. ft.

Components: 14 stories of residential, including both for-sale and rental; 58,000 sq. ft. of destination retail including a new University bookstore for Rutgers operated by Barnes & Noble; 657-space parking structure; 58,000 sq. ft. of Class A office space including space for the Rutgers University Press publication office.

Investment: \$138.2 million

Anticipated Completion: 2012

Project Overview:

The Gateway Transit Village is a mixed-use redevelopment project to be constructed on Somerset Street on the block adjacent to the New Brunswick Train Station and across from the

main campus of Rutgers, The State University of New Jersey. This project will bring renewed energy to the city's core with active sidewalks, new residential units, and a focus of diverse activities at the entrance to the Rutgers campus. The project will serve as a gateway to both downtown New Brunswick and Rutgers. College Avenue, the central spine of the campus, will be directly connected to the train station's southbound platform by extending direct pedestrian access to Somerset Street via an expansive walkway, which will become an ideal public gathering place.

The residential component of the Transit Village development is an important part of this project. With a total of 14 floors, including 11 floors of rental and 3 floors of for-sale units, the Transit Village's unique location in the downtown and near the University as well as the immediate train platform access will establish this residential development as a premiere location in New Brunswick. The residential portion will provide for a mixed-income housing opportunity, 80% of the units will be market rate units and 20% will be affordable units dedicated to households with incomes equal to or below 60% of the area median income.

The project is located in downtown New Brunswick, and offers direct and convenient access to mass transit for the more than 12,000 daily rides that board at the New Brunswick train station.

Project Components



The mixed-use development project is comprised of several components, including residential, office, retail and parking uses. In addition, the project represents a classic public-private partnership among various entities, including Rutgers University, the New Brunswick Parking Authority, New Brunswick Development Corporation and Pennrose Properties.

The specific components include:

- 150 market rate rental apartments (11 floors);
- 42 for-sale condominium units (3 floors);
- New Barnes & Noble Rutgers University Bookstore (45,000 sf.) and Rutgers University Press publishing office (12,500 sf.);
- 657-car parking garage, to be managed by the NBPA;
- 45,500 sf. of office space;

- 13,000 sf. of ground floor retail including a comedy club/restaurant; and
- Walkway connection between train station and Rutgers campus.

II. Ferren Redevelopment Project



Location: Patterson + Kirkpatrick Streets
New Brunswick, New Jersey

Size: 791,700 sq. ft.

Components: Mixed use development including 80 units of market rate housing, 61,000 sf. food store, 57,800 sf. wellness and fitness center, and 1,639 car parking garage.

Investment: \$128.5 million

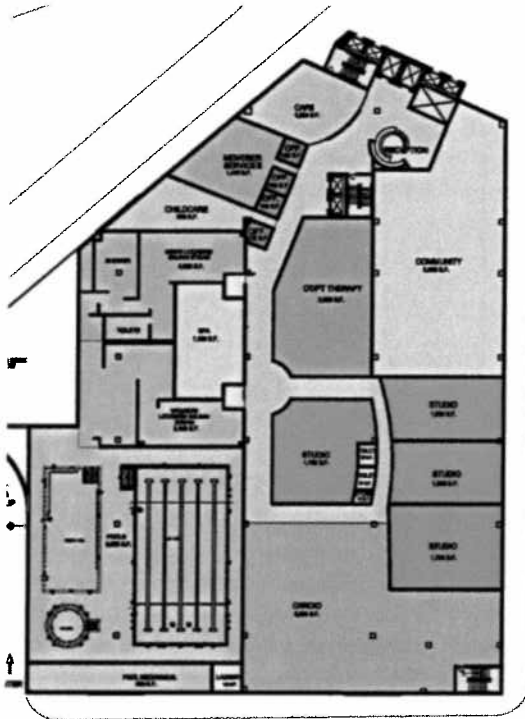
Anticipated Completion: 2012

Project Overview:

The Ferren Project consists of a 80-unit market rate rental residential project, a 1,639 car parking garage, a 57,800 sf. wellness and fitness center (including a public aquatic facility) and a 61,000 sf. food store. The New Brunswick Parking Authority ("NBPA") will operate the garage, with tenants identified for both the wellness center and food store.

Located immediately across from the New Brunswick train station (which services both NJ Transit and Amtrak), the Ferren Project will redevelop an underutilized area of downtown New Brunswick into a state-of-the-art mixed use building comprising of a much needed downtown grocery store, a wellness and fitness center, a parking garage, and modern 'loft' style apartments.

All uses are in great demand in New Brunswick and operators for the primary retailers have been identified. New Brunswick has been revitalized by a number of large mixed use facilities over the last decade, but none have offered this level of amenities.



This project provides a unique opportunity to offer access to a public aquatic center. Through a unique public-private structure, the center will provide access to pool facilities to members of the community and as the school district. In addition, the advent of a food store will provide a truly essential use that has been much sought after over the past many years of redevelopment in New Brunswick.

The residential portion will introduce energy efficient modern design housing into the city. The use of such 'Green' amenities such as solar photovoltaic and green roof systems, will position the lofts as an extremely unique and marketable product. The residential will consist of 80% market rate units and 20% affordable units.

As with all redevelopment projects in New Brunswick, this project seeks to serve the broader New Brunswick community. The project follows the planning principals of Transit Oriented Development, and it is expended that more than 250 permanent jobs will be created by this project.

III. Arts Redevelopment Project



Location:	George + New Streets and Patterson + Kirkpatrick Streets New Brunswick, New Jersey
Size:	128,000 sq. ft.
Components:	Mixed use development including 104 units of 80% market rate and 20% affordable housing together with 4,000 sf. of retail
Investment:	\$41.3 million
Anticipated Completion:	2012

Project Overview:

The Arts Building is located in the heart of New Brunswick's downtown, at the intersection of George and New Streets.

The overall site plan consists of a 14-story building with ground floor retail space. Parking will be available to the project in the Morris Street Parking Deck, located across George Street. The building will contain 104 rental apartments and 4,000 square feet of street front retail. The development will provide for a mixed-income housing opportunity, 80% of the apartments will be market rate units and 20% will be affordable units rented to households with incomes equal

to or below 60% of the area median income. This structure meets the goals of the Municipality and provides access to Low Income Housing Tax Credit Equity and other funding sources.

This project represents an important addition of both affordable and market rate housing. This model has been successfully used by the development team on a project located a few blocks away from the Arts site in downtown New Brunswick. The inclusion of a mix of housing types in this project meets with long standing goals in the City to provide for a diversity of housing opportunities throughout the community. To that end, this project is specifically identified in the City's Redevelopment Plan for this area.

SECTION 3: Development and Financing Structure

Project Ownership

The development plan identifies a single owner, Transit Village Associates, LLC, (“TVA”) during construction and contemplates that TVA will own the facility until such time as a Certificate of Occupancy is issued and capital costs are certified (as required by the EDA under this program). At that time, title interest of the various components of the project, in the form of air rights estates, will be conveyed to the appropriate owners, including Rutgers University, New Brunswick Parking Authority and a residential developer.

Financing Plan

The Project involves several sources of financing .

Development Team

An experienced collective of development professionals, having completed 5 projects together, is assembled for this initiative. Each professional member is regarded as a leader in their field and has extensive experience with mixed-income and mixed-use developments.

DEVCO, (Co-Developer) is a not-for-profit entity that has overseen more than \$1.6 billion in investment to aid in New Brunswick’s economic revitalization. Currently, DEVCO has approximately 2.5 million square feet of redevelopment projects under development, representing more than \$450 million in investment.

Pennrose Properties LLC (Co-Developer) is one of the most prolific mixed-income residential developers in the nation, having developed more than 11,000 units over the last three decades across nine states. Greater than 40 of Pennrose’s 180 developments are located in the State of New Jersey, four of which are located in the City of New Brunswick.

In addition to DEVCO and Pennrose, the development team also includes Keating Urban Partners as an Owner’s Representative and AJD Construction as the Contractor.

SECTION 4: Overview of New Brunswick, New Jersey

New Brunswick, New Jersey is a vibrant city of 50,000 residents, a number that triples during the day time with college students, corporate and business employees, hospital and health care workers and visitors. The County Seat for Middlesex County, New Brunswick hosts richly diverse neighborhoods, a bustling downtown and an innovative and popular cultural arts center.

Employment – New Brunswick is home to a unique collaboration of world-class health care facilities, corporations, nonprofit organizations, institutions and academic facilities. The City's expanding employers have created a 27% increase in new jobs, which has fueled a 17% increase in the city's population since 1990. Driving the demand for New Brunswick's expansion are pharmaceutical firms competing to be near the extensive research and development facilities located in the center of the city. Making their home in the heart of New Brunswick is the world's largest health care products manufacturer, Johnson & Johnson; one of the nation's largest and most prestigious research universities, Rutgers – The State University of New Jersey; the country's largest public health science university, University of Medicine and Dentistry of New Jersey; two premiere teaching hospitals, Robert Wood Johnson University Hospital and St. Peter's University Hospital; and, a nationally accredited cancer care center, The Cancer Institute of New Jersey.

Transportation – New Brunswick is conveniently located in central New Jersey and serviced by many modes of transportation. It is the midpoint between Philadelphia and New York on the Northeast corridor train line, which is serviced by Amtrak and NJ Transit. Interstate highways including the NJ Turnpike and I-287 provide immediate North-South and East-West travel. Newark International Airport is only 20 minutes to the north and New York City is less than an hour's drive.



**NEW BRUNSWICK
DEVELOPMENT CORPORATION**
PROJECT MANAGEMENT ACCOUNT
PH. 732-240-2220
120 ALBANY ST., 7TH FLOOR
NEW BRUNSWICK, NJ 08901

BANK OF AMERICA
55-33-212

4098

FIVE THOUSAND AND 00/100 DOLLARS

DATE 05/05/2010 AMOUNT \$5,000.00

PAY TO THE ORDER OF
NEW JERSEY ECONOMIC
DEVELOPMENT AUTHORITY
P.O. BOX 990
TRENTON NJ 08625

[Signature]
AUTHORIZED SIGNATURE

Security features. Details on back.

NEW BRUNSWICK DEVELOPMENT CORPORATION

Vendor No. Vendor Name
NEW003 NEW JERSEY ECONOMIC

4098

Trans. Date	Reference	PO No.	Gross Amount	Deduction	Net Amount
05/05/2010			5000.00	.00	5000.00

Check Date	Check No.	Total Gross	Total Ded.	Check Amount
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Company Name: New Brunswick Devel Corp

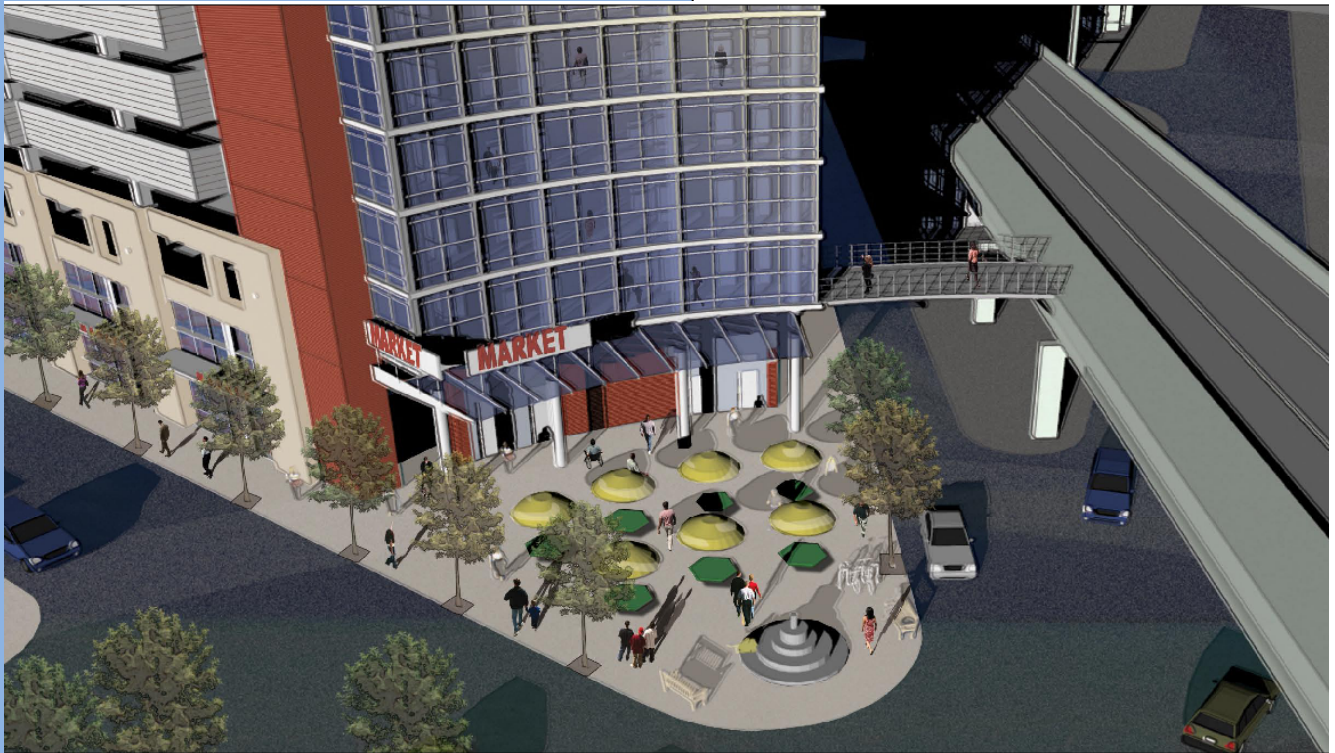
Check #: 4098

Program: Urban Transit Hub

Fund: \$ 5000.00

Purpose of Check: Appl Fee (Part 2 of 3)
(Phone 4)
separate appls for 1 Project

EDA Contact: V. Gaudier 4-1698 5/11/10



Application Submission to:

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
URBAN TRANSIT HUB TAX CREDIT PROGRAM**

For the

**TRANSIT VILLAGE
REDEVELOPMENT INITIATIVE**
New Brunswick, New Jersey

Including Gateway, Ferren and Arts Redevelopment Projects

Submitted by:
Somerset Street Urban Renewal Associates, LLC
c/o New Brunswick Development Corporation
120 Albany Street
7th Floor, Tower One
New Brunswick, NJ 08901

February 2, 2010

DOWNTOWN NEW BRUNSWICK TRANSIT VILLAGE REDEVELOPMENT INITIATIVE

EXECUTIVE SUMMARY

The New Brunswick Development Corporation is embarking on an overall downtown redevelopment program known as the **DOWNTOWN TRANSIT VILLAGE REDEVELOPMENT INITIATIVE**. This program is based upon the designation of New Brunswick as a Transit Village by the State of New Jersey and the orientation of redevelopment activities within the downtown and around the centrally-located train station. The overall program incorporates several important development components which share complementary uses, project ownership and development structure.

The program consists of three phases of development, which are detailed in this submission. The first phase of the initiative is underway and is scheduled to be completed by September 2012. This phase includes the development of the **Gateway, Ferren and Arts Redevelopment Projects**. These projects represent the corner stone of the Downtown Transit Village Redevelopment Initiative and will bring about essential connections needed for further redevelopment within the downtown. These projects are being developed by the same developer and utilize the same overall development structure.

This package is being submitted to the New Jersey Economic Development Authority for approval under the Urban Transit Hub Tax Credit Program. The total amount of credits sought as part of this application is \$53.5 million based upon a total eligible capital investment of \$267.7 million.

A summary of the overall redevelopment program and the components is provided herein.

SECTION 1: TRANSIT VILLAGE REDEVELOPMENT INITIATIVE

DOWNTOWN DEVELOPMENT PRINCIPLES

For over 30 years, the New Brunswick Development Corporation (“Devco”), as a not for profit real estate development company, has focused on the systematic and broad based revitalization of the City of New Brunswick (“City”). Through this time period, Devco has participated in over \$1.5 billion in development, encompassing a variety of residential, commercial and institutional development uses. One of the reasons which Devco and the City have served as a national model of urban revitalization during this time, is their adherence to a long standing development philosophy that carries several core principles:

- 1.) Redevelopment projects must be positioned and timed to seek critical mass;
- 2.) Projects should address broad public policy goals by implementing mixed-use solutions; and
- 3.) Public-Private partnerships should be utilized to assure the success of mixed use urban redevelopment.

The importance of these development principles to redevelopment in New Brunswick have been proven time and again with the successful completion of redevelopment initiatives. As such, they have been incorporated into the overall planning and development structure for the Transit Village Redevelopment Initiative.

TRANSIT VILLAGE DEVELOPMENT INITIATIVE

In partnership with the City, DEVCO has developed and is in the process in of developing a **three phase program** that will result in the development of 300,000 sf. of retail, 600 housing units, 800,000 sf. of commercial space, including office and research space and expansion and improvement to the New Brunswick Cultural Center. *This particular application for the Urban Transit Hub Tax Credit Program incorporates first phase of development only.*

- **Phase I** includes three major components to be built simultaneously in downtown New Brunswick. The three projects will be developed by the same development entity and are all scheduled to be completed by September 2012.
 - **Gateway.** This project is currently under construction. It incorporates 192 housing units, 58,000 sf office, 657 parking spaces, and 58,000 sf retail. This project represents a true public-private partnership with Rutgers University and the New Brunswick Parking Authority and will provide for important links with mass transit, including a direct access to train platform serving the Northeast Corridor.

- **Ferren:** This 730,000 sf project incorporates market rate housing together with public parking, an urban grocery store, a hospital based fitness and wellness program that will provide a long sought after public aquatics program available to the public and the school system, and significant customer elements for rail and bus service operated by New Jersey Transit.
- **Arts:** This 128,000 sf project incorporates much needed affordable housing and retail elements in a project that will provide an essential link between the train station and the downtown corridor. Directly across the street from the Arts site are the Heldrich Hotel & Condominiums and Rockoff Hall University Housing. Together, these three buildings provide an important residential anchor for the entire downtown corridor.
- **Phase II** is an important downtown project that will focus on the expansion and modernization of the New Brunswick Cultural Center and includes the development of 300,000 sf. of commercial office space, 200 residential units and 57,000 sf of new practice and performance space for the New Brunswick Cultural Center. This project's central location will also provide an essential connection between the train station and the downtown corridor.
- **Phase III** will provide for additional housing and large scale office, residential and retail component and encompasses the redevelopment of the balance of the overall Ferren redevelopment initiative. This phase will also incorporate the development of 250,000 sf. of research, laboratory and clinical facilities to further stimulate the local health care industry. This facility will provide an important link between research universities, hospitals, and private sector pharmaceutical and biotech companies.

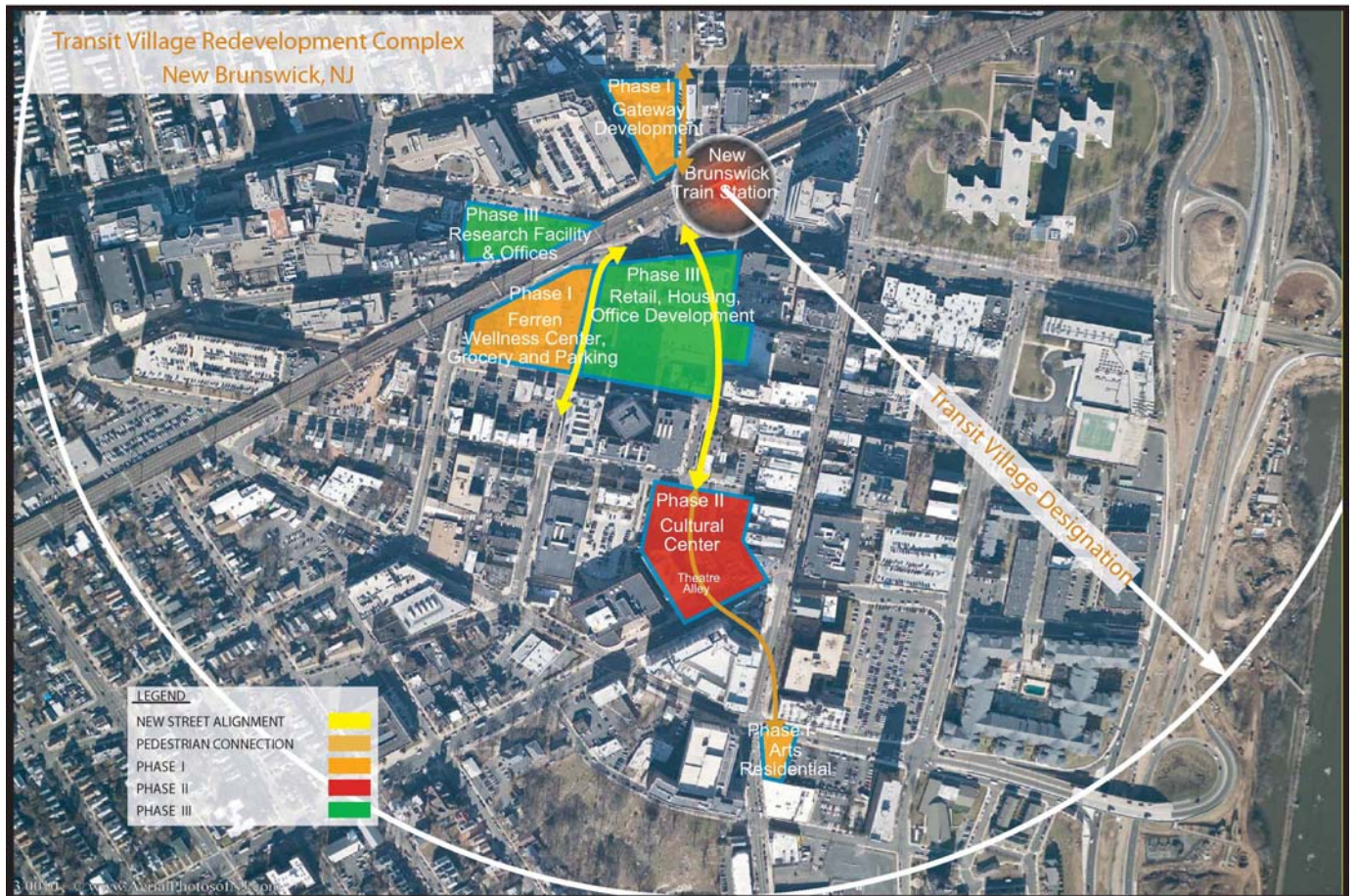
DEVELOPMENT CONNECTIVITY

The overall development program emanates from two development programs that represent significant public input and comment and have become a template for all downtown core projects. The **C.O.R.E Vision Program** and the **Downtown Transit Village Plan**, which were completed over the course of the past few years, both call for the phasing of critical path projects that systematically add retail, housing, office, research, parking and transportation infrastructure projects. Paramount in both of the initiatives was the critical connectivity of all these component development paths.

The development of Phase I of the Transit Village Redevelopment Initiative illustrates the importance of connectivity to the success of mixed use urban redevelopment.

The development of the first phase of this initiative not only adds to the inventory of housing, parking, retail and a long awaited full service grocery store and community based fitness and wellness center in the city's core downtown area, but it provides for the connectivity at a pedestrian level that is critical to the urban development and access to mass transit. The plans

developed as part of the C.O.R.E Vision and Transit Village Initiative focused on reestablishing New Brunswick as a walkable city. The phases on this project are critical to establishing the pedestrian connection from Rutgers University to the Medical School and the Robert Wood Johnson University Hospital complex to the train station to the Cultural Center to housing, hotel and other university based investments in a quick, safe and engaging manner.



ESSENTIAL LINKS

Each project provides essential components that when brought together serves as links to the broader plan and to the City as a whole.

The Gateway component establishes the link from Rutgers to the Train Station. The Ferren component establishes the link from the hospital area and the train Station to the downtown via reestablishment of the traditional urban street grid away from the current mega-block configuration. One will be able to walk from the train station through the new street grid of the Ferren development, through the public promenade that is visioned for the new Culture Center empty in to the Arts District that is currently anchored by the Rutgers assets of Civic Square and Rockoff Hall, the Heldrich Hotel and Conference Center and completed by the Arts Building. The Arts Building is the last piece of the critical mass puzzle at the corner of New and George Street. It was specifically included in this development initiative so that redevelopment between Monument Square and Commercial Avenue which includes Arts, and other redevelopment projects including Rockoff Hall University Housing, the Heldrich Hotel and Conference Center, the Lord Stirling Community School, Hope VI Housing along George Street, the Chandler Health Center and the Rutgers Public Safety Building will complete a seamless connection via George Street between the train station and Rutgers' Douglass College Campus to the east.

URBAN TRANSIT HUB TAX CREDIT ELIGIBILITY

In connection with this application for approval under the Urban Transit Hub Tax Credit program, we have confirmed the project's eligibility under the program's requirements.

First, the total project cost exceeds \$50 million.

Second, the three components of this phase of development will be developed by a single development entity, who will own all components during construction and until such time that the project costs have been certified for the tax credit.

Third, the components of the project have been structured to yield a mix of uses whereby the residential use is the predominant use for the entire project, comprising 51% of the total project, with the commercial uses comprising 49%.

Fourth, the development schedule for all three elements are slated to run concurrently, with construction on all projects to be completed by September 2012. Gateway has the longest construction schedule, and is currently underway. Ferren has the shortest construction schedule, which is scheduled commence in early 2011.

CALCULATION OF PREDOMINANT USE

Following is an analysis of the calculation of residential as the predominant use (by square foot).

USE	Ferren	Arts	Gateway	TOTAL	% by SF
Residential SF	80,000	124,000	273,800	477,800	
Residential Parking Allocation (2/unit)	57,760	-	139,346	197,106	
Total Residential SF Allocation	137,760	124,000	413,146	674,906	51%
Commercial SF	118,800	4,000	115,200	238,000	
Commercial Parking Allocation (to 49%)	306,850	-	103,654	410,504	
Total Commercial SF Allocation	425,650	4,000	218,854	648,504	49%
TOTAL SIZE	563,410	128,000	632,000	1,323,410	
Total Parking Spaces Allocated	1,010		657	1,667	

CAPITAL INVESTMENT

Following is an analysis of the calculation of the total eligible capital investment.

USE	Ferren	Arts	Gateway	TOTAL
Residential	14,250,000	21,272,280	51,343,717	86,866,517
Retail	21,243,948	4,263,200	12,550,808	38,057,956
Office	-	-	12,464,925	12,464,925
Parking	29,238,043	-	22,940,550	52,178,593
Tenant Improvements	10,800,000	-	10,000,000	20,800,000
Soft Costs (20% of total project budget)	17,412,765	7,071,418	24,854,569	49,338,752
Transportation Improvements	8,000,000	-	-	8,000,000
TOTAL CAPITAL INVESTMENT	100,944,756	32,607,418	134,154,569	267,706,743
TOTAL ELIGIBLE CREDITS (20%)				53,541,349
TOTAL MINIMUM NET PROCEEDS (75%)				40,156,011

SECTION 2: PROJECT SUMMARY

New Brunswick Transit Village Redevelopment Initiative

Following are summaries of the three components of the Transit Village Redevelopment Initiative.

I. New Brunswick Gateway Transit Village Project



Location: Easton Avenue and Somerset Street, adjacent to the North East Corridor train line, New Brunswick, New Jersey

Size: 632,000 sq. ft.

Components: 14 stories of residential, including both for-sale and rental; 58,000 sq. ft. of destination retail including a new University bookstore for Rutgers operated by Barnes & Noble; 657-space parking structure; 58,000 sq. ft. of Class A office space including space for the Rutgers University Press publication office.

Investment: \$135.6 million

Anticipated Completion: 2012

Project Overview:

The Gateway Transit Village is a mixed-use redevelopment project to be constructed on Somerset Street on the block adjacent to the New Brunswick Train Station and across from the

main campus of Rutgers, The State University of New Jersey. This project will bring renewed energy to the city's core with active sidewalks, new residential units, and a focus of diverse activities at the entrance to the Rutgers campus. The project will serve as a gateway to both downtown New Brunswick and Rutgers. College Avenue, the central spine of the campus, will be directly connected to the train station's southbound platform by extending direct pedestrian access to Somerset Street via an expansive walkway, which will become an ideal public gathering place.

The residential component of the Transit Village development is an important part of this project. With a total of 14 floors, including 11 floors of rental and 3 floors of for-sale units, the Transit Village's unique location in the downtown and near the University as well as the immediate train platform access will establish this residential development as a premiere location in New Brunswick.

The project is located in downtown New Brunswick, and offers direct and convenient access to mass transit for the more than 12,000 daily rides that board at the New Brunswick train station.

Project Components

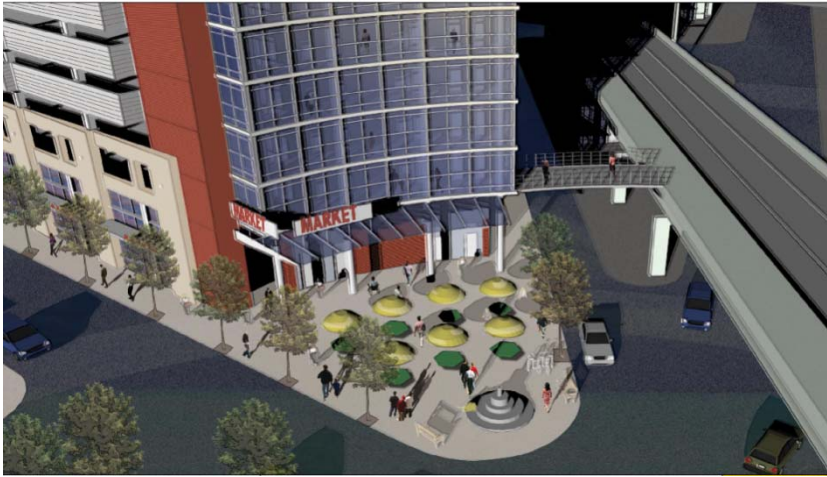


The mixed-use development project is comprised of several components, including residential, office, retail and parking uses. In addition, the project represents a classic public-private partnership among various entities, including Rutgers University, the New Brunswick Parking Authority, New Brunswick Development Corporation and Pennrose Properties.

The specific components include:

- 150 market rate rental apartments (11 floors);
- 42 for-sale condominium units (3 floors);
- New Barnes & Noble Rutgers University Bookstore (45,000 sf.) and Rutgers University Press publishing office (12,500 sf.);
- 657-car parking garage, to be managed by the NBPA;
- 45,500 sf. of office space;
- 13,000 sf. of ground floor retail including a comedy club/restaurant; and
- Walkway connection between train station and Rutgers campus.

II. Ferren Redevelopment Project



Location:	Patterson + Kirkpatrick Streets New Brunswick, New Jersey
Size:	791,700 sq. ft.
Components:	Mixed use development including 80 units of market rate housing, 61,000 sf. food store, 57,800 sf. wellness and fitness center, and 1,639 car parking garage.
Investment:	\$114.2 million
Anticipated Completion:	2012

Project Overview:

The Ferren Project consists of a 80-unit market rate rental residential project, a 1,639 car parking garage, a 57,800 sf. wellness and fitness center (including a public aquatic facility) and a 61,000 sf. food store. The New Brunswick Parking Authority (“NBPA”) will operate the garage, with tenants identified for both the wellness center and food store.

Located immediately across from the New Brunswick train station (which services both NJ Transit and Amtrak), the Ferren Project will redevelop an underutilized area of downtown New Brunswick into a state-of-the-art mixed use building comprising of a much needed downtown grocery store, a wellness and fitness center, a parking garage, and modern "loft" style apartments. All uses are in great demand in New Brunswick and operators for the primary retailers have

been identified. New Brunswick has been revitalized by a number of large mixed use facilities over the last decade, but none have offered this level of amenities.



This project provides a unique opportunity to offer access to a public aquatic center. Through a unique public-private structure, the center will provide access to pool facilities to members of the community and as the school district. In addition, the advent of a food store will provide a truly essential use that has been much sought after over the past many years of redevelopment in New Brunswick.

The residential portion will introduce energy efficient modern design housing into the city. The use of such "Green" amenities such as solar photovoltaic and green roof systems, will position the lofts as an extremely unique and marketable product.

As with all redevelopment projects in New Brunswick, this project seeks to serve the broader New Brunswick community. The project follows the planning principals of Transit Oriented Development, and it is expended that more than 250 permanent jobs will be created by this project.

III. Arts Redevelopment Project



Location:	George + New Streets and Patterson + Kirkpatrick Streets New Brunswick, New Jersey
Size:	128,000 sq. ft.
Components:	Mixed use development including 104 units of 80% market rate and 20% affordable housing together with 4,000 sf. of retail
Investment:	\$39.4 million
Anticipated Completion:	2012

Project Overview:

The Arts Building is located in the heart of New Brunswick's downtown, at the intersection of George and New Streets.

The overall site plan consists of a 14-story building with ground floor retail space. Parking will be available to the project in the Morris Street Parking Deck, located across George Street. The building will contain 104 rental apartments and 4,000 square feet of street front retail. The development will provide for a mixed-income housing opportunity, 80% of the apartments will be market rate units and 20% will be affordable units rented to households with incomes equal

to or below 60% of the area median income. This structure meets the goals of the Municipality and provides access to Low Income Housing Tax Credit Equity and other funding sources.

This project represents an important addition of both affordable and market rate housing. This model has been successfully used by the development team on a project located a few blocks away from the Arts site in downtown New Brunswick. The inclusion of a mix of housing types in this project meets with long standing goals in the City to provide for a diversity of housing opportunities throughout the community. To that end, this project is specifically identified in the City's Redevelopment Plan for this area.

SECTION 4: Development and Financing Structure

Project Ownership

The development plan identifies a single owner, Somerset Street Urban Renewal Associates, LLC, (“SSURA”) during construction and contemplates that SSURA will own the facility until such time as a Certificate of Occupancy is issued and capital costs are certified (as required by the EDA under this program). At that time, title interest of the various components of the project, in the form of air rights estates, will be conveyed to the appropriate owners, including Rutgers University, New Brunswick Parking Authority and a residential developer.

Financing Plan

The Project involves several sources of financing which are attached as Attachment A.

Development Team

An experienced collective of development professionals, having completed 5 projects together, is assembled for this initiative. Each professional member is regarded as a leader in their field and has extensive experience with mixed-income and mixed-use developments.

DEVCO, (Co-Developer) is a not-for-profit entity that has overseen more than \$1.6 billion in investment to aid in New Brunswick’s economic revitalization. Currently, DEVCO has approximately 2.5 million square feet of redevelopment projects under development, representing more than \$450 million in investment.

Pennrose Properties LLC (Co-Developer) is one of the most prolific mixed-income residential developers in the nation, having developed more than 11,000 units over the last three decades across nine states. Greater than 40 of Pennrose’s 180 developments are located in the State of New Jersey, four of which are located in the City of New Brunswick.

In addition to DEVCO and Pennrose, the development team also includes Keating Urban Partners as an Owner’s Representative and AJD Construction as the Contractor.

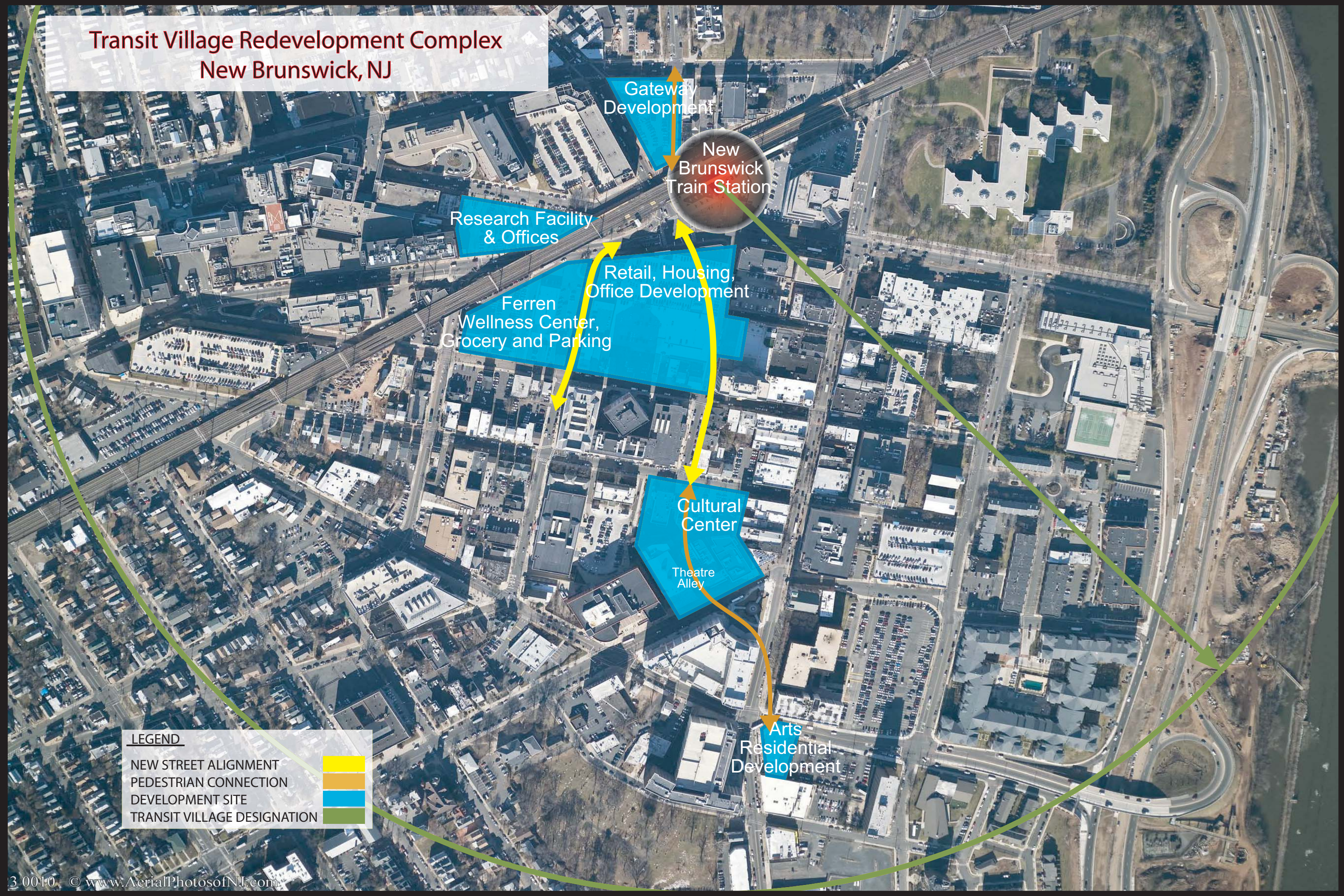
SECTION 5: Overview of New Brunswick, New Jersey

New Brunswick, New Jersey is a vibrant city of 50,000 residents, a number that triples during the day time with college students, corporate and business employees, hospital and health care workers and visitors. The County Seat for Middlesex County, New Brunswick hosts richly diverse neighborhoods, a bustling downtown and an innovative and popular cultural arts center.

Employment – New Brunswick is home to a unique collaboration of world-class health care facilities, corporations, nonprofit organizations, institutions and academic facilities. The City's expanding employers have created a 27% increase in new jobs, which has fueled a 17% increase in the city's population since 1990. Driving the demand for New Brunswick's expansion are pharmaceutical firms competing to be near the extensive research and development facilities located in the center of the city. Making their home in the heart of New Brunswick is the world's largest health care products manufacturer, Johnson & Johnson; one of the nation's largest and most prestigious research universities, Rutgers – The State University of New Jersey; the country's largest public health science university, University of Medicine and Dentistry of New Jersey; two premiere teaching hospitals, Robert Wood Johnson University Hospital and St. Peter's University Hospital; and, a nationally accredited cancer care center, The Cancer Institute of New Jersey.

Transportation – New Brunswick is conveniently located in central New Jersey and serviced by many modes of transportation. It is the midpoint between Philadelphia and New York on the Northeast corridor train line, which is serviced by Amtrak and NJ Transit. Interstate highways including the NJ Turnpike and I-287 provide immediate North-South and East-West travel. Newark International Airport is only 20 minutes to the north and New York City is less than an hour's drive.

Transit Village Redevelopment Complex New Brunswick, NJ



Gateway
Development

New
Brunswick
Train Station

Research Facility
& Offices

Retail, Housing,
Office Development

Ferren
Wellness Center,
Grocery and Parking

Cultural
Center

Theatre
Alley

Arts
Residential
Development

LEGEND

NEW STREET ALIGNMENT
PEDESTRIAN CONNECTION
DEVELOPMENT SITE
TRANSIT VILLAGE DESIGNATION



Operating Cash Flows

Annual % of Rent Increase:	2.00%
Annual Expense Increase:	3.00%
Vacancy:	7.00%

Project Name: New Brunswick Gateway Transit Village - Rental

Permanent Mortgage (Conventional)	8,687,500	Including Interest Reserves			Amortization Calculation (Conventional)			
Interest Rate:	6.10%	6.60%	6.60%		30	25	8,177,682	
Amortization (310+ LIBOR Float Yr 1, 6.6% Fixed Yr 2 - Yr 6):	Interest Only	30 Year	30 Year		30	25	8,177,682	
Annual Payment:	529,938	573,375	573,375		693,578	693,578	509,818	101,964
Note: Only \$7,000,000 is Fixed Year 2 - Year 6, Remainder Floats	Year 1	Year 2	Year 3		Annualized Amortization (Yr 2 - Yr 6)			
Note: Amortization of Full \$19.3M 1st Position Allocated to Conventional Portion								

Permanent Mortgage (NMTC)	10,612,500	Amortization Calculation (NMTC Loan)		
Interest Rate:	6.40%	6.40%	6.40%	
Amortization:	Interest Only	Interest Only	Interest Only	
Annual Payment:	679,200	679,200	679,200	
	Year 1	Year 2	Year 3 and Beyond	
Annualized Amortization (Year 2 - Year 6)				

Total Annual Amortization (Yr 2 - Yr 6)	226,521
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PROJECTIONS	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
RENTAL INCOME															
Apartment Rents ¹	2,098,323	3,425,788	3,494,304	3,564,190	3,635,474	3,708,184	3,782,347	3,857,994	3,935,154	4,013,857	4,094,134	4,176,017	4,259,537	4,344,728	4,431,623
Less Vacancy Loss	7 %	(146,883)	(239,805)	(244,601)	(249,493)	(254,483)	(259,573)	(264,764)	(270,060)	(275,461)	(280,970)	(286,589)	(292,321)	(298,168)	(304,131)
NET APT. RENTS		1,951,440	3,185,983	3,249,703	3,314,697	3,380,991	3,448,611	3,517,583	3,587,935	3,659,693	3,732,887	3,807,545	3,883,696	3,961,370	4,040,597

OPERATING EXPENSES	Yearly Per Unit Cost														
Salaries	\$1,259	188,882	194,548	200,385	206,396	212,588	218,966	225,535	232,301	239,270	246,448	253,842	261,457	269,301	277,380
General and Administrative	\$371	55,690	57,361	59,082	60,854	62,680	64,560	66,497	68,492	70,546	72,663	74,843	77,088	79,401	81,783
Advertising and Marketing	\$167	0	25,788	26,562	27,359	28,179	29,025	29,895	30,792	31,716	32,668	33,648	34,657	35,697	36,768
Maintenance & Repairs	\$1,033	154,929	159,577	164,364	169,295	174,374	179,605	184,993	190,543	196,259	202,147	208,212	214,458	220,892	227,518
Turnovers	\$18	0	2,722	2,804	2,888	2,975	3,064	3,156	3,251	3,348	3,449	3,552	3,659	3,768	3,881
Utilities	\$883	132,410	136,382	140,474	144,688	149,029	153,499	158,104	162,848	167,733	172,765	177,948	183,286	188,785	194,449
Management Fee	\$600	90,000	95,388	97,295	99,241	101,226	103,251	105,316	107,422	109,570	111,762	113,997	116,277	118,603	120,975
PILOT on Housing	\$2,235	209,832	342,579	349,430	356,419	363,547	370,818	378,235	385,799	393,515	401,386	409,413	417,602	425,954	434,473
Insurance	\$704	105,597	108,765	112,028	115,389	118,850	122,416	126,088	129,871	133,767	137,780	141,914	146,171	150,556	155,073
Replacement Reserves	\$250	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500

TOTAL EXPENSES	974,841	1,160,610	1,189,924	1,220,029	1,250,949	1,282,704	1,315,320	1,348,819	1,383,226	1,418,567	1,454,868	1,492,155	1,530,455	1,569,798	1,610,213
Total Per Unit Cost	6,499	7,737	7,933	8,134	8,340	8,551	8,769	8,992	9,222	9,457	9,699	9,948	10,203	10,465	10,735
Expense/Income Ratio	0.50	0.36	0.37	0.37	0.37	0.37	0.37	0.37	0.38	0.38	0.38	0.38	0.38	0.39	0.39
INCOME AVAIL. FOR DEBT	976,600	2,025,373	2,059,779	2,094,668	2,130,042	2,165,906	2,202,263	2,239,116	2,276,467	2,314,320	2,352,677	2,391,541	2,430,914	2,470,799	2,511,196

Interest -1st Mortgage (Conventional)	343,515	469,286	455,468	441,650	427,832	414,015	441,801	441,801	441,801	441,801	441,801	441,801	441,801	441,801	441,801
Amortization -1st Mortgage (Conventional)	0	226,521	226,521	226,521	226,521	226,521	244,295	244,295	244,295	244,295	244,295	244,295	244,295	244,295	244,295
Interest - 1st Mortgage (NMTC Loan)	566,000	679,200	679,200	679,200	679,200	679,200	742,875	742,875	742,875	742,875	742,875	742,875	742,875	742,875	742,875
Total Debt Service ²	909,515	1,375,007	1,361,189	1,347,371	1,333,553	1,319,736	1,428,971	1,428,971	1,428,971	1,428,971	1,428,971	1,428,971	1,428,971	1,428,971	1,428,971

Debt Service Coverage Ratio	1.07	1.47	1.51	1.55	1.60	1.64	1.54	1.57	1.59	1.62	1.65	1.67	1.70	1.73	1.76
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Imputed Rate (7%, 30 Yr Am) Debt Service Equivalent	1,540,841	1,540,841	1,540,841	1,540,841	1,540,841	1,540,841	1,540,841	1,540,841	1,540,841	1,540,841	1,540,841	1,540,841	1,540,841	1,540,841	1,540,841
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Debt Service Coverage Ratio at Imputed Rate (7%, 30 Yr Am) ³	0.63	1.31	1.34	1.36	1.38	1.41	1.43	1.45	1.48	1.50	1.53	1.55	1.58	1.60	1.63
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CASH FLOW After Bank of America Debt Service	67,085	650,366	698,590	747,297	796,489	846,171	773,292	810,144	847,496	885,349	923,706	962,570	1,001,943	1,041,827	1,082,225
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¹ Revenues begin in early February. Lease-up and at full revenues at approximately September 15, 2012.

² Total Debt Service after 2017 is assumed. Refinance at the end of Year 7 will be necessary. Debt service after 2017 will be based on rates and terms at time of refinance.

³ Debt Service Coverage Ratio used by Bank of America to Calculate Maximum Eligible Loan and Continued Loan Performance Based on 7%/30 Year Amortization Rate



CHRIS CHRISTIE
GOVERNOR

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
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ANDREW P. SIDAMON-ERISTOFF
STATE TREASURER

KIM GUADAGNO
LT. GOVERNOR

May 3, 2010

TRANSIT VILLAGE ASSOCIATES, LLC
c/o New Brunswick Development Corporation
120 Albany Street, 7th Floor
New Brunswick, NJ 08901
Attn: Christopher J. Paladino

BUSINESS ASSISTANCE AND INCENTIVE
CLEARANCE CERTIFICATE

Re: New Jersey Economic Development Authority
ID #: XXX-XXX-808/000

The Director of the Division of Taxation, in accordance with Chapter 101, Laws of N.J. 2007, has reviewed the records of the above Applicant for Business Assistance or Incentive from your agency. This review shows that the Applicant is in compliance with this act.

This certificate indicates the Division of Taxation has no objections to the issuance of said Assistance or Incentive. This certificate does not constitute a waiver of authority to demand resolution of any other deficiencies and delinquencies and shall not prevent further audit or the assessment of additional taxes, penalties, interest or fees as may be provided by law.

This certificate is valid for 90 days from the date of issuance.

A handwritten signature in black ink, appearing to read "Cheryl Fulmer".

Cheryl Fulmer
Acting Director



OFFICIAL COPY**APPLICATION SUBMISSION DATE - 3/25/2010 10:06:55 AM**

APPLICATION NUMBER: 203142

Application Date: 3/25/2010

Who is your NJEDA contact? Alex Pavlovsky

Products Selected: Urban Transit Hub

Application Fee: \$5000

Payment Method: BYCHECK

Organization InformationApplicant Organizational Name:
(official, legal name without abbreviations) Transit Village Associates LLC

Federal Employer's I.D. No. (FEIN):



Doing Business As Name: LLC

Holding Company Name: New Brunswick Development Corp.

Authorized Representative: Christopher Paladino

Title: President

Is the Organization's address the same as
the Contact's address? YES

County: Middlesex

Telephone Number: 7322492220

Website Address: www.devco.org

Number of Employees: 15

NAICS Number: 531390

Nature of Business:

Activities relating to real estate

Year Established: 2010

Ownership Structure: Limited Liability Co.

State of Incorporation/Formation: NJ

List all Officers, Directors or Owners with a 10 % or more interest.

Name	SSN	Position	US Citizen	Permanent Resident
New Brunswick Development Corporation	[REDACTED]	Nonprofit Organization	NA	NA

Principal Bank Reference Information

Bank Name	Contact Name	Contact Telephone Number
Wachovia	Sharon Pelican	7327294301

Legal Information

Name of counsel to applicant: Anthony R. Coscia

Address: 120 Albany Street Plaza Tower 1, 6th Floor
New Brunswick, New Jersey, 08901

Telephone: 7328467600

Accountant Information

Accountant name: James Decker

Address: Withum Smith + Brown One Spring Street
New Brunswick, NJ 08901

Telephone: 7328281614

Has the applicant, or any related parties, previously received EDA assistance? YES

Contact Information

Salutation: Ms.

First Name: Sarah

Middle Initial:

Last Name: Clarke

Suffix:

Title: Executive Vice President

Company: New Brunswick Development Corporation

Mailing Address:	120 Albany Street
Address Line 2:	Tower 1, 7th Floor
City/Town:	New Brunswick
State:	NJ
ZIP Code:	08901
Telephone Number:	732-249-2220 Ext.
Fax Number:	732-249-4671
Email Address:	xxxxxxx@xxxxx.xxx

Project Information**Project Location**

Street Address:	Easton Avenue & Somerset Street
Address Line 2:	
City/Town:	New Brunswick City
State:	NJ
ZIP Code:	08901
County:	Middlesex
Block:	45,44.01
Lot:	11-22, 25

Project Description

Please provide a narrative description as fully and precisely as possible of the project and/or business, including acquisition, lease and renewal terms, construction or expansion plans, current and future uses by the applicant, size of existing and proposed facility, and/or project occupant(s) of the building(s) and/or equipment to be acquired or upgraded:

The New Brunswick Transit Village initiative includes three major components to be built simultaneously in downtown New Brunswick. The three projects will be developed by the same development entity and are all scheduled to be completed by September 2012. Gateway: This project is currently under construction. This development incorporates 193 housing units, 58,000 sf office, 657 parking spaces and 58,000 sf retail. The project represents a true public-private partnership with Rutgers University and the New Brunswick Parking Authority and will provide important links with mass transit, including direct access to the train platform serving the Northeast Corridor. Ferren: This 730,000 sf project incorporates market rate housing together with public parking, and urban grocery store, a hospital based fitness and wellness program that will provide a long sought after public aquatics program available to the public and the school system, and significant customer elements for rail and bus service operated by New Jersey Transit. Arts: This 128,000 sf project incorporates much needed affordable housing and retail elements in a project that will provide an essential link between the train station and downtown corridor.

Directly across the street from the Arts site are the Heldrich Hotel & Condominiums and Rockoff Hall University Housing. Together, these three buildings provide an important residential anchor for the entire downtown corridor. A more detailed summary of this project is included within the submission and all backup material for this application.

Will the project facility be occupied or used by any party other than the application? YES

Project Costs

Please enter applicable costs:

Land Acquisition	\$32,952,145
New Building Construction	\$206,895,327
Environmental Investigations and Remediation Costs	\$1,715,000
Road, Utilities, Etc. Construction	\$8,000,000
Fees - Engineering and Architectural	\$12,619,846
Fees - Financing	\$14,654,468
Other (1) - All Other Soft Costs	\$26,528,990
Other (2) - Types of Financing	\$16,530,195
Other (3) - Tenant Improvements	\$20,800,000
Total Cost:	\$340,695,971

Prevailing Wage

Be advised that projects utilizing financial assistance for construction related costs are subject to state prevailing wage requirements. Please contact Alex if you have any questions.

Project Costs - Land Acquisition

If the applicant is not now the owner of the project site, does the applicant have an option to purchase the project site? NA

Date the option was signed with the owner:

Purchase price of project site:

Expiration date of option or contract:

If the applicant is not now the owner of the project site, does the applicant now lease the project site or any buildings on the site? NA

Is there a relationship legally or by virtue of common control between the applicant or proposed occupant of the project and the present owner of the project property? NA

Describe the relationship:

Project Costs - New Building Construction

Describe all approvals for this project

	Status
1. Site Plan Approval	Received
2. Schematic Drawings	Received
3. Design Drawings	Received
4. Construction Drawings	Received
5. Construction Permits	Received
6. Historic Review	Received
7. Traffic/Offsite Improvements	Received

Project Costs - New Construction

Has construction work begun on project? YES

Provide Details:

DETAILS OF GATEWAY CONSTRUCTION PROGRESS

Do you have an Architect under contract at the time of this application? YES

Architect

Name: Meltzer Mandl
Street Address: 215 Park Avenue South, Suite 1403 New York, NY 10003
Phone: (646) 654-2800
Website Address: www.meltzermandl.com
E-mail Address: mmeltzer@meltzermandl.com

Do you have a Construction Manager under contract at the time of this application? YES

Construction Manager

Name: AJD Construction
Street Address: 948 Highway 36 Leonardo, NJ 07737
Phone: 732-291-9800
Website Address: <http://ajdconstruction.net/>

E-mail Address: xxx@xxxxxxxxxxxxxxxxxxx.xxx

Do you have an General Contractor under contract at the time of this application? YES

General Contractor

Name: AJD Construction
 Street Address: 948 Highway 36 Leonardo, NJ 07737
 Phone: 732-291-9800
 Website Address: http://ajdconstruction.net/
 E-mail Address: xxx@xxxxxxxxxxxxxxxxxxx.xxx

Project Costs - Environmental Investigations and Remediation Costs

Indicate in detail the present use of the project site:

The first component of the project is referred to as the Gateway site. This location is currently under construction. The second component is the Arts building. This site has been cleared and remediated and is ready to commence construction once financing is in place. The final component is the Ferren replacement parking garage that includes the fitness center and food store. This site is in the process of acquisition and includes a UMDNJ medical building, an abandoned warehouse and several two story structures.

Describe status of environmental investigation, including any known or suspected environmental problems:

Environmental investigation is ongoing for the development sites. A detailed report will be provided as an addendum to this application.

Sources of Funds

Sources should include categories such as owner's equity, bank financing, and other government support.

Source Name	Source Amount
Amount of NJEDA Assistance Requested	\$58,617,871
New Brunswick Parking Authority Bond	\$118,877,554
Rutgers University	\$15,870,010
NJ HMFA	\$49,902,097
TICIC	\$7,362,623
NMTC Equity	\$32,069,639
NJRA	\$900,000
NJ DEP	\$404,000
RCA	\$420,000
LIHTC Proceeds	\$1,957,082
Deferred Developer Fee	\$2,630,000
Bank Loan for Residential Rental Development	\$22,885,095
NJ Transit	\$8,000,000

Anticipated Tenant Improvements	\$20,800,000
Total:	\$340,695,971

Urban Transit Hub

Applying as: Developer

Total number of years of operation in New Jersey:

Additional Background Information

Businesses applying for eligibility for NJEDA programs are subject to the Authority's Disqualification/Debarment Regulations (the "Regulations"), which are set forth in N.J.A.C. 19:30-2.1, et seq. Applicants are required to answer the following background questions pertaining to the commission of certain actions that can lead to debarment or disqualification from eligibility under the Regulations.

All capitalized terms used in this Questionnaire, except those defined elsewhere herein, shall be defined at the bottom of this form.

1. Commission of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract, or subcontract thereunder, or in the performance of such contract or subcontract.

NO

2. Violation of the Federal Organized Crime Control Act of 1970, or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, perjury, false swearing, receiving stolen property, obstruction of justice, or any other offense indicating a lack of business integrity or honesty.

NO

3. Violation of the Federal or State antitrust statutes, or of the Federal Anti-Kickback Act (18 U.S.C.874).

NO

4. Violation of any law governing the conduct of elections of the Federal Government, State of New Jersey or of its political subdivision.

NO

5. Violation of the "Law Against Discrimination" (P.L. 1945, c169, N.J.S.A. 10:5-1 et seq., as supplemented by P.L.

1975, c127), or of the act banning discrimination in public works employment (N.J.S.A 10:2-1 et seq.) or of the act prohibiting discrimination by industries engaged in defense work in the employment of persons therein (P.L. 1942, c114, N.J.S.A 10:10, et seq.). NO

6. To the best of your knowledge after reasonable inquiry, violation of any laws governing hours of labor, minimum wage standards, prevailing wage standards, discrimination in wages, or child labor. NO

7. To the best of your knowledge, after reasonable inquiry, violation of any law governing the conduct of occupations or professions of regulated industries. NO

8. Debarment by any department, agency, or instrumentality of the State or Federal government. NO

9. Violation of any of the following prohibitions on vendor activities representing a conflict of interest, or failure to report a solicitation as set forth below:

- i. No person shall pay, offer or agree to pay, either directly or indirectly, any fee, commission, compensation, gift, gratuity, or other thing of value of any kind to any Authority officer or employee or special Authority officer or employee, as defined by N.J.S.A 52:13D-13(b) and (e), with which such person transacts or offers or proposes to transact business, or to any member of the immediate family as defined by N.J.S.A 52:13D-13i, of any such officer or employee, or partnership, firm or corporation with which they are employed, or associated, or in which such officer or employee has an interest within the meaning of N.J.S.A 52:13D-13g.
- ii. The solicitation of any fee, commission, compensation, gift, gratuity or other thing of value by any Authority officer or employee or special Authority officer or employee from any person shall be reported in writing by the person to the Attorney General and the Executive Commission on Ethical Standard.
- iii. No person may, directly or indirectly, undertake any private business, commercial or entrepreneurial relationship with, whether or not pursuant to employment, contract or other agreement, express or implied, or sell any interest in such person to, any Authority officer or employee or special Authority officer or employee having any duties or responsibilities in connection with the purchase, acquisition or sale of any property or services by or to the Authority, or with any person, firm or entity with which he or she is employed or associated or in which he or she has an interest within the meaning of N.J.S.A 52:13D-13g. Any relationships subject to this subsection shall be reported in writing to the Executive Commission on Ethical Standards, which may grant a waiver of this restriction upon application of the Authority officer or employee or special Authority officer or employee upon a finding that the present or proposed relationship does not present the potential, actuality or appearance of a conflict of interest.
- iv. No person shall influence, or attempt to influence or cause to be influenced, any Authority officer or employee or special Authority officer or employee in his or her

capacity in any manner which might tend to impair the objectivity or independence of judgment of the officer or employee.

- v. No person shall cause or influence, or attempt to cause or influence, any Authority officer or employee or special Authority officer or employee to use, or attempt to use, his or her official position to secure unwarranted privileges or advantages for the person or any other person.

NO

10. Has any member of the Controlled Group been found guilty, liable or responsible for the violation in any Legal Proceedings of any State, Federal or foreign law that may bear upon a lack of responsibility or moral integrity, or that may provide other compelling reasons for disqualification. (Your responses to the foregoing question should include, but not be limited to, the violation of the following laws, without regard to whether any monetary award, damages, verdict, assessment or penalty has been made against any member of the Controlled Group, except that any violation of any environmental law in category (v) below need not be reported where the monetary award damages, etc. amounted to less than \$1 million).

- i. Laws banning or prohibiting discrimination or harassment in the workplace on the basis of gender, race, age, religion or handicapped status.
- ii. Laws prohibiting or banning any form of forced, slave, or compulsory labor.
- iii. Laws protecting workers who have reported the wrongdoing of their employers to governmental authorities, commonly referred to as "Whistleblower Laws".
- iv. Securities or tax laws resulting in a finding of fraud or fraudulent conduct.
- v. Environmental laws.
- vi. Laws banning the possession or sale of, or trafficking in, firearms or drugs.
- vii. Laws banning anti-competitive dumping of goods.
- viii. Anti-terrorist laws.
- ix. Criminal laws involving commission of any felony or indictable offense under State, Federal or foreign law.
- x. Laws banning human rights abuses.
- xi. Laws banning the trade of goods or services to enemies of the United States.
- xii. The New Jersey Conflicts of Interest Law, N.J.S.A 52:13D-1, et seq.

NO

11. To the best of your knowledge, after reasonable inquiry, is any member of the Controlled Group a party to pending Legal Proceedings wherein any of the offenses or violations described in questions 1-10 above are alleged or asserted against such entity or person?

NO

If the answer to any of the foregoing questions is affirmative, you must provide the following information as an attachment to the application: (i) the case and court in which such matters were tried or are pending; (ii) the charges or claims adjudicated or alleged; and (iii) a brief explanation of the circumstances giving rise to such matters. Also, for affirmative answers to question 1-10, copies of the final judgments, consent orders or administrative findings, as the case may be, that were entered or made in such matters must be attached.

The terms set forth below shall be defined as follows:

"Affiliates" means persons having an overt or covert relationship such that any one of them directly or indirectly controls or has the power to control another.

"Legal Proceedings" means any State, Federal or foreign civil, criminal or administrative proceeding in a court or administrative tribunal in the United States, any territories thereof or foreign jurisdiction.

The Authority reserves the right to require additional clarifying or explanatory information from the applicant("Applicant") regarding the answers given. If, at any time prior to board action on this application, or, at any time between the date of such action and the execution of a grant agreement with the Authority, the Applicant should become aware of any facts that materially alter or change such answers, or render any of them incomplete, the Applicant shall have a duty to immediately report such facts to the Authority in writing.

Certification of Application

PLEASE NOTE:

Eligibility of financial assistance by the New Jersey Economic Development Authority is determined by the information presented in this application and the required attachments and schedules. Any changes in the status of the proposed project from the facts presented herein could disqualify the project, including but not limited to, the commencement of construction or the acquisition of assets such as land or equipment. Please contact the staff of the EDA before taking any action which would change the status of the project as reported herein. The EDA's regulations and policies regarding the payment of prevailing wages and affirmative action in the hiring of construction workers require the submission of certain reports and certificates and the inclusion of certain provisions in construction contracts. Please consult with the EDA staff for details concerning these matters.(Forms can be found on our website www.njeda.com/forms)

Only Board Members of the governing board of the particular program for which you are applying, by resolution, may take action to determine project eligibility and to authorize the issuance of funds.

I, THE UNDERSIGNED, BEING DULY SWORN UPON MY OATH SAY:

1. I have received a copy of the "Regulation on Payment of Prevailing Wages" and the "Affirmative Action Regulation" and am prepared to comply with the requirements contained therein.

2. I affirm, represent, and warrant that the applicant has no outstanding obligations to any bank, loan company, corporation, or individual not mentioned in the above application and attachments; that the information contained in this application and in all attachments submitted herewith is to the best of my knowledge true and complete and that the bond/loan applied for herein is not for personal, family, or household purposes.

3. I understand that if such information is willfully false, I am subject to criminal prosecution under N.J.S.A. 2C:28-2 and civil action by the EDA which may at its option terminate its financial assistance.

4. I authorize the New Jersey Department of Law and Public Safety to verify any answer (s) contained herein through a search of its records, or records to which it has access, and to release the results of said research to the EDA.

5. I authorize the EDA to obtain such information including, but not limited to, a credit bureau check as it may require, covering the applicant and/or its principals, stockholders and/or investors.

6. I authorize the EDA to provide information submitted to it by or on behalf of the applicant to any bank or State agency which might participate in the requested financing with the EDA.

☒ I am Authorized Signer and I accept the terms and conditions.

Required Attachments

- Business Plan
- Applicant's Financial Projections for three years
- Application for Tax Clearance
 - [Download Application for Tax Clearance - Division of Taxation](#)
(Instructions: Please only complete the information above the dotted line on the application and sign and date at the bottom of the form.)
 - [Link to Treasury](#)
 - [P.L.2007, C.101](#)
- Engineer/Surveyor Letter certifying the location to be within $\frac{1}{2}$ mile of an Urban Transit HUB.
- The Development Subsidy Job Goals Accountability Act
 - [Application Addendum](#)
 - [P.L.2007, C.200](#)
- List Directors and Trustees of the nonprofit organization indicated in Ownership Structure
- Project Occupant Application (Form can be found on our website www.njeda.com/forms)
- Executed copy of the option agreement or contract (Land Acquisition)
- Executed copy of lease (Land Acquisition)
- Copies of permits (New Building Construction)
- Invoices, if any of the new equipment has been ordered or delivered (New Equipment/Machinery Purchase)



MEMORANDUM

TO: Members of the Authority

FROM: Caren S. Franzini
Chief Executive Officer

DATE: May 10, 2010

SUBJECT: Urban Transit Hub Tax Credit Program
Transit Village Associates LLC

Request

The Members are asked to approve the Urban Transit Hub Tax Credit (UTHTC) Program residential application for **Transit Village Associates, LLC** for a tax credit amount not to exceed **\$55,100,000**, which represents **20%** of the Total Eligible Capital Investment of **\$275,500,000**.

Project Background

The New Brunswick Development Corporation (DEVCO) is a not for profit real estate development company founded to initiate redevelopment projects and to serve as the vehicle for public and private investment in the City of New Brunswick. It has overseen more than \$1.6 billion of investment since it was founded in the mid seventies. Christopher Paladino is its President and Ira Novak is its Chairman. The Project, which consists of 3 phases of development, has received redevelopment approval and is the cornerstone of the Downtown Transit Village Redevelopment Initiative. The applicant, Transit Village Associates L.L.C., was created by DEVCO as a holding company for three development LLCs; Brunswick Housing Urban Renewal, LLC for the Arts complex, Ferren Urban Renewal LLC for the Ferren complex and Somerset Street Urban Renewal associates LLC for the Gateway complex.

In January 2010, the Members approved the issuance of \$21,860,000 of UTHTC tax credits for the Somerset Street Urban Renewal LLC for the Gateway portion of the Transit Village project. Devco has submitted a new application as Transit Village Associates L.L.C. requesting consideration for its Gateway, Ferren and Arts facilities to be considered as a single project under the complex provision of the UTHTC program. Staff has reviewed the definition of the complex with the Division of Law and believes that these facilities exhibit

sufficient common characteristics to meet the requirements to be considered as a complex under the Statute. These characteristics include the proximity, continuity of development and ownership structures, shared amenities, and consistency with a master redevelopment plan. On approval of the Transit Village Associates application, the Somerset Street Urban Renewal LLC approval will be withdrawn.

The Transit Village application contemplates the development of three complexes totaling \$326 million of investments known as Gateway, Ferren and Arts (the "Project"). Each complex is mixed use with the inclusion of retail, affordable and market rate residential and commercial activities including an urban grocery store. The New Brunswick Parking Authority, Pennrose Development and Rutgers have all agreed to have interests in portions of the completed projects. Pennrose Properties is one of the most prolific mixed-income residential developers in the nation, having developed over 11,000 units. In total the three facilities will add over 375 residential units, 170,000 square feet of retail and amenities space and almost 50,000 square feet of office space to the downtown core of New Brunswick. Residential is the predominate use in the Transit Village application and as such can be considered under the residential portion of the UTHTC, allowing for up to 20% of eligible costs to be issued as credits.

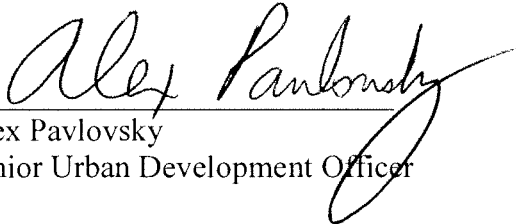
Authority staff has undertaken a pro-forma review of the applicant's combined financials which shows the need for the UTHTC benefit in order to make the project move forward. Specifically, without the UTHTC, the pro forma showed a .84% unleveraged internal rate of return and a 4.05% cash on cash yield, making it infeasible for a developer to advance the project. However, with the benefit of the UTHTC for 20% of eligible costs, the project returns improve to a 8.22% unleveraged internal rate of return and a 6.67% cash on cash yield. This is within the market range and will enable the project to move forward. As a result of this review, it is recommended that the board approve a 20% tax credit not to exceed \$55,100,000, to be taken over 10 years. Pursuant to the Statute, the approval would be subject to either the City of New Brunswick obtaining COAH Substantive Certification, the applicant building a 20% affordable housing component into the project, or a finding by the Attorney General's office that the project is not obligated to provide affordable units.

Recommendation

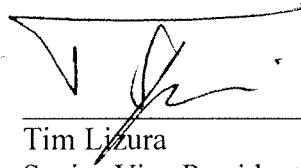
Staff has reviewed the application for consistency with the Act and rules implementing the UTHTC Program (N.J.A.C:19:31-9) and recommends approval of the application for a tax credit amount not to exceed **\$55,100,000** which represents **20%** of the Total Eligible Capital Investment which is \$275,500,000. Ten percent of this amount will be issued annually over ten years. EDA will provide the applicant with an approval letter for the total amount of the credit. Upon project completion, the Authority shall issue a tax credit certificate based on the final qualified costs, not to exceed the approved amount. The tax credit certificate shall indicate that the applicant may take one tenth of the total credit annually over ten years when accompanied by a letter issued by EDA indicating the project is compliant with program guidelines. This approval is subject to the proposed program rule amendments becoming final, with the applicant at risk if the proposed amendments implementing the program are not adopted.

The approval of this project under the UTHTC program is contingent upon the Applicant meeting the following conditions regarding the Project. :

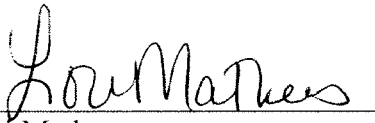
1. Financing commitments for all funding sources for the Project by April 30, 2011;
2. Evidence of site control and site plan approval for all properties within the Project by April 30, 2011;
3. Written commitment from the New Brunswick Parking Authority and financing commitments from all funding sources regarding the purchase of a portion of the Gateway component of the Project comprised of the Parking Garage in the amount of \$46,916,745; and a portion of the Ferren component of the Project comprised of the Parking Garage and the commercial space in the amount, not to exceed \$79,824,022 by April 30, 2011;
4. Written commitment from Rutgers University and financing commitments from all funding sources regarding the purchase of a portion of the Gateway component of the Project comprised of residential units and commercial space in the amount of \$15,870,01 by April 30, 2011; and
5. Written commitments of New Market Tax Credit allocation and investors sufficient to allow financing of the project by December 30, 2010.



Alex Pavlovsky
Senior Urban Development Officer



Tim Lizura
Senior Vice President, Business Development



Lori Matheus
Vice President Business Development

Consolidated Assumptions

Financing		w/ Subsidy
Construction Financing (Remaining Project Costs)		
Remaining Project Costs (See Chart Below)		\$20,570,000
Max Loan-to-Cost Ratio:		60.00%
Interest Rate:	Included in Budget	
Underwriting Fee:	Included in Budget	
Construction Loan for remaining project costs:		\$12,342,000
Maximum Permanent Loan Amount		\$10,270,665
Const. Loan <= Max Perm. Loan	No	
Actual Construction Loan:		\$12,342,000
Actual Loan-to-Cost Ratio:		3.79%
Equity for Construction:		
Required Equity		\$8,228,000
Refinancing Deficit: (if applicable)		(\$2,071,335)
Operating Deficit: (if applicable)		(\$3,274,674)
Required Equity Balance:		\$13,574,009
Permanent Financing		
Debt Service Coverage Ratio (DSCR):		1.30
Amortization Period:	30 Years	
Market Interest Rate:	7.00%	
Mortgage Constant:	7.98%	
Stabilized NOI: (after HMF A Debt Service)		\$1,065,963
NOI for Debt Service:		\$819,972
Maximum Permanent Loan Amount:		\$10,270,665
New Debt Service:		\$819,972
Value Assumptions		
Stabilized Year:	Project Year 4	
Stabilized NOI (excluding HMF A Debt Service)		\$4,235,676
Minimum Stabilized Cap Rate:	7.50%	
Stabilized Value:		\$56,475,675
Loan-to-Value Ratio: (excluding HMF A)		18.19%
Loan-to-Value Ratio: (including HMF A)		94.15%
Residual Value: Year of Sale	Year 10	
Residual Cap Rate:	7.50%	

HMF A Financing:	
Principle Amount:	\$42,900,000
Amortization Period:	30 Years
Market Interest Rate:	6.25%
HMF A Debt Service:	\$3,169,712

Value Matrix		Market Range	w/o Any Subsidy	w/o HUB Subsidy	w/ Hub Subsidy
Internal Rate of Return		15-20%	-9.02%	-6.15%	12.43%
Equity IRR:			(\$65,679,641)	(\$32,784,374)	\$4,706,161
NPV @ 8%:			-2.27%	0.84%	8.22%
Unlevered IRR:					
Project Return-on-Cost					
Total Project Costs:			\$140,250,000	\$104,470,000	\$63,470,000
Stabilized Net Operating Income:		8-10%	\$4,556,676	\$4,235,676	\$4,235,676
Cash-on-Cash Yield:			3.25%	4.05%	6.67%
Equity Returns					
Required Equity			\$56,100,000	\$24,628,000	\$8,228,000
Net Refinancing Proceeds:			(\$39,348,523)	(\$29,946,009)	(\$5,346,009)
Project Equity Balance:			\$95,448,523	\$54,574,009	\$13,574,009
Stabilized Free-Cash-Flow:			\$245,992	\$245,992	\$245,992
Min. Return-on-Equity - Current* (Equity Balance):			0.26%	0.45%	1.81%
Avg. Return-on-Equity - Current* (Equity Balance):			1.00%	1.51%	6.06%

Project Capitalization Balance*	
Total Project Costs:	(\$326,050,000)
Total Condo Purchase/Reimbursement:	\$185,800,000
HMF A:	\$42,900,000
HUB:	\$41,000,000
NNHTC Equity:	\$32,100,000
LJHTC/NIRAR/CA/DEP:	\$3,880,000
Project Cost Balance: (After Subsidies)	(\$20,570,000)
Debt - Conventional: (60%)	\$12,342,000
Equity - Conventional: (40%)	\$8,228,000
Total Project Costs:	\$0
Refinancing Deficit: (if applicable)	(\$2,071,335)
Operating Deficit: (if applicable)	(\$3,274,674)
Total Required Equity:	\$13,574,009
Total Project Costs (including Deficits)	(\$331,396,009)

Consolidated Devo. Project
New Brunswick

Model Assumptions:

Analysis Start Date: 1/1/2010
 Analysis Term: 10 Years
 Analysis End Date: 12/31/2019
 Discount Rate: 8.00%

Site Assumptions:

Product: Mixed Use
 Building Gross Square Feet (GSF): 1,323,410 GSF
 Residential Rentable Square Feet (RSF): 556,600 GSF
 Residential Gross Square Feet (GSF): 15%
 Loss Factor: 15%
 Total Residential RSF: 477,700 RSF
 Commercial Rentable Square Feet (RSF): 0 RSF
 Office: 0 RSF
 Retail: 0 RSF
 Industrial: 0 RSF
 Flexible: 0 RSF
 Other Rentable Square Feet: 0 RSF
 Total Commercial RSF: 0 RSF
 Total RSF: 477,700 RSF
 Land Area: N/A
 % Building Coverage: 0.00%

Uses of Funds	Total	\$ GSF	\$ RSF	% Allocation*				
				2010 Year 1	2011 Year 2	2012 Year 3	2013 Year 4	2014 Year 5
Date of Construction Completion:	1/1/2012							
Acquisition/Land Costs:	\$32,950,000	\$24.90		100.00%	0.00%	0.00%	0.00%	0.00%
Site Work & Foundation Costs:	\$0	\$0.00		0.00%	0.00%	0.00%	0.00%	0.00%
Hard Costs:	\$207,000,000	\$156.41		35.00%	65.00%	0.00%	0.00%	0.00%
Soft Costs:	\$40,800,000	\$30.83		75.00%	0.00%	0.00%	0.00%	0.00%
Financing Costs:	\$16,500,000	\$12.47		50.00%	50.00%	0.00%	0.00%	0.00%
Marketing/Tenancing Costs:	\$20,800,000	\$15.72		0.00%	100.00%	0.00%	0.00%	0.00%
NJ Transit:	\$8,000,000	\$6.04		0.00%	100.00%	0.00%	0.00%	0.00%
Operating Deficit: (accounted for in Project Cap. Balance)	\$0	\$0.00		0.00%	0.00%	0.00%	0.00%	0.00%
HUD Costs:	\$0	\$0.00		0.00%	0.00%	0.00%	0.00%	0.00%
Additional Cost 1:	\$0	\$0.00		0.00%	0.00%	0.00%	0.00%	0.00%
Additional Cost 2:	\$0	\$0.00		0.00%	0.00%	0.00%	0.00%	0.00%
Total:	\$326,050,000	\$246.37		\$144,250,000	\$181,800,000	\$0	\$0	\$0

Sources of Funds	Total	\$ GSF	% Total	% Allocation*				
				2010 Year 1	2011 Year 2	2012 Year 3	2013 Year 4	2014 Year 5
Equity (from model)	\$8,228,000	\$6.22	2.52%	100.00%	0.00%	0.00%	0.00%	0.00%
Construction Debt (from model)	\$12,342,000	\$9.33	3.79%	13.95%	86.05%	0.00%	0.00%	0.00%
Potential HUD:	\$41,000,000	\$30.98	12.57%	100.00%	0.00%	0.00%	0.00%	0.00%
Ruigers Condo Purchase:	\$15,900,000	\$12.01	4.88%	50.00%	50.00%	0.00%	0.00%	0.00%
NBPA Condo Purchase:	\$126,700,000	\$95.74	38.86%	50.00%	50.00%	0.00%	0.00%	0.00%
Condo Sales Proceeds (\$14.4M in Sales Nets TICIC & part HMF A)	\$14,400,000	\$10.88	4.42%	50.00%	50.00%	0.00%	0.00%	0.00%
NJ Transit Reimbursement:	\$8,000,000	\$6.04	2.45%	50.00%	50.00%	0.00%	0.00%	0.00%
Tenant Improvement Reimbursements:	\$20,800,000	\$15.72	6.38%	50.00%	50.00%	0.00%	0.00%	0.00%
Total Condo Purchase/Reimbursement:	\$185,800,000	\$140.39	56.99%	50.00%	50.00%	0.00%	0.00%	0.00%
NMHTC Equity (Net Proceeds):	\$32,100,000	\$24.26	9.85%	100.00%	0.00%	0.00%	0.00%	0.00%
LIHTC Equity (Net Proceeds):	\$1,960,000	\$1.48	0.60%	100.00%	0.00%	0.00%	0.00%	0.00%
HMF A: (\$49.9M less \$7M paid against Condo Sales Proceeds)	\$42,900,000	\$32.42	13.16%	100.00%	0.00%	0.00%	0.00%	0.00%
TI-CIC: (Assumed \$7.4M netted against Condo Sales Proceeds)	\$0	\$0.00	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%
NJRA/RCA	\$1,320,000	\$1.00	0.40%	100.00%	0.00%	0.00%	0.00%	0.00%
DEP	\$400,000	\$0.30	0.12%	100.00%	0.00%	0.00%	0.00%	0.00%
Total:	\$326,050,000	\$246.37	100.00%	\$144,250,000	\$181,800,000	\$0	\$0	\$0

Consolidated Assumptions

Commercial Revenue Assumption	RSF	Lease Start	Rent Start	Lease End	Rent Term	Lease Term	Free Rent	FR in Term (Y/N)	Gross Net	Rent
Tenant 1:	4,000 RSF	1/1/2012	1/1/2012	12/31/2021	10.00 Years	10.00 Years	6 Months	Y	Net	\$26.50

Expense Assumptions	Gen. Vacancy	OpEx Base	OpEx Vacant	Avgx Inflation	RE Tax Base	RI Tax Inflation
Base (Model Start)	5.00%	\$0.00	\$0.00	3.00%	\$0.00	3.00%

Revenue Assumptions																									
Residential Rental:	RSF	477,700 RSF	RSF/Unit	1,430 RSF/Unit	# of Units	334 Units	per Month	\$1,625/Month	per Year	\$19,500/Year	per RSF	\$13.64	Basis	\$1,764/Month	Revenue Growth	4.20%	Lease Up Start	1/1/2012	Absorption	12 Months	Absorption %	8.31%			
Expense Assumptions (per unit/year)													(Controlled Expenses (Annual - Analysis Start Year \$'s))												
Residential Rental:	Vacancy/Credit Loss	5.00%	Utilities	\$401	Maint. & Repairs	\$321	Salaries	\$445	Payroll	\$314	Reserves	\$500	Grounds Work	\$182	Security	\$0	Other GAD	\$275	Mgt. Fee (EOG)	3.00%					
Residential Rental:	OpEx Inflation	3.00%	Insurance	\$550	RE Taxes	\$3,433	RE Taxes Inflation	3.00%	Freed Market Expenses (Annual - Analysis Start Year \$'s)																
Residential Rental:											Total OpEx as % of EGO										33.17%				

DEVELOPMENT: New Street Apartments

DATE: 11/01/11

Number of Bedrooms	Number of Units	Unit Sq.Ft.	Gross Rent
1	13	733	971
1	3	687	680
2	4	956	1,166
2	1	998	1,166
1	10	687	1,650
1	10	726	1,715
1	20	731	1,730
1	11	741	1,750
1	11	742	1,750
2	10	942	2,185
2	11	998	2,315
Total	104		

PROJECTIONS

2013

RENTAL INCOME

Apartment Rents ¹	1,607,618
Vacancy _____ 7 %	<u>(112,533)</u>
NET APT. RENTS	1,495,084

Commercial Income	<u>\$84,125</u>	84,125
Less Commerical Vacancy	0.15	<u>(12,619)</u>
NET COMMERCIAL RENTALS		71,506

TOTAL REVENUE 1,566,591

	Yearly <u>Per Unit Cost</u>	
<u>OPERATING EXPENSES</u>		
Administrative	526	50,111
Salaries and Benefits	1,046	99,733
Miantenance & Repairs	329	31,350

Maintenance Contracts	566	53,967
Utilities	1,059	100,971
Management Fee	59,904	54,912
Total PILOT Payment	218,898	173,381
Insurance	550	52,433
Replacement Reserves	250	23,833
<u>TOTAL EXPENSES</u>		640,691
Total Per Unit Cost		6,160
Expense/Income Ratio		0.41
INCOME AVAIL. FOR DEBT		925,900
<i>Debt Service-1st Mortgage ²</i>		847,465
<i>Debt Service Ratio on 1st Mortgage ³</i>		1.09
Debt Service-NJRA Mortgage- 2nd Note (amortizing)		<u>73,812</u>
Total Debt Service		921,276
Debt Service Ratio on all amortizing debt ¹		1.01
<u>CASH FLOW After Debt Service</u>		4,624

¹ Revenues begin in early March. Lease-up and at full revenues at approximately J

² Total Debt Service is assumed. Debt service for 2013-2018 will be determined ba

³ Debt Service Coverage Ratio used by Bank of America to Calculate Maximum Elig

Annual % of Rent Increase:

Annual Expense Increase:

Vacancy:

Commercial Rent Increase:

Commercial Vacancy:

Target Occupancy	Tenant Paid Utilities	Net. Rent
Low-50%	119	852
low - 35%	119	561
Low-50%	151	1,015
Low-50%	151	1,015
mkt	0	1,650
mkt	0	1,715
mkt	0	1,730
mkt	0	1,750
mkt	0	1,750
mkt	0	2,185
mkt	0	2,315

2014

2015

2016

2,111,017

2,174,347

2,239,577

(147,771)

(152,204)

(156,770)

1,963,245

2,022,143

2,082,807

84,125

84,125

84,125

(12,619)

(12,619)

(12,619)

71,506

71,506

71,506

2,034,752

2,093,649

2,154,313

56,853

59,127

61,492

113,152

117,678

122,385

35,568

36,991

38,470

61,228	63,677	66,224
114,556	119,138	123,904
61,701	63,552	65,459
223,720	230,053	236,576
59,488	61,868	64,342
26,000	26,000	26,000
752,266	778,084	804,853
7,233	7,482	7,739
0.37	0.37	0.37
1,282,486	1,315,565	1,349,461
924,507	924,507	924,507
1.40	1.44	1.47
<u>80,522</u>	<u>80,522</u>	<u>80,522</u>
1,005,030	1,005,030	1,005,030
1.28	1.31	1.34
277,455	310,535	344,430

une 1, 2012.

sed on a Swap at closing. A refinance at the end of Year 7 will be nece
ible Loan and Continued Loan Performance Based on 7%/30 Year Amo

3.00%
4.00%
7.00%
15.00 %

Annual Rent
132,912
20,196
48,720
12,180
198,000
205,800
415,200
231,000
231,000
262,200
305,580
2,062,788

Permanent Mortgage

Interest Rate:

Term:

Annual Payment:

Servicing Fee:

MIP:

NJRA Mortgage (2nd)

Interest Rate:

Term in Years:

Annual Payment:

Servicing Fee:

SZL / City Living

Interest Rate Annual

2017

2018

2019

2,306,765

2,375,968

2,447,247

(161,474)

(166,318)

(171,307)

2,145,291

2,209,650

2,275,939

84,125

88,331

88,331

(12,619)

(13,250)

(13,250)

71,506

75,082

75,082

2,216,797

2,284,732

2,351,021

63,951

66,510

69,170

127,281

132,372

137,667

40,009

41,610

43,274

68,873	71,628	74,493
128,860	134,014	139,375
67,422	69,445	71,529
243,295	250,846	257,974
66,916	69,593	72,376
26,000	26,000	26,000
832,608	862,017	891,858
8,006	8,289	8,576
0.38	0.38	0.38
1,384,190	1,422,714	1,459,163
924,507	924,507	924,507
1.51	1.55	1.59
<u>80,522</u>	<u>80,522</u>	<u>80,522</u>
1,005,030	1,005,030	1,005,030
1.38	1.42	1.45
379,159	417,684	454,133

ssary. Debt service after 2017 will be based on rates and terms at time
rtization Rate

e (1st Note)	12,850,000
	6.00
	7
	924,507
0.000	0
0.000	0

d Note)	900,000
	6.50
	20
	80,522
	0
	80,522

	0
lly:	1.00

<u>2020</u>	<u>2021</u>	<u>2022</u>
2,520,664	2,596,284	2,674,173
<u>(176,446)</u>	<u>(181,740)</u>	<u>(187,192)</u>
2,344,218	2,414,544	2,486,981
88,331	88,331	88,331
<u>(13,250)</u>	<u>(13,250)</u>	<u>(13,250)</u>
75,082	75,082	75,082
2,419,299	2,489,626	2,562,062
71,937	74,814	77,807
143,173	148,900	154,856
45,005	46,805	48,677

77,473	80,572	83,795
144,950	150,748	156,778
73,674	75,885	78,161
265,316	272,878	280,667
75,271	78,282	81,413
26,000	26,000	26,000
922,799	954,884	988,154
8,873	9,182	9,501
0.38	0.38	0.39
1,496,500	1,534,742	1,573,908
924,507	924,507	924,507
1.63	1.68	1.72
<u>80,522</u>	<u>80,522</u>	<u>80,522</u>
1,005,030	1,005,030	1,005,031
1.49	1.53	1.57
491,469	529,711	568,877

e of refinance.

PILOT Calculation

Rental Income

Gross Rental Income

Rental PILOT Rate

Rental PILOT Payment Estimate

Gross Commercial Income

Commercial PILOT Rate

Commercial PILOT Payment Estimate

Total PILOT Payment Estimate

2023**2024****2025**

2,754,398

2,837,030

2,922,141

(192,808)(198,592)(204,550)

2,561,590

2,638,438

2,717,591

92,748

92,748

92,748

(13,912)(13,912)(13,912)

78,836

78,836

78,836

2,640,426

2,717,273

2,796,426

80,919

84,156

87,522

161,051

167,493

174,192

50,624

52,649

54,755

87,146	90,632	94,258
163,049	169,571	176,354
80,506	82,921	85,409
289,352	297,615	306,126
84,670	88,057	91,579
26,000	26,000	26,000
1,023,317	1,059,094	1,096,195
9,840	10,184	10,540
0.39	0.39	0.39
1,617,108	1,658,179	1,700,231
924,507	924,507	924,507
1.77	1.81	1.86
<u>80,522</u>	<u>80,522</u>	<u>80,522</u>
1,005,031	1,005,031	1,005,031
1.61	1.65	1.69
612,078	653,149	695,201

Year 1

2,062,788
10.00%

206,279

84,125
15.00%

12,619

\$218,898

2026

3,009,805
(210,686)
2,799,118

92,748
(13,912)
78,836

2,877,954

91,023
181,160
56,946

2027

3,100,099
(217,007)
2,883,092

92,748
(13,912)
78,836

2,961,928

94,664
188,406
59,223

98,028	101,949
183,408	190,744
87,971	90,610
314,893	323,922
95,242	99,052
26,000	26,000

1,134,670	1,174,571
10,910	11,294
0.39	0.40
1,743,284	1,787,357

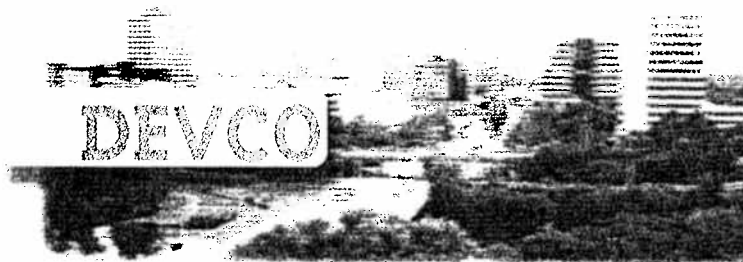
924,507	924,507
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1.90	1.95
------	------

<u>80,522</u>	<u>80,522</u>
1,005,031	1,005,031

1.73	1.78
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738,253	782,326
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October 18, 2011

Timothy Lizura
Senior Vice President for Finance and Development
New Jersey Economic Development Authority
P.O. Box 990
36 West State Street
Trenton, NJ 08625

RE: New Brunswick Transit Village Redevelopment Initiative
Urban Transit Hub Tax Credit Application

Dear Mr. Lizura:

Transit Village Associates ("TVA"), a partnership of New Brunswick Development Corporation and Pennrose Properties, previously received approval by the NJEDA in May 2010 for a tax credit allocation under the Urban Transit Hub Tax Credit ("UTHTC") program on behalf of the New Brunswick Transit Village Redevelopment Initiative ("Project").

That approval made it possible for TVA to commence work on the Project, which is a major redevelopment initiative located downtown New Brunswick. The Project will result in the development of over 1.3 million square feet of new space, including 296 new residential units (with 20% set aside as affordable units), 1,900 new parking spaces, 170,000 square feet of new retail space and 58,000 square feet of new office space, all within the designated Transit Village Area near the New Brunswick train station.

In connection with our original application which was approved in May 2010, the Project was awarded **\$55 million** in tax credits under the UTHTC program, based upon our total eligible investment of **\$275 million** and using the previous formula of 20%. As you know, the law establishing the UTHTC program was amended earlier this year, changing the formula used to calculate the residential tax credit from 20% to 35% of total eligible investment.

Using the revised 35% formula, the project could be eligible for \$96 million in tax credit allocation, however we have reduced our total eligible capital for this project to \$231 million. Using the revised total eligible capital amount of **\$231 million**, the tax credit allocation is calculated to be \$81.0 million. Of this amount, the project will require a total of **\$76.6 million**, leaving a balance of \$4.4 million to be retained by the NJEDA. Of the \$76.6 million required by the project, \$27.1 has already closed, leaving a balance of \$49.5 million in tax credits remaining to be sold. We have secured an investor for those tax credits, who is ready to close on that investment by the end of next month (November).

Timothy Lizura
October 18, 2011

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Please accept this letter as a request that an amendment be considered to the previous approval issued by the NJEDA for this project. This amendment would increase the total amount of tax credits available to the project, but only by the amount that is needed to support the project's financing structure. The balance would be retained by the NJEDA for allocation to another project.

We have set forth below an overview of our requested amendment, including a summary of the project's financing together with our calculation of the amount of tax credits that will be required for the project. In addition, we have attached updated sources and uses for the project, calculation of the eligible capital investment, and operating pro formas for the two residential components, which updates the material provided in our initial application.

PROJECT FINANCING

That original approval by the NJEDA in May 2010 has made it possible for TVA to commence work on the initial phases of the Transit Village project. Since that initial approval, the development team has made significant progress on the overall project, having closed on several financing transactions and with construction underway on 2 of the 3 project components. (For your reference, I have attached aerial photos of the 2 projects that are under construction.)

Since the time of the original approval, TVA has closed on several financing transactions relating to the overall project. While we have successfully secured most of the financing required for the project, there are few changes we must address as a result of market conditions. The following provides an overview of the financing that has been secured to date, and identifies areas where additional funding support through the UTHTC allocation will be utilized.

Gateway Project – The development team successfully closed on \$27.1 million in Urban Transit Hub Tax Credits in December 2010, which were purchased by TD Bank and yielded approximately \$20 million in proceeds for the project. In addition, we closed on \$14 million in New Markets Tax Credit proceeds as well as the primary mortgage and bridge loan to the UTHTC tax credit.

Unfortunately, the \$14 million in New Markets Tax Credits proceeds fell short of the \$19 million that had been required in the original financing structure for the project. In addition, the first position mortgage we were able to secure was \$2 million less in principal than had been projected. As a result, it was necessary to bridge the gap during construction by obtaining a temporary bridge loan from our development partner. It was originally intended that this bridge loan would be replaced by additional New Markets Tax Credit proceeds that would be secured through a second closing. We have pursued

several potential investors since that time, and have determined that the tax credit market under the NMTC program has become highly fragmented and the opportunity for additional investment for this project no longer exists.

We intend to utilize the additional UTHTC proceeds in part to reduce the bridge loan which was loaned to the Project to bridge the NMTC equity and debt shortfall that was not originally anticipated in the capital stack for the project. The balance of the bridge loan not reduced by the UTHTC proceeds will be converted to additional equity. You will see that in the updated sources and uses in the attachments provided, developer equity has increased significantly from \$1.1 million in the original application to \$5.1 million in this revised application.

Wellness Project (a/k/a Ferren) – We successfully closed on \$92 million in stimulus bond financing in December 2010 and secured a \$3 million grant from Middlesex County. Further, in September 2011, we closed on a New Markets Tax Credit transaction with 4 separate community development entities yielding \$7.6 million in proceeds for the project.

Like Gateway, the Wellness Project component did not realize the full amount of New Markets Tax Credits that was anticipated as part of the original project financing structure. We had originally projected that \$15 million in NMTC proceeds would be available for the project, based upon indications given from investors and community development entities. The \$7.6 million in proceeds that we realized fell short of the original requirement. However, with our updated budget projections, we have determined that we do not require all of the NMTC proceeds that were originally anticipated. We intend to utilize a portion of the additional UTHTC proceeds to cover a portion of the funding shortfall, to ensure that all aspects of the project are successfully completed.

New Street Apartments (a/k/a Arts Project) – Financing for this project is expected to close by the end of November. The original financing structure identified the issuer of the primary mortgage as the NJHMFA. In addition, the NJHMFA had committed to provide subordinated funds through the myriad of programs it offers, if it was the issuer of the first mortgage. Unfortunately, the interest rate accompanying the primary debt together with certain underwriting requirements put pressure on the financing structure such that it was necessary to secure a primary mortgage through a conventional lender at a reduced interest rate to the project.

Timothy Lizura
October 18, 2011

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Further, the original structure assumed that Low Income Housing Tax Credits would be accessed for this project, which have also not been realized. Developer equity continues to be a source of funding, with the current budget assuming developer equity of \$2.6 million, the same amount as in the original application. The original project budget assumed approximately \$15.7 million in UTHTC would be required as part of the financing. We intend to utilize a portion of the additional UTHTC proceeds to cover the funding shortfall created by the loss of NJHMFA subordinated funding and LIHTC proceeds.

CALCULATION OF AMENDED UTHTC ALLOCATION REQUEST

As previously stated, the project received a \$55 million tax credit allocation in May 2010 based upon the original residential formula that was in place at the time of approval. The allocation of \$55 million was arrived at using the original formula of 20% of the total eligible investment, which at the time of our application was projected to be **\$275.5 million**.

Since that time, certain components of our project have evolved, reducing the total amount of eligible capital investment associated with the project to **\$231.6 million**. The resulting differential from our previous total investment is the result of two primary changes: First, we eliminated the residential component of the Wellness Project and second, we adjusted the project budget to reflect actual costs after project design was completed and final construction numbers established.

Using the revised calculation adopted by law earlier this year, the residential tax credit formula was increased to 35% of the total eligible investment. Based upon our revised total eligible investment of \$231.6 million, the revised total tax credit allocation for the Transit Village project is estimated to be **\$81.0 million**.

Of the \$81.0 million in total tax credits available to the overall Transit Village project, **\$27.1 million** in tax credits were previously sold to TD Bank, leaving a remaining balance of **\$53.9 million** in tax credits to be sold.

It is important to note that though the revised calculation is expected to yield an additional \$53.9 million in tax credits, we expect that **\$49.5 million** will be required for the project, based upon actual project needs. As we detailed previously, we are requesting these additional tax credits to provide financial support in areas where funding sources and/or amounts could not be secured as anticipated.

Timothy Lizura
October 18, 2011

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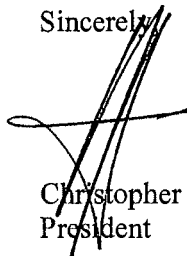
Because we will not require the entire amount of allocation, we are limited our request to **\$49.5 million** for which we have shown a need, and expect that the NJEDA should retain the balance of **\$ 4.4 million** in tax credit allocation, for use by other applicants.

Below is a summary of the intended use of tax credit proceeds, together with those credits that will not be needed:

	GATEWAY	WELLNESS (Ferren)	NEW ST. APTS. (Arts)	TOTAL
Total Eligible Investment				\$ 231,671,909
Total Tax Credit Allocation				81,085,168
Less Tax Credits Sold to Date				27,121,900
Balance Available Tax Credits				53,963,268
Net Proceeds To Be Used for Each Project	\$8,620,457	\$3,500,000	\$24,993,166	37,113,623
Total Tax Credit Allocation Required to Support Uses				49,484,831
Balance of Tax Credit Allocation Not Required				4,478,437

We appreciate your efforts to date in helping to ensure that this project is an example of successful urban redevelopment. We remain at your disposal to provide any additional information you and you staff may require in reviewing request.

Sincerely,



Christopher J. Paladino
President

c: Caren Franzini, NJEDA

NEW BRUNSWICK DEVELOPMENT CORPORATION

DEVCO

120 Albany Street, 7th Floor, New Brunswick, NJ 08901

Tel 732/249-2220 Fax 732/249-4671

TRANSMITTAL

To:	Paul Ceppi	Company:	NJEDA
From:	Sarah Clarke	Phone:	732-249-2220
Date:	October 25, 2011	Attachment:	Check
Project:	New Brunswick Transit Village	Subject:	Amended application for UTHTUC

Paul –

Enclosed as requested is a check payable to the NJEDA in the amount of \$2,500 for the review fee associated with the amended UTHTC application for Transit Village.

Thank you for your assistance with this matter.

Sarah



NEW BRUNSWICK
DEVELOPMENT CORPORATION
PROJECT MANAGEMENT ACCOUNT
PH. 732-249-2220
120 ALBANY STREET, 7TH FLOOR, TOWER 1
NEW BRUNSWICK, NJ 08901



55-33-212

Check Fraud
Protection for Business

DATE

AMOUNT

0004884 10/24/2011 *****\$2,500.00

TWO THOUSAND FIVE HUNDRED AND 00/100 DOLLARS

PAY
TO THE
ORDER
OF

NEW JERSEY ECONOMIC
DEVELOPMENT AUTHORITY
P.O. BOX 990
TRENTON NJ 08625-0990



[Signature]
AUTHORIZED SIGNATURE

Security features. Details on back.

4884

Vendor No. Vendor Name
NEW038 NEW JERSEY ECONOMIC

Check
0004884

Trans. Date	Reference	PO No.	Gross Amount	Deduction	Net Amount
10/24/2011			2500.00	.00	2500.00

Check Date	Check No.	Total Gross	Total Ded.	Check Amount
10/24/2011	0004884	2500.00	.00	2500.00

Company Name: New Brunswick Development Corp

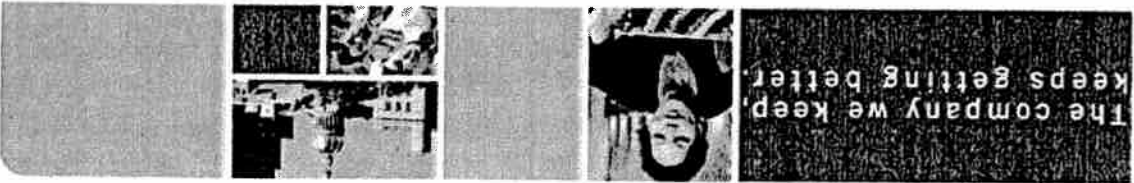
Check #: 4884

Program: Urban Transit Hub

Fund: \$2,500

Purpose of Check: MANIPULATION FEE
Transit Bridge to New Jersey

EDA Contact: Mr. [Name]



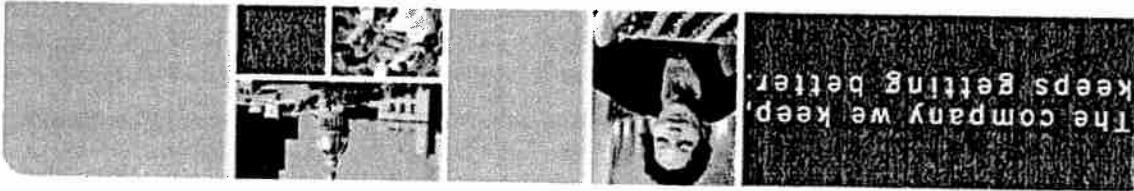
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
URBAN TRANSIT HUB TAX CREDIT PROGRAM

Thank you for your interest in the Urban Transit Hub Tax Credit Program. This program is established by the Urban Transit Hub Tax Credit Act, P.L. 2007, c. 346 (the "Act") and New Jersey Economic Development Authority (EDA) implementing regulations at N.J.A.C. 19:31-9, which are available in draft form on the EDA website at www.njeda.com.

This application is for business owners, developers and tenants. Please supply the requested information as applicable or to the extent known

I. Company Information

1. Company name*: SOMERSET STREET URBAN RENEWAL ASSOCIATES LLC
2. Applying as an Owner, Tenant or Developer: DEVELOPER
3. Federal tax identification number (FEIN): [REDACTED]
4. New Jersey tax identification number: [REDACTED]
5. State of Company incorporation/formation: NEW JERSEY
6. Company current address:
SOMERSET ST. URBAN RENEWAL ASSOCIATES
C/O NEW BRUNSWICK DEVELOPMENT CORPORATION
120 ALBANY STREET-TOWER ONE-7TH FLOOR
NEW BRUNSWICK, NJ 08901
7. Contact Information:
CHRISTOPHER J. PALADINO
PRESIDENT
8. Type of business: DEVELOPER; LIMITED LIABILITY COMPANY



9. Principal products and services and NAICS code number: 531390

10. Total current number of employees in New Jersey as of time of application (for applicants meeting the job creation requirements of the program for credit eligibility – not applicable for developers): N/A

11. Total list of New Jersey operations by location and entity (for applicants meeting the job creation requirements of the program for tax credit eligibility – not applicable for developers): N/A

* Please include all business entities that will participate in the project either by contributing towards the capital investment or job creation requirements of the program in order to achieve tax credit eligibility. Include requested information for all business entities. Not applicable for developers.

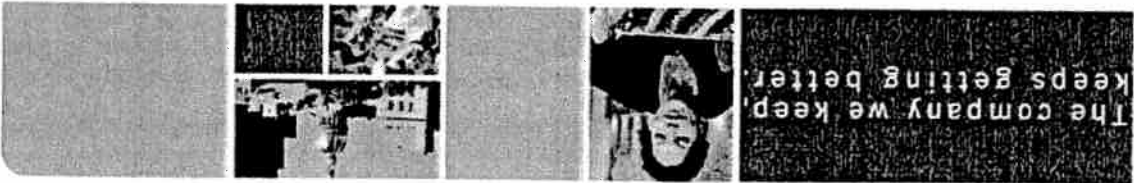
II. Site Location

1. Identify the site of the proposed qualified business facility, including the block and lot of the site as indicated upon the local tax map and evidence that the site is located wholly or partially (over 50 percent) within an urban transit hub in the form of a survey or other documentation acceptable to the Authority.

A) Street address of site: EASTON AVENUE AND SOMERSET STREET
NEW BRUNSWICK, NJ 08901

B) Block and Lot: BLOCK 45, LOTS 11,12,14,16,17,18,19,20,01,21,22
BLOCK 44,01, LOT 25

C) Attach survey or other documentation as 'Exhibit A'



III. Capital Investment

A. Qualified Business Facility

1. Provide an overall narrative description of the qualified business facility, including residential and retail components. Please indicate if it is a multi-phased project and if so, all project information must be broken down by phase:

PLEASE SEE ATTACHED SUMMARY.

2. Square footage of qualified business facility: 632,000 S.F.

Gross: 632,000 S.F.

Net leasable square footage: N/A

3. What is the estimated value of the capital investment?

A. \$ 109,300,000

B. Attach a detailed project budget as 'Exhibit B' which details capital investment costs

4. Has the site been acquired? If so when did the closing take place? YES. DEVCO AND THE NEW BRUNSWICK PARKING AUTHORITY HAVE ACQUIRED ALL BUT ONE SITE. THAT SITE (104-108 SOMERSET STREET) IS UNDER CONTRACT WITH A CLOSING EXPECTED WITHIN THE MONTH.

5. Has any site preparation, construction or renovation of existing structures begun? If so, please describe.

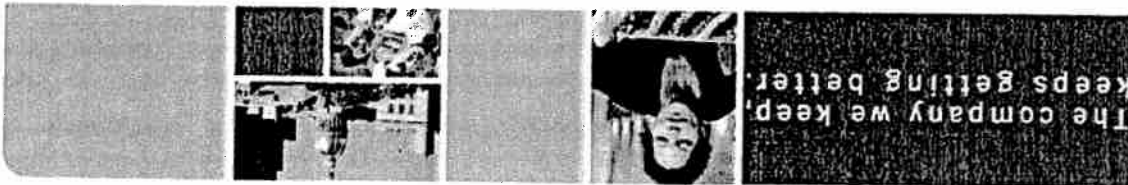
DEMOLITION AND SITE PREPARATION ARE PROCEEDING AND ARE EXPECTED TO BE COMPLETED BY MID-NOVEMBER.

6. Provide a project schedule that identifies projected move dates for the proposed qualified business facility and attach as 'Exhibit C.'

7. Provide estimated employment at Qualified Business Facility (to be completed by developers and owners) N/A



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B. Company's Leasehold (to be completed by tenants only)

1. Provide an overall narrative description of the Company's Leasehold, including residential and retail components:

2. Square footage of Company's Leasehold:

Gross: _____

Net leaseable square footage: _____

3. What is the estimated value of the capital investment of the Company's Leasehold?

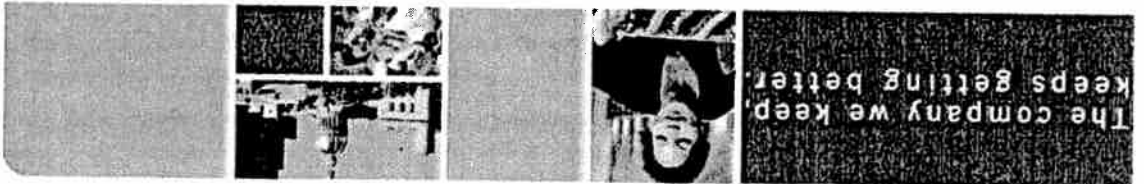
- A. \$ _____
- B. Attach a detailed project budget as 'Exhibit B' which details capital investment costs. Please indicate if the Company has included an tenant allowance or tenant improvements in its calculation of capital improvements

4. Provide the terms of any lease agreements (including, but not limited to, information showing net leaseable area and term) Attach a copy of the lease agreement if available as 'Exhibit D'.

5. Provide a project schedule that identifies projected move dates to the Company's Leasehold and attach as 'Exhibit E.'



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6. Provide information regarding any other State incentive programs that the Company has received or for which it has applied. (Include the name of the granting body, the value of each subsidy and the aggregate value of all subsidies requested or received.)

7. Projected employment:

i. The total number of full-time employees that would occupy the Company's leasehold.

ii. The total number of full-time positions to be created that are new to New Jersey that will be located at the Company's leasehold.

iii. The distribution of such total identified by business entity.

V. Employee Information

1. Attach as 'Exhibit F' a written certification that the employees that are the subject of this application will be full-time employees as defined by the Act and will be subject to withholding as provided in the New Jersey Gross Income Tax Act.

N/A - APPLICATION BEING SUBMITTED TO RESIDENTIAL CREDITS.

2. Provide the average annual wage and benefit rates of full-time employees and new full-time positions that would occupy the qualified business facilities.

N/A

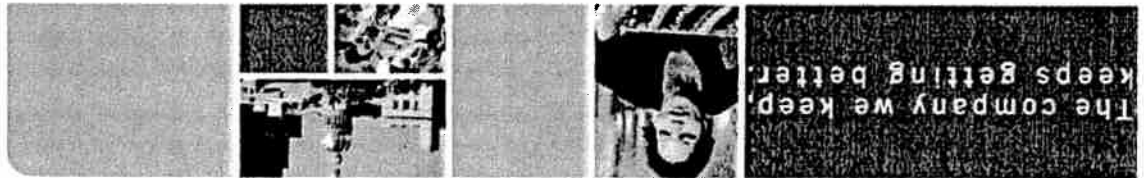
Additional information:

Applicants are directed to P.L. 2007, c.346 and draft proposed new rules N.J.A.C. 19:31-9 for a complete description of the program benefits and list of eligibility criteria. The EDA Board approved the draft rule proposal at its meeting of September 25, 2008. It is anticipated that the rule proposal will be published in the November 3, 2008 NJ Register. Applicants are advised that they are at risk if the proposal as published in the NJ Register is not adopted as proposed.

Any construction project receiving EDA financial assistance is subject to the EDA's prevailing wage requirements at P.L. 2007, c.245 (N.J.S.A. 34:1B-5.1) and affirmative action requirements at P.L. 1979, c.303 (N.J.S.A. 34:1B-5.4).



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
609-777-4898 www.njeda.com



PLEASE RETURN THE ORIGINAL WITH *THREE (3) COPIES* OF THE COMPLETED APPLICATION WITH A NON-REFUNDABLE FEE OF:

\$5,000 if the applicant is the owner or developer of the qualified business facility
\$2,500 if the applicant is a tenant in the qualified business facility

A COPY OF THE APPLICATION IN ELECTRONIC FORM IS ALSO REQUIRED.

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Urban Transit Hub Tax Credit
P.O. Box 990
Trenton, New Jersey 08625



New Jersey Economic Development Authority
609-777-4898 www.njeda.com

2. Legal Forms



Disqualification/Debarment Questionnaire

Businesses applying for eligibility for NJEDA programs are subject to the Authority's Disqualification/Debarment Regulations (the "Regulations"), which are set forth in N.J.A.C. 19:30-2.1, et seq. Applicants are required to answer the following background questions pertaining to the commission of certain actions that can lead to debarment or disqualification from eligibility under the Regulations.

All capitalized terms used in this Questionnaire, except those defined elsewhere herein, shall be defined at the bottom of this form.

Has Applicant, any officers or directors of Applicant, or any Affiliate (collectively, the "Controlled Group") been found guilty, liable or responsible in any Legal Proceeding for any of the following violations or conduct? (Any civil or criminal decisions or verdicts that have been vacated or expunged need not be reported).

1. Commission of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract, or subcontract thereunder, or in the performance of such contract or subcontract.

Yes _____ No X

2. Violation of the Federal Organized Crime Control Act of 1970, or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, perjury, false swearing, receiving stolen property, obstruction of justice, or any other offense indicating a lack of business integrity or honesty.

Yes _____ No X

3. Violation of the Federal or State antitrust statutes, or of the Federal Anti-Kickback Act (18 U.S.C.874).

Yes _____ No X

4. Violation of any law governing the conduct of elections of the Federal Government, State of New Jersey or of its political subdivision.

Yes _____ No X

5. Violation of the "Law Against Discrimination" (P.L. 1945, c169, N.J.S.A 10:5-1 et seq., as supplemented by P.L. 1975, c127), or of the act banning discrimination in public works employment (N.J.S.A 10:2-1 et seq.) or of the act prohibiting discrimination by industries engaged in defense work in the employment of persons therein (P.L. 1942, c114, N.J.S.A 10:10, et seq.).

6. To the best of your knowledge after reasonable inquiry, violation of any laws governing hours of labor, minimum wage standards, prevailing wage standards, discrimination in wages, or child labor.

Yes _____ No X

7. To the best of your knowledge, after reasonable inquiry, violation of any law governing the conduct of occupations or professions or regulated industries.

Yes _____ No X

8. Debarment by any department, agency, or instrumentality of the State or Federal government.

Yes _____ No X

9. Violation of any of the following prohibitions on vendor activities representing a conflict of interest, or failure to report a solicitation as set forth below:

i. No person shall pay, offer or agree to pay, either directly or indirectly, any fee, commission, compensation, gift, gratuity, or other thing of value of any kind to any Authority officer or employee or special Authority officer of employee, as defined by N.J.S.A 52:13D-13(b) and (c), with which such person transacts or offers or proposes to transact business, or to any member of the immediate family as defined by N.J.S.A 52:13D-13i, of any such officer or employee, or partnership, firm or corporation with which they are employed, or associated, or in which such officer or employee has an interest within the meaning of N.J.S.A 52:13D-13g.

ii. The solicitation of any fee, commission, compensation, gift, gratuity or other thing of value by any Authority officer or employee or special Authority officer or employee from any person shall be reported in writing by the person to the Attorney General and the Executive Commission on Ethical Standard.

iii. No person may, directly or indirectly, undertake any private business, commercial or entrepreneurial relationship with, whether or not pursuant to employment, contract or other agreement, express or implied, or sell any interest in such person to, any Authority officer or employee or special Authority officer or employee having any duties or responsibilities in connection with the purchase, acquisition

or sale of any property or services by or to the Authority, or with any person, firm or entity with which he or she is employed or associated or in which he or she has an interest within the meaning of N.J.S.A. 52:13D-13g. Any relationships subject to this subsection shall be reported in writing to the Executive Commission on Ethical Standards, which may grant a waiver of this restriction upon application of the Authority officer or employee or special Authority officer or employee upon a finding that the present or proposed relationship does not present the potential, actuality or appearance of a conflict of interest.

iv. No person shall influence, or attempt to influence or cause to be influenced, any Authority officer or employee or special Authority officer or employee in his or her capacity in any manner which might tend to impair the objectivity or independence of judgment of the officer or employee.

v. No person shall cause or influence, or attempt to cause or influence, any Authority officer or employee or special Authority officer or employee to use, or attempt to use, his or her official position to secure unwarranted privileges or advantages for the person or any other person.

Yes _____ No X

10. Has any member of the Controlled Group been found guilty, liable or responsible for the violation in any Legal Proceedings of any State, Federal or foreign law that may bear upon a lack of responsibility or moral integrity, or that may provide other compelling reasons for disqualification. (Your responses to the foregoing question should include, but not be limited to, the violation of the following laws, without regard to whether any monetary award, damages, verdict, assessment or penalty has been made against any member of the Controlled Group, except that any violation of any environmental law in category (v) below need not be reported where the monetary award damages, etc. amounted to less than \$1 million).

- i. Laws banning or prohibiting discrimination or harassment in the workplace on the basis of gender, race, age, religion or handicapped status.
- ii. Laws prohibiting or banning any form of forced, slave, or compulsory labor.
- iii. Laws protecting workers who have reported the wrongdoing of their employers to governmental authorities, commonly referred to as "Whistleblower Laws".
- iv. Securities or tax laws resulting in a finding of fraud or fraudulent conduct.
- v. Environmental laws.
- vi. Laws banning the possession or sale of, or trafficking in, firearms or drugs.
- vii. Laws banning anti-competitive dumping of goods.
- viii. Anti-terrorist laws.

Signature	
Title	PRESIDENT
Name	CHRISTOPHER J. PALADINO
Date	9/25/09

The Authority reserves the right to require additional clarifying or explanatory information from the applicant ("Applicant") regarding the answers given. If, at any time between the date of such action and the execution of a grant this application, or, at any time between the date of such action and the execution of a grant agreement with the Authority, the Applicant should become aware of any facts that materially alter or change such answers, or render any of them incomplete, the Applicant shall have a duty to immediately report such facts to the Authority in writing.

"Legal Proceedings" means any State, Federal or foreign civil, criminal or administrative proceeding in a court or administrative tribunal in the United States, any territories thereof or foreign jurisdiction.

"Affiliates" means persons having an overt or covert relationship such that any one of them directly or indirectly controls or has the power to control another.

The terms set forth below shall be defined as follows:

If the answer to any of the foregoing questions is affirmative, you must provide the following information as an attachment to the application: (i) the case and court in which such matters were tried or are pending; (ii) the charges or claims adjudicated or alleged; and (iii) a brief explanation of the circumstances giving rise to such matters. Also, for affirmative answers to question 1-10, copies of the final judgments, consent orders or administrative findings, as the case may be, that were entered or made in such matters must be attached.

11. To the best of your knowledge, after reasonable inquiry, is any member of the Controlled Group a party to pending Legal Proceedings wherein any of the offenses or violations described in questions 1-10 above are alleged or asserted against such entity or person?

- Yes ☐ No ☒
- xii. The New Jersey Conflicts of Interest Law, N.J.S.A. 52:13D-1, et seq.
- ix. Criminal laws involving commission of any felony or indictable offense under State, Federal or foreign law.
- x. Laws banning human rights abuses.
- xi. Laws banning the trade of goods or services to enemies of the United States.

NEW BRUNSWICK TRANSIT VILLAGE INITIATIVE ARTS DEVELOPMENT BUDGET

10/26/11

	Development Budget
A. Construction Costs	
General Construction	24,220,000
A. Total Construction	24,220,000
B. Land Acquisition & Site Development Costs	
Site Acquisition	3,849,453
Acquisition Surplus/Contingency	-
Relocation	451,297
Demolition	384,154
Remediation	302,737
Title, Recording, and Transfer Taxes	138,000
B. Total Land Acquisition & Site Development	5,125,641
C. Design & Engineering Costs	
Architectural & Engineering	1,078,000
Civil Engineering (Surveys, Site Plan)	370,000
Geotechnical Report	35,000
Environmental	500,000
Consultants	90,000
Design Contingency	207,300
C. Total Design & Engineering	2,280,300
D. Other Building / Site Costs	
Appraisals (Acquisition)	36,250
Insurance (Builder's Risk)	95,509
Building Commissioning	100,000
Utility Connection Contingency & Repaving	250,000
Property Taxes During Construction	110,000
Other & Soft Cost Contingency	59,176
D. Total Other Building/ Site	650,935
E. Financing Costs	
Construction Loan Interest	972,528
Debt Service Reserve Fund	1,537,286
Cost of Issuance	634,171
Financing Points and Fees	317,500
Escrows	917,462
E. Total Financing Costs	4,378,947
F. General Administrative	
Accounting	35,750
Legal	675,000
Escrows (RE Tax, Insurance, MIP)	261,629
Developer's Fee	2,630,000
Overhead Recovery & Project Administration	-
Misc/Building Options	-
Marketing (including \$128,925 in Commissions)	486,588
Working Capital	313,846
F. Total General Administrative	4,402,813
G. Project Contingency	
Project Contingency	1,390,077
G. Total Project Contingency	1,390,077
H. Furnishings and Fit Out	
Common Areas	157,500
Tenant Fit Out	170,550
Contingency	16,406
H. Total Furnishings	344,456
Total Project Costs	42,793,169



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
INTERNAL PROCESS MANAGEMENT DEPARTMENT
OFFICE OF AFFIRMATIVE ACTION

NOTICE OF CONSTRUCTION
December 13, 2010

NJEDA WEB www.njeda.com/affirmativeaction
NJEDA EMAIL affirmativeaction@njeda.com
NJEDA PHONE (973) 648-4129

PROJECT NUMBER: N/A

THIS PROJECT IS SUBJECT TO NJEDA PREVAILING WAGE & AFFIRMATIVE ACTION REQUIREMENTS

TYPE OF ASSISTANCE:

AMOUNT:

Urban Transit Hub Tax Credit Grant

\$55,100,000

CUSTOMER EMAIL AND MAILING ADDRESS FROM COMMITMENT/ APPROVAL LETTER:

cpaladino@devco.org
Christopher Paladino, President
Transit Village Associates LLC
c/o New Brunswick Development Corporation
120 Albany Street - Tower One - 7th Floor
New Brunswick, NJ 08901

CUSTOMER PHONE NUMBER FROM APPLICATION:

732-249-220

COMPLETE AND RETURN THIS FORM WITH COMMITMENT/APPROVAL LETTER

CONTACT PERSON FOR AA/PW:

NAME: Developer - Merissa Buczny

Construction - Owen Samuelson

ADDRESS: New Brunswick Development Corporation

AID Construction

120 Albany Street, Tower 1

948 Highway 36

7th Floor

Leonardo, NJ 07737

New Brunswick, NJ 08901

owensamuelsenajd@gmail.com

PHONE NUMBER: (732) 249-2220

(732) 291-9800

EMAIL ADDRESS: mbuczny@devco.org

CHECK WHICH STATEMENT APPLIES AND COMPLETE DATE:

- ☐ DATE CONSTRUCTION IS EXPECTED TO BEGIN _____.
- ☒ DATE CONSTRUCTION STARTED November 2009.
- ☐ SIGNED CONSTRUCTION CONTRACT WHICH INCLUDE NJEDA
AA/PW REQUIRED LANGUAGE _____.
- ☐ THIS PROJECT DOES NOT INCLUDE CONSTRUCTION NOW NOR
WILL THERE BE CONSTRUCTION WITHIN 2 YEARS AFTER THE
DATE FINANCIAL ASSISTANCE IS RECEIVED.

NAME: Christopher J. Paladino
TITLE: President

MAILING ADDRESS ☐ PO BOX 990 ☐ TRENTON, NJ 08625-0990
36 WEST STATE STREET ☐ TRENTON, NJ 08625 ☐ 609.292.1800 ☐ e-mail: njeda@njeda.com ☐ www.njeda.com

TRANSIT VILLAGE REDEVELOPMENT INITIATIVE SUMMARY OF CAPITAL STACK FOR OVERALL PROJECT

1. GATEWAY CAPITAL STACK

New Brunswick Parking Authority – On December 15, 2010, the NBPA closed on a system wide bond issue, which included permanent financing for both the Gateway and Wellness projects. \$46.9 million of the bond proceeds from the closing is being used to pay for the NBPA's share of the project (the garage, 45,000 square feet of office 12,000 square feet of retail and NBPA's share of common elements). The NBPA will own the NBPA component, but does not take a mortgage on the Gateway Property. The bond debt will be backed by NBPA system-wide revenues. All initial interest for the bonds is being reserved in advance at the Bond Trustee level and is carried outside of the Gateway budget. The bonds mature in 30 years.

Rutgers University – SSURA will own the Rutgers component. Rutgers University has lent \$16.1 to fund its share of project costs, which includes a new Rutgers University Bookstore operated by Barnes and Noble, one floor of Office Space that will be occupied by the Rutgers University Press, and Rutgers' share of common elements. The funds are internally financed by Rutgers University General Obligation bonds. All interest for financing is being internally financed by Rutgers University and is carried outside of the Gateway budget. The Rutgers Board of Governors has approved all necessary documents.

Residential Rental – A first position loan from Bank of America is in part comprised of \$10,612,500 in a New Markets Tax Credits loan. The loan is structured as a mini-perm loan with a term of 7 years. The interest rate is fixed at 6.4% as a result of an interest rate swap at closing. The loan amount for Bank of America was calculated based on a going in minimum debt service coverage 1.40 based on underwriting of stabilized operations of 7.0%/30 year amortization.

A first position loan from Bank of America is in part comprised of \$8,687,500 in a Conventional loan. The loan is structured as a mini-perm loan with a term of 7 years. The interest rate of the \$7,000,000 of the Conventional Loan is fixed at 6.6% as a result of an interest rate swap at closing. The remainder of the loan floats at an interest rate of 300 bps + LIBOR during construction. The loan amount for Bank of America was calculated based on a going in minimum debt service coverage 1.40 based on underwriting of stabilized operations of 7.0%/30 year amortization.

The capital stack includes \$14,621,800 in New Markets Tax Credits Equity from Wells Fargo Bank, Citibank, RBC, New Jersey Community Capital, and Bank of America. The developer will contribute \$5,148,704 in equity to the Gateway Transit Village development.

Residential Condo – The Capital Stack for the Condominium component of the Gateway includes a first position construction loan of \$9,040,000. The loan carries an interest rate equal to the Prime with a floor of 7% for the term of the loan, which runs 24 months from closing. Security on the loan is a first mortgage lien interest on the premises. The loan is repaid at a rate of 75% of the sales price per unit until the Magyar Bank line of credit (described below) is repaid in full. Thereafter, the loan is repaid at a rate of 100% of the sales price per unit until the loan is repaid in full.

Financing for the condominium portion of the project also includes a non-revolving line of credit in the amount of \$600,000 from Magyar Bank, which is subordinate to the construction loan and secured by a second mortgage interest on the premises. This line of credit also carries an interest rate of Prime with a floor of 7% and a 24 month term. The line of credit is repaid at a rate of 25% of the sales price per unit until the line is repaid in full.

The last component of the condominium financing is an equity contribution from the New Brunswick Parking Authority in the amount of \$3.1 million, which is repaid from sales proceeds of the units, after the loan and line of credit are repaid.

2. WELLNESS PLAZA CAPITAL STACK

The majority of the funding for the Wellness Plaza project is derived from bonds issued by the New Brunswick Parking Authority. The bonds were issued using a number of stimulus programs, including \$41.5 million in Build America Bonds, \$24.6 million in Recovery Zone Facility Bonds and \$26.2 million in Recovery Zone Economic Development bonds, totaling \$92.3 million in bonds. The all in cost of borrowing for all components (including both tax exempt and taxable rates) is 5.19%. Similar to the Gateway Project, the NBPA does not take a mortgage on the Wellness project. Rather, the bond debt is backed by NBPA system-wide revenues. The bonds carry a term of 30 years.

The capital stack also includes \$7,682,300 in New Markets Tax Credits proceeds derived from closing on an allocation of \$30.5 million. New Markets Tax Credits allocatees include Wells Fargo Bank, WNC National Community Advisors, Cityscape Capital Group, and Seedco Financial. In addition, there is a \$3 million grant provided by the County of Middlesex to the project.

3. NEW STREET CAPITAL STACK

A first position loan of \$12,850,000 is being provided by Bank of America. The Bank of America loan is a mini-perm loan with a term of 7 years. The rate of the Loan will be 300 bps + LIBOR during construction and then will be converted to a fixed rate after construction completion. The debt service amount has not yet been calculated with Bank of

America. An interest rate swap will be executed at closing to fix a rate after construction completion, which will result in a stable debt service payment over the term of the loan. In the interim, we are using a 6% rate at a 30-Year amortization for underwriting purposes. The loan amount for Bank of America was calculated based on a going in minimum debt service coverage of 1.25 based on underwriting of stabilized operations of 7.0%/30 year amortization.

A second loan of \$900,000 was executed with the New Jersey Redevelopment Authority. The loan is interest only for a period of 3 years and then will convert to an amortizing loan thereafter at a rate and amortization of 6.5%/20 year amortization.

Additional proceeds for New Street Apartments include: \$500,000 from the Department of Environmental Protection; \$500,000 in HOME funds; and \$420,000 in Regional Contribution Agreement (RCA) funds. In addition, the developer will contribute \$2,630,000 in equity to the New Street Apartments development.

NEW BRUNSWICK TRANSIT VILLAGE INTIAITIVE

Soft Costs Budget Detail

	Gateway	Wellness	Arts	TOTAL
A+E/Civil	4,869,035	3,900,000	1,448,000	10,217,035
Amtrak	126,011	100,000	-	226,011
IT/Security/Design Consultants	199,597	-	90,000	289,597
NBPA Interior Design Allowance	179,749	-	-	179,749
Roofing Consultant	21,995	-	-	21,995
Geotechnical Report	46,751	-	35,000	81,751
Traffic	34,108	50,000	-	84,108
Permits + Approvals	-	280,000	-	280,000
Enviromental	213,334	730,000	500,000	1,443,334
Appraisals	60,713	-	36,250	96,963
Insurance	204,847	120,000	95,509	420,356
Site Performance Bond	115,952	-	-	115,952
Testing + Inspections	436,012	225,000	-	661,012
Design Contingency	193,620	-	207,300	400,920
Property Taxes	32,516	25,000	110,000	167,516
Building Commissioning	-	-	100,000	100,000
Printing + Reproduction	-	25,000	-	25,000
Underground Utilities	-	-	250,000	250,000
Demolition + Abatement	595,986	1,198,280	686,891	2,481,157
Signage	80,000	75,000	-	155,000
Accounting	89,999	20,000	35,750	145,749
Feasibility Study	6,500	27,511	-	34,011
Legal	3,012,338	1,568,078	675,000	5,255,416
NMTC Closing Costs	447,221	631,798	-	1,079,019
Pre Development Fee	-	200,000	-	200,000
Development Fee	2,250,000	4,912,743	2,630,000	9,792,743
Project Overhead	2,000,000	1,870,441	-	3,870,441
Bridge Pre Development	-	250,000	-	250,000
Building Permits	170,000	-	-	170,000
Application Fee	305,406	-	-	305,406
FFE	655,809	-	173,906	829,715
Verizon	90,000	-	-	90,000
Code Issues	96,566	-	-	96,566
Soft Cost Contingency	296,294	-	59,176	355,470
Misc/Building Operations	149,349	100,000	-	249,349
3rd Party Design + Review	675,000	-	-	675,000
Title Insurance/Recording	354,082	-	138,000	492,082
Marketing	928,165	-	357,663	1,285,828
Real Estate Commissions	212,055	-	128,925	340,980
PSEG Installation	106,000	-	-	106,000
Start Up	25,000	-	-	25,000
Lease Up Operations	48,250	-	-	48,250
Utility Connection Fees	22,000	-	-	22,000
Condo Warranty	47,000	-	-	47,000
CDE Fee Reserve	2,043,332	1,642,500	-	3,685,832
Wellness Finance	-	250,000	-	250,000
Fitness Center Fund	-	300,000	-	300,000
BOA Interest Reserve	2,000,000	-	-	2,000,000
UTHTC Bridge Interest Reserve	5,470,800	-	-	5,470,800
Lender Points + Fees	1,370,440	-	-	1,370,440
UTHTC Fee	323,485	-	-	323,485
NMTC Upfront Fee	349,000	-	-	349,000
TICIC	806,947	-	-	806,947
Working Capital	-	-	313,846	313,846
Arts Financing	-	-	4,640,576	4,640,576
Total Project Soft Costs	31,761,264	18,501,351	12,711,792	62,974,407
Total Eligible Capital Investment	139,520,630	61,300,259	32,225,784	233,046,673
Soft Costs in UTHTC Calculation (20% of Total Capital Investment)	27,904,126	12,260,052	6,445,157	46,609,335
Balance of Unused Soft Costs in	3,857,138	6,241,299	6,266,635	16,365,072

TRANSIT VILLAGE REDEVELOPMENT INITIATIVE
FUNDS EXPENDED TO DATE AND PROJECTED DRAW SCHEDULE

As of October 25, 2011

	Gateway	Wellness Plaza (a/k/a Ferren)	New Street Apts. (a/k/a Arts)	TOTAL
TOTAL PROJECT BUDGET	156,206,985	114,626,538	42,793,169	313,626,692
Through September 2011	123,643,739	26,023,536	7,267,111	156,934,386
October-11	3,762,788	2,836,021	7,500	6,606,309
November-11	4,119,945	2,995,910	1,804,020	8,919,875
December-11	3,416,451	8,969,200	152,836	12,538,487
January-12	6,942,087	7,413,535	2,306,867	16,662,489
February-12	950,949	8,130,740	2,313,615	11,395,304
March-12	926,692	7,310,910	2,815,339	11,052,941
April-12	1,128,185	9,712,104	3,071,289	13,911,578
May-12	1,330,007	10,315,910	2,833,980	14,479,897
June-12	1,131,372	9,086,818	2,843,458	13,061,648
July-12	982,646	8,098,535	2,605,387	11,686,568
August-12	833,888	6,144,200	2,614,100	9,592,188
September-12	835,128	4,146,267	1,940,852	6,922,247
October-12	581,280	1,490,899	1,452,180	3,524,359
November-12	137,601	423,879	961,874	1,523,354
December-12	413,834	155,931	1,944,626	2,514,391
Post December-12	5,070,393	1,372,143	5,858,135	12,300,671
	156,206,985	114,626,538	42,793,169	313,626,692

**NEW BRUNSWICK TRANSIT VILLAGE INITIATIVE
GATEWAY DEVELOPMENT BUDGET**

10/26/11

	Development Budget Budget
A. Construction Costs	
General Construction	100,980,677
A. Total Construction	100,980,677
B. Land Acquisition & Site Development Costs	
Land Acquisition & Site Development	12,739,216
B. Total Land Acquisition & Site Development	12,739,216
C. Design & Engineering Costs	
Architectural & Engineering	4,556,095
Civil Engineering (Surveys, Site Plan)	312,940
Amtrak	126,011
IT Consultant	78,000
Security Consultant	66,224
Acoustical Consultant	16,873
Additional Consultant	38,500
NBPA Interior Design Allowance	179,749
RU Roofing Consultant	21,995
Geotechnical Report	46,751
Traffic Study	34,108
Environmental	213,334
Testing & Inspections	436,012
Design Contingency	193,619
Soft Cost Contingency (Res. Only)	124,172
C. Total Design & Engineering	6,444,383
D. Other Building/ Site Costs	
Appraisals (Acquisition)	60,713
Feasibility Study (Residential)	6,500
Insurance (Builder's Risk)	204,847
Site Performance Bond	115,952
Demolition	595,986
FF&E	655,809
PSE&G Installation Expenses	106,000
Misc. Project Costs	149,349
Application Fees (City & County)	305,406
Building Permits (Res. Only)	170,000
Property Taxes During Construction	32,516
Signage	80,000
Utility Connection Fees	22,000
Verizon/ Cable	90,000
Code Issues	96,566
Other + Soft Costs Contingency	172,120
D. Total Other Building/ Site	2,863,765
E. Financing Costs	
BoA Interest Reserve	2,000,000
UTHTC Equity Bridge Interest	5,470,800
Lender Points & Fees	1,370,440
UTHTC Fees	323,485
NMTC Upfront Fees	349,000
Ongoing NMTC Fees	2,043,332
Consultant Fees	277,271
Accounting Fees	169,950
TICIC Interest Reserve	671,296
Interest LOC	35,251
TICIC Fees	90,400
TICIC Engineering Consultant Fees	10,000
E. Financing Costs	12,811,225
F. General Administrative Costs	
Accounting	89,999
Legal	2,158,795
Legal NMTC (Res. Only)	853,543
Developer's Fee	2,250,000
Title Insurance & Recording Fees (Res.)	354,082
Overhead Recovery & Project Administration	2,000,000
Third Party Design & Development Review	675,000
F. Total General Administrative	8,381,419
G. Project Contingency	
Contingency	625,831
G. Total Project Contingency	625,831
H. Marketing Costs	
Models, Renderings & Photography	9,270
Brochures / Mailings	117,900
Model / Sales Office	157,200
Marketing Expenses	600,400
Adv / PR	27,510
HOW Fees	47,000
Other	227,940
H. Total Marketing	1,187,220
I. Property Management Costs	
Start Up Costs	25,000
Lease Up Operations	48,250
I. Total Property Management	73,250
G. Tenant Improvements	
Brother Jimmy's Fit Out by Tenant	3,000,000
Barnes + Noble Fit Out by Tenant	1,900,000
Rutgers University Press	1,000,000
NBPA Office Space	1,200,000
3 Office Floors Fit Out by Tenant	3,000,000
Tenant Costs	10,100,000
Total Project Costs	156,206,985

New Brunswick Transit Village Initiative
Gateway Development Budget - Residential Rental Only

	Development Budget
A. CONSTRUCTION	
General Construction	42,450,105
A.Total Construction	42,450,105
B. LAND ACQUISITION AND SITE DEVELOPMENT	
Land Acquisition & Site Development	5,246,261
B.Total Land Acquisition & Site Development	5,246,261
C. DESIGN AND ENGINEERING	
Architectural & Engineering	1,555,487
Civil Engineering (Surveys, Site Plan)	88,667
Amtrak	30,000
IT Consultant	20,000
Security Consultant	57,224
Accoustical Consultant	-
Additional Consultant	-
NBPA Interior Design Allowance	-
RU Roofing Consultant	-
Geotechnical Report	12,781
Traffic Study	14,375
Environmental	75,793
Testing and Inspections	132,300
Design Contingency	-
Soft Cost Contingency (Res. Only)	74,172
C. Total Design & Engineering	2,060,799
D. OTHER BUILDING/SITE COSTS	
Appraisals (Acquisition)	28,363
Feasibility Study (Residential)	6,500
Insurance (Builder's Risk)	49,847
Site Performance Bond	92,952
Demolition	242,452
FF&E	465,792
PS&G Installation Expense	-
Misc. Project Costs	-
Application Fees (City & County)	70,940
Building Permits	170,000
Property Taxes During Construction	-
Signage	20,000
Utility Connection Fees	-
Verizon / Cable	50,000
Code Issues	91,400
Other & Soft Cost Contingency	135,992
D. Total Other Building/ Site	1,424,238
E. FINANCING COSTS	
BoA Interest Reserve	2,000,000
UTHTC Equity Bridge Interest	5,470,800
Lender Points & Fees	1,370,440
UTHTC Fees	323,485
NMTC Upfront Fees	349,000
Ongoing NMTC Fees	2,043,332
Consultant Fees	277,271
Accounting Fees	169,950
TICIC Interest Reserve	-
Interest LOC	-
TICIC Fees	-
TICIC Engineering Consultant Fees	-
E. Total Financing Costs	12,004,278
F. GENERAL ADMINISTRATIVE	
Accounting	25,033
Legal	1,467,292
Legal NMTC (Res. Only)	853,543
Developer's Fee	250,000
Title Insurance & Recording Fees (Res.)	328,344
Third Party Design & Development Review	330,000
F. Total General Administrative	3,254,212
G. PROJECT CONTINGENCY	
Contingency	440,026
G. Total Project Contingency	440,026
H. MARKETING	
Models, Renderings & Photography	9,270
Brochures / Mailings	117,900
Model / Sales Office	157,200
Marketing Expenses	314,400
Adv / PR	27,510
Other	227,940
H. Total Marketing	854,220
I. PROJECT MANAGEMENT START UP	
Start Up Costs	-
Lease Up Operations	48,250
I. Total Property Management Start Up	48,250
Total Project Costs	67,782,389

New Brunswick Transit Village Initiative - New Brunswick, NJ

TOTAL SOURCES + USES

Current Application

Project Budget				
	Gateway	Wellness	Arts	Total
Construction	101,606,505	56,360,366	25,610,077	183,576,948
Land	12,739,216	19,914,821	4,300,750	36,954,787
AE	6,231,049	4,330,000	1,448,000	12,009,049
Environmental	213,334	730,000	500,000	1,443,334
Other (Soft)	12,505,656	11,548,851	5,809,370	29,863,877
Other (Finance)	12,811,225	1,892,500	4,954,422	19,658,147
Other (TI)	10,100,000	15,850,000	170,550	26,120,550
Transit Walkway	-	4,000,000	-	4,000,000
Total	156,206,985	114,626,538	42,793,169	313,626,692

Sources of Capital				
	Gateway	Wellness	Arts	Total
NBPA	48,866,745	95,344,239	-	144,210,984
Rutgers	16,080,010	-	-	16,080,010
TICIC	9,040,000	-	-	9,040,000
Magyar Credit Line	600,000			
NBPA + Developer Equity (Condos)	3,487,841			
HMFA - Condo	-	-	-	-
Gateway Primary Debt (Rental)	19,300,000	-	-	19,300,000
Arts Primary Debt	-	-	12,850,003	12,850,003
HMFA - Strategic Zone Lending	-	-	-	-
HMFA - City Living	-	-	-	-
NMTC Equity	14,621,800	7,682,299	-	22,304,099
UTHTC	28,961,885	3,500,000	24,993,166	57,455,051
NJRA	-	-	900,000	900,000
DEP	-	-	500,000	500,000
HOME	-	-	500,000	500,000
RCA	-	-	420,000	420,000
LIHTC	-	-	-	-
Developer Equity	5,148,704	-	2,630,000	7,778,704
Residential Bank Loan	-	-	-	-
NJ Transit	-	4,000,000	-	4,000,000
Tenant Improvements	10,100,000	4,100,000	-	14,200,000
	156,206,985	114,626,538	42,793,169	309,538,851

New Brunswick Transit Village Initiative - New Brunswick, NJ

TOTAL SOURCES + USES

Prior Application

Project Budget				
	Gateway	Wellness	Arts	Total
Construction	100,514,088	80,785,739	25,595,500	206,895,327
Land	10,836,676	17,200,000	4,915,469	32,952,145
AE	7,442,420	3,638,830	1,538,596	12,619,846
Environmental	200,000	200,000	1,315,000	1,715,000
Other (Soft)	14,977,518	5,290,200	6,261,272	26,528,990
Other (Finance)	4,234,384	10,612,329	1,683,482	16,530,195
Other (TI)	10,000,000	10,800,000	-	20,800,000
NJT Infrastructure	-	8,000,000	-	8,000,000
Total	148,205,086	136,527,098	41,309,319	326,041,503

Sources of Capital				
	Gateway	Wellness	Arts	Total
NBPA	46,916,745	79,824,022	-	126,740,767
Rutgers	15,870,010	-	-	15,870,010
TICIC	6,776,835			6,776,835
Magyar Credit Line	-			
NBPA + Developer Equity (Condos)	-			
HMFA - Condo	6,776,835			6,776,835
Gateway Primary Debt (Rental)	21,296,547	-	-	21,296,547
Arts Primary Debt	-	-	14,189,474	14,189,474
HMFA - Strategic Zone Lending	-	-	1,050,000	1,050,000
HMFA - City Living	-	-	4,000,000	4,000,000
NMTC Equity	19,055,111	15,017,981	-	34,073,092
UTHTC	20,341,428	5,233,429	15,758,763	41,333,620
NJRA	-	-	900,000	900,000
DEP	-	-	404,000	404,000
HOME	-	-	-	-
RCA	-	-	420,000	420,000
LIHTC	-	-	1,957,082	1,957,082
Developer Equity	1,171,576	2,050,000	2,630,000	5,851,576
Residential Bank Loan	-	15,601,666	-	15,601,666
NJ Transit	-	8,000,000	-	8,000,000
Tenant Improvements	10,000,000	10,800,000	-	20,800,000
	148,205,087	136,527,098	41,309,319	326,041,504

New Brunswick Transit Village Initiative - New Brunswick, NJ

TOTAL SOURCES + USES

Difference

Project Budget				
	Gateway	Wellness	Arts	Total
Construction	1,092,417	(24,425,373)	14,577	(23,318,379)
Land	1,902,540	2,714,821	(614,719)	4,002,642
AE	(1,211,371)	691,170	(90,596)	(610,797)
Environmental	13,334	530,000	(815,000)	(271,666)
Other (Soft)	(2,471,862)	6,258,651	(451,902)	3,334,887
Other (Finance)	8,576,841	(8,719,829)	3,270,940	3,127,952
Other (TI)	100,000	5,050,000	170,550	5,320,550
Transit Walkway	-	(4,000,000)	-	(4,000,000)
Total	8,001,899	(21,900,560)	1,483,850	(12,414,811)

Sources of Capital				
	Gateway	Wellness	Arts	Total
NBPA	1,950,000	15,520,217	-	17,470,217
Rutgers	210,000	-	-	210,000
TICIC	2,263,165	-	-	2,263,165
Magyar Credit Line	600,000			
NBPA + Developer Equity (Condos)	3,487,841			
HMFA - Condo	(6,776,835)	-	-	(6,776,835)
Gateway Primary Debt (Rental)	(1,996,547)	-	-	(1,996,547)
Arts Primary Debt	-	-	(1,339,471)	(1,339,471)
HMFA - Strategic Zone Lending	-	-	(1,050,000)	(1,050,000)
HMFA - City Living	-	-	(4,000,000)	(4,000,000)
NMTC Equity	(4,433,311)	(7,335,682)	-	(11,768,993)
UTHTC	8,620,457	(1,733,429)	9,234,403	16,121,431
NJRA	-	-	-	-
DEP	-	-	96,000	96,000
HOME	-	-	500,000	500,000
RCA	-	-	-	-
LIHTC	-	-	(1,957,082)	(1,957,082)
Developer Equity	3,977,128	(2,050,000)	-	1,927,128
Residential Bank Loan	-	(15,601,666)	-	(15,601,666)
NJ Transit	-	(4,000,000)	-	(4,000,000)
Tenant Improvements	100,000	(6,700,000)	-	(6,600,000)
	8,001,898	(21,900,560)	1,483,850	(16,502,653)

NEW BRUNSWICK TRANSIT VILLAGE REDEVELOPMENT INITIATIVE

Total Project Costs + Eligible Capital Investment Comparison

SECTION 1 - Total Project Costs

	<u>Gateway</u>	<u>Wellness</u>	<u>Arts</u>	<u>Total</u>
Construction	101,606,505	56,360,366	25,610,077	183,576,948
Land	12,739,216	19,914,821	4,300,750	36,954,787
Tenant Improvements	10,100,000	15,850,000	170,550	26,120,550
NJ Transit	-	4,000,000	-	4,000,000
Soft Costs	31,761,264	18,501,351	12,711,792	62,974,407
Total	156,206,985	114,626,538	42,793,169	313,626,692

SECTION 2 - Eligible Capital Investment

	<u>Gateway</u>	<u>Wellness</u>	<u>Arts</u>	<u>Total</u>
Construction	101,516,504	31,190,207	25,610,077	158,316,788
Land	-	-	-	-
Tenant Improvements	10,100,000	15,850,000	170,550	26,120,550
NJ Transit	-	2,000,000	-	2,000,000
Soft Costs (20% of Total Capital Investment)	27,904,126	12,260,052	6,445,157	46,609,335
Total	139,520,630	61,300,259	32,225,784	233,046,673

SECTION 3 - Comparison of Project Costs vs. Eligible Capital Investment

	<u>Total Project Cost</u>	<u>Total Eligible Capital Investment</u>	<u>Difference</u>	<u>Description</u>
Construction	183,576,948	158,316,788	(25,260,160)	Diff. includes elimination of residential portion of Wellness project.
Land	36,954,787	-	(36,954,787)	Land not considered an eligible cost under UTHTC.
Tenant Improvements	26,120,550	26,120,550	-	All built in tenant improvements are eligible costs.
Transit Walkway	4,000,000	2,000,000	(2,000,000)	Walkway project will be completed after credit period runs.
Soft Costs	62,974,407	46,609,335	(16,365,072)	Soft costs are capped at 20% of total eligible investment.
Total	313,626,692	233,046,673	(80,580,019)	

TRANSIT VILLAGE INITIATIVE - New Brunswick, NJ
UTHTC Analysis - Wellness (Ferren), Arts (New St.) + Gateway Projects

I. CALCULATION OF RESIDENTIAL AS PREDOMINANT USE (IN SF.)

Use	Wellness (Ferren)	New St. (Arts)	Gateway	TOTAL	%
Residential		121,940	242,369	364,309	27%
Residential Units		104	192	296	
Commerical	590,177	3,414	372,848	966,439	73%
Retail	111,000	3,414	56,797	171,211	13%
Office	-	-	58,168	58,168	4%
Parking	479,177	-	257,883	737,060	55%
TOTAL SIZE	590,177	125,354	615,217	1,330,748	100%
PARKING SPACES	1,275		657	1,932	
AVERAGE SF/PARKING SPACE	376		393		

*SF/Space necessary for parking SF allocation in Section II

II. CALCULATION OF RESIDENTIAL AS PREDOMINANT USE (IN SF.) - MAXIMIZE PARKING ALLOCATION

Use	Wellness (Ferren)	New St. (Arts)	Gateway	TOTAL	%	
Residential SF	-	121,940	242,369	364,309		
Residential Parking Allocation SF (2/unit)	-	-	150,726	150,726		
Total Residential SF Allocation	-	121,940	393,095	515,035	50.1%	of total project SF
Parking spaces in calculation	-		384			
Commerical SF	111,000	3,414	114,965	229,379		
Parking Allocation (to 49%)	176,638	-	107,157	283,795		
Total Commerical SF Allocation	287,638	3,414	222,122	513,174	49.9%	of total project SF
Parking spaces in calculation	470	-	273			
TOTAL SIZE	287,638	125,354	615,217	1,028,209		
TOTAL PARKING SPACES IN ALLOCATION	470		657	1,127		
UNALLOCATED PARKING SPACES	805		-	805		
% of ALLOCATED PARKING SPACES	36.86%					

III. CALCULATION OF TOTAL CAPITAL INVESTMENT FOR FERREN, ARTS + GATEWAY

Use	Wellness (Ferren)	New St. (Arts)	Gateway	TOTAL	%
Residential	-	24,918,076	51,369,314	76,287,390	33%
Retail	16,932,474	692,001	12,676,993	30,301,468	13%
Office	-	-	13,009,019	13,009,019	6%
Parking	14,257,732.74	-	24,461,178	38,718,911	17%
Tenant Improvements	15,850,000	170,550	10,100,000	26,120,550	11%
NJ Transit Walkway	2,000,000	-	-	2,000,000	1%
Soft Costs	12,260,052	6,445,157	27,904,126	46,609,335	20%
TOTAL CAPITAL INVESTMENT	61,300,258	32,225,784	139,520,630	233,046,673	100%

IV. CALCULATION OF ELIGIBLE TAX CREDITS BASED UPON TOTAL CAPITAL INVESTMENT

Total Capital Investment (calculated above)	\$233,046,673
Total Eligible Tax Credits (calculated at 35% of Capital Investment)	\$81,566,336
Less Tax Credits Sold to Date	\$27,121,900
Balance of Tax Credits Available to Project	\$54,444,436
Tax Credits being Used for Project	\$49,484,831
Balance of Tax Credits to be retained by NJEDA	\$4,959,605
Proceeds to Project (Assumes sale of .75 cents)	\$37,113,623

TRANSIT VILLAGE INITIATIVE - New Brunswick, NJ
UTHTC Analysis - Wellness (Ferren), Arts (New St.) + Gateway Projects

I. CALCULATION OF RESIDENTIAL AS PREDOMINANT USE (IN SF.)

Use	Wellness (Ferren)	New St. (Arts)	Gateway	TOTAL	%
Residential		121,940	242,369	364,309	27%
Residential Units		104	192	296	
Commerical	590,177	3,414	372,848	966,439	73%
Retail	111,000	3,414	56,797	171,211	13%
Office	-	-	58,168	58,168	4%
Parking	479,177	-	257,883	737,060	55%
TOTAL SIZE	590,177	125,354	615,217	1,330,748	100%
PARKING SPACES	1,275		657	1,932	
AVERAGE SF/PARKING SPACE	376		393		

*SF/Space necessary for parking SF allocation in Section II

II. CALCULATION OF RESIDENTIAL AS PREDOMINANT USE (IN SF.) - MAXIMIZE PARKING ALLOCATION

Use	Wellness (Ferren)	New St. (Arts)	Gateway	TOTAL	%	
Residential SF	-	121,940	242,369	364,309		
Residential Parking Allocation SF (2/unit)	-	-	150,726	150,726		
Total Residential SF Allocation	-	121,940	393,095	515,035	50.1%	of total project SF
Parking spaces in calculation	-		384			
Commerical SF	111,000	3,414	114,965	229,379		
Parking Allocation (to 49%)	176,638	-	107,157	283,795		
Total Commerical SF Allocation	287,638	3,414	222,122	513,174	49.9%	of total project SF
Parking spaces in calculation	470	-	273			
TOTAL SIZE	287,638	125,354	615,217	1,028,209		
TOTAL PARKING SPACES IN ALLOCATION	470		657	1,127		
UNALLOCATED PARKING SPACES	805		-	805	36%	
% of ALLOCATED PARKING SPACES	37%					

III. CALCULATION OF TOTAL CAPITAL INVESMENT FOR FERREN, ARTS + GATEWAY

Use	Wellness (Ferren)	New St. (Arts)	Gateway	TOTAL	%
Residential	-	24,918,076	51,369,314	76,287,390	33%
Retail	16,846,896	692,001	12,676,993	30,215,890	13%
Office	-	-	13,009,019	13,009,019	6%
Parking	13,243,500	-	24,461,178	37,704,678	16%
Tenant Improvements	13,850,000	170,550	10,100,000	24,120,550	10%
NJ Transit Walkway	4,000,000	-	-	4,000,000	2%
Soft Costs	11,985,099	6,445,157	27,904,126	46,334,382	20%
TOTAL CAPITAL INVESTMENT	59,925,495	32,225,784	139,520,630	231,671,909	100%

IV. CALCULATION OF ELIGIBLE TAX CREDITS BASED UPON TOTAL CAPITAL INVESTMENT

Total Capital Investment (calculated above)	\$231,671,909
Total Eligible Tax Credits (calculated at 35% of Capital Invesment)	\$81,085,168
Less Tax Credits Sold to Date	\$27,121,900
Balance of Tax Credits Available to Project	\$53,963,268
Proceeds to Project (Assumes sale of .75 cents)	\$40,472,451

New Brunswick Transit Village Initiative - New Brunswick, NJ
TOTAL SOURCES + USES

Current Application

Project Budget				
	Gateway	Wellness	Arts	Total
Construction	101,606,505	55,146,822	25,610,078	182,363,405
Land	12,739,216	19,914,821	4,300,750	36,954,787
AE	6,231,049	4,330,000	1,448,000	12,009,049
Environmental	213,334	730,000	802,737	1,746,071
Other (Soft)	12,505,656	13,762,395	5,368,630	31,636,680
Other (Finance)	12,811,225	1,892,500	5,092,422	19,796,147
Other (TI)	10,100,000	12,850,000	170,550	23,120,550
Transit Walkway	-	4,000,000	-	4,000,000
Total	156,206,985	112,626,538	42,793,166	311,626,689

Sources of Capital				
	Gateway	Wellness	Arts	Total
NBPA	48,866,745	95,344,239	-	144,210,984
Rutgers	16,080,010	-	-	16,080,010
TICIC	13,127,841	-	-	13,127,841
HMFA - Condo	-	-	-	-
Gateway Primary Debt (Rental)	19,300,000	-	-	19,300,000
Arts Primary Debt	-	-	12,850,000	12,850,000
HMFA - Strategic Zone Lending	-	-	-	-
HMFA - City Living	-	-	-	-
NMTC Equity	14,621,800	7,682,299	-	22,304,099
UTHTC	28,961,885	3,500,000	24,993,166	57,455,051
NJRA	-	-	900,000	900,000
DEP	-	-	500,000	500,000
HOME	-	-	500,000	500,000
RCA	-	-	420,000	420,000
LIHTC	-	-	-	-
Developer Equity	5,148,704	-	2,630,000	7,778,704
Residential Bank Loan	-	-	-	-
NJ Transit	-	4,000,000	-	4,000,000
Tenant Improvements	10,100,000	2,100,000	-	12,200,000
	156,206,985	112,626,538	42,793,166	311,626,689

New Brunswick Transit Village Initiative - New Brunswick, NJ
TOTAL SOURCES + USES

Prior Application

Project Budget				
	Gateway	Wellness	Arts	Total
Construction	100,514,088	80,785,739	25,595,500	206,895,327
Land	10,836,676	17,200,000	4,915,469	32,952,145
AE	7,442,420	3,638,830	1,538,596	12,619,846
Environmental	200,000	200,000	1,315,000	1,715,000
Other (Soft)	14,977,518	5,290,200	6,261,272	26,528,990
Other (Finance)	4,234,384	10,612,329	1,683,482	16,530,195
Other (TI)	10,000,000	10,800,000	-	20,800,000
NJT Infrastructure	-	8,000,000	-	8,000,000
Total	148,205,086	136,527,098	41,309,319	326,041,503

Sources of Capital				
	Gateway	Wellness	Arts	Total
NBPA	46,916,745	79,824,022	-	126,740,767
Rutgers	15,870,010	-	-	15,870,010
TICIC	6,776,835			6,776,835
HMFA - Condo	6,776,835			6,776,835
Gateway Primary Debt (Rental)	21,296,547	-	-	21,296,547
Arts Primary Debt	-	-	14,189,474	14,189,474
HMFA - Strategic Zone Lending	-	-	1,050,000	1,050,000
HMFA - City Living	-	-	4,000,000	4,000,000
NMTC Equity	19,055,111	15,017,981	-	34,073,092
UTHTC	20,341,428	5,233,429	15,758,763	41,333,620
NJRA	-	-	900,000	900,000
DEP	-	-	404,000	404,000
HOME	-	-	-	-
RCA	-	-	420,000	420,000
LIHTC	-	-	1,957,082	1,957,082
Developer Equity	1,171,576	2,050,000	2,630,000	5,851,576
Residential Bank Loan	-	15,601,666	-	15,601,666
NJ Transit	-	8,000,000	-	8,000,000
Tenant Improvements	10,000,000	10,800,000	-	20,800,000
	148,205,087	136,527,098	41,309,319	326,041,504

New Brunswick Transit Village Initiative - New Brunswick, NJ

TOTAL SOURCES + USES

Difference

Project Budget				
	Gateway	Wellness	Arts	Total
Construction	1,092,417	(25,638,917)	14,578	(24,531,922)
Land	1,902,540	2,714,821	(614,719)	4,002,642
AE	(1,211,371)	691,170	(90,596)	(610,797)
Environmental	13,334	530,000	(512,263)	31,071
Other (Soft)	(2,471,862)	8,472,195	(892,643)	5,107,690
Other (Finance)	8,576,841	(8,719,829)	3,408,940	3,265,952
Other (TI)	100,000	2,050,000	170,550	2,320,550
Transit Walkway	-	(4,000,000)	-	(4,000,000)
Total	8,001,899	(23,900,560)	1,483,847	(14,414,814)

Sources of Capital				
	Gateway	Wellness	Arts	Total
NBPA	1,950,000	15,520,217	-	17,470,217
Rutgers	210,000	-	-	210,000
TICIC	6,351,006	-	-	6,351,006
HMFA - Condo	(6,776,835)	-	-	(6,776,835)
Gateway Primary Debt (Rental)	(1,996,547)	-	-	(1,996,547)
Arts Primary Debt	-	-	(1,339,474)	(1,339,474)
HMFA - Strategic Zone Lending	-	-	(1,050,000)	(1,050,000)
HMFA - City Living	-	-	(4,000,000)	(4,000,000)
NMTC Equity	(4,433,311)	(7,335,682)	-	(11,768,993)
UTHTC	8,620,457	(1,733,429)	9,234,403	16,121,431
NJRA	-	-	-	-
DEP	-	-	96,000	96,000
HOME	-	-	500,000	500,000
RCA	-	-	-	-
LIHTC	-	-	(1,957,082)	(1,957,082)
Developer Equity	3,977,128	(2,050,000)	-	1,927,128
Residential Bank Loan	-	(15,601,666)	-	(15,601,666)
NJ Transit	-	(4,000,000)	-	(4,000,000)
Tenant Improvements	100,000	(8,700,000)	-	(8,600,000)
	8,001,898	(23,900,560)	1,483,847	(14,414,815)

Operating Cash Flows

Project Name: New Brunswick Gateway Transit Village - Rental

Annual % of Rent Increase:	2.00%
Annual Expense Increase:	3.00%
Vacancy:	5.00%

Permanent Mortgage (Conventional)	8,687,500		Including Interest Reserves					
Interest Rate:	6.10%	6.60%	6.60%	Amortization Calculation (Conventional)				
Amortization (310+ LIBOR Float Yr 1, 6.6% Fixed Yr 2 - Yr 6):	Interest Only	30 Year	30 Year	30	25	8,177,682		
Annual Payment:	529,938	573,375	573,375	693,578	693,578	509,818	101,964	
Note: Only \$7,000,000 is Fixed Year 2 - Year 6, Remainder Floats	Year 1	Year 2	Year 3	Annualized Amortization (Yr 2 - Yr 6)				
Note: Amortization of Full \$19.3M 1st Position Allocated to Conventional Portion								

Permanent Mortgage (NMTC)		10,612,500					
Interest Rate:	6.40%	6.40%	6.40%	Amortization Calculation (NMTC Loan)			
Amortization:	Interest Only	Interest Only	Interest Only	30	25	9,989,715	
Annual Payment:	679,200	679,200	679,200	847,263	847,263	622,785	124,557
	Year 1	Year 2	Year 3 and Beyond	Annualized Amortization (Year 2 - Year 6)			
	Total Annual Amortization (Yr 2 - Yr 6)						226,521

PROJECTIONS	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
RENTAL INCOME															
Apartment Rents	3,003,769	3,418,914	3,487,292	3,557,038	3,628,178	3,700,742	3,774,757	3,850,252	3,927,257	4,005,802	4,085,918	4,167,637	4,250,989	4,336,009	4,422,729
Less Vacancy Loss 7 %	(210,264)	(239,324)	(244,110)	(248,993)	(253,972)	(259,052)	(264,233)	(269,518)	(274,908)	(280,406)	(286,014)	(291,735)	(297,569)	(303,521)	(309,591)
NET APT. RENTS	2,793,505	3,179,590	3,243,181	3,308,045	3,374,206	3,441,690	3,510,524	3,580,734	3,652,349	3,725,396	3,799,904	3,875,902	3,953,420	4,032,488	4,113,138

OPERATING EXPENSES	Yearly Per Unit Cost	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Salaries	\$1,259	188,882	194,548	200,385	206,396	212,588	218,966	225,535	232,301	239,270	246,448	253,842	261,457	269,301	277,380	285,701
General and Administrative	\$371	55,690	57,361	59,082	60,854	62,680	64,560	66,497	68,492	70,546	72,663	74,843	77,088	79,401	81,783	84,236
Advertising and Marketing	\$167	0	25,788	26,562	27,359	28,179	29,025	29,895	30,792	31,716	32,668	33,648	34,657	35,697	36,768	37,871
Maintenance & Repairs	\$1,033	154,929	159,577	164,364	169,295	174,374	179,605	184,993	190,543	196,259	202,147	208,212	214,458	220,892	227,518	234,344
Turnovers	\$18	0	2,722	2,804	2,888	2,975	3,064	3,156	3,251	3,348	3,449	3,552	3,659	3,768	3,881	3,998
Utilities	\$883	132,410	136,382	140,474	144,688	149,029	153,499	158,104	162,848	167,733	172,765	177,948	183,286	188,785	194,449	200,282
Management Fee	\$600	90,000	95,388	97,295	99,241	101,226	103,251	105,316	107,422	109,570	111,762	113,997	116,277	118,603	120,975	123,394
PILOT on Housing	\$2,235	300,377	341,891	348,729	355,704	362,818	370,074	377,476	385,025	392,726	400,580	408,592	416,764	425,099	433,601	442,273
Insurance	\$704	105,597	108,765	112,028	115,389	118,850	122,416	126,088	129,871	133,767	137,780	141,914	146,171	150,556	155,073	159,725
Replacement Reserves	\$250	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500

TOTAL EXPENSES	1,065,385	1,159,923	1,189,223	1,219,314	1,250,219	1,281,960	1,314,561	1,348,045	1,382,436	1,417,762	1,454,046	1,491,316	1,529,601	1,568,927	1,609,324
Total Per Unit Cost	7.103	7.733	7.928	8.129	8.335	8.546	8.764	8.987	9.216	9.452	9.694	9.942	10.197	10.460	10.729
Expense/Income Ratio	0.38	0.36	0.37	0.37	0.37	0.37	0.37	0.37	0.38	0.38	0.38	0.38	0.39	0.39	0.39
INCOME AVAIL. FOR DEBT	1,728,120	2,019,667	2,053,959	2,088,731	2,123,987	2,159,730	2,195,963	2,232,690	2,269,913	2,307,634	2,345,858	2,384,585	2,423,819	2,463,562	2,503,815

Interest -1st Mortgage (Conventional)	412,218	469,286	455,468	441,650	427,832	414,015	441,801	441,801	441,801	441,801	441,801	441,801	441,801	441,801	441,801	441,801
Amortization -1st Mortgage (Conventional)	0	226,521	226,521	226,521	226,521	226,521	244,295	244,295	244,295	244,295	244,295	244,295	244,295	244,295	244,295	244,295
Interest - 1st Mortgage (NMTC Loan)	679,200	679,200	679,200	679,200	679,200	679,200	742,875	742,875	742,875	742,875	742,875	742,875	742,875	742,875	742,875	742,875
Total Debt Service	1,091,418	1,375,006	1,361,188	1,347,371	1,333,553	1,319,735	1,428,971	1,428,971	1,428,971	1,428,971	1,428,971	1,428,971	1,428,971	1,428,971	1,428,971	1,428,971

Debt Service Coverage Ratio	1.58	1.47	1.51	1.55	1.59	1.64	1.54	1.56	1.59	1.61	1.64	1.67	1.70	1.72	1.75
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Imputed Rate (7%, 30 Yr Am) Debt Service Equivalent	1,540,841	1,540,841	1,540,841	1,540,841	1,540,841	1,540,841	1,540,841	1,540,841	1,540,841	1,540,841	1,540,841	1,540,841	1,540,841	1,540,841	1,540,841	1,540,841
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Debt Service Coverage Ratio at Imputed Rate (7%, 30 Yr Am)	1.12	1.31	1.33	1.36	1.38	1.40	1.43	1.45	1.47	1.50	1.52	1.55	1.57	1.60	1.62
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CASH FLOW After Bank of America Debt Service	636,702	644,661	692,770	741,360	790,434	839,995	766,992	803,719	840,942	878,663	916,887	955,614	994,848	1,034,591	1,074,844
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DRAFT - for discussion purposes only and subject to change
MULTIFAMILY CASH FLOW

DEVELOPMENT:	New Street Apartments				Annual % of Rent Increase:			3.00%
					Annual Expense Increase:			4.00%
					Vacancy:			5.00%
					Commercial Rent Increase:			
DATE:	11/11/11				Commercial Vacancy:			15.00 %
Number of Bedrooms	Number of Units	Unit Sq.Ft.	Gross Rent	Target Occupancy	Tenant Paid Utilities	Net. Rent	Annual Rent	
1	13	733	971	Low-50%	119	852	132,912	
1	3	687	680	low - 35%	119	561	20,196	
2	4	956	1,166	Low-50%	151	1,015	48,720	
2	1	998	1,166	Low-50%	151	1,015	12,180	
1	10	687	1,650	mkt	0	1,650	198,000	
1	10	726	1,715	mkt	0	1,715	205,800	
1	20	731	1,730	mkt	0	1,730	415,200	
1	11	741	1,750	mkt	0	1,750	231,000	
1	11	742	1,750	mkt	0	1,750	231,000	
2	10	942	2,185	mkt	0	2,185	262,200	
2	11	998	2,315	mkt	0	2,315	305,580	
Total	104						2,062,788	

Permanent Mortgage (1st Note)	12,850,000
Interest Rate:	6.00
Term:	7
Annual Payment:	924,507
Servicing Fee:	0.000
MIP:	0.000

NJRA Mortgage (2nd Note)	900,000
Interest Rate:	6.50
Term in Years:	20
Annual Payment:	80,522
Servicing Fee:	0
	80,522

SZL / City Living	0
Interest Rate Annually:	1.00

PILOT Calculation	Year 1
Rental Income	
Gross Rental Income	2,062,788
Rental PILOT Rate	10.00%
Rental PILOT Payment Estimate	206,279

Gross Commercial Income	84,125
Commercial PILOT Rate	15.00%
Commercial PILOT Payment Estimate	12,619

Total PILOT Payment Estimate	\$218,898
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PROJECTIONS		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
RENTAL INCOME																
Apartment Rents		2,062,788	2,124,672	2,188,412	2,254,064	2,321,686	2,391,337	2,463,077	2,536,969	2,613,078	2,691,470	2,772,215	2,855,381	2,941,042	3,029,274	3,120,152
Vacancy	7 %	(144,395)	(148,727)	(153,189)	(157,784)	(162,518)	(167,394)	(172,415)	(177,588)	(182,915)	(188,403)	(194,055)	(199,877)	(205,873)	(212,049)	(218,411)
NET APT. RENTS		1,918,393	1,975,945	2,035,223	2,096,280	2,159,168	2,223,943	2,290,661	2,359,381	2,430,163	2,503,068	2,578,160	2,655,504	2,735,169	2,817,225	2,901,741
Commercial Income	\$84,125	84,125	84,125	84,125	84,125	84,125	88,331	88,331	88,331	88,331	88,331	92,748	92,748	92,748	92,748	92,748
Less Commerical Vacancy	0.15	(12,619)	(12,619)	(12,619)	(12,619)	(12,619)	(13,250)	(13,250)	(13,250)	(13,250)	(13,250)	(13,912)	(13,912)	(13,912)	(13,912)	(13,912)
NET COMMERCIAL RENTALS		71,506	71,506	71,506	71,506	71,506	75,082	75,082	75,082	75,082	75,082	78,836	78,836	78,836	78,836	78,836
TOTAL RENTAL INCOME:		1,989,899	2,047,451	2,106,729	2,167,786	2,230,674	2,299,025	2,365,743	2,434,463	2,505,244	2,578,149	2,656,995	2,734,340	2,814,005	2,896,060	2,980,577
TOTAL REVENUE		1,989,899	2,047,451	2,106,729	2,167,786	2,230,674	2,299,025	2,365,743	2,434,463	2,505,244	2,578,149	2,656,995	2,734,340	2,814,005	2,896,060	2,980,577
OPERATING EXPENSES	Yearly Per Unit Cost															
Administrative	526	54,666	56,853	59,127	61,492	63,951	66,510	69,170	71,937	74,814	77,807	80,919	84,156	87,522	91,023	94,664
Salaries and Benefits	1,046	108,800	113,152	117,678	122,385	127,281	132,372	137,667	143,173	148,900	154,856	161,051	167,493	174,192	181,160	188,406
Maintenance & Repairs	329	34,200	35,568	36,991	38,470	40,009	41,610	43,274	45,005	46,805	48,677	50,624	52,649	54,755	56,946	59,223
Maintenance Contracts	566	58,873	61,228	63,677	66,224	68,873	71,628	74,493	77,473	80,572	83,795	87,146	90,632	94,258	98,028	101,949
Utilities	1,059	110,150	114,556	119,138	123,904	128,860	134,014	139,375	144,950	150,748	156,778	163,049	169,571	176,354	183,408	190,744
Management Fee	59,904	59,904	61,701	63,552	65,459	67,422	69,445	71,529	73,674	75,885	78,161	80,506	82,921	85,409	87,971	90,610
Total PILOT Payment	218,898	218,898	225,086	231,460	238,025	244,787	252,383	259,557	266,947	274,557	282,397	291,134	299,450	308,016	316,840	325,927
Insurance	550	57,200	59,488	61,868	64,342	66,916	69,593	72,376	75,271	78,282	81,413	84,670	88,057	91,579	95,242	99,052
Replacement Reserves	250	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000
TOTAL EXPENSES		728,691	753,632	779,490	806,301	834,100	863,554	893,441	924,430	956,563	989,884	1,025,099	1,060,929	1,098,085	1,136,617	1,176,576
Total Per Unit Cost		7,007	7,246	7,495	7,753	8,020	8,303	8,591	8,889	9,198	9,518	9,857	10,201	10,559	10,929	11,313
Expense/Income Ratio		0.37	0.37	0.37	0.37	0.37	0.38	0.38	0.38	0.38	0.38	0.39	0.39	0.39	0.39	0.39
INCOME AVAIL. FOR DEBT		1,261,209	1,293,819	1,327,239	1,361,485	1,396,574	1,435,470	1,472,302	1,510,033	1,548,681	1,588,265	1,631,896	1,673,411	1,715,920	1,759,443	1,804,001
Debt Service-1st Mortgage		924,507	924,507	924,507	924,507	924,507	924,507	924,507	924,507	924,507	924,507	924,507	924,507	924,507	924,507	924,507
Debt Service Ratio on 1st Mortgage		1.36	1.40	1.44	1.47	1.51	1.55	1.59	1.63	1.68	1.72	1.77	1.81	1.86	1.90	1.95
Debt Service-NJRA Mortgage- 2nd Note (amortizin		80,522	80,522	80,522	80,522	80,522	80,522	80,522	80,522	80,522	80,522	80,522	80,522	80,522	80,522	80,522
Total Debt Service		1,005,029	1,005,029	1,005,029	1,005,029	1,005,029	1,005,029	1,005,029	1,005,029	1,005,029	1,005,029	1,005,029	1,005,029	1,005,029	1,005,029	1,005,029
Debt Service Ratio on all amortizing debt ¹		1.25	1.29	1.32	1.35	1.39	1.43	1.46	1.50	1.54	1.58	1.62	1.67	1.71	1.75	1.79
CASH FLOW After Debt Service		256,180	288,790	322,210	356,456	391,545	430,442	467,273	505,004	543,652	583,236	626,868	668,382	710,891	754,414	798,972

October 18, 2011

Timothy Lizura
Senior Vice President for Finance and Development
New Jersey Economic Development Authority
P.O. Box 990
36 West State Street
Trenton, NJ 08625

RE: New Brunswick Transit Village Redevelopment Initiative
Urban Transit Hub Tax Credit Application

Dear Mr. Lizura:

Transit Village Associates ("TVA"), a partnership of New Brunswick Development Corporation and Pennrose Properties, previously received approval by the NJEDA in May 2010 for a tax credit allocation under the Urban Transit Hub Tax Credit ("UTHTC") program on behalf of the New Brunswick Transit Village Redevelopment Initiative ("Project").

That approval made it possible for TVA to commence work on the Project, which is a major redevelopment initiative located downtown New Brunswick. The Project will result in the development of over 1.3 million square feet of new space, including 296 new residential units (with 20% set aside as affordable units), 1,900 new parking spaces, 170,000 square feet of new retail space and 58,000 square feet of new office space, all within the designated Transit Village Area near the New Brunswick train station.

In connection with our original application which was approved in May 2010, the Project was awarded **\$55 million** in tax credits under the UTHTC program, based upon our total eligible investment of **\$275 million** and using the previous formula of 20%. As you know, the law establishing the UTHTC program was amended earlier this year, changing the formula used to calculate the residential tax credit from 20% to 35% of total eligible investment.

Using the revised 35% formula, the project could be eligible for \$96 million in tax credit allocation, however we have reduced our total eligible capital for this project to \$233 million. Using the revised total eligible capital amount of **\$233 million**, the tax credit allocation is calculated to be \$81.5 million. Of this amount, the project will require a total of **\$76.6 million**, leaving a balance of \$4.9 million to be retained by the NJEDA. Of the \$76.6 million required by the project, \$27.1 has already closed, leaving a balance of \$49.5 million in tax credits remaining to be sold. We have secured an investor for those tax credits, who is ready to close on that investment by the end of next month (November).

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Please accept this letter as a request that an amendment be considered to the previous approval issued by the NJEDA for this project. This amendment would increase the total amount of tax credits available to the project, but only by the amount that is needed to support the project's financing structure. The balance would be retained by the NJEDA for allocation to another project.

We have set forth below an overview of our requested amendment, including a summary of the project's financing together with our calculation of the amount of tax credits that will be required for the project. In addition, we have attached updated sources and uses for the project, calculation of the eligible capital investment, and operating pro formas for the two residential components, which updates the material provided in our initial application.

PROJECT FINANCING

That original approval by the NJEDA in May 2010 has made it possible for TVA to commence work on the initial phases of the Transit Village project. Since that initial approval, the development team has made significant progress on the overall project, having closed on several financing transactions and with construction underway on 2 of the 3 project components. (For your reference, I have attached aerial photos of the 2 projects that are under construction.)

Since the time of the original approval, TVA has closed on several financing transactions relating to the overall project. While we have successfully secured most of the financing required for the project, there are few changes we must address as a result of market conditions. The following provides an overview of the financing that has been secured to date, and identifies areas where additional funding support through the UTHTC allocation will be utilized.

Gateway Project – The development team successfully closed on \$27.1 million in Urban Transit Hub Tax Credits in December 2010, which were purchased by TD Bank and yielded approximately \$20 million in proceeds for the project. In addition, we closed on \$14 million in New Markets Tax Credit proceeds as well as the primary mortgage and bridge loan to the UTHTC tax credit.

Unfortunately, the \$14 million in New Markets Tax Credits proceeds fell short of the \$19 million that had been required in the original financing structure for the project. In addition, the first position mortgage we were able to secure was \$2 million less in principal than had been projected. As a result, it was necessary to bridge the gap during construction by obtaining a temporary bridge loan from our development partner. It was originally intended that this bridge loan would be replaced by additional New Markets Tax Credit proceeds that would be secured through a second closing. We have pursued

several potential investors since that time, and have determined that the tax credit market under the NMTC program has become highly fragmented and the opportunity for additional investment for this project no longer exists.

We intend to utilize the additional UTHTC proceeds in part to reduce the bridge loan which was loaned to the Project to bridge the NMTC equity and debt shortfall that was not originally anticipated in the capital stack for the project. The balance of the bridge loan not reduced by the UTHTC proceeds will be converted to additional equity. You will see that in the updated sources and uses in the attachments provided, developer equity has increased significantly from \$1.1 million in the original application to \$5.1 million in this revised application.

Wellness Project (a/k/a Ferren) – We successfully closed on \$92 million in stimulus bond financing in December 2010 and secured a \$3 million grant from Middlesex County. Further, in September 2011, we closed on a New Markets Tax Credit transaction with 4 separate community development entities yielding \$7.6 million in proceeds for the project.

Like Gateway, the Wellness Project component did not realize the full amount of New Markets Tax Credits that was anticipated as part of the original project financing structure. We had originally projected that \$15 million in NMTC proceeds would be available for the project, based upon indications given from investors and community development entities. The \$7.6 million in proceeds that we realized fell short of the original requirement. However, with our updated budget projections, we have determined that we do not require all of the NMTC proceeds that were originally anticipated. We intend to utilize a portion of the additional UTHTC proceeds to cover a portion of the funding shortfall, to ensure that all aspects of the project are successfully completed.

New Street Apartments (a/k/a Arts Project) – Financing for this project is expected to close by the end of November. The original financing structure identified the issuer of the primary mortgage as the NJHMFA. In addition, the NJHMFA had committed to provide subordinated funds through the myriad of programs it offers, if it was the issuer of the first mortgage. Unfortunately, the interest rate accompanying the primary debt together with certain underwriting requirements put pressure on the financing structure such that it was necessary to secure a primary mortgage through a conventional lender at a reduced interest rate to the project.

Further, the original structure assumed that Low Income Housing Tax Credits would be accessed for this project, which have also not been realized. Developer equity continues to be a source of funding, with the current budget assuming developer equity of \$2.6 million, the same amount as in the original application. The original project budget assumed approximately \$15.7 million in UTHTC would be required as part of the financing. We intend to utilize a portion of the additional UTHTC proceeds to cover the funding shortfall created by the loss of NJHMFA subordinated funding and LIHTC proceeds.

CALCULATION OF AMENDED UTHTC ALLOCATION REQUEST

As previously stated, the project received a \$55 million tax credit allocation in May 2010 based upon the original residential formula that was in place at the time of approval. The allocation of \$55 million was arrived at using the original formula of 20% of the total eligible investment, which at the time of our application was projected to be **\$275.5 million**.

Since that time, certain components of our project have evolved, reducing the total amount of eligible capital investment associated with the project to **\$233 million**. The resulting differential from our previous total investment is the result of two primary changes: First, we eliminated the residential component of the Wellness Project and second, we adjusted the project budget to reflect actual costs after project design was completed and final construction numbers established.

Using the revised calculation adopted by law earlier this year, the residential tax credit formula was increased to 35% of the total eligible investment. Based upon our revised total eligible investment of \$233 million, the revised total tax credit allocation for the Transit Village project is estimated to be **\$81.5 million**.

Of the \$81.5 million in total tax credits available to the overall Transit Village project, **\$27.1 million** in tax credits were previously sold to TD Bank, leaving a remaining balance of **\$54.4 million** in tax credits to be sold.

It is important to note that though the revised calculation is expected to yield an additional \$54.4 million in tax credits, we expect that **\$49.5 million** will be required for the project, based upon actual project needs. As we detailed previously, we are requesting these additional tax credits to provide financial support in areas where funding sources and/or amounts could not be secured as anticipated.

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Because we will not require the entire amount of allocation, we have limited our request to **\$49.5 million** for which we have shown a need, and expect that the NJEDA should retain the balance of **\$ 4.9 million** in tax credit allocation, for use by other applicants.

Below is a summary of the intended use of tax credit proceeds, together with those credits that will not be needed:

	GATEWAY	WELLNESS (Ferren)	NEW ST. APTS. (Arts)	TOTAL
Total Eligible Investment				\$ 233,046,673
Total Tax Credit Allocation				81,566,335
Less Tax Credits Sold to Date				27,121,900
Balance Available Tax Credits				54,444,435
Net Proceeds To Be Used for Each Project	\$8,620,457	\$3,500,000	\$24,993,166	37,113,623
Total Tax Credit Allocation Required to Support Uses				49,484,831
Balance of Tax Credit Allocation Not Required				4,959,604

We appreciate your efforts to date in helping to ensure that this project is an example of successful urban redevelopment. We remain at your disposal to provide any additional information you and you staff may require in reviewing request.

Sincerely,

Christopher J. Paladino
President

c: Caren Franzini, NJEDA

**NEW BRUNSWICK TRANSIT VILLAGE INITIATIVE
WELLNESS PLAZA DEVELOPMENT BUDGET**

10/26/11

	DEVELOPMENT BUDGET
A. CONSTRUCTION COSTS General Construction TOTAL CONSTRUCTION COSTS:	 52,900,000 52,900,000
B. LAND ACQUISITION & SITE DEVELOPMENT Site Acquisition Relocation Appraisals Title, Title Insurance & Recording B. Total Site Acquisition & Site Development	 17,200,000 2,612,821 68,500 33,500 19,914,821
C. DESIGN & ENGINEERING A+E, Civil, Affineon Geotech Amtrak Traffic Study + Engineering Environmental (Engineering + Remediation) Permits and Approvals C. Total Design & Engineering	 3,900,000 - 100,000 50,000 730,000 280,000 5,060,000
D. OTHER BUILDING / SITE COSTS Insurance (Builders Risk + RRP) Building Commissioning, Testing & Inspections Relocation of Underground to Overhead Utilities + Water/Sewer Fees Property Taxes During Construction Printing and Reproduction Demolition + Asbestos Abatement LED/LEED Improvements Signage D. Total Other Building/Site Costs	 120,000 225,000 2,213,544 25,000 25,000 1,198,280 1,000,000 75,000 4,881,824
E. GENERAL ADMINISTRATIVE Accounting Parking Feasibility Study Legal including Financing, Redevel, Approvals, Real Estate Impact Study Accounting - NMTC Title - NMTC Consulting Fees - NMTC UTHTC Closing Costs Baker Tilly Fee Cost Review Fees Wells Loan Administration Fee Pre Development Fee Development Fee Direct Project Overhead Additional Fitness Fund Transit Bridge Pre Development Miscellaneous / Building Operations E. Total General Administrative	 20,000 27,511 1,568,078 14,500 63,698 260,988 122,752 250,000 145,000 5,100 19,760 200,000 4,912,742 1,870,440 300,000 250,000 100,000 10,130,569
F. CDE FEE RESERVE CDE Fee Reserve F. CDE Fee Reserve	 1,642,500 1,642,500
G. INFORMATION TECHNOLOGY & SECURITY Information, Tech & Security Allowance G. Information, Tech & Security Allowance	 100,000 100,000
H. PROJECT CONTINGENCY Project Contingency H. Project Contingency	 1,246,824 1,246,824
I. ADDITIONAL TENANT COSTS Grocery Equipment Fitness Center Fit Out (Landlord + Tenant Allowance Costs) Fitness Equipment I. Total Additional Tenant Costs	 5,150,000 8,100,000 1,500,000 14,750,000
J. BRIDGE/WALKWAY Walkway from NJ Transit J. Bridge/Walkway	 4,000,000 4,000,000
Total Project Costs	114,626,538