

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

**APPLICANT:** Principis Capital LLC P39991

**PROJECT LOCATION:** 525 Washington Blvd. Jersey City Hudson County

**GOVERNOR’S INITIATIVES:**

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

**APPLICANT BACKGROUND:**

Principis Capital LLC, founded in 2008, provides alternative financing options for small businesses in the U.S. and Canada that have immediate capital requirements, have limited fixed assets or have variable/seasonal revenue flow. Principis Capital is an established leader in providing business cash advance services to many small and mid-sized businesses in many industries, including retail, food/dining, franchises, education and daycare and automotive industries. The company is currently headquartered in New York City with 28 employees. The applicant has demonstrated the financial ability to undertake the project.

An affiliate, Northern Leasing Systems was approved for a Grow New Jersey award in October 2014, also in consideration of the relocation from Manhattan to New Jersey. While the companies are affiliated, these are separate location decisions and employees.

**MATERIAL FACTOR/NET BENEFIT:**

Principis Capital LLC is evaluating location options as its current lease in Manhattan is set to expire in March 2015. As Principis Capital positions itself for significant growth over the next 4 years, the company is seeking to increase its footprint and build in expansion rights for continued growth and has focused its search on space in Queens, NY or Jersey City, NJ. However, the Queens location qualifies for NYC’s commercial expansion program (abatement for real estate tax) and the relocation assistance program (tax credit per relocated job), equal to \$135,000 per year on average for 12 years, which will make New Jersey the more expensive option. Further, the majority of Principis Capital’s current employees resides in Queens or Brooklyn and as such, would result in a significantly lower risk of employee loss/turnover and business disruption as compared to NJ. The project will create 50 new full-time jobs.

The location analysis submitted to the Authority shows New Jersey to be the slightly less expensive option and, as a result, the management of Principis Capital LLC has indicated that the grant of tax credits is a material factor in the company’s location decision. The Authority is in receipt of an executed CEO certification by Jane Prokop, the CEO of Principis Capital LLC that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$9.7 million over the 20 year period required by the Statute.

**ELIGIBILITY AND GRANT CALCULATION:**

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

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

| <u>Minimum Capital Investment Requirements</u>  | <u>(\$/Square Foot of Gross Leasable Area)</u> |
|---|--|
| Industrial - Rehabilitation Projects            | \$ 20  |
| Industrial - New Construction Projects          | \$ 60  |
| <b>Non-Industrial – Rehabilitation Projects</b> | <b>\$ 40</b>                                   |

Non-Industrial – New Construction Projects \$120

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

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

Minimum Full-Time Employment Requirements (New / Retained Full-time Jobs)

Tech start ups and manufacturing businesses 10 / 25

**Other targeted industries 25 / 35**

All other businesses/industries 35 / 50

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

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

| Eligibility        | Minimum Requirement | Proposed by Applicant |
|--------------------|---------------------|-----------------------|
| Capital Investment | \$209,240           | \$313,860             |
| New Jobs           | 25                  | 50                    |
| Retained Jobs      | 35                  | 0                     |

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

| Base Grant  | Requirement  | Proposed by Applicant  |
|---|--|--|
| Urban Transit Hub Municipality                    | Base award of \$5,000 per year for projects located in a designated Urban Transit Hub Municipality   | Jersey City is a designated Urban Transit Hub Municipality   |
| <b>Increase(s) Criteria</b>                       |  |  |
| Transit Oriented Development                      | An increase of \$2,000 per job for a project locating in a Transit Oriented Development  | 525 Washington Blvd. is located in a Transit Oriented Development by virtue of being within ½ mile of the midpoint of a New Jersey Transit Corporation rail station. |
| Jobs with Salary in Excess of County/GSGZ Average | An increase of \$250 per job for each 35% the applicant’s median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum | The proposed median salary of \$73,000 exceeds the Hudson County median salary by 46% resulting in an increase of \$250 per year.                                    |

|                   |   |                                      |
|-------------------|---|--------------------------------------|
|                   | increase of \$1,500   |                                      |
| Targeted Industry | An increase of \$500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business | The applicant is a Finance business. |

**Grant Calculation**

**BASE GRANT PER EMPLOYEE:**

Urban Transit HUB Municipality \$5,000

**INCREASES PER EMPLOYEE:**

|  |         |
|--|---------|
| Transit Oriented Development:                      | \$2,000 |
| Jobs with Salary in Excess of County/GSGZ Average: | \$250   |
| Targeted Industry (Finance):                       | \$500   |

**INCREASE PER EMPLOYEE:** \$2,750

**PER EMPLOYEE LIMIT:**

Urban Transit HUB Municipality \$12,000

**LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:** \$7,750

**AWARD:**

|                |                            |                |
|----------------|----------------------------|----------------|
| New Jobs:      | 50 Jobs X \$7,750 X 100% = | \$387,500      |
| Retained Jobs: | 0 Jobs X \$7,750 X 50% =   | <u>\$0,000</u> |

**Total: \$387,500**

**ANNUAL LIMITS:**

Urban Transit HUB Municipality \$10,000,000

**TOTAL ANNUAL AWARD** \$387,500

|   |            |
|---|------------|
| <b>ESTIMATED ELIGIBLE CAPITAL INVESTMENT:</b> | \$ 313,860 |
| <b>NEW FULL-TIME JOBS:</b>                    | 50         |
| <b>RETAINED FULL-TIME JOBS:</b>               | 0          |

|   |                |
|---|----------------|
| <b>GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD)</b> | \$ 13,584,082  |
| <b>NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):</b>    | \$ 9,709,082   |
| <b>TOTAL AMOUNT OF AWARD:</b>                                     | \$ 3,875,000   |
| <b>ELIGIBILITY PERIOD:</b>  | 10 years       |
| <b>MEDIAN WAGES:</b>  | \$ 73,000      |
| <b>SIZE OF PROJECT LOCATION:</b>                                  | 5,231 sq. ft.  |
| <b>NEW BUILDING OR EXISTING LOCATION?</b>                         | Existing       |
| <b>INDUSTRIAL OR NON-INDUSTRIAL FACILITY?</b>                     | Non-Industrial |
| <b>STATEWIDE BASE EMPLOYMENT:</b>                                 | 0              |
| <b>PROJECT IS:</b> (X) Expansion                                  | ( ) Relocation |
| <b>CONSTRUCTION:</b> (X) Yes                                      | ( ) No         |

**CONDITIONS OF APPROVAL:**

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

**APPROVAL REQUEST:**

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

**DEVELOPMENT OFFICER:** M. Abraham**APPROVAL OFFICER:** T. Wells



## MEMORANDUM

**TO:** Members of the Authority

**FROM:** Timothy J. Lizura  
President and Chief Operating Officer

**DATE:** January 13, 2015

**SUBJECT:** Grow New Jersey modification request for Principis Capital LLC  
P39991

### MODIFICATION REQUEST

The Board approved Principis Capital LLC for a \$3,875,000 Grow New Jersey Grant Award on November 10, 2014. Since then, the company could not reach acceptable terms with the landlord of the original project site, 525 Washington Blvd., Jersey City and has identified a new location also in Jersey City, 111 Town Square Place. The Board is requested to modify the previously approved award to the newly identified site.

### BACKGROUND:

Principis Capital LLC, founded in 2008, provides alternative financing options for small businesses in the U.S. and Canada that have immediate capital requirements, have limited fixed assets or have variable/seasonal revenue flow. Principis Capital is an established leader in providing business cash advance services to many small and mid-sized businesses in many industries, including retail, food/dining, franchises, education and daycare and automotive industries. The company is currently headquartered in New York City with 28 employees. The applicant has demonstrated the financial ability to undertake the project.

### MODIFICATION:

Principis Capital LLC was approved for a \$3,875,000 Grow New Jersey Grant Award on November 10, 2014. Since the Board Approval date, the company could not reach acceptable lease terms at original project location and has located another suitable space to lease at 111 Town Square Place, Jersey City.

The site previously approved consisted of leasing 5,231 sq. ft. at 525 Washington Blvd., Jersey City. The company planned to relocate its headquarters and operations to that building. The proposed capital investment was \$313,860 in renovations plus the creation of 50 new jobs to New Jersey. The alternative is to lease 5,113 sq. ft. in Long Island City, NY. The location analysis at the time of approval showed New Jersey to be the slightly less expensive option.

The applicant still plans to house its headquarters and main operations at the new building, which is .5 miles from the prior location and still proposes to create 50 full-time jobs. The new leased space is slightly larger at 6,272 sq. ft. and the proposed capital investment is slightly higher at \$376,320. The total Grow New Jersey Award is the same as previously approved at \$3,875,000.

**MATERIAL FACTOR/NET BENEFIT:**

As described in the November Board memorandum, Principis Capital LLC is evaluating location options as its current lease in Manhattan is set to expire in March 2015. As Principis Capital positions itself for significant growth over the next 4 years, the company is seeking to increase its footprint and build in expansion rights for continued growth and has focused its search on space in Long Island City, NY or Jersey City, NJ. The project would create 50 new full-time jobs.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Principis Capital LLC has indicated that the grant of tax credits is a material factor in the company's location decision. The Authority is in receipt of an executed CEO certification by Jane Prokop, the CEO of Principis Capital LLC that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of \$10 million over the 20 year period required by the Statute.

**ELIGIBILITY AND GRANT CALCULATION:**

The only change to the eligibility requirements is the increased capital investment. The number of new jobs, at 50, remains the same.

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

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

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

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

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

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

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

As an Non-Industrial – Rehabilitation Project for an other business in Hudson County, the project at the new site remains eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

| Eligibility        | Minimum Requirement | Proposed by Applicant |
|--------------------|---------------------|-----------------------|
| Capital Investment | \$250,880           | \$376,320             |
| New Jobs           | 25                  | 50                    |
| Retained Jobs      | 35                  | 0                     |

The Grow New Jersey Statute and the program’s rules also establish criteria for the Grant Calculation. The project at the new site remains eligible for the Base Award and Increases previously approved, and for which the CEO certified that but for the \$3,875,000 Grow New Jersey award, the creation and/or retention of jobs would not occur:

| Base Grant  | Requirement   | Proposed by Applicant  |
|---|---|--|
| Urban Transit Hub Municipality                    | Base award of \$5,000 per year for projects located in a designated Urban Transit Hub Municipality  | Jersey City is a designated Urban Transit Hub Municipality   |
| <b>Increase(s) Criteria</b>                       |   |  |
| Transit Oriented Development                      | An increase of \$2,000 per job for a project locating in a Transit Oriented Development   | 525 Washington Blvd. is located in a Transit Oriented Development by virtue of being within ½ mile of the midpoint of a New Jersey Transit Corporation rail station. |
| Jobs with Salary in Excess of County/GSGZ Average | An increase of \$250 per job for each 35% the applicant’s median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of \$1,500                        | The proposed median salary of \$73,000 exceeds the Hudson County median salary by 46% resulting in an increase of \$250 per year.                                    |
| Targeted Industry                                 | An increase of \$500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment | The applicant is a Finance business.   |

center business

**Grant Calculation****BASE GRANT PER EMPLOYEE:**

Urban Transit HUB Municipality \$5,000

**INCREASES PER EMPLOYEE:**

Transit Oriented Development: \$2,000

Jobs with Salary in Excess of County/GSGZ Average: \$250

Targeted Industry (Finance): \$500

**INCREASE PER EMPLOYEE:**\$2,750**PER EMPLOYEE LIMIT:**

Urban Transit HUB Municipality \$12,000

**LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:**

\$7,750

**AWARD:**

New Jobs: 50 Jobs X \$7,750 X 100% = \$387,500

Retained Jobs: 0 Jobs X \$7,750 X 50% = \$0,000**Total: \$387,500****ANNUAL LIMITS:**


Urban Transit HUB Municipality \$10,000,000

**TOTAL ANNUAL AWARD****\$387,500****ESTIMATED ELIGIBLE CAPITAL INVESTMENT:** \$ 376,320**NEW FULL-TIME JOBS:** 50**RETAINED FULL-TIME JOBS:** 0**GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD)** \$13,619,383**NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):** \$ 9,744,383**TOTAL AMOUNT OF AWARD** \$ 3,875,000**ELIGIBILITY PERIOD:** 10 years**MEDIAN WAGES:** \$ 73,000**SIZE OF PROJECT LOCATION:** 6,272 sq. ft.**NEW BUILDING OR EXISTING LOCATION?** Existing**INDUSTRIAL OR NON-INDUSTRIAL FACILITY?** Non-Industrial**STATEWIDE BASE EMPLOYMENT:** 0**PROJECT IS:** ( X ) Expansion ( ) Relocation**CONSTRUCTION:** ( X ) Yes ( ) No



**RECOMMENDATION:**

Based on the above, staff recommends a modification request allowing the Qualified Business Facility to be located at the new address.



A handwritten signature in black ink, appearing to be 'V J Z', is written above a horizontal line.

Prepared by: Teresa Wells