



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

CLEAN ENERGY

IN THE MATTER OF THE CLEAN ENERGY )  
MANUFACTURING FUND (CEMF) SOLICITATION – )  
AWARD RECOMMENDATION – FLUITEC WIND )  
)  
) DOCKET NO. EG10020126 &  
) EG11090554V

Parties of Record:

**Frank Magnotti, President and CEO**, Fluitec International, LLC  
**Stefanie A. Brand, Esq.**, Director, Division of Rate Counsel

BY THE BOARD:

On October 13, 2011, the Board approved a grant of \$300,000 and a loan of \$3.0 million for Fluitec International, LLC's ("Fluitec") under the Edison Innovation Clean Energy Manufacturing Fund ("CEMF") program. As a condition of the award and prior to executing the Grant and Loan Funding Agreements, Fluitec was required to certify that it would establish a subsidiary called Fluitec Wind ("FW"), or similar entity in New Jersey and that all CEMF monies would be used to support wind technologies, consistent with the terms and conditions of CEMF. A modification to the original award is needed because subsequent to the Board's initial approval, Fluitec modified its corporate structure and now seeks to establish FW as the actual borrower and award recipient. The New Jersey Economic Development Authority ("EDA"), as administrator of the CEMF, recommends that the Board approve the modification.

**PROCEDURAL HISTORY**

On November 1, 2009 the Board's Office of Clean Energy ("OCE" or "Staff"), in collaboration with the EDA, issued a Solicitation for the CEMF program. The Solicitation offered financial assistance in the form of zero interest loans and grants to support Class I renewable energy or energy efficiency companies entering or expanding their manufacturing operations in New Jersey. Eligible applicants were companies that currently do, or within 36 months plan to, manufacture Class I renewable energy or energy efficiency systems, products or technologies in New Jersey.

On May 13, 2011, Fluitec submitted a CEMF Intake Form and received a favorable OCE technical review. In response to concerns raised by OCE, Fluitec represented that although its products have a wide range of applications, the requirements of the wind industry, and in particular the offshore wind industry, are so specialized that Fluitec would dedicate a subsidiary to developing a wind product line.

On July 26, 2011, the Clean Technology Advisory Committee ("CTAC") met to review the Fluitec application. The CTAC reviewed Fluitec's application based upon the Program's evaluation criteria set forth in the Solicitation and recommended the application for underwriting analysis and due diligence review by the EDA. On September 22, 2011, the EDA, after completing their underwriting analysis and due diligence review, recommended an award of \$3.3 million in CEMF financial assistance to "Fluitem Wind or Nominee." The Board approved the award on October 13, 2011.

OCE and the EDA are proposing a modification to the assistance that was approved on October 13, 2011. Fluitec was approved to be the recipient of the CEMF award for the establishment of a manufacturing facility of remote sensing and in-line filtration equipment for onshore and offshore wind turbine systems. The modification is needed as FW was formed after the approval was issued and will now be established as the borrower. In addition, FW's ownership structure is different from originally proposed. At the time of approval, it had been stated that FW would be a wholly owned subsidiary of Fluitec, which was a wholly owned subsidiary of Fluitem NV. As such, Fluitem and Fluitem NV were offered as corporate guarantors.

Subsequent to the approval, the Applicant decided to form a new holding company, Fluitem, SA ("FSA"). FSA is now the sole and direct owner of FW. In addition, FSA directly owns Fluitem NV, which continues to own Fluitem. EDA informed OCE staff that the new structure was designed to streamline operations and to improve the efficiency for the reporting of FW to BPU for the proposed project. As a result, FW has requested to substitute the requirement for the guarantees of Fluitem and Fluitem NV with the guarantee of FSA. This has been requested to avoid having three contingent liabilities for the same loan within the same corporate family. The guarantee of FSA will include the cash flow from all of its subsidiaries, including Fluitem NV and Fluitem. Therefore, EDA represents that this revision is not deemed to have a material impact on the project.

Of note, company-prepared, consolidated financial statements for 2011 were reviewed by the EDA and deemed satisfactory. In addition, the Company provided a current set of projections for FW that were consistent with the projections provided at the time of approval. The project costs remain unchanged at \$6.6 million and will be funded with \$3.3 million of equity and the proposed \$3.3 million of CEMF funding.

Staff has reviewed the modifications and recommends the Board approved the EDA-supported modifications to the award.


## **DISCUSSION AND FINDING**

Upon consideration of the facts set forth above, the Board **FINDS** that the modifications to the October 13, 2011 award are reasonable, and therefore the Board **HEREBY APPROVES** designating FW as the award recipient, and substituting the guarantors from Fluitem and Fluitem


NV to FSA. All other terms and conditions of the original approval shall remain unchanged. The Board **ORDERS** that commitment letters, consistent with the terms of this Order be issued to FW by the Board's OCE Director in coordination with appropriate EDA staff. The Board also **AUTHORIZES** President Hanna to sign the Grant and Loan Funding Agreements, the form of which was previously approved by the Board on March 12, 2009 in Docket No. EO08070470, consistent with the terms of this Order and the Department of Treasury requirements.<sup>1</sup> The Board also **AUTHORIZES** President Hanna to review and approve matters within the scope of Section VII(B) of the Memorandum of Understanding between the BPU and the EDA dated March 24, 2011, consistent with the terms of this Order, subject to Board review as necessary.

DATED: 5/23/12

BOARD OF PUBLIC UTILITIES  
BY:

  
ROBERT M. HANNA  
PRESIDENT

  
JEANNE M. FOX  
COMMISSIONER

  
JOSEPH L. FIORDALISO  
COMMISSIONER

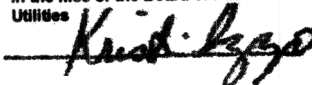
  
NICHOLAS ASSELTA  
COMMISSIONER

  
MARY-ANNA HOLDEN  
COMMISSIONER

ATTEST:

  
KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



<sup>1</sup> The Board notes that Staff and EDA have recommended for the Board to incorporate the disbursement milestones into the Loan agreement by reference to an attachment to the agreement, rather than articulate the milestones in the body of the Loan agreement. This non-material change is consistent with the form of agreement previously approved by the Board and may help to streamline the process for EDA to exercise its delegated authority pursuant to the March 24, 2011, MOU between BPU and EDA.

I/M/O the I/M/O the Clean Energy Manufacturing Fund (CEMF) Solicitation – Award  
Recommendation – Fluitec Wind

Docket Numbers EG10020126 & EG11090554V

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