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August 15, 2014

New Jersey Economic Development Authority
36 West State Street
PO Box 990
Trenton, New Jersey 08625

**Re: NCR Application for Development & Public Improvement Projects
FISHERMEN'S LANDING
Phase I: *Revitalization for Seafood Industry Project*
Point Pleasant Beach, New Jersey**

Dear Sir or Madam:

We are writing in response to the email correspondence that your office provided on Friday, August 8, 2014 requesting additional information regarding FISHERMEN'S LANDING Project application under the Development & Improvement (D & I) component of the Neighborhood & Community Revitalization Program (NCR) for a \$5,000,000.00 Forgivable Loan.

We will respond to each question in the order that it was asked:

1. *NJEDA Question:* Please clarify that the actual project for the NCR application is Phase 1 as described on page 3 of the application submitted: "Phase 1 will consist of rebuilding bulkheads, piers, buildings, and infrastructure for the commercial fishing industry on Block 172, Lot 1 and Block 171, Lot 9. (and) to streetscape Baltimore Avenue within the project site". Identify location (on a plot map) of the buildings to be rebuilt. Describe specifically what is meant by "streetscape Baltimore Avenue". Bifurcate the project phases so that the actual phase/scope of work pertaining to this requested funding is easily identifiable. A detailed scope of work needs to be provided with a cost breakdown for each line based on that scope.

Answer - Phase I: Revitalization for Seafood Industry Project. We have attached Exhibit A a series of "keyed" site plans corresponding to the primary tasks and budgets of Phase I. These site plans are "keyed" to the following "Phase I: Budget and Task Chart", which describes the activity, location, scope, and budget of all planned construction and improvements of the Project to be funded by the \$5Million Forgivable Loan including identifying the building to be rebuilt in Phase I.

“Phase I: Budget and Task Chart”

FISHERMEN'S LANDING		Quantity	Amount	Cost / Pce	Sub Totals	Totals
Phase I: Revitalization for Seafood Industry						
PH 1.1	Close on Purchase Option - 117 Channel Drive				\$2,000,000.00	\$2,000,000.00
PH 1.2	Demolish 205 -3 buildings (10,650 sf)	10,650 sq feet		\$10.00	\$106,500.00	
PH 1.2	Demolish 209 Building (3,300 sf)	3,300 sq feet		\$10.00	\$33,000.00	\$139,500.00
PH 1.3	Bulkhead - 117 Channel - Wills Hole, LLC	212 feet		\$1,500.00	\$318,000.00	
PH 1.3	Bulkhead - Baltimore Ave - Ocean County	75 feet		\$1,500.00	\$112,500.00	
PH 1.3	Bulkhead - 205 Channel - Oceanside Realty	255 feet		\$1,500.00	\$382,500.00	\$813,000.00
PH 1.4	Tie Up system 117 Channel - Wills Hole, LLC	150 feet		\$1,000.00	\$150,000.00	
PH 1.4	Tie Up system Baltimore Ave - Ocean County	75 feet		\$1,000.00	\$75,000.00	
PH 1.4	Tie Up system 205 Channel - Oceanside Rtlly	255 feet		\$1,000.00	\$255,000.00	\$480,000.00
PH 1.5	25' pressed concrete esplanade - 117	3,900 sq feet		\$9.00	\$35,100.00	
PH 1.5	25' pressed concrete esplanade - Baltimore	1,700 sq feet		\$9.00	\$15,300.00	
PH 1.5	25' pressed concrete esplanade - 205	8,200 sq feet		\$9.00	\$73,800.00	
PH 1.5	25' pressed concrete esplanade - 209/211	3,900 sq feet		\$9.00	\$35,100.00	\$159,300.00
PH 1.6	Mitigation Measures for Electrical / Utilities for vessels and 205, 209, 211, 301		budget	\$240,000.00	\$240,000.00	\$240,000.00
PH 1.7	New Fuel Tank and Delivery 2 stations		budget	\$80,000.00	\$80,000.00	
PH 1.7	Fuel / water fishpump stands 301/209/211		budget	\$80,000.00	\$80,000.00	
PH 1.7	50 ton RT Crane			\$80,000.00	\$80,000.00	
PH 1.7	Live Shellfish Holding System		budget	\$300,000.00	\$300,000.00	
PH 1.7	New rebuilt ice plant 301		budget	\$250,000.00	\$250,000.00	\$790,000.00
PH 1.8	4 bay truck ramp - west of building		BUDGET	\$175,000.00	\$175,000.00	\$175,000.00
PH 1.9	refurbish 301 -- 23,000 sq feet fish building	23,000 sq feet		\$800,000.00	\$800,000.00	\$800,000.00
PH 1.10	new roof and new add offices 2nd floor	3,000 sq feet		\$475,000.00	\$475,000.00	\$475,000.00
PH 1.11	Truck Ramps and Parking Facilities - 301	24,492 sq feet		\$15.00	\$367,380.00	
PH 1.11	Parking facilities 209 & 211	46,430 sq feet		\$15.00	\$696,450.00	
PH 1.11	Landscaping 301	1 budget		\$10,000.00	\$10,000.00	\$1,073,830.00
PH 1.12	Baltimore Ave -link to esplanade	6400 sq feet		\$20.00	\$128,000.00	\$128,000.00
Total funding needed for Phase I: Construction and Acquisition					\$7,273,630.00	\$7,273,630.00
Real Estate contributed by Applicant to Phase I: 200, 202, 205, 209, 211, 305 Channel Drive						\$6,500,000.00
Total Phase I - Budget for Construction, Real Estate Acquisition, with contribution of Existing Real Estate						\$13,773,630.00

Specifically, the building that was damaged by Superstorm Sandy and which will be rebuilt with NJEDA funds is the seafood processing building at 301 Channel Drive – an 23,000 square foot fish building, with a new 3,000 square foot addition on the 2nd floor for office space. A new ice plant will be built at the 301 seafood processing building, as well as refurbishing truck ramps, a new truck ramp on the west side of the building, and associated improvements as detailed on the attached exhibits.

Also buildings at 205 Channel Drive (3 buildings – 10,650 sf) and one building at 209 Channel Drive (3,300 sf), which were substantially damaged by Superstorm Sandy, will be demolished.

New bulkheads and vessel tie up / piers, all of which were damaged by Superstorm Sandy, will be built.

In total more than \$2,000,000 of damage was caused to the site (117 Channel Drive through 301 Channel Drive) by Superstorm Sandy.

The planned rehabilitation and improvements (in excess of \$5,000,000) in Phase I, *Revitalization for Seafood Industry*, will assure the State of New Jersey that the commercial fishing industry has access to the required waterfront facilities in Point Pleasant Beach, Ocean County (the third largest fishing port in New Jersey) for the next generation of the fishing industry.

The Baltimore Avenue improvements, to tie the street into the proposed esplanade (promenade) along the waterfront, include ~6,400 square feet of walkway improvements to connect Channel Drive to the waterfront to provide public access to the waterfront.

The NJ Department of Environmental Protection, on April 1, 2014, provided written confirmation to us that the planned Phase I, *Revitalization for the Seafood Industry*, work included in the budget above does not require a CAFRA permit (previously submitted).

2. *NJEDA Question:* Explain any funding sources for additional phases.

Answer:

The sources of funding are:

- Phase I: *Revitalization for Seafood Industry Project*
 - Sources of Funds for Phase I: Total Budget \$13,773,630
 - 200-301 Channel Drive -already in the name of Daniel Cohen entities – source of funds in hand - \$ 6,500,000
 - Insurance proceeds - \$ 922,705
 - \$5,273,000 Construction budget - Forgivable NCR Loan \$ 5,000,000
 - Balance** \$ 1,350,925
 - A local Cape May Bank, Sturdy Bank, indicated that if the NJEDA Forgivable loan is obtained it will provide a personal line of credit to Daniel Cohen. Accordingly, there will be no funding gap.
- Phase II: *Expanding Mixed Commercial Use on Channel Drive to Diversify Economy Point Pleasant Beach Project*
 - Sources of Funds for Phase II(a) Restaurant / Banquet Facilities \$12,300,000
 - Sources of Funds for Phase II(b) 90 Room Hotel \$15,900,000
 - Phase II is completely separate from Phase I. Phase I is intended solely for the fishing industry and Phase I is intended to proceed, whether or not Phase II is funded. Phase I is ready to be built independently today irrespective of whether Phase II proceeds in the future to construction.
 - One large benefit of Phase I is that after it is completed, the properties will have been prepared for a new, second phase to support an expanded mixed use commercial tourism development to expand the season and economy of Ocean County.
 - Both Phase II projects (i.e., Phase II(a) and Phase II(b) have been separated to be two distinct ERG applications. Both projects will generate new income taxes, restaurant/entertainment/hotel taxes, employment taxes and sales taxes; we propose that a portion of the financing for Phase II will be NJERG financing.
 - ACF will not develop both Phase II projects by itself. While ACF has significant expertise to develop and manage the Phase I project for the fishing industry, ACF does plan to develop Phase II by itself.
 - ACF has investigated and has been approached by a number of qualified partners who have expressed interest to invest in the Phase II(a), Phase II(b), or both.

- We have been contacted by Investment Funds that are sponsoring EB-5 Visa Programs (such programs were created by the U.S. government and enable foreign investors the opportunity to obtain U.S. residence status if their investment relates to a targeted employment area and creates a certain number of jobs in that targeted employment area).

--- Patagonia Financial – Leon Alexander, Gonzalo Jordan

- In addition, we have also been contacted by a number of restaurateurs who have expressed interest in possibly operating and/or investing in our planned restaurant, banquet and hotel conference facilities including:
 - Representatives of the McLoone restaurant chain which owns and operates nine seafood restaurants in New Jersey (with additional locations outside of NJ) ;
 - Representatives of Phillips Seafood Restaurants;
 - One Degree Hospitality's clients;
 - Cory Morwitz Gaming's clients.

We have been informed by PKS Consulting, hotel consultants, that a number of their clients, some of which include national hotel chains, would be interested in operating/investing in our planned boutique hotel and conference center (Phase IIb).

Once Phase I is underway we will actively solicit and entertain opportunities that will afford us the best economic return that is consistent with our overriding objective of building a worldclass year-round destination in Point Pleasant Beach.

3. *NJEDA Question:* Provide details regarding the budget line item entitled Real Estate – 117, 205,209, 211, 305 Channel Drive totaling \$8,500,000 and indicate ownership of each property (and relation to applicant if not clear) at the time of the Storm, current ownership (and relation to applicant if not clear), and identify any related parties involved in ownership. Note that HUD CDBG-DR Rules do not allow for payment for property already owned by applicants or related property sales/transfers.

Answer:

Daniel Cohen existing properties:

- 200, 202, 209, 211, and 301 Channel Drive are owned by Daniel Cohen, - see Exhibit C Point Pleasant Beach Property Tax Invoices
- 205 Channel Drive is owned by Oceanside Realty, Inc. a company 100% owned by Daniel Cohen - see attached Point Pleasant Beach Property Tax Invoices
- Daniel Cohen is the sole stockholder and President of Atlantic Capes Fisheries, Inc. and Daniel Cohen has contributed the Real Estate into the FISHERMEN'S LANDING project.
- We have used a valuation of \$6,500,000 for this contribution from Daniel Cohen based on the real estate appraisal previously submitted.

Option to Purchase:

- 117 Channel Drive is currently owned by Wills Hole, LLC, an entity that is owned 100% by Russell and Sheila Crane. The site houses a full service welding and commercial fishing vessel maintenance service. The site provides dockage services for commercial fishing vessels. The piers and bulkhead at 117 Channel Drive were damaged by Superstorm Sandy.
- Russell and Sheila Crane, as the owners of Wills Hole, LLC, entered into an agreement with Daniel Cohen in which Daniel Cohen has the option to purchase 117 Channel Drive for \$2,000,000.
- Subject to approval of the Phase I funding of a \$5M forgivable loan for the site improvements, Daniel Cohen will exercise the option to purchase 117 Channel Drive in

the last quarter of 2014 / first quarter of 2015 so the bulkhead and waterfront improvements can be built on 117 Channel prior to June 30, 2015.

4. *NJEDA Question:* Provide proof of assets as described in the Sources and Uses chart. Provide proof of availability of funds to support the funding gap.

Answer - Proof of Assets:

- 200-301 Channel Drive – see attached Point Pleasant Beach Property Tax Bills
- 117 Channel Drive – see Option Agreement already provided.

Answer - Funds to Support Funding Gap:

As outlined in answer to # 2 above, if ACF is given a \$5Million Forgivable Loan for Phase I, there is no funding gap. ACF has the resources and has identified funding for Phase I.

For Phase II, there is no intention to begin Phase II until all permits and financing have been secured. Phase I: *Revitalization for Seafood Industry Project* is stand alone, by itself and is supportable by the fishing income.

Phase II cannot be built or supported without Phase I, but Phase I can operate without Phase II being built.

The Applicant, ACF, cannot afford to undertake the Phase I: *Revitalization for Seafood Industry Project* unless we obtain the \$5,000,000 forgivable loan. If we obtain the requested NJEDA funding, the balance would be funded with a Daniel Cohen Line of Credit (contingent on the NJEDA forgivable loan) from Sturdy Bank as indicated above.

5. *NJEDA Question:* The budget detail submitted for Phase 1 of the Fisherman’s Landing project totals \$13,773,630. A summary of the Budget with 5 components (Bulkhead Improvements; Land & Building; Leasehold/Dock Improvements; Equipment and Furniture; and, Interior Finishes and Equipment) was also attached. On this Summary, please indicate estimated start and end dates for each element.

Answer :

		Start Date	End Date
Bulkhead Improvements	\$813,000	12/15/14	3/15/15
Land & Building	\$11,700,630	12/15/14	2/15/15
Leasehold/Dock improvements	\$520,000	12/15/14	5/1/15
Equipment and Furniture	\$540,000	12/15/14	2/15/15
Interior finishes and equipment	\$200,000	12/15/14	2/15/15
TOTAL - PHASE 1	\$13,773,630		

6. *NJEDA Question:* Note that per the NCR Program Guide, this project is not eligible for a grant. This project may be eligible for a loan or forgivable loan in accordance with the Program Guide: “Loans and Forgivable Loans (1) Up to a maximum of \$10 million for projects with projected income streams able

to support debt service, with 25% of the loan forgiven upon project completion and issuance of a permanent Certificate of Occupancy. If eligible for the Stronger NJ Loan Program, the Loan Program resources must be exhausted before NCR loan funding can be utilized. The overall maximum of \$10 million per project, including the stronger NJ Loan, applies.” Accordingly, please provide an operating proforma to account for repayment of the project funding request as a loan since there will not be a grant.

Answer:

FISHERMEN’S LANDING and the Applicant is applying for a \$5,000,000 Forgivable Loan. Attached as Exhibit B is a proforma for Phase I: *Revitalization for Seafood Industry Project*.

We reiterate Phase I is to rebuild the fishing industry. It is financially supported only by the income from dock operations. A benefit of Phase I is to provide public access to the waterfront by a new waterfront promenade (esplanade). The site will then also enable the second phase, Phase II: *Expanding Mixed Commercial Use on Channel Drive to Diversify Economy Point Pleasant Beach Project*, but Phase I is not dependent on the Phase II.

7. *NJEDA Question:* Specify what the actual damages were other than the bulkheads being destroyed and cost estimates for the repair. Provide documentation to support the damage.

Answer:

The FISHERMEN’S LANDING project site was significantly damaged by wind and water. The 205 Fish Off-loading Building was destroyed by Superstorm Sandy. The 205 Employee Housing was destroyed by Superstorm Sandy. The 209 Retail Store was damaged. All of these can no longer be used and will be demolished. A substantial portion of the 23,000 square foot roof of the 301 Building was torn off. Additional damage was sustained to the bulkhead currently owned by Ocean County at the street end of Baltimore Avenue. The bulkhead and piers of 117 Channel Drive (Laurelton Welding) were destroyed by Superstorm Sandy.

Cumulatively more than \$2,000,000 of damage was sustained by all of the properties. The bulkheads and piers were uninsured. Within 205, 209, 211, and 301 facilities, Pt. Pleasant Packing, Inc. was insured and has received insurance reimbursement for a portion of the losses. The reimbursement received by Pt. Pleasant Packing, Inc. was \$922,706 (insurance payout previously provided).

The bulkheads, piers, and commercial vessel mooring at 205 Channel were not insured and Superstorm Sandy completed their destruction. The facilities and the entire area lost electricity for about 2 weeks and temporary generators were brought in to facilitate clean up and resume offloading fresh fish, clams, and quahogs. The facility is the largest off-loader of quahogs in the State of New Jersey. Neither Ocean County nor Laurelton Welding were insured for the undermining of their bulkheads and piers.

8. *NJEDA Question:* It appears Dan Cohen owns more than 40% of the business; are there any other owner’s that have more than 20% vested interest? If so, please provide financials.

Answer: Daniel Cohen owns 100% of the business.

9. *NJEDA Question:* What revitalization will phase one contribute?

Answer:

Phase I: *Revitalization for Seafood Industry Project* at FISHERMEN’S LANDIING in Point Pleasant Beach, the third largest fishing port in New Jersey, consists of rebuilding bulkheads, piers, buildings, ice plant, fueling, and offloading facilities for the commercial fishing industry on the

largest waterfront property in Point Pleasant Beach, consisting of 117, 200, 202, 205, 209, 211, and 301 Channel Drive. Funds from the NJEDA will also be used for improvements on Baltimore Avenue within the project site. This will tie the site and its public access to the waterfront to Channel Drive to enhance the opportunity for the public from Channel Drive to walk Baltimore Avenue and access the promenade (esplanade) to be built along the waterfront from 117 Channel Drive through 211 Channel Drive. This will provide for the first time foot access for the public to view the working waterfront, fishing boats, and fish offloading at FISHERMEN'S LANDING. This first phase will assure the fishing industry of Ocean County modern, hurricane hardened facility for generations to come. Many existing New Jersey businesses will be maintained by this rebuilding and new commercial fishing will be attracted to the site with good piers, offloading, fuel, etc. Businesses which are impacted and benefited include:

- Foxy Investments operates quahog vessels whose clams are trucked by Bailey Trucking (Cape May County) to Surfside Products (Cumberland County), where the quahogs are shucked, to BumbleBee (Cape May County), where BumbleBee cans 100% of its clam products for US distribution. In addition quahogs offloaded at FISHERMEN'S LANDING are canned by Progresso in Millville, NJ and Campbell Soup in Camden, NJ. Many of the jobs at BumbleBee, Progresso, and Campbell Soup are low and moderate income jobs. This project will not only support the LMI community at Point Pleasant Beach, but also in Cape May, Cumberland, and Camden Counties
- Sea Harvest, Inc. and its fleet of 26 chartered and managed scallop and fishing vessels
- Lakeman's of Gloucester, MA who annually call Point Pleasant Beach home to harvest menhaden during the summer
- Over 30 independent vessels from NC to MA, who offload periodically at FISHERMEN'S LANDING
- Parrot Trucking of Ocean County

The Phase I: *Revitalization for Seafood Industry Project* at FISHERMEN'S LANDING will be the first step and catalyst to rebrand the entire working waterfront and will benefit all of the commercial and recreational businesses of the community, including, but not limited to, Spike's Fish Market, CB Queen Mary, CB Miss Michelle III, CB MIMI VI, CB Cock Robbin, Canyon Rive Club Marina, La Manna's Dead End Dock, CB Sea Devil, Point Lobster Company, CB River Queen, CB River Belle, Shore Fresh Seafood Market and Restaurant, Fishermen's Dock Cooperative, Fishermen's Supply, FV Discovery, Jack Baker's Wharfside Restaurant, Lobster Shanty, Southside Marina, and Point Pleasant Packing.

While Phase I is not dependent upon Phase II, Phase II: *Expanding Mixed Commercial Use on Channel Drive to Diversify Economy Point Pleasant Beach Project* at FISHERMEN'S LANDING is dependent upon Phase I being completed. After Phase I: *Revitalization for Seafood Industry Project* at FISHERMEN'S LANDING has been completed the site will have been sufficiently prepared for FISHERMEN'S LANDING to attract additional private risk investment into the Phase II(a) 50,000 square foot Restaurant / Banquet and Phase II(b) 90 Room Hotel and Meeting Center. When fully built this mixed use waterfront dependent facility will be a catalyst for the rebirth and rebranding of the entire Channel Drive commercial waterfront district of Point Pleasant Beach, NJ.

With its new, higher, and hardened bulkheads the entire FISHERMEN'S LANDING will be not only a base for commercial fishing for the next generation, but when Phase II is completed it will revitalize the tourist economy of the area providing a year round destination venue to augment the summer tourism currently limited to the beaches of Point Pleasant Beach,.

The working waterfront promenade will attract visitors and businesses that did not have access to the waterfront in the past.

The FISHERMEN'S LANDING project will clearly provide for significant new economic development, new low and moderate income jobs at the commercial dock in the seafood business, redevelopment of a Superstorm Sandy damaged property, and the basis for additional investment

in mixed use commercial development attracted to the new and expansive public access via a public waterfront promenade.

10. *NJEDA Question:* Clarification is needed for site control. Explain the relationship between Russell and Sheila Crane as the buyer and Nancy Gallagher as the seller of the option agreement provided. Please provide evidence of site control of the project site.

Answer:

Nancy Gallagher sold her membership interest in Wills Hole, LLC to Russell and Sheila Crane. Wills Hole, LLC owns 117 Channel Drive. Wills Hole, LLC entered into an agreement with Daniel Cohen that provides that Daniel Cohen can purchase 117 Channel Drive from Wills Hole, LLC for \$2,000,000. Russell and Sheila Crane, as the owners of Wills Hole, LLC signed the agreement with Daniel Cohen.

11. *NJEDA Question:* Provide a “word” format of the NJDEP Application (Appendix 2).

Answer: Please see Exhibit “D.”

We believe we have fully provided the additional information the NJEDA requested to clarify our application for a \$5,000,000 Forgivable Loan. Please let us know whether you have any questions or if you require additional information.

We look forward to working with the NJ EDA to make NJ STRONG.

Respectfully,

A handwritten signature in blue ink that reads "Mike Bookbinder".

Michael Bookbinder, VP of Development

Cc: Daniel Cohen, President