NJ EDA

MEMORANDUM

TO: Members of the Authority

FROM: Timothy Sullivan
Chief Executive Officer

DATE: February 11, 2020

SUBJECT: Agenda for Board Meeting of the Authority February 11, 2020

Notice of Public Meeting

Roll Call

Approval of Previous Month's Minutes

CEO's Report to the Board

Authority Matters

Office of Economic Transformation

Incentives

Bond Projects

Loans/Grants/Guarantees

Board Memorandums

Executive Session

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

January 16, 2020

MINUTES OF THE MEETING

Members of the Authority present: Chairman Kevin Quinn, Commissioner Robert Asaro - Angelo of Department of Labor and Workforce Development; Commissioner Marlene Caride of the Department of Banking and Insurance; Cathleen Brennan for State Treasurer Elizabeth Muoio; Jane Rosenblatt for Commissioner Catherine McCabe of the Department of Environmental Protection; Public Members: Charles Sarlo, Vice Chairman; Philip Alagia, Virginia Bauer, Fred Dumont, Aisha Glover, Rosemari Hicks, Marcia Marley, and Robert Shimko.

Absent: Public Member Massiel Medina Ferrara.

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

Mr. Quinn called the meeting to order at 10:00 am.

Pursuant to the Internal Revenue Code of 1986, Mr. Sullivan announced that this was a public hearing and comments are invited on any Private Activity bond projects presented today.

In accordance with the Open Public Meetings Act, Mr. Sullivan announced that notice of this meeting has been sent to the *Star Ledger* and the *Trenton Times* at least 48 hours prior to the meeting, and that a meeting notice has been duly posted on the Secretary of State's bulletin board.

MINUTES OF AUTHORITY MEETING

The next item of business was the approval of the December 10, 2019 meeting minutes. A motion was made to approve the minutes by Mr. Dumont, and seconded by Ms. Rosenblatt, and was approved by the 8 voting members present.

Ms. Bauer, Ms. Glover, Ms. Hicks, Ms. Marley, and Mr. Shimko abstained from voting because they were not board members at the time.

The next item of business was the approval of the December 10, 2019 executive session meeting minutes. A motion was made to approve the minutes by Mr. Dumont, and seconded by Ms. Rosenblatt, and was approved by the 8 voting members present.

Ms. Bauer, Ms. Glover, Ms. Hicks, Ms. Marley, and Mr. Shimko abstained from voting because they were not board members at the time.

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

AUTHORITY MATTERS

ITEM: Establishment of NJ Brownfields Assistance Center at NJIT
REQUEST: To approve a MOU between NJEDA and NJIT to establish Brownfields Assistance Center, provide $200,000 in funding, and resources required for establishment of the center.
MOTION TO APPROVE: Mr. Dumont **SECOND:** Ms. Rosenblatt **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

ITEM: Launch of Pilot Grant Program to support Federal i6 Challenge Program
REQUEST: To approve $300,000 in funding from the Economic Recovery Fund (ERF) to create and implement the NJ i6 Challenge Support Program.
MOTION TO APPROVE: Comm. Caride **SECOND:** Mrs. Marley **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

OFFICE OF ECONOMIC TRANSFORMATION

ITEM: Venture Fund Program Policy Updates
REQUEST: To approve policy updates to the Venture Fund Program to support the Venture Fund Program investments.
MOTION TO APPROVE: Commissioner Angelo **SECOND:** Mr. Dumont **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

ITEM: Activate Ventures II Annex Fund Investment
REQUEST: To approve commitment of 8% aggregate fund commitments, maximum $800,000 to support growth of technology companies located in New Jersey.
MOTION TO APPROVE: Mr. Alagia **SECOND:** Ms. Brennan **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

BOND PROJECTS

ITEM: 2019 Carryforward Request
REQUEST: Consent to carryforward any unused portion of the State's 2019 Private Activity Bond allocation with the U.S. Department of Treasury.
MOTION TO APPROVE: Ms. Brennan **SECOND:** Commissioner Caride **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

LOANS/GRANTS/GUARANTEES

Hazardous Discharge Site Remediation Fund

ITEM: Summary of NJDEP Hazardous Discharge Site Remediation Fund Program projects approved by the Department of Environmental Protection.
MOTION TO APPROVE: Ms. Rosenblatt **SECOND:** Mr. Alagia **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

PROJECT: Bassam Abouhayla APPL.#00187937
LOCATION: Franklin Township, Somerset County
PROCEEDS FOR: Remedial Investigation
FINANCING: $111,300 Loan

Petroleum Underground Storage Tank (PUST)

ITEM: Summary of NJDEP Petroleum UST Remediation, Upgrade & Closure Fund Program projects approved by the Department of Environmental Protection.
MOTION TO APPROVE: Ms. Bauer **SECOND:** Ms. Marley **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

PROJECT: Francine C. Cramer APPL.#00188071
LOCATION: Absecon City, Atlantic County
PROCEEDS FOR: Upgrade, Closure, Remedial Action
FINANCING: $145,490.56 grant

PROJECT: Rutha Lucas APPL.#00188075
LOCATION: Matawan Borough, Monmouth County
PROCEEDS FOR: Upgrade, Closure, Remedial Action
FINANCING: $134,376.54 grant

REAL ESTATE

ITEM: NJ Bioscience Center Lease Agreement
REQUEST: Approval to execute lease with Apicore for lease space at NJ Bioscience Center and associated documents required
MOTION TO APPROVE: Mr. Dumont **SECOND:** Ms. Bauer **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

BOARD MEMORANDUMS

FOR INFORMATION ONLY: Credit Underwriting Projects Approved Under Delegated Authority

Direct Loan:

PROJECT: Hampton-Clarke, Inc. (PROD-00188053)
LOCATION: Fairfield Borough, Essex County
PROCEEDS FOR: Purchase of equipment
FINANCING: $137,225 NJEDA Direct Loan

Premier Lender Program:

PROJECT: Noel 130 LLC (PROD-00188124)
LOCATION: Carlstadt Borough, Bergen County
PROCEEDS FOR: Purchase the project property
FINANCING: $6,000,000 JPMorgan Chase Bank with a $1,200,000 NJEDA participation

PUBLIC COMMENT

Mr. Lekendrick Shaw, Elected School Board Trustee/Consultant, Jersey City addressed the board regarding the redevelopment/economic development by DEVCO in the City of New Brunswick.

Mr. Charlie Kratovil, New Brunswick Today, addressed the board regarding the implementation of a past project approved under the Urban Transit Hub program, in the City of New Brunswick .

EXECUTIVE SESSION

The next item was to adjourn the public session of the meeting and enter into Executive Session to receive attorney-client advice regarding ongoing legal inquiries.
MOTION TO APPROVE: Mr. Quinn **SECOND:** Mr. Dumont **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

The Board returned to Public Session.

There being no further business, on a motion by Mr. Quinn, and seconded by Mr. Dumont, the meeting was adjourned at 11:30 am.

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

Patience Purdy, Program Manager
Marketing & Stakeholder Outreach
Assistant Secretary

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan

DATE: February 11, 2020

RE: Monthly Report to the Board

ADVANCING GOVERNOR PHIL MURPHY'S CLEAN ENERGY GOALS

On January 27, 2020 Governor Phil Murphy unveiled the state's Energy Master Plan, which outlines key strategies to reach the Administration's goal of 100 percent clean energy by 2050. The Energy Master Plan is the first of a series of steps to ensure that New Jersey generates, uses, and manages its energy supply in a way that is consistent with economic, climate, and societal demands.

Governor Murphy also signed Executive Order No. 100, directing the Department of Environmental Protection (DEP) to make sweeping regulatory reforms, branded as Protecting Against Climate Threats (PACT), to reduce emissions and adapt to climate change. This action makes New Jersey the first state in the nation to pursue such a comprehensive and aggressive suite of climate change regulations.

Throughout January, the NJEDA worked with its state partners to support the Governor's clean energy goals. The Authority collaborated with the NJ Jersey Board of Public Utilities (NJBPU) and New Jersey's Clean Energy Program™ (NJCEP) to issue a Request for Information (RFI) seeking input on programs and initiatives to improve New Jersey's cleantech ecosystem. The NJEDA also issued a request for qualifications/proposals (RFQ/P) to support an Offshore Wind (OSW) Technical Assistance Program that will help New Jersey companies develop the skills and competencies they need to participate in New Jersey's burgeoning OSW industry.

NEW JERSEY'S GOLDEN SEEDS CHAPTER DEBUTS AT MONTCLAIR STATE UNIVERSITY

First Lady Tammy Snyder Murphy and representatives from the NJEDA and Golden Seeds gathered at Montclair State University last week to celebrate the launch of the New Jersey chapter of Golden Seeds with angel investors and other members of the Garden State's innovation ecosystem. Founded in 2005, Golden Seeds is a nation-wide angel investor network dedicated to investing in female-led startup companies. The organization has more than 300 members that include accredited investors from a diverse range of locations, sectors, and backgrounds.

The New Jersey chapter of the organization joins seven established Golden Seeds chapters in Arizona, Atlanta, Boston, Dallas, Houston, New York City, and Silicon Valley. The kickoff event took place at Montclair State University because of the University's focus on female entrepreneurs, including its support of Women Entrepreneurship Week in October.

On February 27, Golden Seeds will host its first New Jersey information session and office hours at The Co-Co, a collaborative workspace in Summit. The event will give entrepreneurs the chance to meet one-on-one with experienced angel investors to gain invaluable feedback and learn about Golden Seeds' investing process. Due to overwhelming interest, this first event is at capacity and Golden Seeds is now accepting registrants for its March 25 session. Interested entrepreneurs will find registration information on the NJEDA website

POPULAR FILM TAX CREDIT PROGRAM EXPANDED

Due to a surge in film and television production in New Jersey following the launch of the Film and Digital Media Tax Credit Program, the program was becoming oversubscribed. In January, Governor Murphy approved Assembly Bill 5580, which increased the annual cap on incentives for film and television productions from $75 million a year to $100 million a year, and extends the program so that it expires in 2028. The digital media tax breaks remain capped at $10 million a year. Film and television production generates significant economic activity and jobs for local industries like food service, construction and security services.

NJEDA REACHES OUT TO COMPANIES FOLLOWING TASK FORCE REPORT

The NJEDA's Portfolio Management and Compliance team has reached out to additional companies based on information included in a report issued by the Governor's Task Force on EDA Incentives in January. Letters have been sent to Elwyn, Amerinox Processing, Inc., and Rainforest Distribution requesting additional information or clarification of information included in their incentive applications. Additionally, letters have been sent to 15 companies which worked with the same Grow NJ incentives consultant seeking documentation regarding certain representations included in their respective applications. Finally, we have notified the Philadelphia 76ers that their award was improperly calculated to include EDA issuance fees totaling approximately $400K and that their award will be reduced accordingly.

Staff review of responses to inquiries previously sent to nine companies is still underway.

NJEDA RAMPS UP AWARENESS OF SMALL BUSINESS RESOURCES

The NJEDA's Small Business Services team has been hosting Small Business Resources Workshops throughout the State to raise awareness of resources available to New Jersey businesses. These workshops are being offered in partnership with state agencies and private-sector partners, incuding the US Small Business Administration, UCEDC, Greater Newark Entreprise Corporation, The NJ Business Action Center, NJ Department of Treasury, NJ Board of Public Utilities, and the Latin American Economic Development Association. Upcoming workships include Atlantic City on February 20, and Cherry Hill on May 5. Please see the NJEDA website for details.

We are also working with our partners at the county and municipal levels to finalize plans for the NJEDA's upcoming road shows, which are designed to raise awareness of NJEDA resources for business of all sizes across all sectors. As we have said from the beginning of Governor Murphy's administration, corporate tax incentives should be just one tool in the toolkit, in service of a broader strategy. Under Gov. Murphy's leadership, the NJEDA and our partners throughout the administration have developed a robust suite of new tools and programs to invest in people, encourage innovation, and revitalize local communities. We'll be launching a schedule of 21 sessions – one in each New Jersey county -- on March 11.

To raise awareness of a successful New Jersey small businesses that benefitted from NJEDA support, representatives from the NJEDA and ConnectOne Bank joined Clifton Mayor James Anzaldi for a tour of Shawnee Trucking, a logistics company that recently took advantage of the NJEDA's Premier Lender Program to purchase a six-acre property in Clifton that now serves as the company's national headquarters. The minority-owned company today employs more than 125 people in New Jersey and plans to hire additional workers in the next two years. The visit also highlighted small businesses' role in New Jersey's growing transportation and logistics sector.

EVENTS/SPEAKING ENGAGEMENTS/PROACTIVE OUTREACH

NJEDA representatives participated as speakers, attendees, sponsors, or exhibitors at 29 events in January, including five speaking roles. This included the NJ Bankers 2020 Economic Leadership Forum, the Invest Newark Business Certification Expo, NJ State Veterans Access to Capital, and the NJ Angel Forum Breakfast Meeting.

AUTHORITY MATTERS

MEMORANDUM

Outside Special Legal Counsel

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: February 11, 2020

RE: Special Counsel: Executive Order 52 (Murphy 2019) and Attorney General Investigation – Amendment to Retention Agreement

Summary
The Members are asked to approve additional contract funding of $500,000 (for a revised fee cap of $2,400,000) due to ongoing need for representation related to the subject legal matters. The additional funding will be at the blended hourly rate for all attorney positions of $450/hour outlined in the original retention letter executed between the Authority and Friedman, Kaplan, Seiler, and Adelman, LLP ("Friedman Kaplan") on February 21, 2019.

Background
On January 24, 2019, Governor Murphy signed Executive Order 52 which established a Task Force on EDA's Tax Incentives (the "Task Force"). The mission of the Task Force is to conduct an in-depth examination of the deficiencies in the design, implementation, and oversight of Grow NJ and ERG, including those identified in the 2019 State Comptroller's performance audit, to inform consideration regarding the planning, development and execution of any future iterations of these or similar tax incentive programs. The Task Force holds public hearings and asks individuals to testify who can provide insight into the design, implementation, and oversight of these programs. The Task Force will report its findings to the Governor and the Legislature, as appropriate.

The Attorney General announced a separate investigation of these programs.

Based on the foregoing, EDA staff in consultation with an ad hoc committee of Board members determined it was in the best interest of the Authority to retain special counsel for the Board and the staff.

On January 31, 2019, the Authority issued a Solicitation of Proposals ("Solicitation") for Emergent, Specialized Legal Services. The purpose of the Solicitation was to obtain proposals from certain well-qualified, non-conflicted law firms that were identified by a committee of the Board to represent both the EDA Board and staff. The Solicitation resulted in an award of a one

(1) year contract with three (3), one (1) year extension options at an initial retention of $250,000 approved under delegated authority to Friedman Kaplan. This amount was increased by:

- $400,000 with board approval on May 14, 2019, revising the fee cap to $650,000
- $400,000 with board approval on June 11, 2019, revising the fee cap to $1,050,000
- $850,000 with board approval on August 13, 2019, revising the fee cap to $1,900,000

Work began in February of 2019 and is ongoing. Friedman Kaplan has provided continual advice and counsel with respect to matters bearing upon the investigations. Services include assistance, counseling, and guidance to the EDA Board and staff, as applicable, with respect to the production of documents, subpoenas, public hearing testimony, overall strategy, regulatory and fiduciary obligations, and potential litigation. If legal action is taken against the Authority related to the investigations, Friedman Kaplan may be requested to prepare, commence, and manage litigation on behalf of the Authority. Preparation may include significant pre-filing evaluative and investigative work. Litigation will include: drafting pleadings, motions, briefs and all other papers to be filed in court; conducting and responding to discovery; attending all pre-trial, trial and post-trial court appearances; conducting settlement negotiations and handling appeals. Special Counsel will also be expected to handle all issues arising in the litigation, including all issues that must be raised in compliance with the entire controversy doctrine. Special Counsel must regularly communicate with EDA Board Members and staff, as applicable.

Through December 31, 2019, the Authority has paid approximately $1,718,000 under the retention agreement. January and February 2020 billing is estimated to be approximately $180,000.

Recommendation

In summary, approval is requested for ongoing additional contract funding of $500,000 (for a revised fee cap of $2,400,000) at the same blended hourly rate for all attorney positions of $450/hour under the same terms and conditions outlined in the original retention letter of February 21, 2019. It should be noted that these fees are being paid from the Authority's net assets and will not detract from existing EDA programs or burden the taxpayers of the state. Additionally, some of the costs are expected to be reimbursed or paid directly through the Authority's insurance coverage.

Tim Sullivan
Chief Executive Officer

Prepared by: Fred Cole

OFFICE OF ECONOMIC TRANSFORMATION

NJEDA

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: February 11, 2020

RE: NJ Accelerate

OVERVIEW

The members of the Board are requested to approve a $2,500,000 pilot program called NJ Accelerate.

The program will be a structured as a two-step process: first, accelerator operators will be pre-qualified (Approved Accelerators) and second, financial assistance will be provided to NJ business that complete a program at an Approved Accelerator. The goal of the program is to encourage greater participation by New Jersey's entrepreneurs in accelerator programs that provide specialized expertise, mentorship and technical assistance, thereby, increasing the success of those companies. Additionally, the NJEDA hopes to attract more accelerator activities in New Jersey.

Through the NJ Accelerate program the NJEDA will:

- Promote Approved Accelerator program opportunities to the NJ innovation ecosystem
- Provide direct matching sponsorship support to the Approved Accelerators for programs and events held within the State
- Provide direct loans and rent support to eligible NJ businesses upon successful Approved Accelerator program graduation
- Support the Governor's goal of making NJ the most diverse innovation ecosystem in the country

BACKGROUND

An accelerator is a fixed-term, cohort-based "boot camp" for start-ups offering educational and mentorship programs for start-up founders, exposing them to a wide variety of mentors, including former entrepreneurs, venture capitalists (VCs), angel investors, and corporate executives. The program often culminates in a public pitch event, or "demo day," during which the graduating cohort of start-up companies pitch their businesses to a large group of potential investors.[1]

Accelerators also often support early-stage startup companies by providing investment capital and office space. Often accelerators are sponsored by an entity such as a corporation or non-profit. These entities use the accelerator program to stay close to emerging technology trends, support innovation in areas of focus, and establish a pipeline for potential investments and/or acquisitions. In addition, accelerator programs

[1] Hochberg, Y. V. (2016). Accelerating Entrepreneurs and Ecosystems: The Seed Accelerator Model. *Innovation Policy and the Economy, 16*(1), 25-51. Retrieved 12 4, 2019, from https://journals.uchicago.edu/doi/abs/10.1086/684985

are sometimes targeted to specific demographic or affinity groups, such as those traditionally underrepresented in the start-up community such as: female entrepreneurs and founders of color.

According to the Brookings Institute, there were approximately 170 US-based accelerators as of 2015; this number is a conservative estimate, considering that in 2016, the investor platform, Gust, reported there were over 10,000 self-identifying accelerators globally. Examples of notable accelerators include Y-Combinator, DreamIt Ventures, and New Jersey-based Newark Venture Partners. In practice, accelerator programs are a combination of traditionally distinct services or functions that were each individually costly for an entrepreneur to find and obtain and may include support topics like "how to develop your sales pipeline" or "how to successfully sell your value proposition and/or market your product".

PROGRAM PURPOSE AND POLICY ALIGNMENT

Governor Murphy's Economic Development Strategic Plan, "The State of Innovation: Building a Stronger and Fairer New Jersey Economy" includes, as one of its key goals, creating the most diverse innovation ecosystem in the nation and doubling venture capital investment in New Jersey by 2025.

It is well documented that entrepreneurship creates jobs and contributes to the development of innovation economies. However, as indicated in the Governor's plan, New Jersey's business environment has, historically, proven challenging for entrepreneurs and small businesses to navigate, resulting in entrepreneurial output that is below the level necessary to reestablish New Jersey as the State of Innovation. According to analysis of 2018 data from the Bureau of Labor Statistics conducted by the Ewing Marion Kauffman Foundation, just 0.29% of New Jersey's population started a business compared to a national average of 0.32%. On the upside, this same analysis shows that New Jersey start-ups produce more jobs in the first year than the national average (5.38 vs. 5.2). By supporting entrepreneurs during the early stages of developing new businesses, there is a clear opportunity for the Authority to help unlock the economic potential of entrepreneurship in New Jersey and further build up New Jersey's Innovation Ecosystem.

Early-stage entrepreneurs face many obstacles to success, ranging from lack of business expertise to lack of funding. Traditionally female entrepreneurs and founders of color are, generally, underrepresented in the start-up community. As research has shown, there currently exists a trillion dollar inefficiency in the marketplace which results in a "funding gap" for women and multicultural entrepreneurs. Despite the trillion-dollar opportunity that female and multicultural entrepreneurs represent, investors have largely upheld the status quo, despite the data suggesting that they should be prioritizing these entrepreneurs.[2] Recognizing this, along with the density of multicultural entrepreneurs and start-ups that reside in the NJ tri-state region, this program seeks to address this funding imbalance by supporting accelerator programs that incentivize funding in high growth potential start-ups led by women and founders of color with a 5% bonus, and managers focused on D&I investing in entrepreneurs who are certified as Women or Minority owned business in NJ, aligning with a similar bonus in the Angel Investor Tax Credit.

Strong entrepreneurial ecosystems, such as New York and Boston, are ripe with opportunities for entrepreneurs to access knowledge, resources, and people that enable them to effectively navigate these challenges and set their businesses up for growth. The NJ Accelerate program recognizes the strengths of accelerators in nurturing the next generation of entrepreneurs. Through this program, the NJEDA wants

[2] Beyond the VC Funding Gap/Morgan Stanley/www.morganstanley.com/ideas/venture-capital-funding-gap

to liaise and build relationships with these industry leaders around the country giving them a lens into the NJ Innovation Economy. Additionally, we want to assure our entrepreneurs have access to these best in class programs and return home to NJ with the tools and support to grow their businesses in the Garden State. NJ Accelerate can also serve as an attraction tool for Approved Accelerator graduate companies who seek a landing spot for the new business endeavor.

PROPOSED PROGRAM DESIGN, STRUCTURE & IMPACT

Building on recent NJEDA programs such as NJ Ignite to reach NJ entrepreneurs through the ecosystems participants that provide key support to entrepreneurs, NJ Accelerate will seek to collaborate with accelerators that are approved using a set of clear qualification criteria (see below). The object of this collaboration is to encourage the increased participation of New Jersey entrepreneurs in high quality accelerator programs, and thereby, increase the chances of successfully growing more young, innovative companies in the State.

Additionally, the program is designed to encourage more engagement by high-quality accelerators in New Jersey to generate more opportunities for young companies. Such Approved Accelerator programs will have submitted qualification materials to the NJEDA with a commitment to open their program participation to NJ entrepreneurs, and agree to an annual review for NJ Accelerate program participation.

The NJEDA will welcome all accelerators that meet the program criteria and evaluate them during the pilot on a first-come, first-served basis. As a benefit to the Approved Accelerators for their participation in the program, the Authority will disseminate information about, and facilitate introductions for Approved Accelerator Programs to NJ entrepreneurs.

Additionally, to encourage further engagement in New Jersey by the Approved Accelerators, NJEDA will offer cost-sharing sponsorship to each Approved Accelerator to host Programmatic Events in the State. Examples of Programmatic Events may include but are not limited to: The Accelerator's Demo Day; cohort road show; an in-person class; accelerator sourcing event or pitching competition; dedicated networking event or conference. This funding will be available at an amount of up to $25,000 per Programmatic Event, per Approved Accelerator in the form of a 1:1 matching sponsorship. Each Approved Accelerator will be capped at $100,000 in total sponsorship during this pilot program with consideration for a monetary Programmatic Event sponsorship bonus of 5% (up to an additional $5,000 beyond the matched funding outlay) for Approved Accelerators that demonstrate meaningful written policies and practices for attracting and promoting companies owned by women and minority persons, as defined by the NJ Department of the Treasury for purposes of the MBE/WBE certification. The policies and practices will be reviewed by the New Jersey Office of Diversity & Inclusion or designated Diversity & Inclusion Officer within NJEDA. Approved Accelerator Event Sponsorship will be subject to review in advance of event. NJEDA reserves the right not to disburse funding for events that occur outside of NJEDA ethical requirements and policies.

To be considered as part of the NJ Accelerate Program, the accelerator entity must meet the minimum following criteria:

- The Accelerator is best-in-class as demonstrated by:

- A well-codified thorough and rigorous screening process by the Accelerator for all applicants to the Accelerator
- A structured curriculum that is focused on supporting the growth of startups and at a minimum includes business strategy around product sales & marketing
- High prior participant satisfaction, as verifiable through reference calls and testimonials
- Access to at least 50 actively engaged subject matter experts/mentors across industries or functional capabilities to provide specific programmatic training for each company (e.g. Technology, Sales, Strategy, Financing, Accounting, Marketing, Fundraising, etc.)[3]
- Program engagement of the broader startup ecosystem of mentors, advisors or investors from outside the Accelerator and hosts a demo day viewable to outside participants
- A minimum of 20 mentoring hours to the selected participant companies
- A proven and documented or certified track record of success in prior graduates, demonstrated by at least 35% (which is the prevailing market median and will be adjusted annually by NJEDA staff according to available updated data) of graduates to receive follow-on funding from non-related parties (non-related defined as anyone not in participating company managements), seeing strategic acquisition, significant (50%+) revenue growth in the last year or achieve an exit[4]
- The existence of a platform to facilitate community engagement and networking for current and past program participants (i.e. an active alumni network)
- If a corporate accelerator, the active participation of staff at all levels of the organization, including Senior management at the Corporation

- The Accelerator must include an in-person aspect and not be entirely virtual, which allows for engagement and personal mentoring of the selected companies; the permanent or temporary physical space used by the Accelerator must be in the US, equipped to host events, and be available for an NJEDA site visit if requested

- The Accelerator will provide financial investment in some form to at least one participant company per program cohort, including direct investment or customer sales relationship (in-kind arrangements are insufficient)

- Accelerators must have graduated a minimum of two cohorts prior to NJ Accelerate approval

- The Accelerator Program supports innovation and has a consideration for, or focus on, at least one of the eight focus sectors in Governor Murphy's economic development plan with a preference for all accelerator programs that have a focus on supporting the following underserved groups: female entrepreneurs and founders of color.

- The Accelerator Program is open to applicants (i.e., start-up companies and entrepreneurs) from

[3] GAN accelerators have a median of 50 mentors per location. (Riley, Patrick. "What Accelerators Look Like in 2019." GAN, www.gan.co/blog/accelerators-look-like-2019)

[4] 35% of the start-ups at the 10 most active accelerators receive over $750,000 in follow-on funding. To make NJ Accelerate more widely accessible, the $750,000 floor was relaxed. This number is subject to annual review. (Kaji, Samir. "Are Startup Accelerators Worth It? Here's How Helpful They Are in Getting Funding." CBInsights, www.cbinsights.com/research/top-accelerators-follow-on-funding-rates)

NJ (as defined below)

The NJEDA will agree to promote the NJ Accelerate program, available through Approved Accelerator programs, within the State's innovation ecosystem (i.e. through referrals, inclusion on the NJ Accelerate web page, reference on social media and from time to time, features in news releases), and provide NJ based Programmatic Event sponsorship to the Approved Accelerators, as outlined above.

For a start-up or entrepreneurial venture to qualify as a NJ company, at least 50% of the company's employees must work in the state of NJ within a period of up to 6 months from the time of graduation from an Approved Accelerator program, amongst other eligibility requirements noted (see exhibit A for full details).

For any eligible NJ Company that graduates from an Approved Accelerator cohort, that company may **submit an application within a period of up to 6 months following graduation** (or, with specific respect to the rent award portion of NJ Accelerate, the latter date of departure from the Approved Accelerator physical space), NJEDA will make the following programmatic support available:

- Eligibility for approval of a 1:1 matching loan funding up to $250,000

  * The funding will come in the form of a 10 year convertible note (see exhibit A for full details) and will be in the same amount of investment dollars funded into the startup by the Approved Accelerator

  *A fast track to funding consideration as the qualified company will not be required to be reviewed by the NJEDA's Technology Advisory Board (TAB), as the Approved Accelerator will have served as an industry expert evaluation and matching funds, but awardees will be subject to an underwriting and NJEDA board review and approval

- Automatic eligibility to receive rent support up to the highest level of NJEDA grant support of a 6 month grant at the participating NJ Ignite collaborative work spaces for the benefit of the company, post-accelerator graduation, not to exceed $25,000 (in addition to any direct support from the NJ Ignite host site). If the Approved Accelerator offers a specified physical space accommodation for companies beyond cohort graduation date, the consideration for the rent award may be captured by the company beyond the 6-month application period, and will commence upon the latter exit or departure date from the Approved Accelerator.

  The eligible NJ company may select to take advantage of both levels of program support - rent support and direct funding - or at their option- may select to utilize only one of the program features.

- Eligibility for extra funding and rent support for women or minority owned businesses, as certified by the NJ Department of the Treasury, that graduate from an Approved Accelerator or for Approved Accelerators with a diversity and inclusion focus as per the following:

  * The NJ state certified woman or minority owned business is eligible for a 5% bonus to the otherwise 1:1 matching funds (which may result in a maximum convertible note of

$262,500 with the consideration for the 5% bonus; the 5% bonus is offered on top of the 1:1 match funding)

* The NJ state certified woman or minority owned business is eligible for a bonus month of rent sponsorship (which may result in a maximum award of 7 months)

An Approved Accelerator may have multiple graduates per cohort which participates in the NJ Accelerate program as outlined herein.

See exhibit A for full support proposed terms and details.

ESTIMATED BUDGET AND IMPACT

With a $2,500,000 pilot program budget, it is anticipated that 10-15 companies will be supported in the pilot program with the support and engagement of at least five Approved Accelerators. It is anticipated that each Approved Accelerator will average two to three eligible NJ Accelerator companies during the pilot program.

The average NJ Accelerate direct funding to any one company is expected to range from $100,000 to $262,500. The maximum funding provided to any single company by the NJEDA through NJ Accelerate will reach up to $287,500 ($250k loan + $25K rent grant, with the additional consideration for W/MBE qualifying funding of up to $12,500 and 1 month of rent). In addition, up to $105,000 is reserved for sponsorship of Programmatic Events in New Jersey for each Approved Accelerator (which includes consideration for an additional 5% funding bonus beyond the matched funding outlay for qualifying Approved Accelerators with a D&I focus).

The purpose of the company support under the program is to anchor a NJ entrepreneur in the State who has received an investment of time and resources from a reputable industry Approved Accelerator partner. The NJEDA staff has seen too many instances where a startup participates in an out of state accelerator program and chooses to relocate out of state given access to capital and resources. This program is focused on curbing that attrition and providing wrap around support to a well vetted startup. In addition, the program will encourage the attention and engagement of reputable Accelerator Partners who will more likely engage and participate in the New Jersey Innovation Ecosystem.

Delegated authority

Beginning in July 2003 the Members of the Authority have been asked to delegate signing authority to staff on certain financing and incentive transactions, to create efficiencies for our customers and provide fluidity to our business. As the approvals anticipated in the NJ Accelerate program are anticipated to be routine in nature with very limited Authority exposure, and a shortened response time is critical to the success of the startup business, staff is requesting delegation from the Board to allow staff to approve accelerators, qualifying company rent subsidy and Approved Accelerator event sponsorship [Level 4: Director of TLS and recommending officer] when all program criteria outlined herein are satisfactorily met. This request is similar to other EDA programs of similar scope and size. All applications that staff recommends for declination, whether of entities seeking to participate in the program as Approved Accelerators or of funding and/or rent subsidy, will be presented to the Board. If the program expands

beyond the pilot stage, these delegation levels are to be revisited by the Board. All direct loan funding to accelerator graduates will require board review and approval.

VALUE FOR NJEDA AND THE STATE

It is expected that this program will deliver the following benefits to NJEDA and the State of New Jersey:

- Grow New Jersey's Innovation Economy & Ecosystem;
- Drive the formation and growth of the most promising new ventures by equipping entrepreneurs, with industry specific knowledge, tools, and skills;
- Expand New Jersey's pipeline of commercial stage businesses, including those that would benefit from NJEDA products;
- Increase visibility of NJ's Innovation Economy to accelerators around the country;
- Deepen NJ's relationship with the entities that have created and sponsor Accelerator Programs;
- Generate awareness of New Jersey's resources for entrepreneurs, including NJEDA products, to encourage entrepreneurs to do business in New Jersey;
- Build New Jersey's brand as the State of Innovation among both Corporations and local entrepreneurs.
- Help New Jersey achieve Governor Murphy's goal of becoming the most diverse innovation state in the country

CONCLUSION

Authority staff believes that the pilot NJ Accelerate program will support the most promising commercial stage New Jersey businesses and build upon the support provided by Accelerator programs to anchor the businesses in NJ for the long term contributing to the development of New Jersey's Innovation Ecosystem and encourage engagement with out of state Accelerators for increased activity in New Jersey.

Tim Sullivan
Chief Executive Officer

Prepared by: Kathleen Coviello
Tim Rollender
Meera Kumar

Exhibit A
NJ Accelerate
Proposed Program Specifications

Funding Source	Funding for NJ Accelerate Companies using eligible Authority funds from the Economic Recovery Fund (ERF). NJ Accelerate Accelerator Event sponsorship to be funded from general NJEDA Funds.
Program Expiration	Program to operate on a pilot basis – funds will be committed within an estimated 24 months from acceptance of the first application or until such time that the funds are depleted.
Program Purpose	To partner with Approved Accelerators on advancing highly qualified entrepreneurial companies in NJ and building NJ's Innovation Economy
Accelerator Eligibility Requirements	To be accepted as an Approved Accelerator Partner, the Accelerator must sign a verification form and provide supporting diligence materials that certifies (citing specific, verifiable details as appropriate) that they meet the following requirements: • The Accelerator is best in class as demonstrated by: o A well-codified thorough and rigorous screening process for all applicants o A structured curriculum that is focused on supporting the growth of startups and at a minimum includes business strategy around product sales & marketing o High prior participant satisfaction, as verifiable through reference calls and testimonials o Access to at least 50 actively engaged subject matter experts/mentors across industries or functional capabilities to provide specific programmatic training for each company (e.g. Technology, Sales, Strategy, Financing, Accounting, Marketing, Fundraising, etc.) o Program engagement of the broader startup Ecosystem of mentors, advisors or investors from outside the Accelerator and hosting a demo day viewable to outside participants o A minimum of 20 mentoring hours to the selected participants o A proven and documented or certified track record of success in prior graduates, demonstrated by at least 35% (to be reviewed and adjusted annually by NJEDA staff according to the prevailing market median data available) of graduates to receive follow-on funding

Exhibit A
NJ Accelerate
Proposed Program Specifications

	from non-related parties (non-related defined as anyone not in participating company managements), seeing strategic acquisition, significant (50%+) revenue growth in the last year or achieve an exit o The existence of a platform to facilitate community engagement and networking for current and past program participants (i.e. an active alumni network) o If a corporate accelerator, the active participation of staff at all levels of the organization, including Senior management and at the Corporation • The accelerator must include an in-person aspect and not be entirely virtual, which allows for engagement and personal mentoring of the selected companies; The physical space must be available in the US for a NJEDA site visit if desired and be equipped to host events • The accelerator will provide financial investment in some form to at least one participant company per program, including direct investment or customer sales relationship (in-kind arrangements are insufficient) • The Accelerator Program is open to applicants from NJ • The Accelerator Program supports innovation and has a consideration for, or focus on, at least one of the eight focus sectors in Governor Murphy's economic development plan with a preference and bonus for all accelerator programs that have a focus on supporting underserved groups including: female entrepreneurs and founders of color o This preference translates into a monetary sponsorship bonus for Approved Accelerators with a diversity focus and their NJ-graduate companies that are certified by the state of NJ as a women or minority-owned business • Accelerators must have graduated a minimum of two cohorts prior to application
Eligibility Requirements for NJ Companies	NJ companies must meet the following criteria **within six months of graduation (or the latter date of departure out of the physical space offered, with respect only to the rent award of NJ Accelerate) from the Approved Accelerator** to qualify for the post-graduation support. • Registered to conduct business in NJ • More than 50% of the employees in the company work in NJ or pay NJ taxes • The Company is in one of the eight NJ targeted sectors as

Exhibit A
NJ Accelerate
Proposed Program Specifications

	listed in Governor Murphy's Economic Development Plan, The State of Innovation The company must support its verification with the following documents: • Registration certificate to conduct business in NJ • 2-page executive summary • NJWR30, or NJ Registered PEO letter • Letter from Approved Accelerator confirming successful accelerator program graduation. .
Funding Component #1 – Matching Funding for NJ Startup	
Investment Amount	Up to $250, 000 with a 1:1 match of the equity investment made by the Approved Accelerator Partner This investment amount can increase by 5% (up to a maximum of an extra $12,500 beyond the matched funding outlay) for a business that is a NJ state certified woman or minority owned at the time of matching investment
Investment Instrument and Terms	Convertible Promissory Note (the "Note") with 3% interest and 10-year maturity. No payments for first seven-years. Interest during this period will accrue and be capitalized annually. Beginning month 85, principal plus interest payments will begin for the remaining three-year term to fully amortize the note and capitalized interest. The Authority will receive Warrants with 10-year maturity worth 50% of the Convertible Note Principal utilizing the NJEDA's standard warrant form and will match the pricing on the Approved Accelerator Partner's Investment. In the event the NJEDA is matching a convertible note, penny warrants will be taken.
Funding Disbursement	Full amount of the Note will be disbursed upon execution of closing documents and upon successful completion of Approved Accelerator cohort program.
Conversion/Repayment	**Note *may* convert to equity,** without a discount, upon the closing of an equity financing greater than $1,000,000 from any investor within the Note's 10-year maturity at the sole discretion of the EDA, in accordance with the EDA's current Edison Innovation Fund conversion guidelines, which will include, but not be limited to a review of company performance, transaction terms and funding round. All outstanding principal and accrued interest will convert at the same pricing terms and into the identical equity security issued

Exhibit A
NJ Accelerate
Proposed Program Specifications

	at such as the concurrent financing round. **Note requires repayment** of all outstanding principal and accrued interest at the beginning of year 8 / month 84 and repaying on 36-month amortization until end of 10-year / 120-month term if the EDA has not elected to convert prior to the start of year 8 / month 84. **Note can be repaid** in its entirety at any time without penalty but the warrant will not be refunded and will remain in place until end of warrant term. **Note requires repayment** of all outstanding principal and accrued interest upon an event of default prior to Note conversion, all unpaid principal and accrued interest thereon will be immediately due and payable. Failure to make schedule payment will be treated as an event of default.
Funding timeline	The company must have successfully graduated from an approved Accelerator Program within six months prior to application
Component #2 – Grant subsidy to NJ Approved CoWorking space for rent	
Location	The site must be an approved NJ Ignite Participant Host site
Amount	As an eligible NJ Accelerate company, through this program the EDA shall provide a grant for up to the maximum 6 month NJ Ignite program payment terms at the standard site rental rates all other NJ Ignite standard terms are applicable as detailed herein The maximum rent support increases to 7 months for a NJ certified woman or minority owned business
Eligibility Requirements for Tenants Companies partnering with the Collaborative Workspaces	The collaborative workspace should ensure the tenant company signs a verification form that certifies (citing specific, verifiable details as appropriate) the company meets the following requirements: See above for NJ Accelerate Program Company program eligibility The company must support its verification form with the following documents: • Satisfactory signed lease or membership agreement with an approved collaborative workspace facility (which participates in NJ

Exhibit A
NJ Accelerate
Proposed Program Specifications

	Ignite) for a period of time no less than the total occupancy required by the grant • The lease must be for the facility in NJ, not a universal membership *The tenant must agree to allow the Authority to conduct site visits and/or audit the tenant to confirm any stamen made in the tenant's certification.*
Funding Disbursement	Beginning from date of graduation or the latter date of departure from the Approved Accelerator physical space (if the Approved Accelerator offers a specified physical space for graduates beyond cohort graduation), the full amount of the grant will be disbursed after the collaborative workspace has met its months of commitment in the space and the tenant company has remained for the additional months, from either 6-month EDA funded amount as per NJ Ignite requirements - all disbursement will be made directly to the collaborative workspace for the benefit of the rent expense of the tenant company.
Component #3 – Matching Funding for Programmatic Events held in NJ	
Investment Amount	NJEDA will fund up to $25,000 in the form of a 1:1 matching sponsorship per Approved Accelerator, per Programmatic Event hosted in New Jersey Each Approved Accelerator will be capped at $100,000 in sponsorship during this pilot program If an Approved Accelerator has a focus on diversity and inclusion and meets the qualification parameters set by the State Office of Diversity & Inclusion or Designated D&I Officer within NJEDA, NJEDA will sponsor an additional 5% bonus beyond the matched funding outlay, for a maximum of $26,250 per event or $105,000 total over the lifecycle of the pilot program
Funding Disbursement	Full amount of the grant will be disbursed after the Programmatic Event has been approved and supporting satisfactory cost detail has been provided after the Approved Accelerator has paid for the costs they will be reimbursed on each event on a requested basis.
Eligibility Requirements for Event Sponsorship	Approved Accelerators Event Sponsorship approval will be subject to review in advance of event. NJEDA reserves the right not to disburse funding for events that occur outside of NJEDA ethical guidelines

INCENTIVE PROGRAMS

GROW NEW JERSEY ASSISTANCE PROGRAM (GROW NJ) MODIFICATION

NJEDA

MEMORANDUM

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: February 11, 2020

SUBJECT: Symrise, Inc.
GROW NJ Modification–P41647

Request:
As a result of the reduction in eligible capital investment from $73,910,484 to $44,908,805 and the reduction in the square footage from 234,128 sf to 146,300 sf at the Branchburg site of the qualified business facility, approval is requested from the Members to affirm that the project has not materially changed to allow staff to complete its certification of project completion. Additionally, as staff is still reviewing the certification documentation including the certification of capital investment, staff requests delegated authority to approve a further 10% reduction from the eligible capital investment of $44,908,805 ($4,490,880), if the program minimum is satisfied at each site of the qualified business facility.

All other terms and conditions of the Grow NJ award will be consistent with the current approval.

Background:
Symrise, Inc. ("Symrise") develops and produces fragrances and flavoring agents, serving the perfume, cosmetics and food industries, as well as manufacturers of household products. They also provide bifunctional and bioactive ingredients and substances to the health and personal care sector.

On March 11, 2016, Symrise was approved for a ten (10) year, $10,254,300 Grow NJ award to incent the creation of 60 new full-time jobs and retention of 464 full-time jobs at risk of leaving the State. Capital Investment in the qualified business facility ("QBF"), an expansion of an existing 234,128 sf manufacturing, warehousing and office space to accommodate new additional warehousing space in Branchburg and existing 190,225 sf warehousing, logistical, distribution, laboratories and office space in Teterboro, NJ. Because the two sites are not proximate and have different tax credit calculation factors, eligibility criteria and tax credit calculations were performed separately. The total estimated capital investment for the multi-location QBF was $73,910,484; which exceeded the minimum required at Branchburg in the amount of $4,682,560 and the minimum required at Teterboro in the amount of $7,609,000.

Symrise was approved for one six-month extension to certify project completion pursuant to Delegated Authority and on September 11, 2019, Symrise requested certification of its project completion. The company's CPA certified capital investment of $37,139,606 in Branchburg, which exceeded the minimum requirement of $4,682,560 and $7,579,554 in Teterboro, which did ***not*** meet the minimum requirement of $7,609,000. The company certified it retained 117 full-time jobs as anticipated and created 10 of the expected 60 new full-time jobs in Branchburg, which exceeded the minimum requirements of 25 and 10, respectively. The company certified it retained 347 full-time jobs in Teterboro as anticipated, which exceeded the minimum requirement of 25.

Staff advised the company's CFO Peter Steinhoff that the minimum required capital investment for Teterboro was not met and that the portion of the award related to Teterboro award was forfeited. Initially, Mr. Steinhoff advised that the AUP demonstrated their total capital investment in Teterboro. However, after this conversation, Mr. Steinhoff, Consultant Joshua Hole, and CPA Adam Lipkin explained that both the CPA and the company understood that capital investment was evaluated in aggregate, not by individual site (which is addressed in the incentive agreement) and that program minimum requirements were met. Mr. Steinhoff advised that additional capital investment was made that was more than the amount certified by the CPA which had been engaged to verify costs expended through June 2019. Subsequently, the company submitted additional costs expended through August 2019 and the CPA submitted an amendment to the original AUP along with 100% of the cost detail totaling $7,796,199, which as presented exceeds the minimum requirement of $7,609,000. Staff is currently reviewing 100% of the cost detail.

The company further informed staff that the size of the QBF at the Branchburg location has reduced from 234,128 sf to 146,300 sf, which drove the reduction of the capital investment. Staff conducted a site visit and met with Mr. Steinhoff and toured both the Branchburg and Teterboro locations. Mr. Steinhoff advised that the company had anticipated an extension to its Branchburg building for new production facilities for the flavor and fragrance divisions, which involved three phases to build out. The company advised that two of the three phases were completed which included the infrastructure and build out for the flavor division, new spray dryer and the infrastructure for the fragrance extension. Phase 3, the build out for the fragrance division will commence once the appropriate funding is allocated, which will not be part of the approved QBF.

Based on the aggregate capital investment of $44,908,805 and the aggregate 474 full-time jobs, the amount of the Grow NJ award remains unchanged at $10,254,300 ($2,554,370/Branchburg and $7,699,930/Teterboro). The QBF is in a priority area subject to a 90% annual withholding limit not to exceed $4 million. Because the company decided prior to approval to select the total annual award based on the 90% withholding limit, the annual award is limited to $255,437. Therefore, the reduction in headcount and capital investment in Branchburg did not reduce the approved Grow NJ award.

Pursuant to the Incentive agreement, since the capital investment was reduced more than 25% from what was approved, the net benefit to the State over 20 years was recalculated using the current net benefit model, and the project continues to meet the program requirements. Although the net benefit to the State over 20 years (net of award) was reduced from $136,370,677 v $88,698,312, the project continues to satisfy program requirements of being 110% of the award.

Staff determined that the Grow NJ award has not materially changed since the company expended $44,908,805 in capital investment at the approved QBFs, the company continues its planned operations, the company retained and created jobs at the QBF, and the project continues to satisfy 110% net benefit to the State.

Summary of Project Changes

	At Approval	**At Certification**
Branchburg:		
Proposed/Actual Jobs	60 (New) 117 (Retained)	10 (New) 117 (Retained)
Eligibility Min. New Jobs	10	10
Eligibility Min. Retained Jobs	25	25
Eligibility Min. Cap-Ex	$4,992,860	$4,992,860
Anticipated Cap-Ex	$66,210,484	$37,139,606
Base Amount:	$3,000	$3,000
Bonus Increases:		
Cap-Ex in Excess of Min	$3,000	$3,000
Large # of FT Jobs	$ 750	$ 750
Targeted Industry (Mfr)	$ 500	$ 500
Total Amount per Incented Employee	**$7,250**	**$7,250**
Annual Award:		
New:	60 x $7,250 = $435,000	10 x $7,250 = $ 72,500
Retained:	117 x $3,625 = $424,125	117 x $3,625 = $424,125
Total:	$859,125	$496,625
Total Award:	**$8,591,250**	**$4,966,250**
Estimated 90% Withholdings – Annual Limit	**$ 255,437***	**$ 255,437***
Capped Total Award	**$2,554,370***	**$2,554,370***

the applicant has selected the total annual award based on the estimated 90% withholding limit rather than the statutorily calculated award

Teterboro:		
Proposed/Actual Jobs	0 (New) 347 (Retained)	0 (New) 347 (Retained)
Eligibility Min. New Jobs	10	10
Eligibility Min. Retained Jobs	25	25

Eligibility Min. Cap-Ex	$7,609,000	$7,609,000
Anticipated Cap-Ex	$7,700,000	$7,796,199
Base Amount:	**$3,000**	**$3,000**
Bonus Increases:		
Transit Oriented Development	$2,000	$2,000
Targeted Industry (Mfr)	$ 500	$ 500
Large # of FT Jobs	$ 750	$ 750
Jobs w/ Salary Excess County Med.	$ 250	$ 250
Total Amount per Incented Employee	**$6,500**	**$6,500**
Annual Award:		
New:	0 x $6,500 = 0	0 x $6,500 = 0
Retained:	347 x $2,219 = $769,993	347 x $2,219 = $769,993
Total:	$769,993	$769,993
Total Award:	**$7,699,930**	**$7,699,930**
Estimated 90% Withholdings – Annual Limit	**$1,194,643**	**$1,194,643**
Gross Benefit to the State (Over 20 Years, Prior to Award):	$ 146,624,977	$98,952,612
Net Benefit to the State (Over 20 Years, Net of Award):	$ 136,370,677	$88,698,312

Recommendation:

As a result of the reduction in eligible capital investment from $73,910,484 to $44,908,805 and the reduction in the square footage from 234,128 sf to 146,300 sf at the Branchburg site of the qualified business facility, approval is requested from the Members to affirm that the project has not materially changed to allow staff to complete its certification of project completion. Additionally, as staff is still reviewing the certification documentation including the certification of capital investment, staff requests delegated authority to approve a further 10% reduction from the eligible capital investment of $44,908,805 ($4,490,880), if the program minimum is satisfied at each site of the qualified business facility.

All other terms and conditions of the Grow NJ award will be consistent with the current approval.

Prepared by: Tyshon Lee

GROW NEW JERSEY ASSISTANCE PROGRAM (GROW NJ) DECLINATION

NJ EDA

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

SUBJECT: Integrated Medication Management LLC
P45543/PROD-00185352 Grow NJ Program

DATE: February 11, 2020

Request:

Members of the Authority are requested to decline the Grow NJ application from Integrated Medication Management LLC ("IMM" or the "Company"), as EDA Staff cannot recommend that the applicant demonstrated that the Grow NJ Award will be a material factor to locate the business in NJ.

Background:

On January 31, 2019, IMM submitted a Grow New Jersey application in connection with its evaluation of sites to operate its growing business of storing, preparing and dispensing prescription medications under the supervision of a licensed pharmacist to homebound patients. IMM's application represented an option to lease 19,800 sq. ft. of office space, of which 9,000 sq. ft. was "immediately available" (at the time of application) in Pennsauken, NJ or lease 19,400 sq. ft. of office space, of which 9,000 sq. ft. was "immediately available" (at that time of application) in Southampton, PA. The new proposed location will not be a retail drug store or open to the public. The Company expects to complete renovations and purchase machinery and equipment for a total capital investment of $616,020 at the NJ location. The Company also expects to create 134 jobs.

IMM dba Bayada Medication Management was formed in March 2016 to provide pre-packaged medications for individuals in home healthcare settings. The Company was formed through the partnership and investment by BAYADA Home Health Care, Inc. ("Bayada") of Moorestown, New Jersey an international provider of home health care services and IRx Investments, LLC dba Integrity Pharmacy, LLC ("Integrity") of Springfield, Missouri, a comprehensive medication management company designed for patients with multiple disease who are taking multiple medications. Bayada and Integrity have an approximate 63.49% and 31.75% ownership interest in IMM respectively. Of note, on April 12, 2016, the Members of the EDA Board approved a $18,441,120 Grow NJ award to Bayada in connection with the consolidation of several Bayada offices into one location in Pennsauken, NJ.

IMM combines an in-home clinical visit with pharmacy services to improve the medication adherence of its patients. Healthcare professionals then monitor and dispense the pre-packaged medications for delivery directly to the patients. The company began distribution of pre-packed medications in November of 2017 with 500 patients. By April of 2018 the client base reached 1,000. By January of 2019 there were 1,800 patients set up on the IMM System. IMM is currently located at Moorestown, NJ where it subleases 5,600 sq. ft. from Bayada with 26 contract employees.

Pursuant to the Grow NJ Act and Regulations, the provision of a grant from the Grow NJ Program must be a "material factor" in a company's decision to retain, relocate, or expand operations in NJ. Accordingly, the program regulations and application require the applicant to provide documentation demonstrating this "material factor," including but not limited to:

A. A full economic analysis of all locations under consideration including such components as, but not limited to the costs effectiveness of remaining in this State versus relocation under alternative plans out of State (e.g. Real Estate listings, Tax or other State/Local financial incentives offered to the applicant and Cost Benefit Analysis, which may include cost per square foot, real estate tax, tax incentives, training incentives, labor costs, etc.)

   A completed Cost Benefit Analysis form ("CBA"), which is provided by the Authority. The CBA includes one-time upfront costs (such as building acquisition cost, building construction, building renovation, purchase of furniture, fixtures and equipment, company moving costs, etc.) and on-going costs (such as annual rental costs, annual real estate costs, utilities, building maintenance, annual payroll) for both the in-State and out-of-State alternative. The applicant must also provide a copy of all documentation to support the costs delineated on the CBA, including copies of construction or renovations budgets prepared by a third party; equipment purchase quotes; moving company's quote etc.;
B. All lease agreements, ownership documents or substantially similar documentation for the business' in-State location(s);
C. All lease agreements, ownership document, or substantially similar documentation for the potential out-of-state location alternatives, to the extent such alternatives exist;
D. A specific statement on the role the grant will play in the company's decision-making process to relocate in New Jersey; and
E. An executed CEO certification that states that the CEO reviewed the application and that 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.

Generally, a key factor to demonstrate the "material factor" is for the applicant to show in the CBA that the NJ site is the more expensive option, based on supporting documentation and assumptions that have been satisfactorily vetted and deemed reasonable by EDA staff. Current policy is that 100% of the costs illustrated on the CBA for both locations must be fully documented. In addition, there should be no evidence that the location decision has been made (for example a purchase contract being fully executed by the buyer and seller without an acceptable contingency that the sale is contingent upon approval of the Grow NJ award).

The CBA provided by the applicant shows the one-time upfront costs of NJ option totaling $293,972 and the PA option totaling $214,772. Ongoing costs in NJ totaled $6,687,454 compared to $6,622,058 in PA. The difference in costs confirmed that the NJ is the more expensive option on a net present value over 10 years and 15 years. Documentation for the leases of the respective spaces were unexecuted letters of intent from the Company's broker to the landlords.

The Company submitted and represented in the Grow NJ application dated January 31, 2019 and to EDA staff in subsequent due diligence by EDA Staff the following to support the "provision of a material factor" in the location decision:

- **Why is the grant a material factor in the project?** "IMM has identified a building located in Southampton, PA which meets the Company's requirements for a new facility: with 9,000 well laid out square feet available today and up to 19,800 square feet available in the future. Costs for this building that are either comparable to Pennsauken or slightly less, and the site also is accessible via many major roads which is important both for the recruitment of employees as well as the delivery of the medications. IMM is convinced that this location will be a good fit for their business. As a result, the Grow NJ Incentive is a material factor in IMM's relocation decision."
- **What are the advantages of the NJ Project location vs. the alternate location?** "The location in Pennsauken is a good option for IMM. The building provides enough space for the Company's immediate space needs, and offers additional space for the growth to 120 employees. For the 26 retained employees that are not part of this application, the Pennsauken location is closer to the existing location in Moorestown."
- **What diligence has the company performed in regard to Alternate Location?** "IMM toured several properties in Philadelphia and the northern suburbs of Philadelphia as an option for their new company location. Once final properties in New Jersey and Pennsylvania were decided, IMM's real estate broker, Jones Lang LaSalle, sought proposals for each property. Discussions with each landlord are ongoing and no decisions are made at this time. IMM's incentive consultant, BlueCap Economic Advisors, has assessed the incentives available in each location. The Grow NJ incentive would be a material factor in the company choosing the New Jersey location over Pennsylvania."

EDA Staff reviewed the application and attachments as well as the CBA and all supporting documentation and concludes that IMM has not demonstrated that the award will be a material factor in the Company's decision to relocate within New Jersey due to its close and intertwined relationship with Bayada and how that relationship may affect the nature of IMM's business and its location decisions (i.e. the material factor test). EDA Staff's conclusion resulted from the following facts and observations:

1. IMM described itself as a joint venture comprised of Bayada having a 63.49% ownership interest, Integrity having a 31.75% ownership interest, and the remainder with the President and the Chief Financial Officer of IMM. The board of directors is also comprised of three members designated from Bayada, one member designated from Integrity and one manager being the Company's then serving Chief Executive Officer. This structure was confirmed by the EDA Staff's review of the Limited Liability Company Agreement of IMM. The majority ownership interest by Bayada together with the board of directors' composition suggests that Bayada would have influence on location decision of IMM. These facts indicate that it would beneficial for IMM to be located proximate to Bayada's incented headquarters in NJ.

2. IMM does business as Bayada Medication Management, and on its website, Bayada portrays Bayada Medication Management as another service provided by Bayada (at https://www.bayada.com/medmanagement/ or https://www.bayadapharmacy.com/, (last confirmed on November 26, 2019). IMM has also entered into a management services agreement with Bayada in which Bayada administers support services, technology (all emails for IMM are @bayada.com) benefits, and payroll of the employees of IMM. The agreement also states that employees of IMM will be employees of Bayada and will be selected, hired, paid, supervised and discharged by Bayada at its sole discretion. Similar to #1 above, the use of Bayada as the business name of the company together with Bayada having control over the hiring and discharge of employees, shows the close relationship between IMM and Bayada, the influence Bayada may have over certain operations of IMM, and the benefit to being located proximate to Bayada's incented headquarters in NJ.

3. IMM also stated in a phone conversation during the application due diligence process that approximately 80% of its business comes from the clients of Bayada. While IMM describes its business as the fulfillment of patients' individualized pharmacy packages, which can be accomplished from a distant location, Bayada's website describes IMM's services as including an in-home consultation by "a BAYADA Medication Management Nurse". This also demonstrates the close relationship between IMM and Bayada.

4. A March 28, 2019 legal memo from Bayada's attorney explaining the relationship between the not-for-profit Bayada and the for-profit IMM, describes the control Bayada has over IMM and the close relationship between the two entities. "Bayada will have exclusive control over the design and operation of the medication management program for [IMM] and [Bayada's] registered nurses making clinical visits to these homebound patients will be the chief vehicle for the distribution of the pre-sorted packages of medication provided by [IMM]." Additionally, "[t]he provision of these pharmacy services and medication management services [of IMM] in the homes of these patients [of Bayada] is 'substantially related' to the Section 501(c)3 exempt charitable mission of Bayada . . . ."

5. IMM states that its legal structure is a joint venture, which is a separate entity from Bayada. IMM states that it intends to form several joint partnerships with similar health agencies for its medication management. The joint venture with Bayada as a New Jersey pharmacy doing business as Bayada Medication Management is the first such venture by the principals. IMM has also represented to EDA staff that it intends to bring on additional investors and therefore subsequently diminish Bayada's ownership interest, influence, business concentration and control within the next year. However, given the information provided in the application and subsequent correspondences with EDA staff, this dilution of relationship and business activity between IMM and Bayada cannot be guaranteed in any specific timeframe.

6. In the past, as allowed under the Grow statute under certain limited circumstances, EDA has awarded a second Grow to a company that was already in the Grow program, when that company was able to demonstrate that the move of , for instance, a division of the company, was clearly a separate business decision and the division's location alternatives were compelling. However, as

stated in the Program regulations, the EDA may, in its sole discretion, consider two applications as one single project based on various factors, including, but not limited to, the location of the qualified business facilities, the types of jobs proposed, and the business's financing and operational plans. Here, not only are the factors favoring consideration of IMM's application as a separate project from Bayada missing, but instead factors exist to consider IMM's proposed project as interrelated to Bayada's incented project. The integrated nature of IMM with Bayada at both a corporate and operational level, the similarity of its clientele, and the location of its clientele, demonstrates that it has compelling reasons to locate in New Jersey, thus making the incentive not a material factor in its decision making.

During staff's due diligence, the Company was given the opportunity to review the above facts to identify any inaccuracies. The Company did not respond. As is the general practice, the Company was informed that staff would not recommend approval of the Company's Grow NJ application and asked the Company if it would prefer to withdraw its application. The Company stated it will not withdraw and initially replied "We [the Company] are good with this going to the Board to be denied". By email dated December 11, 2019, the Company's CEO confirmed it will not withdraw its application.

Recommendation:

Based on the above, the Board is requested to decline the Grow NJ application submitted by Integrated Medication Management LLC.

Prepared by: Teresa Wells

NJ FILM AND DIGITAL MEDIA TAX CREDIT PROGRAM

NJEDA

MEMORANDUM

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: February 11, 2020

Subject: Proposed Film & Digital Media Tax Credit Policy– Reality Shows

Summary:

The Members are requested to approve the proposed policy for the administration of the New Jersey Film & Digital Media Tax Credit Program for films that are reality shows, pursuant to P.L. 2017, c. 56.

Background:

The "Garden State Film and Digital Media Jobs Act," P.L. 2018, c. 56, enacted July 3, 2018, provides a credit against the corporation business tax and the gross income tax for certain expenses incurred for the production of certain films and digital media content in New Jersey. The goal of the program is to incentivize film and digital media content production in New Jersey.

Under the statute and as further outlined in the program rules at N.J.A.C. 19:31-21, the New Jersey Film Tax Credit Program provides a tax credit of 30 percent of qualified film production expenses if 60 percent of the film's total production expenses, exclusive of post-production costs, are incurred for services and goods purchased through vendors in New Jersey, or the qualified film production expenses in New Jersey of the taxpayer exceed $1 million per production. The film tax credit may be increased to 35% for qualified film production expenses incurred for services performed and tangible personal property purchased through statutorily defined counties. A 2% bonus tax credit is also available for projects that include, as part of their application, a diversity plan outlining specific goals, which may include advertising and recruitment actions, for hiring minority persons and women, and the diversity plan is approved by the Authority and the Director of the Division of Taxation.

Under the statute and as further outlined in the program rules, the content of the film project must meet the statutory definition of a “film” to be eligible for a tax credit. The statute defines a film as: a feature film, a television series, or a television show of 22 minutes or more in length, intended for a national audience, or a television series or a television show of 22 minutes or more in length intended for a national or regional audience, including, but not limited to, a game show, award show, or other gala event filmed and produced at a nonprofit arts and cultural venue receiving State funding.

The statute excludes the following content from the definition of a “film”: a production featuring news, current events, weather, and market reports or public programming, talk show, or sports event, a production that solicits funds, a production containing obscene material as defined under N.J.S.2C:34-2 and N.J.S.2C:34-3, or a production primarily for private, industrial, corporate, or institutional purposes. An award show or other gala event that is not filmed and produced at a nonprofit arts and cultural venue receiving State funding is also not considered a “film” under the statute.

The statute also references “reality shows,” stating that reality shows are not considered a “film” unless the production company of the reality show owns, leases, or otherwise occupies a production facility of no less than 20,000 square feet of real property for a minimum term of twenty-four (24) months, and invests no less than $3,000,000 in such a facility within a New Jersey Urban Enterprise Zone (UEZ).

As indicated in the memo in November 2018 that accompanied the proposed special adopted new rules that were approved by the Members, the Authority utilizes the expertise of the New Jersey Motion Picture and Television Commission (Commission) for assistance in determining if the content of the film project meets the statutory definition of a “film.”

To date, the Members have approved film tax credits for 15 projects representing an estimated award amount of more than $51 million. These approvals have not included a film project whose content would be considered a “reality show” based on the evaluation of the Commission provided to Authority staff. Because applications are under review for reality shows, staff proposes the following policy for implementing and administrating the statutory provisions specifically related to reality shows; specifically, the occupancy and investment requirements that statute imposes on these projects.

Reality Show Policy

The term “reality show” is not currently defined in statute or program rules. Therefore, staff is recommending that for purposes of this policy a dictionary definition be the basis for how a project’s content is evaluated relative to the reality show provision of the legislation. Specifically, multiple dictionary sources are consistent in defining reality shows, or reality television, as content that is centered around the filming of people in real-life (predominantly unscripted or soft scripted) situations. The Authority will consult with the Commission when evaluating applications to determine whether they meet this definition.

Given that the New Jersey Film Tax Credit Program is capped annually, and given that statute indicates that a reality show must meet certain occupancy and investment criteria to be determined eligible for a tax credit, staff will undertake additional due diligence at the application review stage so that any reality shows that are being recommended for the approval of tax credits have presented information to staff to indicate that the occupancy and investment commitments are credible and the requirements can reasonably be met.

For the occupancy requirement, staff is recommending that the applicant provide, at a minimum, an executed letter of interest, signed and dated by both the current facility owner or owner's representatives, and the applicant or applicant's representatives (who is presumed to be the facility owner, occupant or lessee at some point following the approval of the tax credit). The letter of interest should include an agreed upon occupancy term of no less than 24 months for a facility that is no less than 20,000 square feet, and falls within a UEZ, consistent with the occupancy requirements in statute.

At application, the applicant who is a reality show production company will be required to detail to the Authority the proposed investments to be made to satisfy the $3,000,000 investment requirement. For this investment requirement, while the statute does not define what type of investment is or is not permissible in a UEZ facility, the definition of a "film" in the program rules allows the reality show production company to include the investment of its landlord after July 1, 2018, which is consistent with how the Authority looks at investments made by a landlord under other incentive programs, including the Economic Redevelopment and Growth (ERG) program and Grow New Jersey. Staff recommends applying the same standards used under Grow New Jersey to determine capital investment to also determine whether an investment made by a reality show production company should be allowed against the $3,000,000 requirement.

As required by the statute and program rules for all film tax credit projects, once approved by the Members, the project will be required to go through a certification process that includes having a tax credit verification report prepared by a New Jersey licensed independent CPA according to the Agreed Upon Procedures provided by the Authority. The policies described below detail the additional information staff will review at certification relative to the statutory requirements for these types of projects.

For the occupancy requirement, in addition to requiring a copy of a deed, executed lease, or other binding agreement for the occupancy of the facility, staff will require that the production company demonstrate that they have actually owned, leased or occupied the facility for at least 24-months upon seeking certification and issuance of the tax credit for which they were approved. For example, a company that signs a 24-month lease but defaults on the lease after 12 months will not have met the statutory requirements. The Agreed Upon Procedures will be revised to state that the CPA will be responsible for certifying to the Authority that the production company had the requisite ownership, lease, or occupancy for at least 24 months.

For the investment requirement, any investments made by the production company will need to be verified by the CPA based on the same agreed upon procedures that are used to verify total and/or qualified film production expenses. While the same procedures are being used to verify reality show investments and qualified and/or total film production expenses, an allowable reality show investment may not necessarily be considered a qualified film production expense under the program. For example, under the program rules, an investment made by the landlord after July 1, 2018, is permitted as an allowable reality show investment but is not included as a qualified film production expense.

Similar to how the Authority manages certifications of commercial projects under the Economic Redevelopment and Growth (ERG) Program and based on the requirement that the CPA certify as to the actual 24-month ownership, lease, or occupancy, the verification of the of the capital investment and facility control will be a one-time process. That is, for the reality show production, upon the completion of the production, occupancy term, investment, and CPA tax credit verification report, the Authority will certify that all requirements were met prior to authorizing the Division of Taxation to issue a tax credit certificate. Following this authorization, there will be no need for ongoing monitoring of these projects since the statutory requirements for issuance of a tax credit will have been met.

Finally, given that the reality show provision was designed to encourage establishment of long-term facilities for film production operation in New Jersey, it is realistic to envision a scenario in which a reality show production submits multiple applications for tax credits for content that is being produced at the same production facility – this may be in the form of separate projects by the same production company, or separate seasons of a singular, ongoing film or television production. The Legislature required a significant investment in a physical facility for a reality show to merit a tax credit with the intent for the facility to be used long term (at least 24 months), and the Legislature established $3 million as the necessary amount of investment. Once the production company establishes this presence and invests this amount, the legislative purpose of incenting the establishment of a film production facility is met. In this scenario, provided that the Authority can verify that the reality show production met the investment requirement on its initial application, the Authority will consider this requirement met for any subsequent applications by the reality show production company. The applicant will still be required to satisfy an additional 24-month occupancy term.

Recommendation:

The Members of the Board are requested to approve the proposed policy guidelines for the administration of the New Jersey Film & Digital Media Tax Credit Program for certain films that are reality shows, pursuant to P.L. 2017, c. 56.

____

Prepared by: Pat Rose

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: February 11, 2020

SUBJECT: Film Tax Credit Program

The following project under the Film Tax Credit Program has been reviewed by EDA staff and recommended for approval. The film is described on the attached project summary:

Film Tax Credit Program Awards:

PROD-00187682	Half Moon Pictures LLC	$6,060,631

Total Film Tax Credit Awards – February 11, 2020 $6,060,631

Prepared by: David Lawyer

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - FILM TAX CREDIT PROGRAM

As created under the Garden State Film and Digital Media Jobs Act, P.L. 2018, c. 56, the New Jersey Film and Digital Media Tax Credit Program provides a credit against the corporation business tax and the gross income tax for certain expenses incurred for the production of certain films and digital media content in New Jersey. Under the Film Tax Credit Program, applicants are eligible for a tax credit equal to 30% of qualified film production expenses, or 35% of qualified film production expenses incurred for services performed and tangible personal property purchased through vendors whose primary place of business is located in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer or Salem County.

APPLICANT: Half Moon Pictures LLC PROD-00187682

APPLICANT BACKGROUND:
Half Moon Pictures LLC produces Live PD which is an American television program on the A&E Network. It follows police officers in the course of their nighttime patrols live, broadcasting select encounters with the public. The show is hosted by ABC's Dan Abrams, in-studio host with analysis provided by Tom Morris Jr. and Sgt. Sean "Sticks" Larkin guide viewers through the night, giving insight to what audiences see in real time (via a mix of dash cams, fixed rig and handheld cameras), bouncing minute-by-minute between the featured police departments and offering an inside look at each live incident.

The program premiered on October 28, 2016, the second season concluded on August 25, 2018, with the third season premiering on September 21, 2018. In September 2018, A&E announced the series had been renewed for an additional 150 episodes, to run through 2019.

TV FILM REVIEW
This film content has been reviewed and recommended for approval under the Act by the New Jersey Motion Picture and Television Commission as a television series that falls under the category of realty television. As required by Statue for reality television, Half Moon Pictures LLC will lease a 20,000 sq. ft. studio in an Urban Enterprise Zone (Jersey City, Hudson County) for 24 months and make a minimum capital investment in said facility in excess of $3 million. Staff has received an executed letter of intent to lease 20,000 sq. ft. at the Parlay Studios located at in Jersey City, Hudson County.

The Commission has determined that the film shall include, at no cost to the State, marketing materials promoting the State, including the placement of a logo in the end credits of the film.

ELIGIBILITY AND GRANT CALCULATION:
As part of eligibility for tax credits under the New Jersey Film Tax Credit Program, a film must meet at least one of two expense eligibility thresholds:

1. Total Film Production Expenses: A minimum of 60% of the film's total production expenses (calculated excluding post-production expenses) must be incurred after July 1, 2018 but before July 1, 2023 for services performed and goods purchased through vendors authorized to do business in New Jersey. The following film production expenses are projected by the applicant.

A. Total Film Production Expenses after July 1, 2018	$40,170,588

B. Total Post Production Expenses	$ 5,472,702
C. Services performed and goods purchased through vendors authorized to do business in New Jersey. (excluding any post-production expenses)	$21,864,080
Percentage Calculation = C/(A-B)	63%
Criterion Met	**Yes**

2. Qualified Film Production Expenses: During a single privilege period, the film must have more than $1 million in qualified film production expenses. “Qualified film production expenses” are expenses incurred in New Jersey after July 1, 2018 for the production of a film, including pre-production costs and post-production costs. “Qualified film production expenses” shall include, but shall not limited to: wages and salaries of individuals employed in the production of a film on which the New Jersey Gross Income Tax has been paid or is due; and, the costs for tangible personal property used and services performed in New Jersey, directly and exclusively in the production of the film, such as expenditures for film production facilities, props, makeup, wardrobe, film processing, camera, sound recording, set construction, lighting, shooting, editing, and meals. Payments made to a loan out company or to an independent contractor shall not be a “qualified film production expenses” unless the payments are made in connection with a trade, profession, or occupation carried on in this State or for the rendition of personal services performed in this State and the taxpayer has made the withholding required by N.J.A.C. 19:31-21.3(c). “Qualified film production expenses” shall not include: expenses incurred in marketing or advertising a film; and payment in excess of $500,000 to a highly compensated individual for costs for a story, script, or scenario used in the production of a film and for wages or salaries or other compensation for writers, directors, including music directors, producers, and performers, other than background actors with no scripted lines. The following qualified film production expenses are projected by the applicant to be incurred in New Jersey:

Total Qualified Film Production Expenses incurred in NJ in two privilege periods, of which at least $1 million is incurred in a single privilege period after July 1, 2018.	$20,202,106
Criterion Met	**Yes**

AWARD CALCULATION

Base Award Criteria	**Calculation**	**Result**
30% of Qualified Film Production Expenses	$20,202,106 x 30% =	$6,060,631
Bonus Criteria Met		
Submission of Diversity Plan deemed satisfactory by EDA and NJ Taxation. 2% of Qualified Film Production Expenses	$0 x 2% =	$0
5% of Qualified Film Production Expenses incurred for services performed and tangible personal property purchased through vendors whose primary place of business is located in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer or Salem County.	$0 x 5% =	$0
Total Award		**$6,060,631**

APPLICATION RECEIVED DATE:	6/11/2019 (Application #20)
DATE APPLICATION DEEMED COMPLETE:	6/11/2019
PRINCIPAL PHOTOGRAPHY COMMENCEMENT:	9/20/2019
PRINCIPAL NJ PHOTOGRAPHY LOCATION:	Jersey City
ESTIMATED DATE OF PROJECT COMPLETION:	6/13/2020
APPLICANT'S FISCAL YEAR END:	12/31/2019
TAX CREDIT VINTAGE YEAR(S):	2020
TAX FILING TYPE:	Corporate Business Tax
ANTICIPATED CERTIFICATION DATE:	9/30/2020

In general, the final documentation required shall be submitted to the Authority no later than four years after the Authority's initial approval if the taxpayer is seeking a credit against the tax imposed pursuant to N.J.S.A. 54:10A-5 and three years after the Authority's initial approval if the taxpayer is seeking a credit against the tax imposed pursuant to the N.J.S.A. 54A:1-1 et seq.

The Garden State Film and Digital Media Jobs Act originally provided a total of $75 million in tax credits for State Fiscal Year 2019 and increased to $100 million as amended by law on 1/21/2020. The program amendment also allows $50 million of unused allocation to carry over to the subsequent State Fiscal Year. As a result, $150 million of film tax credits are available for State Fiscal Year 2020. After today's approvals, $92.7 million remains in the program for State Fiscal Year 2020 which may be available to 18 additional applications in the pipeline totaling $63.4 million.

APPROVAL REQUEST:
The Members of the Authority are asked to initially approve the proposed award to the applicant under the New Jersey Film and Digital Media Tax Credit Program. The recommended tax credit is contingent upon receipt by the Authority of evidence that the applicant has met certain criteria to substantiate the recommended award, and is subject to final approval by the Authority and the Division of Taxation. Staff may issue the Authority's final approval if the criteria met by the company is consistent with that shown herein. If the criteria met by the company differs from that shown herein, Staff may lower the tax credit amount to reflect what corresponds to the actual criteria that have been met.

APPROVAL OFFICER: T. Wells

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: February 11, 2020

RE: New Jersey Film & Digital Media Tax Credit Consultant

Summary

The Members are requested to approve entering into contracts with Jacqueline G. Phipps LLC and Echelon Productions, Inc., to support the Authority in reviewing film and digital media production expenses that are submitted as part of applications for the New Jersey Film and Digital Media Tax Credit Program. Jacqueline Phipps LLC is recommended to be awarded the primary contract, and Echelon Productions is recommended to be awarded the secondary contract.

Both contract awards will be structured as a one (1) year timeframe with two (2), two (2) year extension options to be exercised at the sole discretion of the Authority, at the same terms and conditions.

Both contracts are a Task Order Request (TOR) contract, based on the number of applications for which review is needed, at the all-inclusive hourly rate as bid in each proposal, with no minimum dollar amount or quantity of work guaranteed.

Background

The "Garden State Film and Digital Media Jobs Act," P.L. 2018, c. 56, enacted July 3, 2018, provides a credit against the corporation business tax and the gross income tax for certain expenses incurred for the production of certain films and digital media content in New Jersey. The goal of the program is to incentivize production companies to film and create digital media content in New Jersey. The tax credit is based upon a percentage of qualified production expenses incurred by the production company in New Jersey, and can range anywhere from 30 – 37 percent of qualified expenses on the film program, and 20 – 27 percent of production expenses on the digital program, with the specific percentage based on several factors.

Both the Film Tax Credit and Digital Media Tax Credit are capped annually overall, but no cap on a per project basis. Pursuant to P.L. 2019, c.506, enacted January 21, 2020, the total amount of film tax credits available under the program is $100 million per state fiscal year, beginning with State Fiscal Year ("SFY") 2019 and ending with SFY2023, for a total available pool of $500 million, with the ability to carry over a portion of tax credits that are unused in a given State Fiscal Year to the subsequent State Fiscal Year. The total amount of digital media tax credits available under the program is $10 million per fiscal year, beginning with SFY2019 and ending with SFY2023, for a total available pool of $50 million.

As part of the application, the applicant provides staff a schedule of proposed total and qualified film or digital media production expenses, as well as proposed expenses to be incurred in the eight targeted counties for which a bonus tax credit is available, pursuant to the law.

Given that the expenses being reported by the applicant on application stage are often projected and have yet to actually be incurred, there is limited information beyond budgetary line items and amounts that can be provided by the applicant to the Authority at the application stage. Because staff is charged with calculating and recommending a tax credit amount based upon a percentage of these proposed expenses, due diligence is needed at the application stage to ensure that the expenses are credible by industry standards and can reasonably be incurred by the applicant. This is particularly important under a program with a fixed annual cap such as the Film and Digital Media Tax Credit Programs.

Given the limited knowledge of Authority staff as it relates to film and television production expenses, the Authority has identified the need for the services of an experienced production manager to serve as a consultant and assist with this review of proposed qualified production expenses, using the industry-specific knowledge base that comes with being an experienced production manager. To date, the Authority has been utilizing the services of Echelon Productions, Inc., on a temporary basis, that was procured through a waiver of advertising, to serve as a bridge until the Authority could complete a publicly advertised procurement and enter into contracts with consultants who can perform the reviews for the Authority prospectively.

RFQ/P for New Jersey Film & Digital Tax Credit Consultant

A publicly advertised Request for Qualifications/Proposals (RFQ/P) #2019-RFQ/P-092 for New Jersey Film & Digital Tax Credit Auditor was issued on November 19, 2019, by the Authority soliciting a production manager, or someone with demonstrated experience working with motion picture, television and digital media production companies, with special emphasis on experience setting, managing and/or working with film or digital media production budgets, to perform a cost reasonableness analysis of New Jersey Film and Digital Media Tax Credit Program applications to verify that the expenses detailed in the application are reasonable by industry standards.

The RFQ/P was duly advertised in three (3) newspapers for two (2) days on November 21st and 22nd, 2019, posted on the Authority's website, and on the NJ State Business Portal under Commodity Codes: 915-69 Motion Picture Production and Distribution Services; 915-78 Television Commercial Production; 915-82 Video Production; and 918-04 Accounting/

Auditing/Budget Consulting. Additionally, four (4) companies/associations/trade groups specializing in film/digital production budget review were identified by the requesting department and notified of the RFQ/P posting.

An Optional Pre-Proposal Conference was held for this solicitation on Tuesday, December 3, 2019 at 2:00pm. Proposers had the option of either attending in-person or calling in. One (1) vendor attended in person and two (2) other vendors called in. The Questions & Answers period closed on Tuesday, December 10, 2019, at 12:00 PM (EST). Questions were received, and responses were posted to the Authority's website as Addendum 1 on December 10, 2019.

In response to this solicitation, two (2) proposals were received by the stated deadline of January 7, 2020 on or before 2:00 pm. Both proposals were found to be responsive.

An evaluation committee ("the Committee") comprised of the Director of Marketing & Product Development, Managing Director Underwriting, and Sr. Business Development Officer reviewed and preliminarily scored the two (2) responsive proposals.

As part of its review and evaluation of the proposals, the Evaluation Committee considered the pre-established evaluation criteria, published in the RFQ/P, which included the qualifications and experience of the proposers' management, supervisory, and key personnel.

The RFQ/P did not reveal the Award Criteria/Weighting Percentages in the posted RFQ/P. Prior to the bid opening date and time, the Evaluation Criteria & Weighting Percentages was timestamped and included in the RFQ/P file.

The Evaluation Criteria/Weighting Percentages for Sections 1 and 2 are as follows:

- Qualifications and Experience of Firm and Key Personnel– 50%
- Fee Proposal Costs– 50%

Both proposers demonstrated the necessary experience to undertake the necessary review of the Film and Digital Media Tax Credit applications. Based on a scoring of "1" through "5" with "1" representing "Poor" and "5" representing "Excellent"; Jacqueline G. Phipps LLC received an overall total score of 4.67, and Echelon Productions received an overall score of 3.67. The Evaluation Committee Summary matrix form is attached.

Based on a thorough review of proposals, price and other factors considered, the Committee recommends the selection of Jacqueline G. Phipps LLC for the primary contract award, and Echelon Productions, Inc for the secondary contract award. Jacqueline G. Phipps LLC, the primary consultant, bid an all-inclusive hourly rate of $124.93/hour. Echelon Productions, the secondary consultant, bid an all-inclusive hourly rate of $500/hour.

As indicated in the RFQ/P, the secondary consultant will only be utilized in the event that the primary consultant cannot perform the work in the timeline required, or has a conflict of interest with an applicant firm. If either of those situations occur, the secondary consultant will be sent the application and expense schedules to perform the review, at the secondary consultant's all-inclusive hourly rate, provided the secondary consultant does not have a conflict.

Process, Budget and Payment

Pursuant to the Film and Digital Media Tax Credit program rules approved by the Members and subsequently published in the New Jersey Register (N.J.A.C. 19:31-21), there is a section of the rules (N.J.A.C 19:31-21.5) that pertains to direct costs of any analysis by a third-party retained by the Authority. Specifically, that the full amount of direct costs of any analysis by a third-party retained by the Authority shall be paid by the applicant. Therefore, the cost of this review performed by the consultant will be the responsibility of the applicant for all applications submitted following the effective date of the rules (January 6, 2020).

Prior to any actual review being performed, the Authority will contact the consultant on a “first in, first out” basis, based upon when the Authority determines an application is complete and ready for review. Prior to any application being shared, the Authority will provide to the consultant a TOR, which includes a Conflict of Interest (COI)/Confidentiality form for review and signature, certifying that no COI exists between the consultant and the applicant firm.

Should no conflict of interest exist, the application and expense schedules will be provided to the consultant for the purposes of estimating pricing based upon the number of hours required at the all-inclusive hourly rate. The consultant will submit this estimate to the Authority, which the Authority will, in turn, share with the applicant for review and approval to proceed. Should the applicant approve the cost associated with the review, the Authority will issue the consultant a Notice to Proceed with the review.

Upon completion of the cost reasonableness analysis, the consultant will communicate back to the Authority with the findings of the analysis. In situations where the consultant finds all costs to be reasonable, the consultant will certify that a cost reasonableness review was performed and that reported expenses were found to be reasonable compared to industry market prices. In situations where costs are found to not be reasonable, the consultant will identify which specific costs were found unreasonable and why they are considered unreasonable. Based on that feedback, the Authority will present these findings to the applicant and request more information from the Applicant to support the expense, which will be forwarded to the consultant for further review. If the consultant still finds the expense unreasonable, the consultant may be asked by the Authority to estimate an expense amount that would be considered reasonable, or to participate in a group discussion with the Authority and the Applicant to further discuss the expense in question.

Recommendation

The Members’ approval is requested to enter into a primary contract with Jacqueline G. Phipps LLC and a secondary contract with Echelon Productions, Inc., to support the Authority in reviewing film and digital media production expenses that are submitted as part of applications for the New Jersey Film and Digital Media Tax Credit Program.

Both contracts are structured as a one (1) year timeframe with two (2), two (2) year extension options to be exercised at the sole discretion of the Authority, at the same terms and conditions.

Both contracts are a Task Order Request (TOR) contract, based on the number of applications for which review is needed, at the all-inclusive hourly rate bid identified in each proposal, with no minimum dollar amount or quantity of work guaranteed.

Tim Sullivan
Chief Executive Officer

Prepared by: Pat Rose

Attachments
Exhibit A – New Jersey Film & Digital Media Tax Credit Consultant Evaluation Score Summary

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY						
EVALUATION SCORE SUMMARY						
RFQ/P / BID #:		2019-RFQ/P-092 (1/7/20)			Bidder's with the lowest all-inclusive hourly rate will receive a (5), Bidder's with the highest all-inclusive hourly rate will receive a score of (1). Bidder's in-between will receive a score of (3). If there are only (2) bidders, the highest all-inclusive hourly rate will receive a score of (3).	
RFQ/P TITLE:		NJ FILM & DIGITAL TAX CREDIT				
REQUESTOR:		Pat Rose - Director of Marketing & Product Dev.				
DEPARTMENT:		Strategic Initiatives & Operations				
ITEM #	EVALUATION CRITERIA	% WEIGHT	JACQUELINE G PHIPPS LLC		ECHELON PRODUCTIONS	
			TOTAL SCORE	WEIGHTED SCORE	TOTAL SCORE	WEIGHTED SCORE
1	**Qualifications & Experience of Firm & Key Personnel:** The Proposer's documented experience in successfully completing contracts of a similar size and scope in relation to the work required by this RFQ/P, based, in part, on the Proposer's submitted qualifications and references. The Proposer's demonstration that the Proposer understands the requirements of the Scope of Work through the qualifications and experience of the Proposers management, supervisory, and key personnel assigned to the contract.	50.0%	13.00	6.50	13.00	6.50
2	**Pricing:** Competitiveness of Fee Schedule. Bidder's will be ranked and weighted based on the lowest All-Inclusive Hourly Rate	50.0%	15.00	7.50	9.00	4.50
TOTAL WEIGHTED SCORE		100.0%		14.00		11.00
TOTAL WEIGHTED SCORE DIVIDED BY (3) COMMITTEE MEMBERS				4.67		3.67
PRIMARY & SECONDARY AWARD				PRIMARY		SECONDARY

ON A SCALE OF 1-5, EVALUATE AND SCORE THE ABOVE PROPOSAL AS FOLLOWS:
1 - POOR 2 - FAIR 3 - GOOD 4 - VERY GOOD 5 - EXCELLENT

BOND PROJECTS

BOND RESOLUTIONS

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Stand-Alone Bond

APPLICANT: United Parcel Service, Inc. PROD-00174333

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 159 Brewster Road Newark City Essex County

APPLICANT BACKGROUND:

United Parcel Service, Inc. ("UPS"), established in 1907, is a global package delivery company and provider of global supply chain management solutions. The Company delivers packages each business day for 1.6 million shipping customers to 8.4 million receivers in over 220 countries and territories.

The project qualifies for Authority assistance as it is an Exempt Facility (Airport) under Section 142 (a)(1) of the Internal Revenue Code of 1986 as amended and therefore the $20,000,000 capital expenditure limitation under Section 144 of the Code is not applicable. The project is also exempt from the volume cap limitations under Section 146(g) of the Code.

OTHER NJEDA SERVICES:

A previous request by the Applicant for a Business Retention and Relocation Grant in the amount of $1,111,500 closed on 8/26/2010.

A previous request by United Parcel Service General Services Co., a subsidiary of United Parcel Service, Inc. for a Grow New Jersey Award in the amount of $40,000,000 closed on 12/30/2014.

APPROVAL REQUEST:

Authority assistance will enable the Applicant to develop approximately 18 acres of vacant land by constructing a 38,930 square foot sorting facility, construct a container transfer caster deck and ramp space to support six jet aircraft and 30 trailers, lease and renovate three bays of an adjacent building and acquire and install new equipment and machinery. Proceeds of the bond will also pay the cost of issuance.

Upon review by the Department of Labor and Workforce Development (LWD), LWD identified certain outstanding matters. UPS sent payments and is waiting for further information from LWD for payment of the final matter. As LWD has not yet processed the payment and upon agreement by LWD, the distribution of the Preliminary Official Statement is conditioned on receipt by the Authority of LWD’s notice that the matters have been satisfied.

FINANCING SUMMARY:

BOND PURCHASER:	Morgan Stanley & Co. LLC (Public Offering)
AMOUNT OF BOND:	Not to Exceed $105,900,000 Tax-Exempt
TERMS OF BOND:	23 years; Fixed or variable interest not to exceed 5%.
ENHANCEMENT:	N/A

PRODUCT COSTS:

Acquisition of Land	$95,000.00	Soft Costs	$9,840,000.00
Renovation of Existing Building	$20,800,000.00	Technology & Networking	$150,000.00
Construction of New Building or Addition	$49,000,000.00		
Acquisition of Equipment & Machinery	$24,800,000.00		
Construction of Roads, Utilities, Etc.	$700,000.00		
Engineering & Architectural Fees	$515,000.00		

TOTAL COSTS: $105,900,000.00

JOBS:

NJ Full Time Jobs at Application	Expected New Full Time Eligible Jobs at Project Site	Full Time Maintained Jobs at Project Site	Estimated Construction Jobs
450	24	0	428

PUBLIC HEARING: 2/11/2020

BOND COUNSEL: McCarter & English

DEVELOPMENT OFFICER: Monika Athwal

UNDERWRITER OFFICER: Steven Novak

LOANS/GRANTS/GUARANTEES

PREMIER LENDER PROGRAM (PLP)

MEMORANDUM

TO: Members of the Authority

FROM: Timothy Sullivan
Chief Executive Officer

DATE: February 11, 2020

SUBJECT: Cross River Bank

Request:

The Members are asked to approve the addition of Cross River Bank as a Premier Lender.

Background:

Cross River Bank ("the Bank") was founded on June 23, 2008 and is a New Jersey State Charter Bank with the executive office located at 400 Kelby Street, 14th Floor, Fort Lee, New Jersey 07024. In July 2015, the holding company, CRB Group, Inc. ("CRB Group"), became the sole stockholder of the Bank. The Bank is privately owned. The regulatory oversight is the FDIC and the New Jersey Department of Banking and Insurance and they are subject to the regulations of the Federal Reserve Bank of New York. The Company is a Bank Holding Company whose primary business is the ownership and operation of the Bank.

The Bank is a New Jersey State Chartered Federal Deposit Insurance Corporation ("FDIC") commercial bank specializing in commercial real estate, commercial and industrial, and consumer lending, as well as offering an array of products to depositors. The Bank also develops strategic partnerships with financial technology companies to build fully compliant and integrated solutions for the marketplace lending and payment processing arenas and derives significant non-interest income from these activities. The Bank originates significant amounts of consumer loans through marketplace lending partners. The Bank retains a portion of these loans, generating additional interest income, and sells the remaining portion of the loans to third parties. Consumer loans are both secured and unsecured loans to individual borrowers which include personal loans, point of sale purchases, student loans, medical debt consolidation, home improvement, and credit card refinancing. The Bank also generates fee income for payment processing as well as Automated Clearing House transactions.

The Members of the EDA Board approved an application of a GROW award to Cross River Bank in the amount of $10.9 million at EDA's October 9, 2018 board meeting.

Other companies include CRB RET, Inc. (the "REIT"), a Delaware corporation was formed in 2013 at the same time CRB Investment Company, Inc. ("CRBI") was formed. On December 11, 2015, CRB Securities, LLC ("CRB Securities") a wholly-owned subsidiary of the Bank was incorporated in the state of New Jersey and is regulated by the Securities and Exchange Commission. On October 31, 2018, Binyan Av LLC ("Binyan Av") a wholly owned subsidiary of CRB Group was incorporated in the state of New Jersey. The purpose of Binyan Av is to purchase, manage, finance fixed assets and real property and to purchase and hold title to a building in Fort Lee, NJ.

Executive Management Team

Gilles Gade, *President and Chief Executive Officer*
- Founding Chairman, CEO since 2008
- Master of Science in International Management from MBA Institute IMIIP (Group IPESUP) in Paris
- Almost 30 years in financial services and technology

Shimon Eisikowicz, *Executive Vice President, Chief Lending Officer*
- 20 years of experience in retail banking, credit and lending
- Instrumental in building Cross River Bank's Commercial Real Estate Lending and Small Business Administration Loan teams

Adam Goller, *Executive Vice President, General Manager of Strategic Partnerships*
- Responsible for the Bank's Marketplace Lending Program and for the management of Bank's credit administration and loan servicing departments
- MBA from Touro College
- Joined bank in 2008

Eli Hazan, *Director of SBA and Business Loans.*
- Handles all SBA and C& I loans.

Jeffrey Birnberg, *Lead Underwriter for Business Lending*
- 30+ years of banking experience in credit, lending and SBA loans

Cross River Bank provided their full credit policy manual for review and was consistent with the Authority's policies and procedures expectations. The policy manual addressed loan approval authorities, collateral, portfolio management, problem loan management, and risk rating guidelines. The structure and risk profile of the underwriting samples provided were reasonable and representative of what the Authority would consider in loan participation and/or guarantee or issuance of tax-exempt bonds. The underwriting samples contained an analysis of the income statement, balance sheet, loan terms and conditions, collateral evaluation, covenant/policy compliance review, industry analysis, business description, management discussion and guarantor analysis.

Finally, as part of our due diligence, EDA staff satisfactorily completed a review of publicly available bank performance reports published on the FDIC's website.

Recommendation

Approval of Cross River Bank as a Premier Lender is recommended.

Timothy Sullivan
Chief Executive Officer

Prepared by: Matt Boyle, Senior Real Estate Underwriter

HAZARDOUS DISCHARGE SITE REMEDIATION FUND (HDSRF)

PETROLEUM UNDERGROUND STORAGE TANK (PUST)

NJEDA

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: February 11, 2020

SUBJECT: PUST and HDSRF Program Funding Status
(For Informational Purposes Only)

Below is the funding availability as of the fourth quarter ending on December 31, 2019:

PUST:
As of December 31st, remaining cash and unfunded appropriations net of commitments was $14.3 million available to support an estimated $31.1 million pipeline of projects, of which approximately $3.2 million are under review at EDA.

HDSRF:
As of December 31st, remaining cash and unfunded appropriations net of commitments was $31.7 million available to support an estimated $23.5 million pipeline of projects, of which approximately $1.9 million are under review at EDA.

Prepared by: Kathy Junghans

NJEDA

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: February 11, 2020

SUBJECT: NJDEP Hazardous Discharge Site Remediation Fund Program

The following municipal grant project has been approved by the Department of Environmental Protection to perform remedial action activities. The scope of work is described on the attached project summary:

HDSRF Municipal Grant:

Prod 188154	Borough of National Park	$447,292.81

Total HDSRF Funding – February 2020	**$447,292.81**

Tim Sullivan

Prepared by: Kathy Junghans

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Hazardous Discharge Site Remediation - Municipal

APPLICANT: Borough of National Park PROD-00188154

PROJECT USER(S): Same as applicant

PROJECT LOCATION: Robert Hawthorne Sanitary Gloucester Township Camden County

APPLICANT BACKGROUND:

Between July 2018 and September 2019, The Borough of National Park (Robert Hawthorne Sanitary Landfill) received an initial grant to perform Remedial Action in the amount of $286,257 under P44798, and supplemental grants in the amount of $264,516 under 45450 and $900,000 under P45638. The project site, identified as Block 111, Lots 1,2&3 is a former landfill which has potential environmental areas of concern (AOCs). The Borough of National Park owns the project site and has satisfied proof of site control. It is the Borough's intent, upon completion of the environmental investigation activities to redevelop the project site for a solar field.

NJDEP has approved this supplemental request for Remedial Action (RA) grant funding on the above-referenced project site and finds the project technically eligible under the HDSRF program, Category 2, Series A.

According to the HDSRF legislation, a grant can be awarded to a municipality, county or redevelopment entity authorized to exercise redevelopment powers up to 75% of the costs of remedial action for projects involving the redevelopment of contaminated property for recreation and conservation purposes, provided that the use of the property for recreation and conservation purposes is included in the redevelopment plan and is conveyed by a development easement, deed restriction for development or conservation easement for recreation and conservation purposes. The matching 25% (149,097.60) of funds is being provided by the designated developer for the project.

OTHER NJEDA SERVICES: P17808: $266,537, P32343: $104,946, P40734: $63,931, P44798: $286,257, P45450: $264,516, P45638: $900,000

APPROVAL REQUEST:

The Borough of National Park is requesting aggregate supplemental grant funding to perform additional RA activities required by NJDEP in the amount of $447,292.81 at the project site. Total grant funding including this approval is $1,898,065.81.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT: $447,292.81

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial Action	$447,292.81
EDA Administrative Cost	$500.00
TOTAL COSTS:	**$447,792.81**

DATE: 2/4/2020

NJEDA

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: February 11, 2020

SUBJECT: NJDEP Petroleum UST Remediation, Upgrade & Closure Fund Program

The following residential and not-for-profit projects have been approved by the Department of Environmental Protection to perform closure/upgrade and site remediation activities. The scope of work is described on the attached project summaries:

PUST Residential Grants:

Prod 187802	Estate of Ann Farrel	$102,808.30
Prod 187953	Casey Karcz	$108,255.00
Prod 188191	John Reilly	$ 40,092.32
		$251,155.62

PUST Not-for-Profit Grant:

Prod 187948	Missionary Franciscan Sisters	$101,374.54

Total UST Funding – February 2020 **$352,530.16**

Tim Sullivan

Prepared by: Kathy Junghans

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Underground Storage Tank - Residential

APPLICANT: Estate of Ann Farrel PROD-00187802

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 4 Barbara Place Somerdale Borough Camden County

APPLICANT BACKGROUND:

Estate of Ann Farrel is the owner of the single family dwelling at the time of the decedent's passing and is seeking to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform the required remediation. The tank will be decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the project costs are technically eligible.

Financial statements provided by the applicant demonstrate that the applicant's financial condition conforms to the financial hardship test for a conditional hardship grant.

OTHER NJEDA SERVICES:
None

APPROVAL REQUEST:

The applicant is requesting grant funding in the amount of $102,808.30 to perform the approved scope of work at the project site.

The NJDEP oversight fee of $10,280.83 is the customary 10% of the grant amount. This assumes that the work will not require a high level of NJDEP involvement and that reports of an acceptable quality will be submitted to the NJDEP.

FINANCING SUMMARY:

GRANTOR: Petroleum UST Remediation, Upgrade & Closure Fund

AMOUNT OF GRANT: $102,808.30

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

UST Project: Upgrade,Closure,Remediation	$102,808.30
UST Project: NJDEP Costs	$10,280.83
EDA Administrative Cost	$250.00
TOTAL COSTS:	**$113,339.13**

DATE: 1/24/2020

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Underground Storage Tank - Residential

APPLICANT: Casey Karcz PROD-00187953

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 118 Rowland Avenue Clifton City Passaic County

APPLICANT BACKGROUND:

Casey Karcz is a homeowner seeking to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform the required remediation. The tank will be decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the project costs are technically eligible.

Financial statements provided by the applicant demonstrate that the applicant's financial condition conforms to the financial hardship test for a conditional hardship grant.

OTHER NJEDA SERVICES:

None

APPROVAL REQUEST:

The applicant is requesting grant funding in the amount of $108,255 to perform the approved scope of work at the project site.

The NJDEP oversight fee of $10,825.50 is the customary 10% of the grant amount. This assumes that the work will not require a high level of NJDEP involvement and that reports of an acceptable quality will be submitted to the NJDEP.

FINANCING SUMMARY:

GRANTOR:	Petroleum UST Remediation, Upgrade & Closure Fund
AMOUNT OF GRANT:	$108,255.00
TERMS OF GRANT:	No Interest; No Repayment

PROJECT COSTS:

UST Project:Upgrade,Closure,Remediation	$108,255.00
UST Project: NJDEP Costs	$10,825.50
EDA Administrative Cost	$250.00
TOTAL COSTS:	**$119,330.50**

DATE: 1/28/2020

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Underground Storage Tank - Residential

APPLICANT: John Reilly PROD-00188191

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 32 Sanders Road Edison Township Middlesex County

APPLICANT BACKGROUND:

Between February 2018 and August 2019, John Reilly received an initial grant in the amount of $9,610 under P44489 and supplemental grants in the amount of $98,577 under P45038 and $98,924 under P45597 to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform the required remediation. The tank was decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional remedial activities.

Financial statements provided by the applicant demonstrate that the applicant's financial condition conforms to the financial hardship test for a conditional hardship grant.

OTHER NJEDA SERVICES: P44489: $9,610, P45038: $98,577, P45597: $98,924

APPROVAL REQUEST:

The applicant is requesting additional supplemental grant funding in the amount of $40,092.32 to perform the approved scope of work at the project site. Because the aggregate supplemental funding including this request is $237,593.32, it exceeds the maximum aggregate staff delegation approval of $100,000 and therefore requires EDA's board approval. Total grant funding including this approval is $247,203.32.

The NJDEP oversight fee of $4,009.23 is the customary 10% of the grant amount. This assumes that the work will not require a high level of NJDEP involvement and that reports of an acceptable quality will be submitted to the NJDEP.

FINANCING SUMMARY:

GRANTOR:	Petroleum UST Remediation, Upgrade & Closure Fund
AMOUNT OF GRANT:	$40,092.32
TERMS OF GRANT:	No Interest; No Repayment

PROJECT COSTS:

UST Project: Remediation	$40,092.32
UST Project: NJDEP Costs	$4,009.23
EDA Administrative Cost	$250.00
TOTAL COSTS:	**$44,351.55**

DATE: 1/27/2020

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Underground Storage Tank - Not for Profit

APPLICANT: Missionary Franciscan Sisters PROD-00187948

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 253 Knickerbocker Road Tenafly Borough Bergen County

APPLICANT BACKGROUND:

Missionary Franciscan Sisters is a 501(c)(3) not-for-profit entity seeking to remove a leaking underground storage tank (UST) which is providing heat to the residence and perform the required remediation. The tank will be decommissioned in accordance with NJDEP requirements. The NJDEP has determined that the project costs are technically eligible.

Certifications provided by the 501(c)(3) not-for-profit applicant meet the requirements for a conditional hardship grant.

OTHER NJEDA SERVICES:

None

APPROVAL REQUEST:

The applicant is requesting grant funding in the amount of $101,374.54 to perform the approved scope of work at the project site which serves as residential units.

The NJDEP oversight fee of $10,137.45 is the customary 10% of the grant amount. This assumes that the work will not require a high level of NJDEP involvement.

FINANCING SUMMARY:

GRANTOR:	Petroleum UST Remediation, Upgrade & Closure Fund
AMOUNT OF GRANT:	$101,374.54
TERMS OF GRANT:	No Interest; 5 year repayment provision on a pro-rata basis in accordance with the PUST act.

PROJECT COSTS:

UST Project:Upgrade,Closure,Remediation	$101,374.54
UST Project: NJDEP Costs	$10,137.45
EDA Administrative Cost	$500.00
TOTAL COSTS:	**$112,011.99**

DATE: 1/28/2020

BOARD MEMORANDUM

NJEDA

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: February 11, 2020

SUBJECT: Projects Approved Under Delegated Authority –
For Informational Purposes Only

The following projects were approved under Delegated Authority in January 2020:

Direct Loan Program:

1) 485 Oberlin Ave LLC (PROD-00187965), located in Lakewood Township, Ocean County, is a newly formed real estate holding company created to own and manage the project property. The operating companies are DC Cargo Mall Inc. ("DC") and Table Linen LLC ("TL"). DC was formed in 2009 and sells products related to cargo control such as straps, harnesses, rails, towing and hauling kits. Founded in 2009, TL sells and rents various table cloths, chair covers and napkins for caterers, party planners, and consumers. The EDA approved a $2,000,000 Direct loan and Cross River Bank approved a $4,075,000 loan. The combined proceeds will be used to purchase the project property. Currently, the Company has 42 employees and plans to create eight new jobs within the next two years.

Premier Lender Program:

1) MSMD Properties LLC ("MSMD") (PROD-00188166), located in Cherry Hill Township, Camden County, is a newly formed real estate holding company created to purchase the project property. The operating company, Imagine Audio, LLC (IAudio"), is related to MSMD by common ownership. IAudio, founded in 2004, performs automobile customizations and enhancements that include window tinting, fiberglass molding, sound systems, remote-start, security and navigation systems, cameras and sensors, and blue tooth cell phone technology. The Provident Bank approved a $1,000,000 loan contingent upon a 50% ($500,000) Authority participation. Proceeds will be used to purchase the project property. The Company currently has ten employees and plans to create three new jobs over the next two years.

Prepared by: G. Robins

NJEDA

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: February 11, 2020

SUBJECT: Incentives Modifications – 4th Quarter 2019
(For Informational Purposes Only)

Since 2001, and most recently in June 2014, the Members have approved delegations to staff for post-closing incentive modifications that are administrative and do not materially change the original approvals of these grants.

Attached is a list of the Incentive Modifications that were approved in the 4th quarter ending December 31, 2019.

Prepared by: F. Saturne

ACTIONS APPROVED UNDER DELEGATED AUTHORITY
FOURTH QUARTER ENDING DECEMBER 31, 2019

GROW NEW JERSEY ASSISTANCE PROGRAM

Applicant	Modification Action	Approved Award
Bayada Home Health Care, Inc.	Consent to approve a six-month extension of the certification deadline from October 12, 2019 to April 12, 2020.	$18,441,120
Enroute Computer Solutions, Inc.	Consent to approve a six-month extension of the certification deadline from October 14, 2019 to April 14, 2020.	$9,315,000
Gourmet Nut Inc	Consent to add an affiliate to the GROW NJ agreement.	$12,100,000
Greener Cleaner Inc.	Consent to approve a 2nd six-month extension of the certification deadline from December 14, 2019 to June 14, 2020.	$4,180,000
Konica Minolta Business Solutions, U.S.A, Inc. (KMBS)	Consent to add an affiliate to the GROW NJ Agreement.	$29,398,660
Seton Hall- Hackensack Meridian School of Medicine	Consent to add affiliate to the GROW NJ agreement.	$16,937,000

SALEM/UEZ ENERGY SALES TAX EXEMPTION RENEWALS

Applicant	Extend to date	Location	#/% Employees	Benefit
Siegfried USA, LLC	March 23, 2020	Pennsville, NJ	140/91%	$145,567

NJEDA

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: February 11, 2020

SUBJECT: Post Closing Credit Delegated Authority Approvals for 4th Quarter 2019
For Informational Purposes Only

The following post-closing actions were approved under delegated authority during the fourth quarter of 2019:

Name	EDA Credit Exposure	Action
Pathways to Independence, Inc.	$ 121,896 DIR	Extend the loan maturity ten years to September 1, 2029, with a five-year rate reset to allow the Borrower time to fully amortize the loan.
1100 State Street, LLC (Arline Construction Services, LLC)	$ 171,973 BGF Gtee.	Consent to agent PNC Bank's settlement of their $450K bankruptcy claim for either $295K at conclusion of the borrower's bankruptcy case, or $450,000 paid over a five-year repayment (with a balloon payment at maturity). EDA will receive its 50% pro rata share of the payments after collection expenses on the written off BGF guarantee receivable.

Camden Economic Recovery Board Grants (EDA has no credit exposure)	
Camden Redevelopment Agency - Central Waterfront Housing & Temporary Parking	Twelve-month extension of the $83,577 grant for parking projects to June 30, 2020.
Camden Redevelopment Agency - Neighborhood & Redevelopment Planning Grants I & II	Twelve-month extension of $379,076 in development planning grants to June 30, 2020.
Camden Redevelopment Agency - Mixed Site Acquisition & Cooper Plaza Acquisition	Twelve-month extension of this $382,566 million redevelopment grant to June 30, 2020.

Conduit Bonds (EDA has no credit exposure)	
Uncommon CP Properties I, LLC & Uncommon CP Properties II, LLC (Uncommon Schools, Inc.)	Consent to an inter-creditor agreement related to a substitution of lender on the $77.3 Million Taxable Qualified School Construction Bonds.
Margaret Anna Cusack Care Center, Inc. (Peace Care St. Joseph)	Consent to modify the Debt Service Coverage Ratio on the $17 million Tax-Exempt and Taxable Stand-Alone Bond.
The Freehold Young Men's Christian Association (YMCA of Western Monmouth County)	Consent to a merger with The Young Men's Christian Association of Red Bank, creating the new entity The Young Men's Christian Association of Greater Monmouth County, on the $5.3 million Tax-Exempt Stand-Alone Bond.
KIPP Cooper Norcross (KIPP Cooper Norcross Academy)	Consent to an inter-creditor agreement and Memorandum of Indenture to secure the $15.508 Million Taxable Qualified Zone Academy Bond as contemplated at closing.
NewPoint Behavioral Healthcare, Inc.	Consent to the merger of Cape Counseling Services, NewPoint Behavioral Healthcare and Robin's Nest into the new entity Acenda Integrated Health on the $1.99 million Tax-Exempt Stand-Alone Bond.
Cape Counseling Services, Inc.	Consent to the merger of Cape Counseling Services, NewPoint Behavioral Healthcare and Robin's Nest intothe new entity Acenda Integrated Health on the $1.3 million Tax-Exempt Stand-Alone Bond.

Loans Written off with Recourse	

As required by generally accepted accounting principles, loans that are nonperforming, offer limited likelihood of future recovery and have been fully reserved are to be written off. Special Loan Management conducts a quarterly portfolio review, and with concurrence from management, recommend loans to be written off with recourse pursuant to delegated authority. EDA retains legal rights against the borrower and/or guarantors and pursue collections of these loans through litigation.

Name	**Credit Exposure**	**Description**
Sleepable Sofas LTD of New Jersey	$ 1,164,887 SBL Loan	The business ceased operations in March 2017, with no payments remitted since December 2018. EDA's 2nd position lien on business assets did not provide a source of repayment. EDA obtained a judgement against the personal

		guarantor and will seek to enforce the judgement in New York where the guarantor resides.

Prepared by: Jennifer Bongiorno and Mansi Naik

NJ EDA

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: February 11, 2020

SUBJECT: Technology & Life Sciences - Delegated Authority Approvals for Q4 2019

***For Informational Purposes Only* - Angel Investor Tax Credit Program**

On January 31, 2013, the New Jersey Angel Investor Tax Credit Act was signed into law with Regulations approved by the Members of the Board in June 2013. The New Jersey Angel Investor Tax Credit Program (ATC) establishes credits against corporate business tax or New Jersey gross income tax in the amount of 10% for 2019 of a qualified investment made into New Jersey emerging technology businesses. Of note in 2020, the ATC credit increases to 20% with a 5% bonus for investing in a certified Women or Minority Business or a company located in an Opportunity Zone or New Market Tax Credit Census Tract

For the full year 2019, the EDA approved 161 Angel Tax Credit applications for investments in 32 unique NJ based Technology and Life Science companies. These approvals represented the investment of more than $33.1 million of private capital, for a total tax credit amount of $3.3 million which is significantly below the $25 million annual program allocation. For calendar year 2019, the Angel Investor Tax Credit program received 251 applications, a 7% increase over the 233 applications received in the 2018 calendar year. The total investment amount for approved applications in calendar year 2019 is lower compared to 2018 ($33MM vs $197MM) in part due to the latter year including approvals for two sizable acquisitions, that were significantly above the $5,000,000 per transaction cap pf Angel Tax Credit.

Angel Tax Credit Program Year 2019

Sector	Investment Amount	Angel Tax Credit	Applications	# of Companies in Each Sector	% of Total Investments	% of Total Applications
Technology	$17,833,798	$1,783,381	112	19	54%	70%
Life Sciences	$15,275,529	$1,527,552	49	13	46%	30%
Total	**$33,109,327**	**$3,310,933**	**161**	**32**		

While technology company investors submitted more applications compared to life science company investors (70/30), life science companies received a higher investment amount on average, representing almost half of the approved investment total for the entire year. For all 2019 approvals, the average investment amount was approximately $205,640 and the average tax credit was approximately $20,560.

Angel Investor Tax Credit Program – Q4 2019 Review

During the fourth quarter of 2019, 122 Angel Tax Credit applications for $2,195,219 in tax credits were approved. This represented $21,952,179 in private investments in 21 unique technology and life science companies. The following 9 companies new to the program in Q4:

- Credibility Capital Inc. - Newark, NJ: Credibility Capital is a fintech start-up that has developed a proprietary digital lending platform - Loan Origination and Referral Platform (LORP), a Go-based microservices architecture developed in-house, that streamlines and enhances the application and underwriting process and is focused on matching small business borrowers with institutional investors such as Hedge Funds, banks, and family offices. The company moved their offices to Newark in 2019.

- Fusion Recruiting Labs – Red Bank, NJ: Fusion Recruiting Labs provides human resource departments and staffing agencies software tools to simplify and humanize the hiring process. The company created a SaaS-based recruitment platform Talenize and job distribution platforms. The Talenize mobile apply solution was designed to easily plug into an employer's existing careers site and is automatically triggered when an applicant accesses a job posting from a mobile device.

- Lambent Data Inc – Princeton, NJ: Lambent Data is developing 'OurVisit™', a research-based collaboration software platform and application focused on impacting early childhood development and behavioral health. The software is designed to improve the communication between social service agency heads, social workers, and families with shared communication, goal setting, resources and data analytics to improve child outcomes and agency costs.

- Princeton Climate Analytics, Inc. - Princeton, NJ: Princeton Climate Analytics has developed a unique Hydrological Monitoring and Forecasting System that is utilized to monitor and forecast flood and drought conditions around the world. It is employed by country governments (and related agencies), insurance companies and other commercial entities (such as agricultural businesses).

- Radius8, Inc. – Princeton, NJ: Radius8, Inc. is a technology-based data analytics company which provides retailers with insights on local in-store and online buying trends. Their cloud-

  based software, captures local signals around a retail store such as what is trending, weather, social calendars, etc. and finds the intersection of that and what a particular store has on hand or wants to promote.

- Tallyx, Inc. – Princeton, NJ: Tallyx is building a software platform for trade and supply chain finance. The Company uses blockchain and artificial intelligence technologies to create an online marketplace to bridge buyers, suppliers and financiers.

- Trialscope, Inc. – Jersey City, NJ: TrialScope, Inc. provides software-as-a-service "Saas" to clinical trial sponsors to efficiently track, manage and respond to clinical data requests, consistently comply with evolving legislation and internal policies and maintain control over and insight into dynamic disclosure content, processes and compliance programs.

- Angel Medical Systems, Inc. – Eatontown, NJ: Angel Medical is a medical device company that has developed the first ever implantable, patient alerting system for the early detection and prevention of heart attacks.

- Deliveright Logistics, Inc. – Bayonne, NJ: Deliveright Logistics, Inc. provides patented technology called Grasshopper, which bridges the gap between the Ecommerce segment of Heavy Goods retailers and companies that specialize in delivering these products. Grasshopper, a cloud-based proprietary platform, provides transparency and increased efficiency in pricing, delivery route optimization, tracking and visibility along the logistics chain.

Angel Tax Credit Q4 2019 Results

Sector	Investment Amount	Angel Tax Credit	Applications	# of Companies in Each Sector	% of Total Investments	% of Total Applications
Technology	$15,199,178	$1,519,919	90	13	69%	74%
Life Sciences	$6,753,001	$675,300	32	8	31%	26%
Total	**$21,952,179**	**$2,195,219**	**122**	**21**		

Since program inception in 2013 through Year End 2019, the Authority has approved 1,322 applications. These approved applications approximating $45 million in tax credits represent more than $549 million invested in 94 New Jersey based technology and life science businesses.

Attached please find a detailed list of all ATC applications that were approved under delegated authority during the fourth quarter of 2019.

***For Informational Purposes Only* – NJ Ignite Program**

NJ Ignite offers grants that support rent of early stage technology and life science companies in New Jersey which are located in collaborative workspaces. Grants vary in amount and the start-up must commit to continue to work from the collaborative space under established agreements. As of December 31, 2019, there are 18 approved collaborative spaces in New Jersey.

NJ Ignite Program – Q4 2019 Review

The following two charts represent approval for both collaborative workspaces and tenants' applications from approved workspaces.

Workspace Approvals

Workspace Name	Workspace Location
EN MASSE 360, LLC	Morristown
Co-Co Collaborative LLC	Summit

Tenant Approvals

Tenant Name	Workspace Name	EDA Grant	Number of Employees
Premissa, Inc	EcoComplex	$ 11,550.00	1
Invtext Technologies LLC	Office Evolution	$ 3,400.00	2
Tendo Technologies, Inc	Princeton Innovation Center BioLabs	$ 15,000.00	3
Sembient Inc	Kearny Point (Original)	$ 10,500.00	2
SWAYworkplace LLC	Business Energy	$ 1,000.00	2
Molecular Innovations*	Bioscience Incubator	$ 15,000.00	3

NJ Ignite 4th Quarter approvals totaled $56,450.
*Funds are not drawn from the $500,000 program pool.

Tim Sullivan, CEO

Prepared by:
Jennifer Toth
4th Quarter 2019 Delegated ATC Approvals

Investors	Employees in NJ	Company	Investment	Tax Credit
Eric Carrara		Acuitive Technologies, Inc.	$ 120,000.00	$ 12,000.00
John Micera Revocable Living Trust		Acuitive Technologies, Inc.	$ 150,000.00	$ 15,000.00
Martin Reynolds		Acuitive Technologies, Inc.	$ 150,000.00	$ 15,000.00
Wayne Berberian		Acuitive Technologies, Inc.	$ 250,000.00	$ 25,000.00
4	**NJ: 19 Total: 19**	**Acuitive Technologies, Inc.**	**$ 670,000.00**	**$ 67,000.00**
Andrew Taylor		Angel Medical Systems, Inc.	$ 25,000.00	$ 2,500.00
Jordan Breitner		Angel Medical Systems, Inc.	$ 25,000.00	$ 2,500.00
Michael Leit		Angel Medical Systems, Inc.	$ 50,000.00	$ 5,000.00
3	**NJ: 20 Total: 21**	**Angel Medical Systems, Inc.**	**$ 100,000.00**	**$ 10,000.00**
Andy Epstein		Backendb.com LLC	$ 250,000.00	$ 25,000.00
BackendB Holding Corp		Backendb.com LLC	$ 1,275,000.00	$ 127,500.00
David Grusin		Backendb.com LLC	$ 100,000.00	$ 10,000.00
Edward Robert Roskind		Backendb.com LLC	$ 25,000.00	$ 2,500.00
Freeman Jeffery Smith		Backendb.com LLC	$ 25,000.00	$ 2,500.00
James J Casey		Backendb.com LLC	$ 250,000.00	$ 25,000.00
Kenneth Paul Schapiro		Backendb.com LLC	$ 250,000.00	$ 25,000.00
Mitchell Rubin		Backendb.com LLC	$ 25,000.00	$ 2,500.00
Paul Saydah		Backendb.com LLC	$ 25,000.00	$ 2,500.00
Richard Arnesen		Backendb.com LLC	$ 50,000.00	$ 5,000.00
Richard Rosen		Backendb.com LLC	$ 250,000.00	$ 25,000.00
Roger W Thomas		Backendb.com LLC	$ 300,000.00	$ 30,000.00
Serota, LLC		Backendb.com LLC	$ 100,000.00	$ 10,000.00
Stacy and Saeid Arshadi		Backendb.com LLC	$ 25,000.00	$ 2,500.00
Stanley Sheft		Backendb.com LLC	$ 300,000.00	$ 30,000.00
Steven Blau		Backendb.com LLC	$ 25,000.00	$ 2,500.00
Steven Bork		Backendb.com LLC	$ 50,000.00	$ 5,000.00
Sylvia Seltzer		Backendb.com LLC	$ 25,000.00	$ 2,500.00
Ucciferri Living Trust		Backendb.com LLC	$ 150,000.00	$ 15,000.00
Walter R Obermeyer Holdings Inc.		Backendb.com LLC	$ 25,000.00	$ 2,500.00
Yvonne J Camacho Revocable Trust		Backendb.com LLC	$ 50,000.00	$ 5,000.00
Zubin William Emsley		Backendb.com LLC	$ 200,000.00	$ 20,000.00
22	**NJ: 6 Total: 7**	**Backendb.com LLC**	**$3,775,000.00**	**$377,500.00**
Punita Kumar-Sinha Irrevocable Trust of 2012		Cellix Biosciences Inc	$ 100,000.00	$ 10,000.00
Punita Kumar-Sinha Trust of 2001		Cellix Biosciences Inc	$ 150,000.00	$ 15,000.00
2	**NJ: 1 Total: 1**	**Cellix Biosciences Inc**	**$ 250,000.00**	**$ 25,000.00**
Bradley L Beach and Kathryn A Beach		COVELLUS LLC	$ 381,000.00	$ 38,100.00
Bradley L Beach and Kathryn A Beach		COVELLUS LLC	$ 50,000.00	$ 5,000.00
2	**NJ: 1 Total: 1**	**COVELLUS LLC**	**$ 431,000.00**	**$ 43,100.00**
Barry A. Brooks		Credibility Capital Inc.	$ 75,000.00	$ 7,500.00
Andrew S Lerner		Credibility Capital Inc.	$ 25,000.00	$ 2,500.00
Brett Baris		Credibility Capital Inc.	$ 75,000.00	$ 7,500.00
Bruce A. MacFarlane		Credibility Capital Inc.	$ 50,000.00	$ 5,000.00
Dennis Carlson		Credibility Capital Inc.	$ 50,000.00	$ 5,000.00
Jonathan A Sebiri		Credibility Capital Inc.	$ 50,000.00	$ 5,000.00
Martha P Farrell Gift Trust dated 10/24/2008		Credibility Capital Inc.	$ 20,000.00	$ 2,000.00
Richard M Davidson Revocable Living Trust		Credibility Capital Inc.	$ 20,000.00	$ 2,000.00
Sean Patrick Minnihan		Credibility Capital Inc.	$ 20,000.00	$ 2,000.00
Stanley P. Rull		Credibility Capital Inc.	$ 20,000.00	$ 2,000.00
Stephen L. Kay		Credibility Capital Inc.	$ 10,000.00	$ 1,000.00
11	**NJ: 22 Total: 22**	**Credibility Capital Inc.**	**$ 415,000.00**	**$ 41,500.00**

Investors	Employees in NJ	Company	Investment	Tax Credit
Daniel Lee Markovitz		Deliveright Logistics	$ 100,000.00	$ 10,000.00
Douglas Mark Ladden		Deliveright Logistics	$ 628,658.00	$ 62,866.00
Cerminaro Group LLC		Deliveright Logistics	$ 200,000.00	$ 20,000.00
George Edward Zobitz		Deliveright Logistics	$ 75,000.00	$ 7,500.00
John Howard Adelman		Deliveright Logistics	$ 181,166.00	$ 18,117.00
Anthony C Bowe		Deliveright Logistics	$ 174,500.00	$ 17,450.00
Lynn Alison Brody		Deliveright Logistics	$ 100,000.00	$ 10,000.00
Mark Alan Adelman		Deliveright Logistics	$ 181,167.00	$ 18,117.00
Michael Robert Wisler 2012 Exempt Trust		Deliveright Logistics	$ 100,000.00	$ 10,000.00
Nicole Miranda Wisler 2012 Exempt Trust		Deliveright Logistics	$ 100,000.00	$ 10,000.00
Paul Michael Lewis		Deliveright Logistics	$ 90,583.00	$ 9,058.00
Robert James Adelman		Deliveright Logistics	$ 181,166.00	$ 18,117.00
Robert Todd Goldman		Deliveright Logistics	$ 100,000.00	$ 10,000.00
Stuart Daniel Shanler		Deliveright Logistics	$ 300,000.00	$ 30,000.00
Vincent DeGiaimo		Deliveright Logistics	$ 50,000.00	$ 5,000.00
15	**NJ: 33 Total: 44**	**Deliveright Logistics**	**$2,562,240.00**	**$256,225.00**
John W Rollins Jr		Endomedix, Inc	$ 35,000.00	$ 3,500.00
1	**NJ: 3 Total: 3**	**Endomedix, Inc**	**$ 35,000.00**	**$ 3,500.00**
James T Scanlon		Fusion Recruiting Labs	$ 20,438.00	$ 2,044.00
1	**NJ: 55 Total: 63**	**Fusion Recruiting Labs**	**$ 20,438.00**	**$ 2,044.00**
Anthony Portannese		Inspirit Group, LLC	$ 50,000.00	$ 5,000.00
Kevin M. Kilcullen		Inspirit Group, LLC	$ 50,000.00	$ 5,000.00
NIRAJ KUMAR PANT		Inspirit Group, LLC	$ 15,000.00	$ 1,500.00
Robert A. and Harriet Druskin		Inspirit Group, LLC	$ 150,000.00	$ 15,000.00
4	**NJ: 17 Total: 17**	**Inspirit Group, LLC**	**$ 265,000.00**	**$ 26,500.00**
Joseph Aglione		KidGooRoo LLC	$ 50,000.00	$ 5,000.00
Joseph R. Keating Revocable Trust		KidGooRoo LLC	$ 50,000.00	$ 5,000.00
Mike Edward Miles		KidGooRoo LLC	$ 76,500.00	$ 7,650.00
Patricia Deirdre Coughlin		KidGooRoo LLC	$ 50,000.00	$ 5,000.00
4	**NJ: 2 Total: 2**	**KidGooRoo LLC**	**$ 226,500.00**	**$ 22,650.00**
Robert Keith Lem		Lambent Data Inc.	$ 15,000.00	$ 1,500.00
1	**NJ: 1 Total: 1**	**Lambent Data Inc.**	**$ 15,000.00**	**$ 1,500.00**
Christopher C Dewey Trust		Myos Rens Technology	$ 350,000.00	$ 35,000.00
David Matlin		Myos Rens Technology	$ 500,001.00	$ 50,000.10
Joseph Mannello		Myos Rens Technology	$ 250,000.00	$ 25,000.00
3	**NJ: 13 Total: 13**	**Myos Rens Technology**	**$1,100,001.00**	**$110,000.10**
BCI XII, LLC		Novitium Pharma, LLC	$ 1,150,000.00	$ 115,000.00
1	**NJ: 63 Total: 63**	**Novitium Pharma, LLC**	**$1,150,000.00**	**$115,000.00**
Children's Holdings, LLC.		OpenDoor Securities LLC	$ 5,000,000.00	$ 500,000.00
1	**NJ: 19 Total: 20**	**OpenDoor Securities LLC**	**$5,000,000.00**	**$500,000.00**
David McGough		Princeton Climate Analytics, Inc	$ 800,000.00	$ 80,000.00
Thomas Gabriel Amato		Princeton Climate Analytics, Inc	$ 50,000.00	$ 5,000.00
2	**NJ: 6 Total: 6**	**Princeton Climate Analytics, Inc**	**$ 850,000.00**	**$ 85,000.00**
Ankur Keswani		Radius8, Inc.	$ 50,000.00	$ 5,000.00
Benny Soffer		Radius8, Inc.	$ 100,000.00	$ 10,000.00
Donald Askin		Radius8, Inc.	$ 20,000.00	$ 2,000.00
Drago Shane Dzerve		Radius8, Inc.	$ 50,000.00	$ 5,000.00
Essordaro LLC		Radius8, Inc.	$ 100,000.00	$ 10,000.00
Harlan Elliott Eplan		Radius8, Inc.	$ 75,000.00	$ 7,500.00
Jamus McCormick Driscoll		Radius8, Inc.	$ 20,000.00	$ 2,000.00
Jared M Witt		Radius8, Inc.	$ 50,000.00	$ 5,000.00
Jeff Stewart		Radius8, Inc.	$ 25,000.00	$ 2,500.00
Navjit S Bhasin		Radius8, Inc.	$ 25,000.00	$ 2,500.00
Peter W. Gonzalez Jr.		Radius8, Inc.	$ 25,000.00	$ 2,500.00
Sam Kliger		Radius8, Inc.	$ 50,000.00	$ 5,000.00
Sandeep Beotra		Radius8, Inc.	$ 25,000.00	$ 2,500.00
Vincent J. Santo		Radius8, Inc.	$ 25,000.00	$ 2,500.00
14	**NJ: 9 Total: 11**	**Radius8, Inc.**	**$ 640,000.00**	**$ 64,000.00**

Investors	Employees in NJ	Company	Investment	Tax Credit
P Jagan Reddy Trust FBO Dillon M Kwatra		SHINKEI THERAPEUTICS LLC	$ 325,000.00	$ 32,500.00
P Jagan Reddy Trust FBO Shailen S Kwatra		SHINKEI THERAPEUTICS LLC	$ 325,000.00	$ 32,500.00
Wasil Family Ventures		SHINKEI THERAPEUTICS LLC	$ 100,000.00	$ 10,000.00
3	**NJ: 3 Total: 3**	**SHINKEI THERAPEUTICS LLC**	**$ 750,000.00**	**$ 75,000.00**
Apogee Pharma, Inc		Sonnet BioTherapeutics, Inc.	$ 50,000.00	$ 5,000.00
Ashok G Nigalaye		Sonnet Biotherapeutics, Inc.	$ 250,000.00	$ 25,000.00
Ashok G Nigalaye		Sonnet Biotherapeutics, Inc.	$ 250,000.00	$ 25,000.00
Divakar Kamath		Sonnet Biotherapeutics, Inc.	$ 25,000.00	$ 2,500.00
Harjinder Sachdeva		Sonnet Biotherapeutics, Inc.	$ 52,000.00	$ 5,200.00
Manjusha N Tipre		Sonnet Biotherapeutics, Inc.	$ 50,000.00	$ 5,000.00
New Horizon Ventures Group Ltd		Sonnet Biotherapeutics, Inc.	$ 100,000.00	$ 10,000.00
New Horizon Ventures Group Ltd		Sonnet Biotherapeutics, Inc.	$ 125,000.00	$ 12,500.00
Prabhavathi vk Maddula		Sonnet Biotherapeutics, Inc.	$ 250,000.00	$ 25,000.00
Puri Family LLC		Sonnet Biotherapeutics, Inc.	$ 100,000.00	$ 10,000.00
Ram Potti Sudha R Potti		Sonnet Biotherapeutics, Inc.	$ 200,000.00	$ 20,000.00
Ramakrishna v Sannidhi		Sonnet BioTherapeutics, Inc.	$ 375,000.00	$ 37,500.00
Surya V. Seshan		Sonnet Biotherapeutics, Inc.	$ 300,000.00	$ 30,000.00
Trans Global Technologies, Inc		Sonnet Biotherapeutics, Inc.	$ 175,000.00	$ 17,500.00
14	**NJ: 5 Total: 5**	**Sonnet Biotherapeutics, Inc.**	**$2,302,000.00**	**$230,200.00**
Aditya D Menon		Tallyx Inc	$ 150,000.00	$ 15,000.00
Elizabth Yee Ming Lo		Tallyx Inc	$ 100,000.00	$ 10,000.00
Michael Yen-Kan Tseng		Tallyx Inc	$ 150,000.00	$ 15,000.00
Yean-whei Tseng		Tallyx Inc	$ 150,000.00	$ 15,000.00
4	**NJ: 9 Total: 9**	**Tallyx Inc**	**$ 550,000.00**	**$ 55,000.00**
Jeffrey Kozloff		TrialScope, Inc.	$ 100,000.00	$ 10,000.00
Matthew Thomas Patras		TrialScope, Inc.	$ 20,000.00	$ 2,000.00
2	**NJ: 38 Total: 40**	**TrialScope, Inc.**	**$ 120,000.00**	**$ 12,000.00**
Adrienne Rachelle Green		XLINK LLC	$ 75,000.00	$ 7,500.00
Daniel Isenberg		XLINK LLC	$ 50,000.00	$ 5,000.00
Daniel Martin Silvert		XLINK LLC	$ 100,000.00	$ 10,000.00
James DuBroff		XLINK LLC	$ 50,000.00	$ 5,000.00
David Lai Lee & Jennifer Song Choe		XLINK LLC	$ 100,000.00	$ 10,000.00
Matthew Damien Stephens		XLINK LLC	$ 25,000.00	$ 2,500.00
Lee Pressler		XLINK LLC	$ 250,000.00	$ 25,000.00
Sarah Deborah Chirnomas		XLINK LLC	$ 75,000.00	$ 7,500.00
8	**NJ: 1 Total: 1**	**XLINK LLC**	**$ 725,000.00**	**$ 72,500.00**
122	**NJ:346 Total:372**	**8**		

MEMORANDUM
(Executive Session)

TO: Members of the Authority

FROM: Tim Sullivan**,** Chief Executive Officer

DATE: February 11, 2020

SUBJECT: Offshore Wind (OSW) Port Project update and budget and delegated authority requests

REQUEST

The Members of the Board are asked to approve:

1. A capital budget of up to $2,550,000 to support the Authority's project development work through Financial Close for an offshore wind (OSW) port at Hope Creek in Salem County.

   Members should note that while these costs will be expended at-risk by the Authority, on behalf of the State, Staff anticipates capitalizing them (along with the cost of staff time dedicated to this project) into the development of the project. These capitalized project development costs will be reimbursed to the Authority upon Financial Close. Furthermore, an initial financial viability analysis undertaken by McKinsey & Co. during the feasibility study phase of this project indicates multiple potential pathways for project financing and delivery and, by extension, for reimbursement of Authority project expenses.

2. Delegation to the Chief Executive Officer to approve Staff's recommendations for two procurements – financial and technical ("owner's engineer") advisory services.

Summary

In partnership with the Governor's Office, Treasury, NJ Board of Public Utilities (NJBPU), NJ Department of Environmental Protection (NJDEP), and NJ Department of Transportation (NJDOT), the Authority has undertaken an extensive body of work over the past 18 months to explore the potential for, and benefits of, a new transformative, hub-style offshore wind (OSW) port in the New Jersey.

This work has led to the identification of a 160+ acre site in Lower Alloways Creek Township, Salem County, referred to as 'Hope Creek', as technically and economically viable (meaning, that a project of this scope can be engineered to be built at the site) based on the information currently available. It has also enabled the State to define and optimize key parameters for the project, including the scope of activities, as well as the sequencing and timeframe of development.

The conclusions of this work are that if New Jersey can mobilize quickly and ahead of other East Coast states, a new port at Hope Creek has the potential to create up to 1,500 high-quality jobs and to grow State GDP by $550+ million per annum – a significant economic injection for Salem County and the State.

This Memorandum summarizes the project development work the State (and Authority in particular) has undertaken to-date and outlines the steps it intends to take over the next 12 months. It also sets out costs Staff expect the Authority to incur to get the project to Financial Close, which is the point at which the commercial and financial transactions necessary for the project to move to the construction phase are concluded. Financial Close may involve public finance, private finance or a combination.

This Memorandum also requests delegated authority to enable Staff to expedite two parallel professional services procurements (financial and technical advisors) to enable the next phase of project development – and to minimize financial and project risks for the Authority and State.

This Memorandum is structured as follows:

1. Background on why OSW – and a hub style marshalling port – is a State priority;
2. An overview of the State's strategic port evaluation process to-date;
3. An outline of the process Staff seeks to take over the next 12 months, including near term steps – procuring financial, technical, legal and appraisal expertise;
4. An explanation of why delegated authority is necessary to minimize risks; and
5. A summary of expected costs to reach Financial Close.

1 Why offshore wind (OSW) and new port capacity is a State priority

1.1 A once in a generation OSW project pipeline

Governor Murphy's Economic Development Strategic Plan, "The State of Innovation: Building a Stronger and Fairer Economy in New Jersey," identifies clean energy and OSW as focus sectors for the State. Specifically, the Plan provides a mandate to strategically invest in making New Jersey the "home of the American offshore wind industry and maximize the job-creation impact of this critical component of our energy future."

New Jersey's OSW targets represent a significant strategic advantage for the State in achieving its OSW supply chain goals. On January 31, 2018, Governor Murphy signed Executive Order No.8 (EO8) directing relevant State agencies to "take all necessary action" to begin mobilizing towards a goal of 3,500 MW (3.5 GW) in OSW generation by 2030.[1] In November 2019, Executive Order No. 92, increasing this target to 7.5 GW by 2035 – a more than doubling of the original target and the second largest target of any U.S. state.

New Jersey's OSW target also forms part of a broader East Coast pipeline of committed OSW projects that exceeds 25 GW. Relatively short steaming distances to a number of these OSW projects, given New Jersey's central location along the East Coast, is a major competitive advantage for the State in providing port services to these projects.

In addition to providing new renewable capacity, this pipeline represents a significant economic development opportunity – with an estimated $100 billion in required capital investment over the next decade.[2] It is anticipated that delivery and ongoing servicing of this pipeline will create significant employment opportunities.[3]

1.2 The role of ports in meeting targets & anchoring supply chains

Staff has identified an opportunity for new hub-style marshalling and manufacturing port capacity, to support delivery of the State's OSW pipeline and to attract supply chain components.

Port infrastructure is a critical 'pull' factor for attracting OSW supply chain investments, with the bulk of component manufacturing, marshalling and final assembly taking place at or close to the portside in mature markets. Ports must also be tailored to the specific needs of OSW projects and their supply chains. For example, large and heavy components such as nacelles, blades and towers can typically only be transported by water, in-turn necessitating their manufacture and fabrication at or adjacent to the port itself. By extension, this requires quaysides that are reinforced sufficiently to accommodate significant component weights and scale; as well as sufficient water depth to accommodate the ships required to transport components to installation sites. In addition, waterfront facilities are needed to serve as installation and staging areas where components can be accumulated prior to being loaded onto the installation vessels and transported offshore. During

[1] This forms part of the State's broader legislated target of 100 percent clean energy by 2050 (NJ EMP, 2020)
[2] Based on estimates by the Special Initiative on Offshore Wind, University of Delaware, March 2019
[3] U.S. Job Creation in Offshore Wind, Clean Energy State Alliance Report, November 2017

both the construction and operations phases, crew transfer vessels need to make frequent transits to a wind farm, transporting the technicians responsible for construction, planned maintenance, and unplanned repairs. In summary, OSW port infrastructure requirements are unique, wide-ranging and extend over a project's life cycle, including eventual decommissioning and deconstruction.

Several detailed assessments of the State's and wider region's existing port infrastructure have highlighted the need for new and fit-for-purpose capacity to meet industry needs. This evidence base includes studies by the NJBPU, the US Department of Energy and the New York State Energy Research and Development Authority (NYSERDA), amongst others. Findings have been further substantiated through targeted consultations with industry, including a Request for Information (RFI) which the Authority undertook in September 2018. Besides identifying a need for additional port capacity, RFI responses underscored the need for government action to bring new capacity online. In particular, it found New Jersey will need to develop three types of port asset to achieve its ambitions for OSW energy production and job creation derived from a robust supply chain:

- *Marshalling:* location of final vertical assembly of wind towers and staging/transporting of wind turbine components to an offshore installation location (needs to be located outside of any bridge or power wires);
- *Manufacturing:* location of primary manufacturing of Tier I and/or Tier II components (e.g., blades, nacelles, towers, foundations) that are too large or heavy to transport on land. Demand for port-side manufacturing assets is additional to the manufacturing port planned at Paulsboro, New Jersey; and
- *Operations and Maintenance:* location of long-term wind farm operations teams, often located as close to the wind farms as possible.

2 The strategic evaluation process to-date

2.1 Project feasibility & site identification

Over the past 18 months, the Authority and State have taken a deliberative and strategic approach to evaluating the potential for a new hub-style marshalling and manufacturing port in the State, as well as evaluating potential site locations (illustrated at Exhibit 1). In particular, Staff:

- Issued a Request for Information to the OSW industry to gauge adequacy of existing port capacity (demand), as well as preferred locations and delivery mechanisms;
- Evaluated over 40 potential port sites across the State as part of NJBPU's OSW Strategic Plan Port Study;
- Engaged McKinsey & Co., a global consulting firm, to appraise the technical, economic and financial viability of two short-listed sites (South Amboy in Middlesex County and Hope Creek in Salem County). This study, approved by the Authority's Board in July 2019 and subsequently expanded in September 2019[4] (Board Memorandums at Exhibits 2 & 3), determined:
    - The expected economic return (jobs and GDP impact);
    - Initial financial viability, including basic operating revenues for various port facility scenarios; and
    - Permitting requirements and expected permitting timeframes.
- Undertook targeted consultations with OSW project developers and Original Equipment Manufacturers (OEMs) in order to gauge demand for marshalling – and co-located manufacturing – capacity in southern NJ.

2.2 Hope Creek identified as preferred site

The body of work outlined above has enabled Staff to identify Hope Creek (see Exhibit 4 for site summary) as the preferred development option and the option that best meets State objectives – based on a range of metrics such as project complexity, speed to market, economic feasibility, and financial viability. Key factors supporting site selection are outlined below.

- <u>Project complexity and speed to market</u>: Hope Creek's shorter development timeframe better aligns with the State's speed to market objectives. In particular, it presents a clearer pathway for a port to become operational in time to service the State's first OSW project which is expected to commence construction in early 2023. This shorter development timeframe in-turn reflects several site characteristics:

[4] The Board approved a contract award to McKinsey to undertake a feasibility study of South Amboy in July 2019 (meeting held in Executive Session). Following receipt of previously unavailable information from PSEG regarding Hope Creek's potential viability, the scope of the feasibility study scope was expanded to include a second site (Hope Creek). McKinsey's contract extension to include Hope Creek was approved by the Board at its meeting in September 2019 (meeting held in Executive Session).

  - A single landowner, PSEG, meaning less time, cost and risk for the State in conducting land negotiations.
  - Potential to partner with an entity, PSEG, whose capital project delivery group has significant environmental, permitting, and delivery experience;
  - The completion of preparatory works on an approximately 30-acre portion of the Hope Creek site, with permitting, environmental and dredging requirements well-known;
  - The potential to scale a development to a size that could accommodate extensive OSW manufacturing activities – recognizing that the largest components (e.g. blade manufacturing) typically require sites of up to 100 acres; and
  - The site being further from residential communities – over 5 miles from the Hope Creek site.

- Economic return: Economic modelling undertaken by McKinsey & Co. as part of the feasibility study found Hope Creek has the potential to create more jobs (~1,500) and GDP impact (~$550M), relative to the South Amboy option (~600 jobs and ~$360M GDP impact). A development at Hope Creek also presents a unique opportunity to invest in Salem County, a region with a higher-than-average unemployment rate; and
- Financial viability: Financial modelling undertaken by McKinsey & Co. as part of the feasibility study found Hope Creek could be expected to have a greater Net Present Value (NPV) (~$190 million) and shorter payback period (11-years) relative to South Amboy (~$36 million NPV and 19-years payback period). This greater expected return increases the options for financing a future development, with potential to attract private financing.[5]

While Hope Creek represents the more viable near-term solution across a range of key indicators, Staff considers South Amboy to be a potential (secondary) longer-term option. This recognizes the inherent complexities in delivering major new greenfield infrastructure and provides the State with a potential back-up should circumstances with Hope Creek change. It also allows for future growth of the region's OSW industry which, longer-term, may see demand for OSW-appropriate ports exceed Hope Creek's maximum capacity, making an additional port viable. It also recognizes that while Hope Creek offers an overall stronger value proposition, South Amboy's economic and financial profile remains significant.

2.3 Engagement with PSEG to-date

Staff has been in dialogue with PSEG on the Project for a period of six months. In October 2019, the Authority's Board approved a Letter of Intent (LOI) with PSEG, owners of the Hope Creek site, to cover the cost of the expanded study and to set out the basis for continued negotiations on a potential port at the site (LOI and accompanying Board Memorandum are included at Exhibit 5).

3 Project scope, delivery timeline & next steps

[5] It is not yet known whether and on what terms private financing could be secured for a port development at Hope Creek. Determining viability will be a key deliverable for the Authority's Financial Advisor, once selected.

3.1 Project scope & sequencing

Reflecting site conditions and speed to market requirements the proposed port development at Hope Creek will be sequenced into two-phases:

- *Phase One* will involve an initial approximately 30-acre site accommodating OSW marshalling activities, with a possible approximately 10 acres for accommodation of nacelles manufacturing. This first phase has an estimated construction completion timeframe of Q1 2023; and
- *Phase Two* will involve an expanded >130-acre site accommodating additional marshalling capacity and an extensive range of manufacturing activities. Estimated completion 2024 onwards.

The total capital cost (for core infrastructure) for both development phases is currently estimated at between $300 million and $320 million, based on a concept design.

3.2 Project delivery timeline & next steps

The overall project timeline reflects speed to market considerations, with the need for Phase One of development to be constructed and operational in Q1 2023 to be capable of servicing the State's first OSW project. The project timeline can be further broken into three broad phases:

Pre-development – Underway since mid-2018, this phase involves determining feasibility, identifying a site and resolving how the project can be brought forward in a way that meets State objectives at lowest cost. Staff's objective is to complete this phase by end 2020;

Development/construction – Expected to commence in early 2021 with construction of Phase 1 expected to achieve completion in early 2023, and Phase 2 from 2024; and

Operational – Post construction when the port is operational.

A detailed timeline is included at Exhibit 6.

Reflecting speed to market requirements, Staff is seeking to progress swiftly to the next stages of pre-development – determining an optimal commercial structure and financing solution and commencing negotiations with third parties, including the site owner. Successfully concluding pre-development by the end of 2020 involves the following immediate steps:

- Executing an additional Letter of Intent (LOI) between the Authority and PSEG regarding design, due diligence, permitting, financial and commercial structure, and Financial Close.
- Procurement of advisory services to resolve how the project can be brought forward most cost effectively and to minimize risks for the Authority and State. This includes:
  - Financial and Commercial Advisory;
  - Technical Advisory ("Owner's Engineer"); and
  - Appraisal services.

- The Attorney General, through the Division of Law, will seek special counsel with expertise in substantial private-public infrastructure projects, including applicable federal law, to provide the necessary specialized legal services to the Authority and the State.

Further information on the LOI and procurement of services is included below (3.3 & 3.4)

In parallel, Staff is working to secure a commitment from offshore wind developers to utilize the port for marshalling the first round of utility-scale East Coast projects, which are due to commence construction in early 2023. Concurrently, work is underway to address any potential conflicts regarding PSEG's involvement with offshore wind developers – with further detail provided in section 3.3 below.

Staff is also continuing to hold similar discussions with other OSW industry manufacturers about use of the port. Commitments do not impact project timing but potentially influence the project's ability to attract private financing. As such, securing timely commitments is important for resolving a delivery structure. Any proposed agreement by the Authority with any developer or manufacturer will be presented to the Board for approval.

Efforts to align across relevant state agencies on project sequencing and permitting requirements and timeframes also remain ongoing.

3.3 Executing a LOI with PSEG

Commencing construction by Q1 2023 is dependent on PSEG (as the site owner) continuing early-stage environmental, design, and preliminary engineering works. To provide PSEG with the certainty it needs to continue these works, in-turn preserving the State's ability to meet project timing objectives, Authority staff and PSEG are working towards a new LOI. This LOI will:

- Align parties on the project scope, sequencing and overall development timeframe;
- Confirm the tasks to be undertaken by each party in design, due diligence, permitting, and finance and commercial structure, and Financial Close;
    - PSEG will be tasked with undertaking early stage permitting, design, and engineering works reflecting its greater capital project delivery expertise;
    - The Authority, as overall project developer, will select and finalize the commercial and financial structure that best meets the Authority and State objectives (noting the Authority's precise role will be determined on basis of expert advice).
- Set out core principles for the State, such as the need for any future port to be "open access" (i.e available to any eligible party with fees set through a transparent pricing mechanism) and screening of PSEG employees as needed to prevent any conflicts of interest;
- Confirm which near-term costs each party will bear, as well as how those costs will be capitalized and reimbursed longer-term;

- Outline a joint oversight mechanism to ensure information sharing, timely joint decision making and oversight of the project during the period of cooperation; and
- Secure right of access for Authority representatives and agents (e.g. appraisers).

Staff is negotiating this LOI and expects to bring it to the March Board for review and approval.

3.4 Procuring advisory services

To meet project timing objectives and to ensure it has the due diligence capabilities it needs to effectively negotiate commercial terms with third-parties, including the site owner PSEG, the State will require outside expertise in several areas – Financial; Technical; Appraisal; and Legal.

Given significant risks to the project and Authority (and State) from delays in acquiring expertise, Staff have worked to resolve procurement pathways that meet timing requirements, whilst preserving process integrity (i.e a level-playing field for bidders) and competition.

These procurement processes are outlined in further detail below.

<u>Financial & Commercial Advisory Services</u> are required both to devise a commercial structure and financing plan for the project, as well as to support the Authority (and State) in commercial negotiations, including with the site owner PSEG.

The scope of services will comprise two distinct but sequential phases –

- Phase 1: Resolving a commercial structure and financing plan that best meets State objectives;
  - 12-week deliverable with an interim report after ten weeks; and
  - Performed on a Maximum Not-to-Exceed Fixed Price basis.
- Phase 2: Serving as the State's Advisor up until the project achieves Financial Close;
  - Recognizing that the precise length and scope of engagement(s) will not be known until the delivery structure is resolved, Phase 2 services will be procured on a requirement basis through Task Order Requests (TORs); and
  - The Advisor will be required to respond to TORs with a Maximum Not-to-Exceed Fixed Price – with this price based on pre-agreed All-Inclusive Hourly Rates (i.e the unit price is fixed ex ante providing unit price certainty and allowing the Authority to compare unit prices across vendors).

Because a possibility exists that the resulting financial and commercial structure may involve State or Authority bonds, Staff is procuring services in accordance with the Authority's process pursuant to Executive Order 26 (Whitman 1994) ("EO 26"). The EO 26 process requires a request for proposals but does not specifically require public advertisement. Accordingly, due to the compressed timeline to have the OSW port finance and commercial structure defined in time for the OSW port to be available to potentially serve the Ocean Wind Project, Staff has followed an expedited process that, in conjunction with the requested delegated authority, should enable the Authority to appoint a Financial Advisor in early March. The following process has been enacted:

- Five financial advisory firms were identified by Staff based on an assessment of capability and with reference to GSA listings and NJ Treasury's P3 Advisor Pool;[6]
- Following execution of a Confidentiality Agreement five vendors were issued a Request for Interest, with Staff holding a scripted conference call with each vendor to confirm capability and interest, and to assess potential conflicts. Strict measures were put in place to preserve process integrity;[7]
    - Although a Request for Interest with a follow-up call is not customary as a precursor to a Request for Proposal (RFP), it was warranted in this case due to timing requirements of a response and the degree of specialization in the services being procured. Specifically, the point of contact at a large firm is not always the appropriate staff with expertise or interest in a particular project, and such firms often take time before disseminating the RFP to the proper staff. In this particular instance, because the time period for response is abbreviated, the Request for Interest also served to notify firms of the upcoming Request for Qualifications and Proposals (RFQ/P) and provide advance information, as the firms would not be able to find public information regarding the project. It also took into account Authority Staff's experience from the prior attempt at a GSA RFP to select the firm for the initial feasibility study, which resulted in no bids. If this outcome repeated, the State would be at risk of not having the support in place to complete Finance Close in time for the first round of OSW installations, to complete the OSW port facility or even announce the financial viability of the port before other States, and to effectively negotiate terms with PSEG; and
- Four vendors were issued a Request for Qualifications and Proposals (RFQ/P) on January 29th (see Exhibit 7)[8], with proposals due by February 14th.

An Evaluation Committee has been formed comprising Authority Staff and a senior representative from NJ Treasury's Office of Public Finance (OPF). Evaluation committee composition and proposal evaluation weightings were finalized (and time stamped) before issue of the RFQ/P.

Technical Advisory Services ("Owner's Engineer") are required to ensure the Authority and the State has sufficient awareness and oversight of early-stage engineering works being undertaken by PSEG. The scope of services will involve:

- Review and evaluation of boundary and topographic surveys, existing site conditions and existing infrastructure conditions information;
- Review and evaluation of environmental conditions information;
- Review and evaluation of geotechnical information;

[6] Vendors included: AECOM; ARUP; KPMG; EY; and Deloitte
[7] Measures: minimum of three staff per call; use of a pre-approved call script; and call notes taken and filed
[8] One vendor advised the Authority following receipt of a Request for Interest that it did not wish to receive an RFQ/P due to a potential future conflict

- Review and evaluation of proposed development plans, improvements, schedules, cost estimates and regulatory agency information, including participation of all design review processes;
- Review and evaluation of construction RFQ/P documents and process; and
- Provision of independent cost estimating services.

The Authority is procuring services in accordance with L. 1998, c. 399 (also referred to as S.2194). As required by that law, bidders must have filed a statement of qualifications with the agency. In light of time constraints and risks to the Authority and State from having insufficient oversight of PSEG's engineering works (and line of sight on their costs), Staff is relying on statements filed with and reviewed by the State's Division of Property Management and Construction (DPMC). Staff will issue an RFP to these qualified firms. This represents an expedited process compared to the Authority's usual process of issuing a Request for Qualifications (RFQ) first followed by the RFP which, in conjunction with the requested delegated authority, should meet the project timeline which requires selection of a Technical Advisor as soon as possible. Staff is currently drafting the RFP which will incorporate some of the changes to the Authority's standard procurement process reflected in the Financial Advisor RFQ/P. Based on the expedited process, proposal evaluation is likely to be completed shortly after the regular March Board meeting.

The following process will be enacted:

- A competitive pool of vendors[9] has been identified based on an assessment of capability – with eligibility limited to firms previously pre-qualified by DPMC; and
- Following execution of a Confidentially Statement (NDA) with vendors, an RFP will be issued, with proposals due after a period of three weeks.

An Evaluation Committee will be formed comprising qualified Staff, with committee composition finalized before RFP issue. Staff will then negotiate with the highest ranked, as set forth in S2194.

<u>Appraisal Services</u> are required as part of any lease agreement that the Authority or the State may enter into with the site owner PSEG. The procurement of an appraiser will follow normal Real Estate procurement procedures. The Authority expects to make an appointment by end of April.

<u>Special Legal Counsel</u> with expertise in substantial private-public infrastructure projects, including applicable federal law, is being procured by the Attorney General, through the Division of Law, to assist with the commercial structure and financing plan, as well as to support the State's commercial negotiations, including with PSEG. The Request for Qualifications for special counsel is anticipated to be issued the week of February 4.

[9] Dewberry, Dresdner Robin, French & Parrello, Langan Engineering, Mott MacDonald, PS&S, T&M, WSP

4 Request for delegated authority

As noted above, Staff expects to procure three professional service contracts to support project development through Financial Close, not including procurement of special counsel by the Attorney General through the Division of Law. The appraisal services will follow the normal procurement process. For financial and technical advisory services, Staff request that the Board provide delegation to the Chief Executive Officer to approve contract awards and to decide any protests.

Currently, the Real Estate Division may procure professional services up to $300,000 under delegated board approval. As noted in Table 1 below, the contract values for the Financial Advisor and Technical Advisor will likely exceed this $300,000 threshold. Therefore, Staff is requesting delegated authority to award contracts to a Financial Advisor and Technical Advisor. Combined with the site appraiser cost, Staff's request is for a budget of up to $2,550,000 to cover procurement costs (a detailed cost breakdown in included overleaf in Table 1).

The need for this one-time delegation of authority is that Staff require the expertise of each professional as soon as possible, as explained earlier in this Memorandum. For example, the site owner, PSEG, has begun development of detailed design work for which the Authority needs a technical advisor to oversee. Additionally, several OSW industry companies are interested in committing to utilize the port for their upcoming projects/investments but need information on potential commercial structures which would be identified by the Financial Advisor.

Timing is critical for awarding these advisory and oversight procurements, with delay of award until the March Board meeting (in the case of the Financial Advisor) or the April Board meeting (in the case of the Technical Advisor) and subsequent appeals wait period potentially: 1) exposing the Authority (and State) to unnecessary financial risk and 2) causing delays in the project that may result in the project not being ready in time to support the State's first OSW project. Specifically, the Financial Advisor needs to begin work as soon as possible to complete its commercial structure and financing in May 2020 before commercial negotiations begin with PSEG. Delaying this procurement even a few weeks could delay Financial Close and result in the project not being ready in time for the State's first OSW project. With regard to the Technical Advisor, the firm must become familiar with the project and be ready to begin reviewing PSEG's work by the first scheduled client review period at the end of April 2020 (30 percent design package completed). Missing this first design period exposes the State to significant costs as a result of 1) needing to pay a premium to get the technical advisor "caught up" on an additional month of PSEG's work in time for commercial negotiations, and 2) needing to revise PSEG's services if they are found to be unsatisfactory and the cost of the services proceeding a month longer.

Moreover, scheduling special Board meetings would pose logistical and timing issues because the Financial Advisor and Technical Advisor procurements are proceeding in parallel and would require various Board decisions at various points in time within a period of a few weeks, in addition to the regular February and March Board meetings.

The criteria that staff will consider in the two procurements are set. Attached as Exhibit 7 is the RFQ/P that staff issued for the Financial Advisor, with an expedited protest period. Staff is drafting the RFP for the Technical Advisor, which will incorporate some of the changes to the Authority's standard procurement process reflected in the Financial and Advisory RFQ/P.

5 Request for project budget

To-date, the Authority has incurred $366,369 in net costs (exclusive of staff time), enabling project feasibility, identification of a preferred site and definition of project scope and sequencing.[10]

To support the Authority's continued project development work through to Financial Close, Staff is requesting Board approval of an additional $2,550,000 – which represents an upper bound estimate of the costs Staff expects to incur in procuring requisite financial, technical (engineering) and appraisal services (as outlined in Table 1 below). This estimate is based on:

- Informal estimates from professional services providers given a hypothetical high-level project scope;
- An assessment of average transaction costs for projects of similar size and scope; and
- Previous transactions undertaken by the Authority's Real Estate Division with a premium added due to the accelerated nature of the timeline.

Table 1 – 2019 Incurred & 2020 Projected Expenses

Expenses incurred in 2019	
South Amboy Port Feasibility Study	$365,988
Hope Creek Port Feasibility Study	$240,381
Sub-total:	**$606,369**
Cost reimbursement received in 2019	
PSEG support for Hope Creek feasibility study	$240,000
Sub-total:	**$240,000**
Net Expenses incurred by the Authority to-date	**$366,369**
Expected additional costs to achieve Financial Close	
Financial Advisory Services	$1,500,000 - $2,000,000
Technical Advisory Services	$335,000 - $500,000
Appraisal Services	$30,000 - $50,000
Total:	**$1,865,000 – $2,550,000**

The wide range of this estimate is driven by the fact that the scope and cost of services required to reach Financial Close will depend on the selected commercial structure of the project (e.g., the

[10] This is net of PSEG's $240,000 contribution to the Authority for Hope Creek feasibility assessment costs, as formalized through an LOI in October 2019. Gross costs incurred to-date have been $606,369 (see Table 1)

costs of negotiating a straight land lease between the Authority and PSEG will be different than the costs of setting up a new special purpose port development entity or entering into a Public-Private Partnership (P3) agreement with one or more private entities).

Staff will regularly update Members on services that are procured, as well as on cost estimates as more precise information becomes available, and as costs are incurred.

Staff will also return to the Board with further budget requests as needs arise, including (as outlined in this Memorandum) for special legal counsel both to inform project delivery structures and to support the Authority in its commercial negotiations between now and Financial Close.

Board Members should note that while costs will be expended at-risk by the Authority, on behalf of the State, Staff anticipates that the costs will be capitalized (along with the cost of staff time dedicated to this project) into the development of the project and reimbursed once the project reaches Financial Close. Furthermore, work undertaken to-date, including an initial financial viability analysis undertaken by McKinsey & Co. as part of this project's feasibility study, indicates multiple potential pathways for project financing and delivery and, by extension, for reimbursement of Authority project expenses.

REQUEST

The Members of the Board are asked to approve:

1. A capital budget of up to $2,550,000 to support the Authority's project development work through Financial Close for an offshore wind (OSW) port at Hope Creek in Salem County.

   Members should note that while these costs will be expended at-risk by the Authority, on behalf of the State, Staff anticipates capitalizing them (along with the cost of staff time dedicated to this project) into the development of the project. These capitalized project development costs will be reimbursed to the Authority upon Financial Close. Furthermore, an initial financial viability analysis undertaken by McKinsey & Co. during the feasibility study phase of this project indicates multiple potential pathways for project financing and delivery and, by extension, for reimbursement of Authority project expenses.

2. Delegation to the Chief Executive Officer to approve Staff's recommendations for two procurements – financial and technical ("owner's engineer") advisory services.

Timothy Sullivan
Chief Executive Officer

Prepared by:

Office of Economic Transformation (OET) & Real Estate Division

Exhibit 1 – Deliberative approach undertaken by the State to evaluate potential OSW port developments

Issue Offshore Wind Port RFI	NJBPU Conducts OSW Port Study	Feasibility analysis on top locations	Test development options with market	*We are here* ↓ Make decision and take action	Communicate plan to OSW industry
▪ Gather initial market ideas on sites and financing structures ▪ Gather information on potential sites from municipalities	▪ BPU performed study on ~40 potential port sites ▪ Identified marshalling with collocated manufacturing as a priority ▪ Identified two locations	▪ Engaged an outside consultant to develop potential development options for the top two site ▪ Assessed the economic and financial feasibility	▪ Connect with a panel of potential companies to pressure-test assumptions and development options	▪ Select and sequence priority development options ▪ Confirm financing and ownership structure plan ▪ Launch project development	▪ Communicate development plan to the industry to facilitate private sector planning and investment

Exhibit 2 – Board Memorandum (July 2019)

NJEDA

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: July 16th, 2019

SUBJECT: Offshore wind (OSW) port – economic and financial feasibility assessment

Request

The Members of the Board are asked to approve the Authority entering into a contract amendment to NJEDA-2018-GSA-RFQ080 with McKinsey and Company, Inc. Washington D.C. (McKinsey) to assess the economic and financial viability of a new offshore wind (OSW) port development project. Due to potential commercial considerations, the location of the project – which has been identified based on a significant body of work – remains confidential at this time.

The contract amendment is for a firm-fixed-price, not to exceed amount of $365,987.84, with the contract amendment subject to the existing contract's initial two (2) year contract term.

Staff anticipates the report will be finalized within a ten (10) week period from date of contract execution.

Findings from the feasibility study will be used to inform any subsequent decision by the Authority on whether and how to proceed with a potential development.

Background

Based on significant evidence of the strategic need, and conscious of the need to mobilize quickly to capture maximum economic benefits, staff seeks approval to commission a feasibility assessment of a potential OSW port. This will clarify the economic and financial viability of a new OSW-focused port, as well as the optimal development type, sequencing and footprint. As such, this study represents an important decision point for the Authority and State.

With other states already mobilizing, delays risk New Jersey missing out on potential supply chain benefits. For example, New York Governor Cuomo has announced a $200 million-dollar commitment to support the development of OSW port facilities, while a site on Arthur Kill was recently identified as high-potential for OSW marshalling (which could potentially service NJ and NY projects).

This Memorandum clarifies staff's proposed objectives, decision-making pathway and timeframes. In particular, it explains why new OSW port infrastructure is required and why staff is proposing that the Authority lead this work, how the proposed contract amendment advances a potential port development, and when key milestones in the Authority's broader decision-making process are expected to be achieved.

This Memorandum is structured as follows:

1 A once in a generation offshore wind (OSW) pipeline
2 The need for new and fit-for-purpose port capacity to meet OSW needs
3 Site identification
4 Next step – commissioning an economic and financial feasibility study
5 Procurement and timeframes
6 Mitigating conflicts with NJ Board of Public Utilities' (NJBPU) (now complete) OSW solicitation
7 Recommendation

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1 A once in a generation offshore wind (OSW) project pipeline

On 31 January 2018, Governor Phil Murphy signed Executive Order No.8 (EO8) directing the NJBPU and all state agencies with responsibility under the Offshore Wind (OSW) Economic Development Act (OWEDA) to "take all necessary action" to implement OWEDA and begin mobilizing towards a goal of 3,500 MW (3.5 GW) of OSW generation by 2030. The solicitation of 1,100 MW, awarded in June this year, was the first step towards the 2030 target; with additional scheduled solicitations of 1,200 MW in 2020 and 1,200 MW in 2022.

New Jersey is also part of a collective of East Coast states including New York, Massachusetts, and Maryland that have announced a potential 18+ GW OSW project pipeline. Besides ensuring new and clean generating capacity, this pipeline represents a once in a generation economic development opportunity. According to the University of Delaware's Special Initiative on Offshore Wind there is a nearly $70 billion capital investment opportunity for businesses in the offshore wind power supply chain over the course of the next decade. *Exhibit A-1* highlights the State's geographic advantage in capitalizing on this opportunity.

Delivery and ongoing servicing of the region's proposed OSW pipeline is expected to require 23,000 – 37,000 jobs by 2028, according to a 2017 Clean Energy State Alliance Report. If New Jersey were to capture its proportional share of this economic activity, the state could expect that between 10,000 to 16,000 local jobs would be linked to the industry. Given New Jersey's transparent and aggressive procurement schedule outlined by the NJBPU in 2018 (of 1,100 MW in 2018, 1,200 MW in 2020, and 1,200 MW in 2022), as well as its commitment to support infrastructure, innovation, and workforce development in the OSW industry, the State is very well-positioned to serve as a supply chain hub. This competitive advantage was further strengthened with the NJBPU's award on June 21 this year of the first (1,100 MW) to Ørsted.

In this context, OSW was identified as a focus sector in the Governor's 2018 "State of Innovation" Economic Plan; with the Authority – through its Office of Economic Transformation (OET) – tasked with identifying supply chain gaps and realizing development opportunities. Specifically, the Authority has focused its efforts on understanding the economic opportunity of the OSW industry, refining the State's value proposition for potential OSW supply chain companies, and performing analysis to identify ports and infrastructure to serve and attract the industry.

2 The need for new and fit-for-purpose port capacity to meet OSW needs

New and fit-for-purpose port capacity is required to meet 2030 OSW targets and to maximize economic benefits for the State.

Based on extensive industry feedback, the OET has identified an opportunity to catalyze the development of a transformational hub-style port; both to support the cost-effective delivery of the State's own OSW pipeline, and to maximize economic benefits for the State from the larger northeast pipeline.

More broadly, the opportunity recognizes the critical 'pull' factor that ports represent for aspects of the OSW supply chain. Ports are critical to all aspects of OSW, with the bulk of component manufacturing, marshalling and final assembly taking place at or close to the portside. Ports are often tailored to the specific needs of OSW projects and their supply chains. For example, large and heavy components such as nacelles, blades and foundations can typically only be transported by water; in-turn necessitating their manufacture and fabrication at or adjacent to the port itself. By extension, this requires quaysides that are reinforced sufficiently to accommodate significant component weights and scale; as well as sufficient water depth to accommodate the ships required to transport components to installation sites. In addition, waterfront facilities are needed to serve as installation and staging areas where components can be accumulated prior to being loaded onto the installation vessels and transported offshore. During both the construction and operations phases, crew transfer vessels need to make frequent transits to a wind farm, transporting the technicians responsible for construction, planned maintenance, and unplanned repairs. In summary, OSW port infrastructure requirements are unique, wide-ranging and extend over a project's entire life cycle, including eventual decommissioning and deconstruction.

Several detailed assessments of the State's and wider northeast region's existing port infrastructure has highlighted the need for new and fit-for-purpose capacity to meet OSW industry needs. This evidence base includes studies by the NJBPU (ongoing), the US Department of Energy and the New York State Energy Research and Development Authority (NYSERDA), amongst others.

Findings have been further substantiated through targeted consultation with industry, including a Request for Information (RFI) which the OET issued to industry in September last year. Besides identifying a need for additional port capacity, the RFI underscored the need for government action in order to bring new capacity online. The Authority is leading the initial groundwork on behalf of the State and in consultation with its sister agencies on the Offshore Wind Interagency Taskforce.

Exhibit A-2 showcases a European offshore wind port development, located in Hull, England – this development has already seen £310 million ($400 million) invested by the private sector in turbine production facilities, with a target to attract a total of £1billion ($1.3 billion).

3 Site identification

Significant work has been undertaken to identify potential locations for a transformational hub-style OSW port based on strict technical requirements; with this work identifying one location as most suitable.

This evidence base includes detailed studies by NJBPU and NYERSDA, as well as industry responses to an RFI which the Authority issued to the OSW industry in September last year. Technical studies and RFI responses indicated that the site under consideration has very high potential to support a transformational hub-style OSW port.

For these reasons, Staff is seeking to appraise the economic and financial feasibility of a port development at the site – while retaining the option to undertake feasibility studies of other sites in the future.

4 Next step – commissioning an economic and financial feasibility study

Resolving whether – and in what form – a potential development is economically and financially feasible at this site will require a phased decision-making process. To this end, and drawing on best practice, the Authority has adopted the following three-step decision-making process:

> Step One – Developing a "Strategic Business Case", to identify strategic needs and benefits;
>
> Step Two – Developing a "Preliminary Business Case", to reconfirm the need and benefits, and to arrive at a preferred development option; and
>
> Step Three – Developing a "Detailed Business Case", to develop a detailed evidence base with which to inform an investment decision and resolve the procurement method.

Step One is complete, with staff identifying a clear need (i.e to bridge existing shortfalls in meeting OSW port needs) and benefit in meeting that need (i.e on-time and cost-effective delivery of 2030 targets, as well as maximizing economic benefits for the State).

Step Two is underway, with work already undertaken to identify locations for a port development, based on strict technical criteria (see description of the draft NJBPU port study above). This enabled the identification of the highest potential locations based on a list of 35+ initially identified areas.

Staff is now requesting approval to seek expert assistance with Step two; specifically, commissioning a feasibility assessment of a limited range of development options at the identified site. For each option, this assessment would determine to a high degree of accuracy:

- The economic return for the State and local municipality (expressed as a Benefit Cost Ratio (BCR));[1]
- Financial viability (i.e. the revenue generating capacity, relative to total cost, expressed in Net Present Value (NPV) terms); and
- Any fiscal implications for the State (e.g. requirement for a subsidy).

The outcomes from this initial feasibility assessment will form a key input to the Authority's decision on whether to proceed to a Detailed Business Case for the preferred option.

This RFP's Scope of Work contemplates an initial feasibility assessment only. Should staff consider that the Authority should proceed with a Detailed Business Case for any option, staff will separately solicit bid proposals and present recommendations to the Board for a separate

1 A BCR is the ratio of the benefits of a project or proposal, expressed in monetary terms, relative to its costs, also expressed in monetary terms

contract or contract amendment(s) for that work.

Staff may present recommendation(s) for feasibility studies for other sites at a future time.

5 Procurement the of study & timeframes

The selection of a contractor for this work followed an extensive procurement process.

Reflecting the need to mobilize quickly to maximize economic benefits for the State, as well as commercial confidentiality considerations relating to future site acquisition, the Authority opted to utilize the U.S. General Services Administration ("GSA") process to procure a qualified contractor. Based on an assessment of capability with infrastructure feasibility and early-stage development, the Authority approached nine (9) GSA vendors to determine interest and to confirm that the vendor would not be conflicted due to past or ongoing direct or indirect involvement with NJPBU's OSW solicitation.[2] All nine (9) Vendors were requested to submit a signed confidentiality statement and eligibility declaration form. Based on this:

- Six (6) vendors declined to submit confidentiality statements and non-conflict declaration forms, five (5) stating it was due to their past or ongoing involvement in NJBPU's (then underway) 1,100MW OSW solicitation, with one (1) firm not responding at all;
- Three (3) vendors, while confirming no involvement with NJBPU's solicitation, chose not to submit a proposal.

As this approach did not result in bid submittals, requests for quotes under the "additional work" clauses of existing consulting contracts were issued to two firms, Jones Lang LaSalle Americas, Inc. (JLL) and McKinsey and Company, Inc. Washington D.C. (McKinsey), who have existing contracts with the Authority for economic and/or real estate consulting work.

Both firms were required to confirm their non-involvement with the NJBPU solicitation and provide confidentiality statements, in advance of receiving the request for quote. The Scope of Works remained unchanged from the earlier GSA RFP and the responses were assessed using the same criteria.

An Evaluation Committee comprising qualified Authority staff reviewed both submissions and recommended proceeding with additional work under the existing contract with McKinsey, which better demonstrated the necessary experience to undertake the services related to the Scope of Work. Staff then issued McKinsey a Best and Final Offer letter, and McKinsey responded with a not to exceed amount of $365,987.84.

2 Vendors who received proposals were selected from GSA e-Library, per GSA Schedule SIN Categories 871-1 (Professional Engineering Services – Strategic Planning for Technology Programs/Activities) and 874-1 (Mission Oriented Business Integrated Services – Integrated Consulting Services

6 Mitigating conflicts with NJBPU's OSW (now complete) solicitation

The Authority took the following steps to mitigate any potential conflicts with the NJBPU's process, which was then underway:

1. Bidders, and JLL and McKinsey, were required to declare that they are not party to – or previously party to – a bid before the NJBPU regarding that agency's 1,100MW OREC solicitation issued on September 17, 2018; and
2. Bidders, and JLL and McKinsey, were required to sign a confidentiality statement, agreeing to treat any site information included in the RFP as strictly confidential.

In addition, the GSA RFP and request for quotes to JLL and McKinsey explicitly stated that the procurement of the feasibility study is independent of the solicitation issued on September 17, 2018 by the NJBPU, for the development of the first 1,100 MW of offshore wind in New Jersey.

The NJBPU's solicitation concluded on June 21st with the announcement that Danish company Orsted had been granted the award for the first 1,100 MW. The announcement is available here: https://www.bpu.state.nj.us/bpu/newsroom/2019/approved/20190621.html

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7 Recommendation

The Members of the Board are asked to approve the Authority entering into a contract amendment to NJEDA-2018-GSA-RFQ080 with McKinsey and Company, Inc. Washington D.C. (McKinsey) to assess the viability of a new Offshore Wind (OSW) port at a preidentified location.

The contract amendment is for a firm-fixed-price, not to exceed amount of $365,987.84, with the contract amendment subject to the existing contract's initial two (2) year contract term

Tim Sullivan
Chief Executive Officer

Prepared by: Jonathan Kennedy and Brian Sabina

Exhibit 3 – Board Memorandum (September 2019)

NJEDA

EXECUTIVE SESSION: CONFIDENTIAL INFORMATIONAL MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: September 12, 2019

SUBJECT: Information Update – Offshore wind (OSW) port feasibility study expanded to include a second site, Hope Creek

Summary

The information contained in this Memorandum is provided for information purposes.

Authority staff acting under delegated authority has issued a contract amendment to NJEDA-2018-GSA-RFQ080 with McKinsey and Company, Inc. Washington D.C. (McKinsey) to expand a feasibility study that is currently underway to include a second site located in Hancocks Bridge and owned by PSEG ("Hope Creek site").1 The Attorney General's office has advised that this expansion may be accomplished under delegated authority

This followed the receipt of confidential – and previously unavailable – information on the site's readiness, and willingness of the site's owner to explore potential development.

Inclusion of Hope Creek, alongside South Amboy will result in an additional cost of $240,380.94 and will extend the delivery timeframe for a final report (encompassing both South Amboy and Hope Creek) by four weeks to October 25th.[2]

Authority staff is currently in advanced conversations with PSEG, as the site owner, to cover the cost of the expanded study ($240,380). Alongside the Governor's and Attorney General's offices, Staff is working with PSEG to resolve the funding mechanism and terms.

To avoid delays, which risk the State losing significant OSW-related investment to other, rapidly mobilizing, northeastern states, the Authority has taken the decision to proceed in commissioning the expanded study ahead of formalizing a funding agreement with PSEG.

1 The study expansion represents the third amendment to NJEDA-2018-GSA-RFQ080
2 The feasibility assessment of South Amboy incurred a cost of $365,987.84

DRAFT, CONFIDENTIAL & PRE-DECISIONAL

This update is being provided in Executive Session to preserve New Jersey's economic interest in the face of robust interstate competition for offshore wind (OSW) investment, as well as commercial considerations relating to potential land future purchases by the State.

1 Overview

Based on significant evidence of the strategic need, and conscious of the need to mobilize quickly to maximize economic benefits for the State, the Authority recently commissioned an economic and financial feasibility assessment of a potential OSW port at South Amboy this was approved by the Board at its July 16th meeting (the Board Memorandum is enclosed at *Exhibit A-6*).

The Authority since received reliable and previously unavailable information regarding the development potential of a second site, the Hope Creek site in Hancocks Bridge, New Jersey – with this information provided on a confidential basis by the site's owner, PSEG.

While, Hope Creek was identified by the NJBPU's Statewide Port assessment as a site with development potential – with NJBPU noting it is one of only two New Jersey sites (the other being South Amboy) free of vertical restrictions. However, as described below, this site was originally deprioritized due to the fact that it is located within a restricted area adjacent to the Hope Creek Nuclear Generation Plant. PSEG's interest and openness to develop the site was previously unavailable as it formed part of the Orsted led and PSEG supported "Ocean Wind" bid proposal to the New NJ Board of Public Utilities' (NJBPU) for the State's first (1,100MW) OSW solicitation. Orsted was ultimately successful in the solicitation, however the final proposal agreed to by NJBPU did not include a port development, for reasons discussed below. Site owner, PSEG, remains interested in a potential port and reached out directly to the NJEDA to explore options for site development. Furthermore, several Original Equipment Manufacturers (OEMs) have now expressed interest in site availability.

Given new information, the Authority is expanding the feasibility study to include an assessment of the Hope Creek site. This would allow a like-for-like comparison of the two sites (South Amboy and Hope Creek), in-turn, helping to inform a decision by the State on how best to direct any future State capital and/or to attract private investment, which could potentially include both sites, depending on feasibility study findings.

Staff issued McKinsey with a request for a proposal to expand the current study to include a second site with the scope of works otherwise unchanged. McKinsey's proposal was considered as offering value for money; with the cost of appraising a second site discounted by 35 per cent relative to the cost of appraising South Amboy. The ability to retain the same project team and apply a common appraisal methodology across both sites were further key factors in the Authority's decision. It was recognized that this consistency of approach and economies of scale would not be achievable with a separate provider. The Attorney General's office has advised that this expansion may be accomplished under delegated authority

2 About the Hope Creek site

PSEG has stated its interest in the potential development of the site as an OSW marshalling port and is open to working with the State to assess economic and financial benefits of a development. PSEG has also shared confidential information on the site and its readiness as a potential port.

As stated above, this information was previously unavailable to the Authority as it formed part of the Orsted led and PSEG supported "Ocean Wind" bid proposal to the New NJ Board of Public Utilities' (NJBPU) for the State's first (1,100MW) solicitation. While Orsted was successful in the solicitation, the final project proposal that NJBPU agreed to did not include a port development. The NJBPU indicated that it was not appropriate for them to bundle the development cost of a privately-owned infrastructure asset that could be utilized by multiple rounds of projects into the OREC for a single project. PSEG, as the site owner, remains interested in a potential marshaling port at the site – and the NJBPU recommended that they now engage with the NJEDA to discuss the possibilities of the site being a complement or alternative to the South Amboy project.

As outlined in Figure 1 below, the site is proximate to an existing PSEG Nuclear site located 7 ½ miles southwest of Salem, on the eastern shores of the Delaware River. North of the site is the continuation of Artificial Island, owned by the US Army Corp of Engineers (USACE). To the east are wetlands, while to the south is the Hopes Creek Nuclear Generating Station. Water approaches to the site are via the Baker Range and Liston Range, which is 800 feet wide and has a Mean Lower Low Water (MLLW) depth of 40 feet (which is sufficient to accommodate most marshalling uses).

Figure 1 – Hope Creek site

Source: PSEG-Orsted, 2019 (Confidential)

The site can be conceptually distinguished into two parts:

- an initial (circa 30 acre) site for which initial environmental assessments have been undertaken (illustrated as available for construction in Figure 1 above);
- a larger (circa 90-acre) site along the coastline to the north of the construction ready section for which environmental conditions are less known. The larger site is subject to an ongoing negotiation between PSEG and USACE regarding a potential land exchange – with the

exchange expected to be completed in the next 9 to 12 months, after which permitting would occur.

Further detail is provided in *Exhibit A-1* and *Exhibit A-2*.

3 Why Hope Creek justifies examination

NJEDA Staff believes this new information justifies expanding the feasibility study that is currently underway to include Hope Creek Expansion of the study would allow a like-for-like comparison of economic and financial viability of the two sites and, in turn, helping to inform a decision by the State on how best to direct any future state and private investment. In addition, there are several attributes of the site that support extending the feasibility assessment:

- **Availability: Site readiness:** Significant preparatory work and financial investment has been undertaken on the 30-acre portion of the site, which includes an Environmental Impact Statement (EIS), preparation of an overall site plan and initial assessment of necessary improvements and dredging requirements. Additionally, PSEG has identified permitting requirements at a federal, state and local level. Should development be feasible, this preparatory work would be a significant competitive advantage for the State in terms of its capacity to mobilize ahead of other states in developing fit-for-purpose assets and attracting high-value parts of the OSW supply chain. Based on this, we would expect a marshalling port to be operational more quickly than at the South Amboy site.

- **Scalability: Capacity to support large-scale manufacturing:** The site's potential to be expanded beyond an initial 30 acres to 120 acres permits a scenario where it could support large-scale OSW manufacturing activities – with the largest components (e.g. Jacket Foundations) typically requiring sites of up to 100 acres. NJEDA and the State are in active conversations with numerous major OSW OEMs who are actively looking for large sites on the East Coast. Based on initial analysis, the scalability of Hope Creek, if timed to follow the development of the initial 30 acres marshalling port, could be a major competitive advantage in attracting OEMs and in creating additional economic value for the State.

- **Potential to partner with a single and sophisticated landowner:** The single-owner nature of the Hope Creek site (at the degree of scale that it offers) is a further key strength. Additionally, PSEG's deep experience in site preparation and project permitting would likely allow it to mobilize quickly should a development be deemed viable.

- **Accessibility: Absence of major limitations:** As with South Amboy, Hope Creek does not have vertical restrictions – which permits a greater range of marshaling activities (e.g. monopile and foundation assembly, which require greater clearance heights). The property is infill land and there are confined disposal facilities (CDFs) nearby, making development significantly easier and more cost-effective. It is also far enough from residential areas to expect no major concerns from residents.

- **Local economic benefits:** The site is located in Salem County, which is one of the poorest counties in the state with well above average poverty and unemployment rates, particularly for families of color. Locating the port in this county could provide significant economic stimulus to the area.

4 Funding & execution

The Attorney General's office advised Authority Staff that a wider request for proposals was not required in order to expand the current study to include Hope Creek, given the scope of an expanded study is sufficiently similar to the previously approved amendment for South Amboy.

To this end, on August 14th, the Authority issued McKinsey a request for a proposal (enclosed at *Exhibit A-3*), including a request for a total firm-fixed price in accordance with their original cost schedule and a completion timeframe. McKinsey's response (enclosed in *Exhibit A-4*) was received on August 16th, proposing a total firm-fixed price of $240,380.94, and committing to delivery of a final report (encompassing both South Amboy and Hope Creek) by October 25th – representing a four (4) extension on the ten (10) week timeframe agreed for South Amboy.

After careful review, Authority staff determined McKinsey's proposal to be value for money – representing a 35 per cent discount relative to the cost of appraising the South Amboy site. The ability to retain the same project team and apply a common appraisal methodology across both sites were further key factors in the Authority's decision.

Working closely with the Governor's and Attorney General's offices, Authority Staff is in advanced discussion with PSEG about funding the study expansion and is in the process of determining an appropriate funding mechanism and resolving funding terms.

To avoid delays, which risk the State losing significant OSW-related investment to other, rapidly mobilizing, northeastern states, the Authority has taken the decision to proceed in commissioning the expanded study ahead of formalizing a funding agreement.

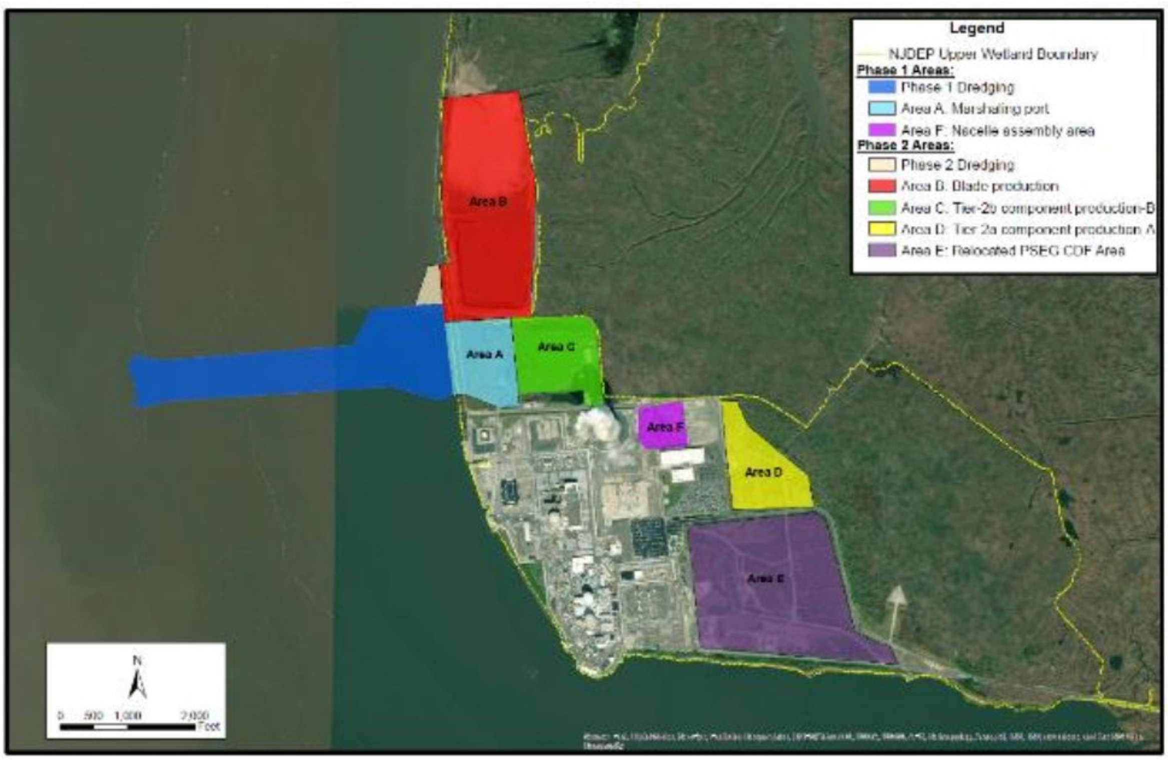
The expanded study is the third amendment to NJEDA-2018-GSA-RFQ080 with McKinsey.

Exhibit 4 – Hope Creek site overview

The site of the proposed development is located seven and a half (7 ½) miles southwest of Salem, on the eastern shores of the Delaware River. The site can be conceptually distinguished into two parts:

- An initial (circa 30 acre) area for which initial environmental assessments have been undertaken (illustrated as Area A) in Figure 1 below); and
- A larger (circa 90-acre) area along the coastline to the north of the construction ready section. The larger site is subject to an ongoing negotiation between PSEG and the US Army Corp of Engineers (USACE) regarding a land exchange – with the exchange expected to be completed in 2020.

Figure 1 – Hope Creek site & development sequencing



Source: PSEG-Orsted, 2019 (Confidential)

The site's potential to be expanded beyond an initial 30 acres to 120 acres permits a scenario where it could support large-scale OSW manufacturing activities – with the largest components (e.g. Jacket Foundations) typically requiring sites of up to 100 acres. Based on the Authority's initial analysis, the scalability of Hope Creek, if timed to follow the development of the initial 30 acre marshalling port, could be a major competitive advantage in attracting OEMs (supply chain companies) and in creating additional economic value for the State.

The site does not have vertical restrictions – which permits a greater range of marshalling activities (e.g. monopile and foundation assembly, which require greater clearance heights).

The property is infill land and there are confined disposal facilities (CDFs) nearby.

Site Ownership

The site is owned by a single private owner, the Public Service Enterprise Group (PSEG), a publicly traded diversified energy company headquartered in Newark.

The Authority has been engaged in extensive dialogue with PSEG on the project, which PSEG supports, with both parties currently working towards an additional Letter of Intent (LOI).

The single-owner nature of the Hope Creek site (at the degree of scale that it offers) was a key factor in the Authority's site selection decision.

Site Readiness

Significant preparatory work has been undertaken on the 30-acre portion (Parcel "A" in Figure 1), which includes an Environmental Impact Statement (EIS), preparation of an overall site plan and initial assessment of necessary improvements and dredging requirements. Additionally, PSEG has identified permitting requirements at a federal, state and local level (with this information shared with the Authority), with the permitting process currently underway.

The Authority considers that this preparatory work represents a significant competitive advantage for the State in terms of its capacity to mobilize ahead of other states in developing fit-for-purpose assets and attracting high-value parts of the OSW supply chain

Exhibit 5 – Board Memorandum (October 2019) & Letter of Intent (LOI) with PSEG

NJEDA

EXECUTIVE SESSION MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: October 8, 2019

SUBJECT: Letter of Intent with PSEG for Hope Creek Port Feasibility Study

As noted in last month's memo about the Hope Creek Port Feasibility Study, Authority staff acting under delegated authority has issued a contract amendment to NJEDA-2018-GSA-RFQ080 with McKinsey and Company, Inc. Washington, D.C. (McKinsey) to expand a feasibility study that is currently underway to include a second site located in Hancock's Bridge and owned by PSEG ("Hope Creek site"). The purpose of this memo is to seek approval from the Members of the Authority of a Letter of Intent (LOI) (Exhibit 1) that staff is developing with PSEG Renewable Generation LLC ("PSEG") to cover the cost of the expanded study and to set forth the terms of NJEDA and PSEG's ongoing cooperation concerning the potential development of the Hope Creek site.

Inclusion of Hope Creek, alongside South Amboy, in the feasibility study will result in an additional cost of $240,380.94 and will extend the delivery timeframe for a final report (encompassing both South Amboy and Hope Creek) by four weeks to October 25.[1]

Under the draft LOI (Exhibit 1), PSEG shall provide to NJEDA the sum of $240,000 to assist in payment for the Hope Creek Study. PSEG's payment shall be made by November 15, 2019. If the LOI is terminated prior to that date, PSEG agrees to make a prorated payment on the effective date of termination in an amount agreed to by the parties as representing the amount of work undertaken to that date by the Consultant on the Hope Creek Study. The LOI contains confidentiality provisions.

The LOI also includes a non-binding agreement to enter into preliminary discussions to explore the possibility of NJEDA and PSEG's cooperating to develop Hope Creek as a site for offshore wind marshalling, installation, and other supply chain development. The LOI requires NJEDA to screen from these preliminary discussions about the development of the Hope Creek site any NJEDA underwriter who could possibly review a future PSEG application for financial assistance, including incentives.

This approval request is being provided in Executive Session to preserve New Jersey's economic interest in the face of robust interstate competition for offshore wind (OSW) investment, as well

1 The feasibility assessment of South Amboy incurred a cost of $365,987.84

as commercial considerations relating to potential land future purchases by the State.

Recommendation

Staff recommends that the Members approve the execution of a Letter of Intent with PSEG that will provide for the payment of the expanded feasibility study of the Hope Creek site and provide for the commencement of preliminary discussions between NJEDA and PSEG to explore the possibility of the development of the Hope Creek site.

Tim Sullivan
Chief Executive Officer

Exhibit 1. Draft Letter of Intent between PSEG and NJEDA

THIS LETTER OF INTENT, made as of this __st day of October 2019 between PSEG Renewable Generation LLC, a Delaware Limited Liability Company having its principal office at 80 Park Plaza, Newark, New Jersey, 07102, hereinafter referred to as "PSEG", and THE NEW JERSEY ECONOMIC DEVELOPMENT

AUTHORITY, a body corporate and politic organized and existing under the laws of the State of New Jersey, with its principal offices located at 36 West State Street, P.O. Box 990, Trenton, New Jersey 08625, hereinafter referred to as "NJEDA".

WITNESSETH:

WHEREAS, Executive Order 8 (Murphy) committed the State to immediately pursue an initial 1,100 MW of offshore wind power and a total of 3,500 MW of offshore wind power by 2030; and

WHEREAS, the offshore wind industry was identified as a priority sector in the Governor's economic development plan dated October 1, 2018, entitled: "The State of Innovation: Building a Stronger and Fairer New Jersey"; and

WHEREAS, the recent awards of offshore wind projects across the U.S. East Coast has created an unprecedented opportunity to source parts and materials from the United States instead of Europe and several states are in competition to become major supply chain hubs; and

WHEREAS, development of a local offshore wind supply chain is critical to realizing the full economic benefits of this new industry and development of port infrastructure, especially a marshalling and installation port, is critical to anchoring major offshore wind supply chain investments within the State; and

WHEREAS, to promote the State's public policy of developing the offshore wind industry, the NJEDA has engaged a consultant ("Consultant") to undertake an economic and financial feasibility study ("Study") of several potential port locations in the State that had been identified as high-potential sites for marshalling and installation activities by the Board of Public Utilities' ("BPU") Offshore Wind Strategic Plan – Port Assessment Study; and

WHEREAS, the NJEDA has broad powers to undertake redevelopment to achieve its mission of creating jobs and promoting economic development, N.J.S.A. § 34:1B-1 et seq., including but not limited to accepting funds from private parties, owning and leasing property and providing financial assistance, to private parties, and has the authority to contract for and to receive funds from any source; and

WHEREAS, PSEG is the owner of the Hope Creek site located in Hancock's Bridge, New Jersey, one of the locations previously identified by the BPU Port Assessment Study as a high-potential site for marshalling and installation; and

WHEREAS, depending on the results of the Study as it relates to Hope Creek and other related matters, PSEG and the NJEDA are interested in engaging in preliminary discussions to explore the possibility of cooperating to develop Hope Creek as a site for offshore wind marshalling, installation, and potentially manufacturing (i.e., supply chain development); and

WHEREAS, such future cooperation could take many forms, including PSEG applying for an incentive or other financial support from the NJEDA; and

WHEREAS, PSEG and the NJEDA intend to cooperate initially in the Study as it relates to Hope Creek ("Hope Creek Study"); and

WHEREAS, such cooperation will include PSEG providing information and feedback about the Hope Creek site and funding a portion of the Hope Creek Study, which will examine the feasibility of redevelopment of the site; and

WHEREAS, the identity of the ports and any conclusions of the Study about their suitability for marshalling and installation activities or other offshore wind supply chain uses should, to the extent permissible under applicable law, remain confidential because disclosure potentially could adversely affect real estate negotiations and the State's competitive advantage in the development of the offshore wind supply chain; and

WHEREAS, the parties recognize that PSEG will not be involved in the parts of the Study that do not address the potential redevelopment of the Hope Creek site and will not have any involvement in the conclusions reached by the Study, which will remain under the exclusive direction and control of the NJEDA;

NOW, THEREFORE, PSEG and the NJEDA hereby agree as follows:

SECTION 1 – DEFINITIONS

As used in this Agreement:

A. "Confidential Information" shall mean all financial, statistical, personnel, customer, geographic and/or technical data identified by NJEDA or PSEG as confidential that is supplied by the NJEDA or the Consultant to PSEG, or by PSEG to the NJEDA or the Consultant. With respect to Confidential Information supplied by PSEG to NJEDA or the Consultant, it is understood that the term "Confidential Information" does not include information which a) prior to disclosure by a Party, was within the possession of the receiving Party or the Consultant, as evidenced by their records; b) prior to disclosure was, or subsequent to disclosure becomes, generally known to the public or in the public domain through no fault of NJEDA or the Consultant; c) subsequent to disclosure is obtained on a non-confidential basis by the receiving Party or the Consultant from a third party not bound by a confidentiality agreement with the disclosing Party; d) is requested pursuant to applicable law by any federal or state investigatory or regulatory agency, including the United States and New Jersey Departments of Labor and Workforce Development; or e) NJEDA is requested or required by applicable law to provide to other State agencies, provided that in the case of clauses (d) and (e) above, the requirements of Section 5 below shall still apply to the information.

B. "Hope Creek" shall mean the plots of land located in Hancock's Bridge, New Jersey, that are adjacent to or near the Hope Creek Nuclear generation station. These plots may or may not be currently owned by PSEG.

SECTION 2 AGREEMENT TO DISCUSS FUTURE COOPERATION; SCREENING

The Parties agree to enter into preliminary discussions to explore the possibility of cooperating to develop Hope Creek as a site for offshore wind marshalling, installation, and other supply chain development ("Hope Creek Discussions"). Such Hope Creek Discussions may include, but not be limited to, a discussion of the parties entering into future agreements such as future leasing/sales, incentives and other financial assistance agreements, some of which may require PSEG to submit an application to the NJEDA. NJEDA agrees to screen any NJEDA staff that potentially could be involved in an underwriting analysis of an application submitted by PSEG from the Hope Creek Discussions.

SECTION 3 AGREEMENT TO DISCUSS FUTURE COOPERATION; NON-BINDING

The Parties agree that except for the provisions of this Letter of Intent, the Hope Creek Discussions are non-binding and to the extent that a cooperative agreement is reached, the Hope Creek Discussions will be superseded by definitive agreements executed by the Parties and, except as described in Sections 4 through 8 of this Letter of Intent, that any funds expended by either Party, prior to the execution of binding agreements will be at the Party's own risk. PSEG acknowledges that any such proposed cooperative agreement is subject to the NJEDA Board's approval, at its sole discretion.

SECTION 4 – HOPE CREEK STUDY; PROVISION OF INFORMATION AND TIME OF THE ESSENCE

The Parties agree to work cooperatively to assist the Consultant with the development of the Hope Creek Study. NJEDA will share information that the Consultant develops about the Hope Creek site when it is available, and PSEG agrees to provide information about Hope Creek and provide feedback to the NJEDA and the Consultant. Both NJEDA and PSEG recognize that time is of the essence and agree to use reasonable efforts to provide information requested by the Consultant for the purposes of the Study in a timely manner, subject to confidentiality obligations that may exist under applicable agreements with third parties.

SECTION 5 HOPE CREEK STUDY; CONFIDENTIALITY

PSEG agrees that the Hope Creek Study, including research, preliminary drafts, and the identity of the Hope Creek site as a port of interest is confidential and agrees not to disclose this information, except as described below or as mutually agreed upon by both parties.

The NJEDA agrees that it will indicate whether any additional information it provides to PSEG is confidential. PSEG agrees that it shall not use or disclose Confidential Information that the NJEDA or the Consultant has distributed or disseminated to PSEG and that PSEG shall notify the NJEDA in writing immediately upon discovery of any unauthorized use or disclosure of Confidential Information. Confidential Information provided by NJEDA or the Consultant shall remain the property of NJEDA. The Confidential Information shall cease being Confidential Information if and as of such time as the NJEDA has notified or advised PSEG that the NJEDA has classified the information as public or otherwise non-confidential. Information that becomes part of the public knowledge by publication or other similar public method, provided such publication was not in contravention of this Agreement, also shall not be deemed to be Confidential Information. PSEG shall assume total financial liability incurred by the Authority associated with any breach of confidentiality by PSEG.

PSEG agrees that it will indicate if any information it provides to the NJEDA or the Consultant is confidential. NJEDA and the Consultant shall use any Confidential Information received from PSEG solely for the Study. NJEDA and the Consultant shall be obligated to maintain as confidential the Confidential Information and shall not disclose any of such information, directly or indirectly, to any third party, other than its employees, consultants, affiliates and agents, all of whom shall be informed of this Confidentiality Agreement and all of whom shall be bound by its terms. Confidential Information provided by PSEG shall remain the property of PSEG. In the event that NJEDA is requested or required (by either the N.J. Open Public Records Act, New Jersey Right to Know statutory law or case law, by court order, questions administered under oath in a court or investigative proceeding, interrogatories, depositions, subpoena or other judicial or investigative process) to disclose any Confidential Information supplied to NJEDA or the Consultant, such party shall provide to PSEG prompt notice of such requests so that PSEG may seek a protective order or other appropriate relief from such request or requirement to disclose Confidential Information. If in the absence of a timely protective order or other relief, upon the advice of counsel of their own choosing, NJEDA determine that disclosure of any Confidential Information is compelled under penalty of contempt or liability, NJEDA may disclose such Confidential Information without liability hereunder.

SECTION 6 – HOPE CREEK STUDY: PSEG PAYMENTS TO NJEDA

PSEG shall provide to the NJEDA the sum of $240,000 to assist in payment for the Hope Creek Study. PSEG's payment shall be made by November 15, 2019, provided if this Letter of Intent is terminated prior to that date, PSEG agrees to make a prorated payment on the effective date of termination in an amount agreed to by the parties as representing the amount of work undertaken to that date by the Consultant on the Hope Creek Study.

The NJEDA warrants and represents that it is authorized to accept "any gifts or grants . . . or financial or other aid in any form . . . from any other source," including PSEG and other private parties for NJEDA's official governmental purposes under N.J.S.A. § 34:1B-5(j) and all other applicable laws. The NJEDA further represents that it will use any payment received under this Letter of Intent only for the Study and other official governmental purposes.

SECTION 7 HOPE CREEK STUDY: MEETINGS AND INTERIM REPORTS

NJEDA will agree with PSEG on the level of involvement PSEG wishes to have in the Hope Creek Study, and subsequently will invite PSEG to participate in meetings with the Consultant about Hope Creek as agreed. NJEDA will share interim reports that it receives from the Consultant about Hope Creek with PSEG. NJEDA will not be obligated to provide the portions of the Study that relate to any other port or any portion of the Study that discusses the relative merits of different ports, including Hope Creek, or that makes recommendations to the NJEDA on future action that it may take to pursue the State's public policy of developing the offshore wind sector. PSEG agrees that the content of meetings with the Consultant about Hope Creek and any interim report that it receives shall be subject to the confidentiality provisions set forth in Section 5 hereof.

SECTION 8 HOPE CREEK STUDY: FINAL REPORT

At the end of the Consultant's engagement, NJEDA will provide PSEG with a copy of those portions of the Study that relate to Hope Creek. NJEDA will not be obligated to provide any portion of the Study that relates to any other port or any portion of the Study that discusses the relative merits of different ports, including Hope Creek, or that makes recommendations to the NJEDA on future action that it may take to pursue the State's public policy of developing the off-shore wind sector. PSEG agrees that any portion of the final report that it receives shall be subject to the confidentiality provisions set forth in Section 5 hereof.

SECTION 9 GENERAL

A. Each Party may terminate this Letter of Intent upon 15 days written notice, provided payment is made in accordance with Section 6.

B. This Letter of Intent will be governed by New Jersey law.

C. Notices shall be made by e-mail or certified mail:

To NJEDA:

36 West State Street
P.O. Box 990
Trenton, NJ 08625

ATT'N: Brian Sabina, SVP, Office of Economic Transformation
bsabina@njeda.com

To PSEG:

80 Park Pl
Newark, NJ 07102

ATT'N: Kate Gerlach, Director Generation Development, PSEG Power LLC kathryn.gerlach@pseg.com

D. This Letter of Intent may be executed in counterparts. The effective date hereof will the final date of execution by both Parties.

E. This Agreement shall not be construed to create any rights on behalf of any party other than the PSEG and NJEDA. Neither this Letter of Intent nor any rights or duties may be assigned or delegated by either party hereto without the written consent of the other party and any such purported assignment or delegation shall be null and void and of no force or effect.

F. By execution, delivery, and performance of this Letter of Intent, each Party represents to the other that it has been duly authorized by all requisite action on the part of the PSEG and the NJEDA, respectively. Except as set forth in Section 3 hereof, this Letter of Intent constitutes the legal, valid, and binding obligation of the parties hereto.

G. If any provision of this Letter of Intent shall be such as to destroy its mutuality or to render it invalid or illegal, then, if it shall not appear to have been so material that without it this Agreement would not have been made by the parties, it shall not be deemed to form a part hereof but the balance of this Agreement shall remain in full force and effect.

H. The entire agreement between the Parties is contained herein and no change in or modification, termination, or discharge of this Agreement shall be effective unless in writing and signed by the Party to be charged therewith.

IN WITNESS WHEREOF, the Parties hereto have caused this instrument to be signed, sealed, and attested.

WITNESS:	NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
____________________	______________________________
By:	By: Tim Sullivan
Title:	Chief Executive Officer
Date:	Date:

WITNESS:	PUBLIC SERVICE ENTERPISE GROUP
____________________	______________________________
By:	By:
Title:	Title:
Date:	Date:

Exhibit 6 – (Indicative) Project delivery timeline – Phase One

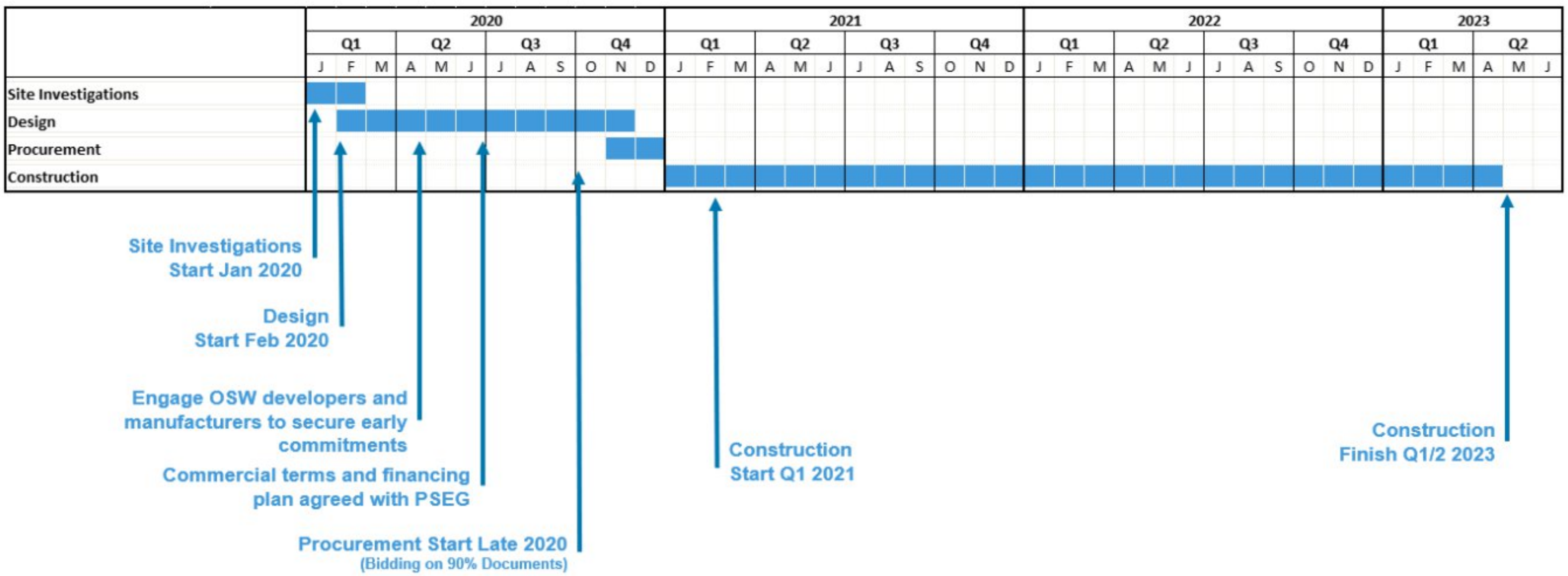


Exhibit 7 – Financial Advisor: Request for Qualifications & Proposals (RFQ/P)

REQUEST FOR QUALIFICATIONS and PROPOSALS (RFQ/P)

FOR

FINANCIAL AND COMMERCIAL ADVISORY SERVICES

2020-OET-RFQ/P-FA-092

Issued by:
New Jersey Economic Development Authority
Office of Economic Transformation
36 West State Street
P.O. Box 990
Trenton, New Jersey 08625-0990

Date Issued:
Wednesday, January 29, 2020

Responses Due:
3:00 PM NJ Time (EST) on
Friday, February 14, 2020

CONTAINS CONFIDENTIAL INFORMATION
SUBJECT TO AN EXECUTED CONFIDENTIALITY AGREEMENT

REQUEST FOR QUALIFICATIONS AND PROPOSALS (RFQ/P)
FOR
FINANCIAL AND COMMERCIAL ADVISORY SERVICES

1.0 PURPOSE AND INTENT

The New Jersey Economic Development Authority ("Authority"), in collaboration with the Treasurer of the State of New Jersey ("Treasurer") ("collectively the "State"), is soliciting proposals from qualified firms interested in performing the services described herein as an Advisor ("Advisor"). Based upon a review of the responses to this RFQ/P, the Authority will select one firm to serve as Advisor to the State to devise a commercial and financial structure for delivery of a new Offshore Wind ("OSW") port in New Jersey (the "Project"), as further described below, as well as to support the Authority in implementing that structure (working alongside the Authority's Legal Advisor and Technical Advisor described below), including supporting the Authority's commercial negotiations with third parties. The Authority will enter into a contract with the winning bidder (the "Contract").

For the purposes of this RFQ/P, the following definitions apply for items regarding the proposal submission and subsequent compliance in accordance with the terms of the Contract:

ADVISOR: An entity that provides financial and commercial advisory services to the State selected pursuant to this RFQ/P.

ALL-INCLUSIVE HOURLY RATE: An hourly rate comprised of all direct and indirect costs including, but not limited to: overhead, fee or profit, clerical support, travel expenses, per diem, safety equipment, materials, supplies, managerial support and all documents, forms, and reproductions thereof. This rate also includes portal-to-portal expenses as well as per diem expenses such as food.

AUTHORITY: The New Jersey Economic Development Authority.

CONTRACT MANAGER: The Authority's designated overseer of the services awarded under this RFQ/P.

DELIVERY MODEL: The model by which the Project could be delivered, considering the commercial, financing and contractual structure.

FINANCIAL CLOSE: The point at which the commercial and financial transactions necessary for the Project to move to the construction phase are concluded. In the context of this RFQ/P, Financial Close may involve public finance, private finance or a combination of the two.

LEGAL ADVSIOR: The New Jersey Department of Law and Public Safety, Division of Law and any special counsel that it retains to support work on this Project.

TECHNICAL ADVISOR: The engineering advisory company retained by the Authority to oversee permitting, environmental and engineering works for this Project.

LEAD ACCOUNT MANAGER: The person designated by the Proposer as the Project team lead who has overall responsibility for the team's delivery of the services described herein.

MAY: "May" means the Proposal item is recommended, but not mandatory for the Proposal to be complete.

MUST: "Must" means the Proposal item is mandatory for the Proposal to be complete.

PROJECT: "Project" means the proposed OSW port development that is the subject of this RFQ/P, and outlined in Section 2.3 of this RFQ/P

PROPOSER: An individual or business entity submitting a Proposal in response to this RFQ/P.

SUBCONTRACTOR: An entity having an arrangement with an Authority contractor, whereby the Authority contractor uses the products and/or services of that entity to fulfill some of its obligations under its Authority contract, while retaining full responsibility for the performance of all of the contractor's obligations under the contract, including payment to the Subcontractor. The Subcontractor has no legal relationship with the Authority, only with the Contractor.

SHALL: "Shall" means the Proposal item is mandatory for the Proposal to be complete.

SHOULD: "Should" means the Proposal item is recommended, but not mandatory for the Proposal to be complete.

STATE: The Authority, in collaboration with the Treasurer of the State of New Jersey.

TASK ORDER REQUEST (TOR): Specific Project related information detailed and issued by the State to define a request for services and for the Advisor to provide a response. See Exhibit C.

CONTAINS CONFIDENTIAL INFORMATION
SUBJECT TO AN EXECUTED CONFIDENTIALITY AGREEMENT

2.0 BACKGROUND

2.1 General

On January 31, 2018, Governor Phil Murphy signed Executive Order No.8 (EO8) directing relevant State agencies to "take all necessary action" to begin mobilizing towards a goal of 3,500 MW (3.5 GW) in OSW generation by 2030.

In June 2019, following a competitive bid process, the New Jersey Board of Public Utilities (NJBPU) awarded the Orsted Ocean Wind Project (led by Orsted A/S) a solicitation for 1.1 GW. In November 2019, Governor Murphy signed Executive Order No. 92, increasing the State's OSW target to 7.5 GW by 2035 – a more than doubling of the original target. The NJBPU is expected to issue two further solicitations in late 2020 and 2022.

New Jersey's OSW commitment forms part of a broader East Coast pipeline of committed OSW projects that exceed 25 GW. Besides providing new renewable generating capacity, this pipeline represents a significant economic development opportunity – with an estimated $100 billion in required capital investment over the next decade. It is anticipated that delivery and ongoing servicing of this pipeline will create significant employment and supply chain opportunities – with a conservative estimate of up to 37,000 jobs by 2028.

2.2 New OSW port capacity is needed to meet targets & maximize economic benefits

On behalf of the State, the Authority intends to catalyze the development of new hub-style marshalling, sub-assembly, and load out port capacity; to support delivery of the State's and North East region's OSW pipeline, and to attract supply chain components to the State.

Ports are critical to all aspects of OSW, with the bulk of component manufacturing, marshalling and final assembly taking place at or close to the portside in mature markets. Ports must also be tailored to the specific needs of OSW projects and their supply chains. For example, large and heavy components such as nacelles, blades and towers can typically only be transported by water, in-turn necessitating their manufacture and fabrication at or adjacent to the port itself. By extension, this requires quaysides that are reinforced sufficiently to accommodate significant component weights and scale; as well as sufficient water depth to accommodate the ships required to transport components to installation sites. In addition, waterfront facilities are needed to serve as installation and staging areas where components can be accumulated prior to being loaded onto the installation vessels and transported offshore. During both the construction and operations phases, crew transfer vessels need to make frequent transits to a wind farm, transporting the technicians responsible for construction, planned maintenance, and unplanned repairs. In summary, OSW port infrastructure requirements are unique, wide-ranging and extend over a project's entire life cycle, including eventual decommissioning and deconstruction.

Several detailed assessments of the State's and wider region's existing port infrastructure have highlighted the need for new and fit-for-purpose capacity to meet OSW industry needs. This evidence base includes studies by the NJBPU, the US Department of Energy and the New York State Energy Research and Development Authority (NYSERDA), amongst others. Findings have been further substantiated through targeted consultation with industry, including a Request for Information (RFI) which the Authority issued to industry in late 2018. Besides identifying a need for additional port capacity, the RFI underscored the need for government action in order to bring new capacity online. The Authority is leading this work on behalf of the State and in consultation with its sister agencies on the Offshore Wind Interagency Taskforce, convened and led by NJBPU at the direction of Executive Order No. 8 (Murphy 2018).

2.3 Site identification & feasibility analysis is complete

In July 2019, the Authority engaged a global consulting firm to undertake an initial feasibility assessment of potential OSW port developments in New Jersey. This work, which concluded in December 2019, confirmed a strong economic case for new hub-style port capacity, and enabled the Authority to identify a preferred site and define project parameters (e.g. scope of activities, developable footprint/acreage, development timeframe). For this preferred development option, the feasibility assessment determined:

- The expected economic return (jobs and GDP impact);
- An initial financial viability analysis, including basic operating revenue models for various port facility scenarios; and
- Permitting requirements and expected permitting timeframes.

All prior work, including initial feasibility (economic and financial), concept design and capital cost estimate breakdown, will be shared with the Advisor to support delivery of the Scope of Services.

2.3.1 Project scope & sequencing

The Authority's proposed development will involve construction of a new OSW-focused port, accommodating marshalling and limited OSW component manufacturing in the first instance, with subsequent expansion to accommodate a broader range of manufacturing activities, such as nacelles and blades.

The proposed development will be sequenced into two-phases:

- An initial 30-acre site accommodating OSW marshaling activities, with a possible +/- 10 acres for accommodation of nacelles manufacturing. This first phase has an estimated construction completion date of Q1/Q2 2023; and
- An expanded (>100 acre) site accommodating expanded marshalling activities and extensive manufacturing facilities. This has an estimated completion date of 2024 onwards.

The Authority estimates the capital cost (for core infrastructure) for both project development phases, described above, at between $300 million and $320 million.

2.3.2 Site location & ownership

The site for the proposed port is located seven and a half (7 ½) miles southwest of Salem, on the eastern shores of the Delaware River in Southern New Jersey. The site can be conceptually distinguished into two parts: an initial (circa 30 acre) area; and a larger (circa 90-acre) area along the coastline to the north of the smaller section. The property is infill land and there are confined disposal facilities (CDFs) nearby.

The site's potential to be expanded beyond an initial 30 acres to 120 acres permits a scenario where it could support large-scale OSW manufacturing activities – with the largest components (e.g. jacket foundations) typically requiring sites of up to 100 acres. The site is also free of vertical restrictions – which permits a greater range of marshaling activities (e.g. monopile and foundation assembly, which require greater clearance heights).

Preparatory work has been undertaken on the 30-acre portion of the site, which includes an Environmental Impact Statement (EIS), preparation of an overall site plan and initial assessment of necessary improvements and dredging requirements. Additionally, federal, State and local level permitting requirements are known, with permitting currently underway.

The site is owned in full by a single private owner, the Public Service Enterprise Group (PSEG), a publicly traded diversified energy company headquartered in Newark, New Jersey.

The Authority has been engaged in dialogue with PSEG in respect to the Project, with both parties currently working towards a Letter of Intent (LOI). Formal commercial negotiations between the two parties would commence following this LOI, with the Authority's Advisor (selected on the basis of this RFQ/P) expected to support the State through this process and subsequent Project procurement phase. **The Advisor will be contracted to provide services**

to the State and will represent its interests only, not those of PSEG.

2.4 Next steps – resolving a commercial and financial structure, and commencing procurement

Due to broader OSW development timeframes, the Authority is seeking to progress swiftly to the next stages of Project development – determining an optimal commercial structure and financing solution for Project delivery; and commencing commercial negotiations with third parties, including the site owner.

This represents the culmination of a broader decision-making process, as illustrated below:

Step One (1) is complete, with the Authority identifying a strategic need (i.e., bridging existing shortfalls in meeting OSW port needs) and benefit (i.e., on-time and cost-effective delivery of 2030 targets, as well as maximizing economic benefits for the State).

Step Two (2) was recently completed, with this work confirming a strong economic case to proceed, identifying a preferred site and development parameters, and providing an initial analysis of capital costs and revenue potential (financial viability).

The Authority is now seeking assistance with steps Three (3) and Four (4) – with these steps procured jointly through this scope and completed sequentially.

In parallel with this RFQ/P, the New Jersey Department of Law and Public Safety, Division of Law is retaining special counsel (collectively, the Division of Law and special counsel are "Legal Advisors") to assist with these steps. The Authority is currently procuring a Technical

Advisor, which it expects to appoint in coming months.
In order for Project construction to commence in early 2021, the State's objective is to conclude commercial and financial negotiations with applicable third-parties by the end of 2020.

3.0 SCOPE OF SERVICES

The Authority is seeking proposals from qualified entities to devise a commercial structure and financing plan for development of a new OSW-port in New Jersey, as well as to support implementation of that structure and plan (working alongside the State's Legal and Technical Advisors). In particular, this RFQ/P seeks a qualified entity to:

- Develop a commercial structure and financing solution that best meets State objectives; and
- Serve as the State's Advisor up until the project achieves Financial Close.

These deliverables are broken into two distinct immediately sequential phases of work, as outlined below.

3.1 Phase 1 – Resolve a commercial structure and financing plan ("Delivery Model")

The Advisor will be responsible for determining a commercial structure and financing plan ("Delivery Model") that maximizes overall Project value for the State. This shall comprise three parts:

1. An assessment of potential delivery models, with pros and cons clearly explained;
2. A recommendation on the delivery model that best meets State objectives; and
3. A recommended process/pathway for the State to implement the preferred option.

Each of these components will be outlined in further detail below.

A. Appraise potential delivery models (applicable under New Jersey statute and regulations) for a new OSW port, including drawing on global best practices. At a minimum, the Advisor should consider:

- The State's objectives (e.g. speed to market, value for money – VfM);
- Authority/State delivery capabilities;
- Project technical characteristics;
- Project risk, pricing and optimal mitigation/allocation;
- Project revenue profile and potential for private financing and/or development;
- Available public financing sources;

- Post construction/development exit strategies; and
- Other relevant factors.

The Authority expects the Advisor to quickly triage/screen from a long-list to a short-list (i.e. two or three delivery model options), based on project characteristics and State objectives, allowing for a more rigorous assessment of the most viable models. This options analysis should include wholly public, wholly private, and public-private (P3) financing and delivery models – with pros and cons of each clearly explained.

The Advisor will be required to meaningfully gauge market appetite/capability, as necessary, to determine viable commercial structures and financing solutions – whilst preserving project confidentiality.

B. Recommend a commercial structure and financing strategy that meets Project timing objectives while maximizing VfM for the State. At a minimum, the Advisor must evidence:

  - Why its recommended option represents better overall value for the State;
  - Why its recommended option represents the most prudent allocation of risk; and
  - What risks would be retained by the State under its proposed approach.

C. Outline a pathway for the State to implement the Delivery Model. At a minimum, this should include:

  - A realistic timeline for implementation with key steps/milestones clearly delineated; and
  - An assessment of the capabilities and resources that the State would need to effectively implement the proposed delivery model within its required timeframe.

The timeframe for delivery for the above Scope of Services is 12 weeks – with a draft recommendation provided to the State for its review and comment within ten (10) weeks. The Advisor will be expected to work collaboratively with State staff and to seek regular feedback to ensure expectations are aligned and the State's preferences are known and considered. Expected final outputs include:

- A consolidated final written report;
- A risk register and recommended risk allocation (for the proposed Delivery Model); and
- A financial model (that is sufficiently adjustable as Project conditions become more known).

The Advisor will not be required to re-model capital cost estimates but will be required to develop a robust financial model (with revenue estimates) and to undertake sensitivity and scenario analysis.

All prior work undertaken by the State, including an initial viability analysis (with basic operating revenue models for various port facility scenarios), design and construction cost estimates, and an assessment of permitting requirements (and schedules) will be shared with the Advisor to support delivery of this scope.

3.2 Phase 2 - Provide the State with Financial and Commercial Advisory Services during the Project procurement/transaction phase

A. If the State determines, at its sole discretion, to proceed with Phase 2, the Advisor will be required to provide financial and commercial advisory services until Financial Close.

The State will authorize Phase 2 tasks through one or more Task Order Requests (TORs) (see Exhibit C) once Phase 1 is complete and the Delivery Model is known. Specific tasks may include, but are not limited to:

- Support the State in its commercial negotiations with third-parties, through provision of sound and timely financial and commercial advice. As a first step, this will include supporting the State in negotiating a mutually-agreeable commercial arrangement with the site owner;
- Conduct ongoing due diligence in support of Project objectives, including refining risk identification, allocation and mitigation, and adjusting financial assumptions and models;
- Contribute to best practice procurement by informing procurement schedules, submittal requirements, drafting of RFQ/RFPs and other procurement and contract terms, as well as establishing financial evaluation criteria, as necessary;
- Ensure that contracts meet State requirements, are acceptable to market, result in commercially sound outcomes and are executed within required Project timeframes;
- Coordinate effectively with and where necessary integrate contributions from the State's Technical Advisors, Legal Advisors, and other advisors; and
- Ensure sound reporting on all commercial aspects of the Project.

The Authority may issue TORs to the Advisor to provide additional financial and commercial advisory services, such as construction phase oversight or refinancing support ("Additional Services") if the Authority, in its sole discretion, determines that Additional Services are required and that such services are in the best interest of the State. The Advisor acknowledges and agrees that the Authority is under no obligation to issue such additional TORs and/or retain the Advisor for any such Additional Services. Accordingly, the Authority reserves the right, at its sole discretion, to separately contract for any such Additional Services.

3.3 Working Relationship

The Authority intends for the State's relationship with the Advisor to be one where various parties work together in a mutually supportive way to deliver jointly owned Project outcomes.

Other advisors, consultants, and contractors will be involved to support delivery of the Project, such as the Legal and Technical Advisors. The Advisor is required to work co-operatively and cohesively with these other parties in a manner that supports Project success and delivers the best overall value for the State. This includes resolving any interface issues that may emerge between parties in an effective and efficient manner.

3.4 Communications and Reporting

The Advisor will be required to provide a monthly report, in writing, to the State summarizing actions and progress towards deliverables for the duration of the Contract.

In addition, at least on a weekly basis, the Authority Contract Manager, in conjunction with the Advisor's Lead Account Manager will have a call estimated to be one (1) hour in duration to address timelines, bottlenecks and requirements, as they are identified.

No additional compensation will be provided for participating in this weekly call or for preparing and submitting the requisite reports. Responding firms must consider the costs associated with these activities when completing the Fee Schedule (see Exhibit A).

3.5 Initial Organizational Meeting

The Advisor shall attend an Initial Organizational Meeting with the State's designated staff, as well as employees from the Department of the Treasury and the Office of the Governor ("Other State Entities"), as may be deemed appropriate, to commence Phase 1. At its discretion, the Authority may involve employees from other State entities or departments.

The Initial Organizational Meeting will be held within five (5) business days of executing the Contract. The purpose of the meeting is to allow the Advisor (and any staff assigned to perform work under the Contract) the opportunity to meet with the State's designated staff members and designated employees from Other State Entities, as may be deemed appropriate, to gain a clearer understanding of the performance expectations and to review the State's requisite timelines. The Authority's Contract Manager will guide the meeting and address any issues.

This meeting will be held at the Authority's offices located at 36 West State Street, Trenton, or at One Gateway Center, Newark. The Authority, in its sole discretion, may permit certain, limited staff members of the Advisor to participate via teleconference, should travel to the

Authority's offices be cost prohibitive. The Authority will make every effort to schedule the meeting at a mutually convenient time; however, the Authority will make the sole determination regarding the date and time to ensure maximum participation by the State's staff.

4.0 REQUIRED COMPONENTS OF THE PROPOSAL

Each firm submitting a Proposal ("Proposer") must follow the instructions contained in this RFQ/P. The Proposer is advised to thoroughly read and follow all instructions. A Proposal must contain all of the information in the order and format indicated below. All terms and conditions set forth in this RFQ/P will be deemed to be incorporated by reference in their entirety into the Proposal. Joint proposals will NOT be permitted.

Mere reiterations of RFQ/P phases, dates, tasks and subtasks are strongly discouraged, as they do not provide insight into the Proposer's ability to complete the contract. The Proposer's response to this section should be designed to demonstrate to the Authority that its detailed plans and approach proposed to complete the Scope of Services are realistic, attainable and appropriate and that the Proposer's Proposal will lead to successful completion of the Project.

In the Proposal please respond to each of the following key requirements by repeating that requirement at the top of the section and referring to the numbers used in this RFQ/P.

4.1 Technical Proposal

1. Outline the proposed technical approach and methodology for delivering the Phase 1 Scope of Services. In particular, responses should outline the approach for:

    - Arriving at an optimal financing solution and commercial structure (delivery model); and
    - Appraising market appetite to finance/develop and/or operate an OSW port.

2. Detail the Proposer's capabilities and experience providing financial and commercial advisory services to public sector clients on infrastructure projects. Responses should detail capabilities in relation to:

    - Procurement options analysis (including value for money analysis);
    - Financial modelling (including scenario and sensitivity testing);
    - Risk assessment;
    - Transaction structuring/services; and
    - Valuation, alternative uses and exit strategy (e.g. asset sales, divestments)

Relevant transaction advisory engagements should be listed – clarifying project size, type/sector, date of financial close (or anticipated close), as well as scope of the Proposer's role on that project. Transaction experience with port and/or OSW-related projects should be highlighted. Selected additional details on relevant projects can be included in appendices.

3. Provide three project descriptions and client reference details from current and/or past clients in relation to transaction advisory assignments

4. Detail the project team listing all persons who will be assigned to the engagement, including clear designation of the team lead ("Team Leader") and team members who will be assigned to work on the project day-to-day. In an appendix, include resumes describing the Team Leader and team members' employment background, education, and transaction-related experience. The Team Leader must be committed to work with the Authority. No substitution of the Team Leader will be permitted without written approval from the Authority.

   This should cover both Phase 1 and Phase 2. Where differences exist (or are likely to exist) in team structure between Phases 1 and 2, please outline and explain these differences and how continuity of expertise and project knowledge will be preserved.

5. Outline the proposed client support model (e.g. how and when will State staff be engaged);

6. Describe all licenses held and maintained by the Proposer, its directors, or officers and principals and any of the individuals who will be responsible for providing the services described in this RFQ/P that are required in order to do business in the State or otherwise;

7. Describe any pending, concluded or threatened litigation, administrative proceedings or federal or State investigations or audits, subpoenas or other information requests of or involving the Proposer or the owners, principals or employees, if material to the work contemplated by this RFQ/P. Describe the nature and status of the matter and the resolution, if any; and

8. In the event the Proposer is proposing to use a subcontractor(s), it shall provide with respect to such subcontractor(s) a description of past and current working relationships, including number and size/scope of projects worked on together, detailed resumes of the subcontractor's team leader and primary team members' employment background, education and experience with infrastructure advisory services.

4.2 Fee Proposal

Firms are required to provide proposed fees for the services described in Section 3 (Scope of Services) by completing the attached Fee Schedule (see Exhibit A) with a separate fee allocated to each of Phases 1 and 2.

For delivering the Phase 1 Scope of Services (as described in Section 3.1), Proposers should provide a **Maximum Not-to-Exceed Fixed Price.** The timeframe for delivery of Phase 1 is twelve (12) weeks with a draft recommendation to be provided to the State for its review and comment within ten (10) weeks.

For delivering the Phase 2 Scope of Services and any Additional Services (as described in Section 3.2). Proposers are asked to provide **All-Inclusive Hourly Rates (by Position Category)** (see attached Fee Schedule) – recognizing that the precise length of engagement(s) for Phase 2 and any Additional Services (at the Authority's sole discretion) will not be known until the commercial and financing structure is resolved.

Following completion of Phase 1, the Authority will request Phase 2 consulting services and, at the Authority's sole discretion, Additional Services from the Advisor on a requirement basis by issuing TORs (see Exhibit C). There is no guaranteed minimum number of TORs the Authority may issue and any extensions thereto. The Authority will engage the Advisor for Phase 2 and Additional Services on an "as needed" basis.

The Advisor will be required to respond to each TOR, describing its strategy in completing the services required and proposing a **Maximum Not-to-Exceed Fixed Price,** based on the **All-Inclusive Hourly Rates (by Position Category)** submitted in response to this RFQ/P. The time required and corresponding rates for each TOR represents the firm's assessment of necessary personnel allocations to successfully and effectively execute the task/project described in the TOR. The Authority will then either accept the firm's task order proposal, or respond to further negotiate the cost, scope of services, and time needed to complete the task/project. Any adjustments to hours or positions/titles (i.e. substituting a subcontractor or staff employee) are subject to the final approval of the Contract Manager, at his/her sole discretion. It is further understood that the Authority is under no obligation to solicit responses to the TORs and/or retain the Proposer for Phase 2 or any Additional Services.

4.3 Conflict of interest

Proposers must identify any existing or potential conflict of interest, or any relationships that might be considered a conflict of interest, that may affect or involve the Proposer serving as a financial and commercial advisor to the Authority, including those relating to sub-contracting personnel being utilized for these services.

If such a conflict of interest exists with any vendor personnel or any sub-contracting personnel proposed for these services, the Proposer must disclose such possible conflicts in the Proposal. The Authority, in its sole discretion, shall determine whether it is a conflict(s) and the individual(s) identified may not be involved in providing services for the State and must be screened in accordance with the provisions described below in this Section. The Authority reserves the right to determine, at its sole discretion, that the existing or potential conflict, or appearance of conflict, cannot be remedied, and that, as a result, the Proposer shall be disqualified from this RFQ/P.

This Section 4.3 shall be an ongoing obligation of the Advisor after award of the Contract. The Advisor and its officers, employees, and principal shareholders and any subcontractor(s) hired by the Advisor to perform the services under the Contract and the subcontractor's officers, employees, and principal shareholders ("Interested Parties") shall not hold any ownership interest in any project or real estate involved in the Project or any services requested by a TOR.

Upon the issuance by the Authority of a TOR to the Advisor, and identification by the Authority of any other State entities involved in the particular services requested, the Advisor shall diligently investigate whether a conflicting or potentially conflicting engagement exists, which may include asking all Advisor business units to inform if they intend to appear before the Authority or other State entities involved in the requested services or to provide services to applicants or bidders submitting applications or bids for the Authority or other State entities involved. The Advisor shall then be required to:

a. Provide immediate and full disclosure of the conflict or potential conflict to both the Authority and any other conflicted client, to the extent possible without breaching confidentiality obligations to either;

b. Strictly prohibit any communication about the Authority's requested services between the team providing services to the other client and the State's team by implementing a "conflict wall";

c. Recuse all conflicted employees and subcontractors and, with the Authority's approval, replace them with another equally qualified person;

d. Ensure that all employees and subcontractors who are performing work on the requested services

    i. are aware of the obligations of the Advisor under the Contract;
    ii. know they are obliged to affirmatively be alert to and report possible conflicts of interest under the Contract to the Advisor's Lead Account Manager;

iii. do not perform any work for another client on a project related to an Authority's requested services on which they worked, without the prior written consent of the Authority, during the term of the Contract; and
iv. sign an appropriate personal Confidentiality Agreement regarding information learned in performance of the requested services;

e. Not take any action or make any decision which

i. creates a potential for conflict of interest to the Authority or other State entities involved in the requested services; or
ii. might cause a detrimental impact to the Authority or other State entities involved in the requested services;

f. Comply with the terms of the Contract; and

g. Prevent Interested Parties (defined above in this Section 4.3) from

i. having or obtaining an interest or a right to acquire an interest in the project described under the TOR;
ii. being under contract to perform any other work or services on the project described in the TOR; or
iii. earning any compensation from anyone other than the Authority in connection with any transaction that arises from or out of any project that is included within the TORs.

5 SUBMISSION OF THE PROPOSAL

5.1 Deadline and Method of Submission

PROPOSALS ARE DUE **ON OR BEFORE 3:00PM (EASTERN STANDARD TIME) ON FRIDAY, FEBRUARY 14, 2020**, AS ALSO INDICATED ON THE DATE AND TIME SPECIFIED ON THE FRONT COVER OF THIS RFP/Q, AND TO BE SUBMITTED, AS FOLLOWS:

Proposers shall submit a complete Proposal, in ELECTRONIC "read-only" pdf file format using Adobe Acrobat Reader software that must be viewable by Authority evaluators.

The subject line of the RFQ/P submission and any attachments are all to be clearly labeled. Each electronically uploaded file/document (Proposal, Attachment Submittals, Fee Schedule, etc.) are to follow and conform to the following format:

(PROPOSER'S Company name) – Bid Submission – 2020-OET-RFQ/P-FA-092
RE: Financial and Commercial Advisory Services.

Note: Fee Schedule submission should be uploaded individually and not scanned with the other document submissions.

All the RFQ/P electronic Proposals must be uploaded to the Authority's ShareFile system via: https://njeda.sharefile.com/r-rb1b11d4d45140da8

Note: Cut and past the entire ShareFile URL above into your web browser, press enter and provide the information that the Sharefile application prompts.

It is highly recommended that you initiate the upload of your Proposal a minimum of four (4) hours prior to the Proposal Submission due date/time, to allow some time to identify and troubleshoot any issues that may arise when using the Sharefile application.

Procedural inquiries and problems uploading documents, during business hours may be directed to QARED@njeda.com. Any urgent technical questions regarding uploading documents can also be directed to (609) 858-6700 or (609) 858-6888. The Authority will not respond to substantive questions related to this RFQ/P via this email or phone number. For inquiries related to substantive questions refer to Section 5.2 above (Electronic Question and Answer Period).

Proposals received after the time and date listed indicated on the front cover of this RFQ/P will not be considered.

OR

HARD COPY PROPOSAL SUBMISSION

If submitting a hard copy Proposal, instead of an electronic Proposal, a sealed Proposal must be delivered by the required date and time indicated on the cover sheet, in order to be considered for award, to the following:

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
REAL ESTATE DEVELOPMENT DIVISION
36 WEST STATE STREET
TRENTON NEW JERSEY 08625-0990

The exterior of all Proposal packages are to be clearly labeled with the Proposal title:

2020-OET-RFQ/P-FA-092 –Financial & Commercial Advisory Services

Including the Proposal Opening Date and the Proposer's Name and Address.

In addition to submitting one (1) original Proposal with all the required signatures, Proposers are to include a signed Adobe PDF version supplied on a media submission USB device.

Proposals submitted by facsimile will not be considered.

A Proposer using U.S. Postal Service regular or express mail services should allow additional time to ensure timely receipt of Proposals since the U.S. Postal Service does not deliver directly to the Authority.

Directions to the Authority can be found at the following web address: http://www.njeda.com under the "contact us" section of the website.

ANY PROPOSAL NOT RECEIVED ON TIME AT THE LOCATION INDICATED WILL BE AUTOMATICALLY REJECTED. THE AUTHORITY WILL NOT BE RESPONSIBLE FOR LATE POSTAL OR DELIVERY SERVICE'S FAILURE TO DELIVER IN A TIMELY MANNER. THE POSTMARK DATE WILL NOT BE CONSIDERED IN HONORING THE PROPOSAL DATE RECEIPT AND TIME. A NY PROPOSALS RECEIVED AFTER THE DATE AND TIME SPECIFIED ABOVE SHALL NOT BE CONSIDERED, WHETHER SUBMITTED ELECTRONICALLY OR IN HARD COPY.

Proposers may withdraw their Proposal at any time prior to the filing date and time by written notification signed by an authorized agent of the firm. The Proposal may thereafter be resubmitted, but only up to the final filing date and time.

The Proposer assumes sole responsibility for the complete effort required in this RFQ/P. No special consideration shall be given after Proposals are opened because of a firm's failure to be knowledgeable about all the requirements of this RFQ/P. By submitting a Proposal in response to this RFQ/P, the Proposer represents that it has satisfied itself, from its own investigation, of all the requirements of this RFQ/P.

5.2 Communications; Questions and Answers; Addenda

Communications with representatives of the State (which includes the Department of the Treasury and the Authority), the Authority's Board, or any Authority representative or contractor concerning this request, by you or on your behalf, are NOT permitted during the submission process (except as specified in Section 5.1 with regard solely to procedural inquiries and problems uploading documents or specified below). No telephone inquiries will be accepted. If you have questions or require clarification on any aspect of this RFQ/P, please forward the request via email to: QARED@njeda.com. The subject line of the e-mail should state: Financial Advisor Services – 2020-OET-RFQ/P-FA-092.

Questions must be submitted by no later than 5:00PM (Eastern Standard Time) on Wednesday, February 5, 2020. Questions regarding the Contract as shown in Exhibit B and any requested exceptions or modifications to its mandatory requirements must be posed during this Electronic Question and Answer Period and should contain the Proposer's suggested changed language. The Authority shall be under no obligation to grant or accept any requested changes (i.e. exception requests) to the form of the Contract and will post all answers and accepted changes or exceptions in an Addendum.

All Questions received, and Answers given in response to this RFQ/P will be answered in the form of an Addendum. Addenda, if any, will be distributed to all Proposers receiving this RFQ/P, will become part of this RFQ/P and will be incorporated by reference, in the Contract. The Authority will not be responsible for any expenses in the preparation and/or presentation of the Proposals and oral interviews, if any, or for the disclosure of any information or material received in connection with this RFQ/P, whether by negligence or otherwise.

The Authority reserves the right to request additional information or clarification, if necessary, or to request an interview with firm(s), or to reject any and all Proposals with or without cause and waive any irregularities or informalities in the Proposals submitted. The Authority reserves the right to make such investigations as deemed necessary as to the qualifications of any and all firms submitting Proposals. The Authority reserves the right to negotiate lower prices with Proposers as deemed in the best interests of the Authority.

5.3 Confidentiality of Proposal

All Proposals received and not returned as described in this RFQ/P will become property of the Authority and cannot be returned to the Proposer.

Proposals can be released to the public pursuant to the New Jersey Open Public Records Act (OPRA), N.J.S.A. 47:1A-1 et seq., or the common law right to know.

After the opening of Proposals, all information submitted by a firm in response to this RFQ/P is considered public information notwithstanding any disclaimers to the contrary submitted by a Proposer. Proprietary and confidential information may be exempt from public disclosure by OPRA and/or the common law.

As part of its Proposal, a Proposer may designate any data or materials it asserts are exempt from public disclosure under OPRA and/or the common law, explaining the basis for such assertion. The Proposer must provide a detailed statement clearly identifying those sections of the Proposal that it claims are exempt from production, and the legal and factual basis that supports said exemption(s) as a matter of law. The Proposer must also provide a redacted copy of the Proposal indicating the sections identified as confidential. **The Authority will not honor any attempts by a Proposer to designate its entire Proposal as proprietary or confidential and/or to claim copyright protection for its entire Proposal. The terms and pricing of the Proposal are subject to disclosure under OPRA, the common law right to know, and any other lawful document request or subpoena.**

The Authority reserves the right to make the determination as to what is proprietary or confidential and will advise the Proposer accordingly. Any proprietary and/or confidential information, as determined by the Authority, in a Proposal will be redacted by the Authority. Copyright law does not prohibit access to a record which is otherwise available under OPRA.

In the event of any challenge to the Proposer's assertion of confidentiality with which the Authority does not concur, the Proposer shall be solely responsible for defending its designation, but in doing so, all costs and expenses associated therewith, including, but not limited to, any costs incurred by the Authority, shall be the responsibility of the Proposer. The Authority assumes no such responsibility or liability.

In order not to delay consideration of the Proposal or the Authority's response to a request for documents, the Authority requires the firm respond to any request regarding confidentiality markings within the timeframe designated in the Authority's correspondence regarding confidentiality. If no response is received by the designated date and time, the Authority will be permitted to release a copy of the Proposal with the Authority making the determination regarding what may be proprietary or confidential.

On the date and time Proposals are due under the RFQ/P, all information concerning the Proposal submitted may be publicly announced and shall be available for inspection and copying except as noted below:

a. Information appropriately designated as proprietary and/or confidential shall not be available for inspection and copying; and

b. Where negotiation is contemplated, only the names and addresses of the Proposers submitting Proposals will be announced, and the contents of the Proposals shall not be available for inspection and copying until the notice of intent to award is issued by the Authority.

The obligations of the Authority to maintain confidential any information or record identified as such is also subject to any other lawful document request or subpoena.

6 SELECTION PROCESS

All Proposals will be reviewed to determine responsiveness. Non-responsive Proposals will be rejected without evaluation. Responsive Proposals will be reviewed and scored by an Evaluation Committee – comprised of Authority staff and staff from Other State Agencies– which will evaluate, score and rank Proposals received in response to this RFQ/P, and the criteria established herein.

The Authority reserves the right to request clarifying information subsequent to submission of the Proposal if necessary. The Authority reserves the right to negotiate and/or request best and final offers from Proposer(s) selected to provide services, as the Authority may deem appropriate in its sole discretion.

7 EVALUATION CRITERIA

The following evaluation criteria categories, not necessarily listed in order of significance, will be used to evaluate Proposals received in response to this RFQ/P:

Ability of Proposer to complete the Scope of Services for Phase 1: The Proposer demonstrates that the requirements of the Scope of Services are understood and presents an approach that would permit successful delivery of the Scope of Services.

Experience of Proposer: The Proposer's documented experience in successfully completing contracts of a similar size and scope in relation to the work required by this RFQ/P (Phase 1 and Phase 2), based on the Proposer's submitted narratives and references.

Personnel: The qualifications and experience of the Proposer's management, supervisory, and key personnel assigned to the contract, including the candidates recommended for each of the positions/roles required.

Price: The Proposer's Fee Schedule for Phases 1 and 2.

The evaluation criteria categories may be used to develop more detailed evaluation criteria to be used in the evaluation process.

After the Evaluation Committee completes its evaluation, it will recommend to the Authority Board an award to the responsible Proposer whose Proposal, conforming to this RFQ/P, is most advantageous to the Authority, price and other factors considered. The Authority Board may accept, reject or modify the recommendation of the Evaluation Committee. The

Authority reserves the right to negotiate and/or request best and final offers from the selected Proposer.

Interviews may be conducted, at the option of the Evaluation Committee, with any or all of the Proposers. If interviews are to be held, the Proposers will be notified approximately three (3) days in advance.

In evaluating Proposals, discrepancies between words and figures will be resolved in favor of words. Discrepancies between unit prices and totals of unit prices will be resolved in favor of unit prices. Discrepancies in the multiplication of units of work and unit prices will be resolved in favor of the unit prices. Discrepancies between the indicated total of multiplied unit prices and units of work and the actual total will be resolved in favor of the actual total. Discrepancies between the indicated sum of any column of figures and the correct sum thereof will be resolved in favor of the correct sum of the column of figures.

8 COMPLIANCE REQUIREMENTS

The following documents should be completed, included and submitted with the Proposal. Please note: Compliance Documents that are identified as "**Mandatory with Proposal**" must be submitted WITH the Proposal. FAILURE TO SUBMIT THE "MANDATORY WITH PROPOSAL" COMPLIANCE DOCUMENTS, SIGNED WITH THE PROPOSAL, WILL RESULT IN THE PROPOSAL BEING DEEMED NON-RESPONSEIVE, RESULTING IN REJECTION OF THE PROPOSAL.

The sub-sections below identify ALL other documents required to be submitted prior to execution of the Contract. Proposers are encouraged to submit ALL the compliance documents **with the Proposal**, in the interest of expediting the contract award to the successful Proposer. Please see Exhibit E-1 through E-13.

- 8.1 New Jersey Business Registration (Compliance Exhibit E5);
- 8.2 Public Law 2005, Chapter 271 (Compliance Exhibit E-13);
- 8.3 – Public Law 2005, Chapter 51, N.J.S.A. 19:44a-20.13 - N.J.S.A. 19:44a-20.25 (formerly Executive Order no. 134) and Executive Order no. 117 (2008) (Compliance (E-10);
- 8.4 Source Disclosure Certification Form Public Law 2005, Chapter 92 (Compliance E-7);
- 8.5 Disclosure of Investment Activities in Iran - Certification of Non-Involvement in Prohibited Activities in Iran (**Mandatory with Proposal**) (Compliance Exhibit E-11);
- 8.6 – Ownership Disclosure Form (**Mandatory with Proposal**) (Compliance E-13);

- 8.7 Affirmative Action Employee Information Report;
- 8.8 Small Business Set Aside;
- 8.9 New Jersey State W-9;
- 8.10- Public Law 2018, Chapter 9 – Diane B. Allen Equal Pay Act

Mandatory with Proposal:
Disclosure of Investment Activities in Iran (see compliance Exhibit E-11);
Ownership Disclosure forms must be submitted with the Proposal (see compliance Exhibit E-12; and
Fee Schedule (Exhibit A)

IMPORTANT – The Fee Proposal must be signed (IN INK), scanned and submitted electronically (see Section 5.1 for electronic lodgment details). Failure to do so will render the Proposal materially non-responsive and subject to rejection. An original signed copy of the Fee Proposal must be provided to the Authority in hard copy prior to execution of the Contract.

8.1 New Jersey Business Registration

In accordance with N.J.S.A. 52:32-44(b), a Proposer and its named subcontractors must have a valid Business Registration Certificate ("BRC") issued by the Department of Treasury, Division of Revenue and Enterprise Services, prior to the award of a contract. To facilitate the Proposal evaluation and contract award process, the Proposer should submit a copy of its valid BRC with its Proposal. If not already registered, registration can be completed on-line at the Division of Revenue website: http://www.state.nj.us/treasury/revenue/index.html.

A Proposer otherwise identified by the Authority as a responsive and responsible bidder but which has not registered its business at the time of submission of its Proposal must be so registered and in possession of a valid BRC by a deadline to be specified in writing by the Authority. A Proposer who fails to comply with this requirement by the deadline specified by the Authority will be deemed ineligible for contract award. Under any circumstance, the Authority will rely upon information available from computerized systems maintained by the State as a basis to independently verify compliance with the requirement for business registration. For further information regarding the BRC, please see: http://www.state.nj.us/treasury/revenue/busregcert.shtml.

The Proposer awarded the Contract as a result of this procurement will be required to maintain a valid business registration with the Division of Revenue and Enterprise Services for the duration of the Contract, inclusive of any Contract extensions.

Pursuant to N.J.S.A. 54:49-4.1, a business organization that fails to provide a copy of a business registration as required pursuant to section 1 of P.L. 2001, c.134 (N.J.S.A. 52:32-44 et al.) or subsection e. or f. of section 92 of P.L. 1977, c. 110 (N.J.S.A. 5:12-92), or that provides false information of business registration under the requirements of either those sections, shall be liable for a penalty of $25 for each day off violation, not to exceed $50,000 for each business registration copy not properly provided under a contract with a contracting agency or under a casino service industry enterprise contract.

8.2 Public Law 2005, Chapter 271.

Pursuant to L. 2005, c. 271 ("Chapter 271"), your firm is required to disclose its (and its principals') political contributions within the immediately preceding twelve (12) month period prior to entering into a contract. No prospective firm will be precluded from entering a contract with the State by virtue of the information provided in the Chapter 271 disclosure provided the form is fully and accurately completed. Prior to award of this engagement, the firm selected pursuant to this RFQ/P shall be required to submit Chapter 271 disclosures. Please refer to http://www.state.nj.us/treasury/purchase/forms/CertandDisc2706.pdf for a copy of the Chapter 271 disclosure form. It is not required to be completed in connection with the submission of your Proposal.

If selected pursuant to this RFQ/P, please also be advised of your firm's responsibility to file an annual disclosure statement on political contributions with the NJ Election Law Enforcement Commission (ELEC) pursuant to N.J.S.A. 19:44A-20.13 (L. 2005, c. 271, section 3) if your firm receives contracts in excess of $50,000 from a public entity during a calendar year. It is your firm's responsibility to determine if filing is necessary. Failure to so file can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at (888)313-3532 or www.elec.state.nj.us

8.3 Public Law 2005, Chapter 51, N.J.S.A. 19:44a-20.13 - N.J.S.A. 19:44a-20.25 (formerly Executive Order no. 134) and Executive Order no. 117 (2008)

a) The Authority shall not enter into a contract to procure from any Business Entity services or any material, supplies or equipment, or to acquire, sell or lease any land or building, where the value of the transaction exceeds $17,500, if that Business Entity has solicited or made any contribution of money, or pledge of contribution, including in-kind contributions, to a candidate committee and/or election fund of any candidate for or holder of the public office of Governor or Lieutenant Governor, to any State, county, municipal political party committee, or to any legislative leadership committee during certain specified time periods

b) Prior to awarding any contract or agreement to any Business Entity, the Business Entity proposed as the intended awardee of the contract shall submit the Certification and Disclosure form, certifying that no contributions prohibited by either Chapter 51 or Executive Order No. 117 have been made by the Business Entity and reporting all contributions the Business Entity made during the preceding four years to any political organization organized under 26 U.S.C.527 of the Internal Revenue Code that also meets the definition of a "continuing political committee" within the means of N.J.S.A. 19:44A-3(n) and N.J.A.C. 19:25-1.7.

The required form and instructions shall be provided to the intended awardee for completion and submission. Upon receipt of a Notice of Intent to Award a Contract, the intended awardee shall submit to the Authority, in care of the Internal Process Management Procurement department, the Certification and Disclosure(s) within five (5) business days of the Authority's request. Failure to submit the required forms will preclude award of a contract under this RFQ/P, as well as future contract opportunities.

c) Further, the Contractor is required, on a continuing basis, to report any contributions it makes during the term of the contract, and any extension(s) thereof, at the time any such contribution is made.

8.4. Source Disclosure Certification Form Public Law 2005, Chapter 92.

In accordance with L. 2005, c. 92 (codified at N.J.S.A. 52:34-13.2), all services performed pursuant to this Contract shall be performed within the United States.

Pursuant to N.J.S.A. 52:34-13.2, prior to an award of any contract primarily for services, the Proposer is required to submit a completed Source Disclosure Form. The Proposer's inclusion of the completed Source Disclosure Form with the Proposal is requested and advised. The Source Disclosure Form is located on the Proposer's Checklist.

FAILURE TO SUBMIT SOURCING INFORMATION WHEN REQUESTED BY THE AUTHORITY SHALL PRECLUDE AWARD OF A CONTRACT TO THE PROPOSER.

A SHIFT TO PROVISION OF SERVICES OUTSIDE THE UNITED STATES DURING THE TERM OF THE CONTRACT SHALL BE DEEMED A BREACH OF CONTRACT. If, during the term of the Contract, the Contractor who had at the time of the award of the Contract declared that services would be performed in the United States, proceeds to shift the performance of any of the services outside the United States, the Contractor shall be deemed to be in breach of the Contract. The Contract shall be subject to termination for cause, unless such shift in performance was previously approved by the Authority.

8.5. Disclosure of Investment Activities in Iran - Certification of Non-Involvement in Prohibited Activities in Iran. (MANDATORY FORM WITH PROPOSAL - COMPLETED AND SIGNED)

Pursuant to N.J.S.A 52:32-58, the Proposer must certify that neither the Proposer, nor any of its parents, subsidiaries, and/or affiliates (as defined in N.J.S.A. 52:32 – 56(e) (3)), is listed on the Department of the Treasury's List of Persons or Entities Engaging in Prohibited Investment Activities in Iran and that neither is involved in any of the investment activities set forth in N.J.S.A. 52:32 – 56(f). If the Proposer is unable to so certify, the Proposer shall provide a detailed and precise description of such activities.

8.6 Ownership Disclosure Form (MANDATORY FORM WITH PROPOSAL – COMPLETED AND SIGNED)

Pursuant to N.J.S.A. 52:25-24.2, in the event the Proposer is a corporation, partnership or sole proprietorship, the Proposer must complete and sign an Ownership Disclosure Form. A current completed Ownership Disclosure Form must be received prior to or accompany the submitted Proposal. A Proposer's failure to submit the completed and signed form with its Proposal will result in the rejection of the Proposal as non-responsive and preclude the award of a contract to said Proposer. If any ownership change has occurred within the last six (6) months, a new Ownership Disclosure Form must be completed, signed and submitted with the Proposal.

NOTE: If the Proposer is a limited partnership, each Ownership Disclosure form must be signed by a general partner. If the Proposer is a joint venture, the Ownership Disclosure form must be signed by a principal of each party to the joint venture. Failure to comply will result in rejection of the proposal.

8.7 Affirmative Action Employee Information Report

The intended awardee must submit a copy of a New Jersey Certificate of Employee Information Report, or a copy of Federal Letter of Approval verifying it is operating under a federally approved or sanctioned Affirmative Action program. Intended awardee(s) not in possession of either a New Jersey Certificate of Employee Information Report or a Federal Letter of Approval must complete the Affirmative Action Employee Information Report (AA-302) located on the web at:
http://www.nj.gov/treasury/purchase/forms/AA_%20Supplement.pdf.

8.8 Small Business Set Aside

In accordance with the requirements of N.J.A.C. 17:13 and N.J.A.C. 17:14, as amended, the Authority is required to develop a Set-Aside business plan for Small Business Enterprises (SBEs). The Authority encourages the participation of SBE firms as registered with the New Jersey Department of Treasury, Division of Revenue and Enterprise Services – Business Services Bureau for the services subject to this RFQ/P. Information regarding SBE registration and MBE, WBE and VOB certification can be obtained by contacting the Office of Business Services at (609) 292-2146 or at their offices at:

33 West State Street, P.O. Box 820, Trenton, NJ 08625-0820 or on-line, via the State's Business website at:

https://www.njportal.com/DOR/SBERegistry/

There are three (3) forms listed in the RFQ/P Proposer Checklist to be completed and submitted, prior to contract award. They are Set Aside Information Form-Goods & Services; Set-Aside Compliance Certificate-Goods & Services Contracts, Small Business Enterprise (SBE); and a sample copy of the Monthly Status Report.

8.9 New Jersey State W-9

Prior to an award of Contract, the Proposer shall provide the Authority with a properly completed New Jersey State W-9 form, and an Authority "New Vendor Set-up Form."

8.10 Public Law 2018, Chapter 9 – Diane B. Allen Equal Pay Act

Effective July 1, 2018, bidders and contractors are advised that pursuant to the Diane B. Allen Equal Pay Act, P.L. 2019, Ch. 9, any State Contractor providing services within the meaning of the Act is required to file the report required therein with the New Jersey Department of Labor and Workforce Development. Information about the Act and the reporting requirement is available at: https://nj.gov/labor/equalpay/equalpay.html

Construction projects that are subject to the Prevailing Wage Act are affected by this statute (falling within the definition of "public work"). Additionally, any contract that the Authority enters into for "services" imposes reporting requirements by awarded bidders and contractors (falling within the definition of "qualifying services").

Information on the reporting requirement for such "qualifying services" is available at: https://nj.gov/labor/equalpay/equalpay.html

Goods and/or Products contracts are not impacted by the statute.

9.0 INSURANCE

Please review insurance requirements as provided in the Contract, Exhibit B.

10.0 PROTEST OF AWARD

Any Proposer may protest the award of the Contract by the Authority. For a protest to be timely, it must be submitted to the Senior Vice President – Business Support within five (5) business days of receipt of the notification that the Proposer was not selected. In order to be considered complete, a protest must: (i) identify the Proposer that is submitting the protest, (ii) identify the contract award that is being protested, (iii) specify all grounds for the protest (including all arguments, materials and/or documents that support the protest); and, (iv) indicate whether an oral presentation is requested, and if so, the reason for the oral presentation. This protest is not considered a contested case subject to the Administrative Procedure Act. A Hearing Officer will be designated by the Authority's Senior Vice President – Business Support. The designated Hearing Officer will review all timely and complete protests and will have sole discretion to determine if an oral presentation by the protester is necessary to reach an informed decision on the matter(s) of the protest.

After completing his or her review of the protest, the Hearing Officer will make a recommendation to either the Authority's Board or the Authority's Chief Executive Officer, as determined by any applicable delegated authority approved by the Board, for a final decision to award the Contract.

The Authority's Board of Directors or Chief Executive Officer, as applicable, will review the Hearing Officer's Report and shall render a decision regarding the appropriateness of the award. The action of the Authority's Board or Chief Executive Officer to make a final decision for the award of the contract will be a final Authority action that is appealable to the Appellate Division of the Superior Court of New Jersey.

It is the Authority's intent not to award the Contract until it has issued a final decision as described above. If, however, the Authority determines, in its sole discretion, that a prompt award is necessary to achieve substantial cost savings or substantial economic benefit to the State, the Authority may award the Contract notwithstanding that the process described above to review a protest and issue a final decision has not been completed.

11.0 OWNERSHIP OF MATERIAL

All data, technical information, materials gathered, originated, developed, prepared, used or obtained in the performance of the Contract, including, but not limited to, all reports, surveys, plans, charts, literature, brochures, mailings, recordings (video and/or audio), pictures, drawings, analyses, graphic representations, software computer programs and accompanying documentation and print-outs, notes and memoranda, written procedures and documents, regardless of the state of completion, which are prepared for or are a result of the services required under this Contract shall be and remain the property of the Authority and shall be delivered to the Authority upon thirty (30) Calendar Days' notice by the Authority. With respect to software computer programs and/or source codes developed for the Authority, except those modifications or adaptations made to Advisor's Background IP as defined below, the work shall be considered "work for hire", i.e., the Authority, not the firm or subcontractor, shall have full and complete ownership of all software computer programs and/or source codes developed. To the extent that any of such materials may not, by operation of the law, be a work made for hire in accordance with the terms of this Contract, the Advisor and any subcontractor hereby assign to the Authority all right, title and interest in and to any such material, and the Authority shall have the right to obtain and hold in its own name and copyrights, registrations and any other proprietary rights that may be available.

Should the Proposer anticipate bringing pre-existing intellectual property into the project, the intellectual property must be identified in the Proposal. Otherwise, the language in the first paragraph of this section prevails. If the Proposer identifies such intellectual property ("Background IP") in its Proposal, then the Background IP owned by the Proposer on the date of the Contract, as well as any modifications or adaptations thereto, remain the property of the Proposer. Upon execution of the Contract, the Advisor hereby grants the Authority a nonexclusive, perpetual royalty free license to use any of the Advisor's Background IP delivered to the Authority for the purposes contemplated by the Contract.

11.1 Security and Confidentiality

11.1.1 State Information Confidentiality

All financial, statistical, personnel, customer and/or technical data supplied by the State to the Advisor, and any information relative to this RFQ/P or project, are confidential (State Confidential Information). The Advisor must secure all data from manipulation, sabotage, theft or breach of confidentiality. The Advisor is prohibited from releasing any State Confidential Information without the Authority's prior written permission. Any use, sale, or offering of State Confidential Information in any form by the Advisor, or any individual or entity in the Advisor's charge or employ, will be considered a violation of the Contract, may result in Contract termination and suspension or debarment of the Advisor from Authority contracting. In addition, such conduct may be reported to the State Attorney General for possible criminal prosecution.

Due to the sensitivity of the services required under the Contract, the Advisor, and its employees who will perform work as part of the Contract must execute a "Non-Disclosure/Confidentiality Agreement." (Exhibit D) The Authority reserves the right, in its absolute sole discretion, to require the Advisor to immediately remove any individual from the work as part of the Contract, who does not or will not execute the Non-Disclosure Agreement.

NO EXCEPTIONS.

The Advisor shall assume total financial liability incurred by the Advisor associated with any breach of confidentiality.

When requested, the Advisor and all project staff including its subcontractor(s) must complete and sign confidentiality and non-disclosure agreements provided by the Authority. The Advisor may be required to view yearly security awareness and confidentiality training modules provided by the Authority. Where required, it shall be the Advisor's responsibility to ensure that any new staff sign the confidentiality agreement and complete the security awareness and confidentiality training modules within one month of the employees' start date.

In addition, in the event Advisor receives a request for State Confidential Information pursuant to a court order, subpoena, or other operation of law, Advisor shall, if permitted by law, provide the Authority with as much notice, in writing, as is reasonably practicable and Advisor's intended response to such order of law. The Authority shall take any action it deems appropriate to protect its documents and/or information.

11.1.2 Security

The Authority reserves the right to obtain or require the firm to obtain at the Proposer's expense, criminal history background checks from the New Jersey State Police for all staff of the Advisor who will be providing services to the Authority pursuant to the Contract to protect the State from losses resulting from its employee theft, fraud or dishonesty. If the Authority exercises this right, the results of the background check(s) must be made available to the Authority for consideration before the employee is assigned to work on this Project. Prospective employees with positive criminal backgrounds for cyber-crimes will not be approved to work on this Project.

11.1.3 Advisor Information Confidentiality

Due to the Proposal and the Contract, the State may have access to information that is confidential to the Advisor. The Advisor's confidential information, to the extent not expressly prohibited by law, shall consist only of information clearly identified as confidential at the time of disclosure and anything identified as Background IP ("Advisor Confidential Information").

The Authority agrees to hold Advisor Confidential Information in confidence, using at least the same degree of care used to protect its own confidential information.

In the event that the Authority receives a request for Advisor Confidential Information related to this Contract pursuant to a court order, subpoena, or other operation of law, the Authority agrees, if permitted by law, to provide Advisor with as much notice, in writing, as is reasonably practicable and the Authority's intended response to such order of law. Advisor shall take any action it deems appropriate to protect its documents and/or information.

11.1.4 Exceptions to Confidentiality

State Confidential Information and Advisor Confidential Information shall not include information that: (a) is or becomes a part of the public domain through no act or omission of the other party; (b) was in the other party's lawful possession prior to the disclosure and had not been obtained by the other party either directly or indirectly from the disclosing party; (c) is lawfully disclosed to the other party by a third party without restriction on the disclosure; or (d) is independently developed by the other party.

Notwithstanding the requirements of nondisclosure described in this Section, either party may release the other party's Confidential Information (i) if directed to do so by a court or arbitrator of competent jurisdiction, (ii) pursuant to a lawfully issued subpoena or other lawful document request, (iii) in the case of the Authority, if the Authority determines the documents or information are subject to disclosure and Advisor does not exercise its rights, or if Advisor is unsuccessful in defending its rights, or (iv) in the case of Advisor, if Advisor determines the documents or information are subject to disclosure and the Authority does not exercise its rights, or if the Authority is unsuccessful in defending its rights.

11.2 News Releases

The firm is not permitted to issue news releases pertaining to any aspect of the services being provided under this contract without the prior written consent of the Authority.

11.3 Advertising

The firm shall not use the Authority's name, logos, images, or any data or results arising from this contract as a part of any commercial advertising without first obtaining the prior written consent of the Authority.

12.0 LICENSES AND PERMITS

The firm shall obtain and maintain in full force and affect all required licenses, permits, and authorizations necessary to perform this contract. The firm shall supply the Authority with evidence of all such licenses, permits and authorizations. This evidence shall be submitted subsequent to the contract award. All costs associated with any such licenses, permits and authorizations must be considered by the Proposer in its Proposal.

13.0 CLAIMS AND REMEDIES

All claims asserted against the State by the firm shall be subject to the New Jersey Tort Claims Act, N.J.S.A. 59:1-1, et seq., and/or the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1, et seq. Nothing in the Contract shall be construed to be a waiver by the State of any warranty, expressed or implied, of any remedy at law or equity, except as specifically and expressly stated in a writing executed by the Contract Manager.

In the event that the firm fails to comply with any material contract requirements, the Authority may take steps to terminate the Contract in accordance with the Authority's *Contract for Professional Services* - Authority's Standard Contract, Exhibit B. In such event, the Contract authorizes the Authority to obtain the delivery of Contract items by any available means, with the difference between the price paid and the defaulting firm's price either being deducted from any monies due the defaulting firm or being an obligation owed the Authority by the defaulting firm, or take any other action or seek any other remedies available at law or in equity.

14.0 ADDITIONAL SERVICES

All work shall be authorized by a TOR form, including additional work to a previously approved TOR.

The Advisor shall not begin performing any Additional Services without first obtaining written approval from the Contract Manager.

In the event of Additional Services, the Advisor must present a written proposal to perform the Additional Services to the Contract Manager, detailing a description of the work to be performed, justification for the necessity of the Additional Services and the cost to complete the Additional Services. For any Additional Services, Proposers must use the **All-Inclusive Hourly Rates (by Position Category)** in the Fee Schedule.

No Additional Services may commence without the Authority's written approval. In the event the firm proceeds with Additional Services without the Authority's written approval, it shall be at the firm's sole risk. The Authority shall be under no obligation to pay for work performed without the Authority's written approval.

15.0 INDEMNIFICATION

The indemnification provisions set forth in the Contract contained in Exhibit B, shall prevail.

16.0 FORM OF COMPENSATION - INVOICING / PAYMENT

The Advisor will submit invoices to the Authority, upon the completion of Phase 1 and the services specified in each TOR.

The Authority will make payment to the Advisor not later than thirty (30) calendar days of any non-disputed invoices submitted with satisfactory supporting documentation, including submission of each completed and executed Monthly Status Report.

The Authority, in its sole discretion, reserves the right to require additional information, documentation and / or justification upon receipt of an invoice for payment and prior to approving such invoice for payment.

The Authority considers the Advisor to be the sole point of contact regarding contractual matters and the Advisor will be required to assume sole responsibility for the complete "Scope of Services/Deliverables" and any Additional Services, as indicated in the RFQ/P.

17.0 RIGHT TO WAIVE

The Authority reserves the right to waive minor irregularities. The Authority also reserves the right to waive a requirement provided that:

1. the requirement is not mandated by law;
2. all of the otherwise responsive Proposals failed to meet the requirement; and
3. in the sole discretion of the Authority, the failure to comply with the requirement does not materially affect the procurement or the Authority's interests associated with the procurement.

CONTAINS CONFIDENTIAL INFORMATION
SUBJECT TO AN EXECUTED CONFIDENTIALITY AGREEMENT

EXHIBIT LISTING:

EXHIBIT A

Fee Schedule

EXHIBIT B

Contract for Services

EXHIBIT C

Task Order Request (TOR) Form

EXHIBIT D

Confidentiality Agreement

EXHIBIT E

Compliance Documentation

NJ EDA

MEMORANDUM

Executive Session

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: February 11, 2020

SUBJECT: Post Closing Credit Delegated Authority Approvals for 4th Quarter 2019
For Informational Purposes Only

The loans listed below were written off during the fourth quarter of 2019 pursuant to delegated authority. This memorandum is presented in Executive Session as disclosure of the write-offs could harm EDA's ability to recover the loans.

As required by generally accepted accounting principles, loans that are nonperforming, offer limited likelihood of future recovery and have been fully reserved are to be written off. Special Loan Management officers conduct a quarterly portfolio review, and with concurrence from management, recommend loans to be written off with recourse pursuant to delegated authority.

EDA retains legal rights against the borrower and/or guarantors and pursues collections of these loans through litigation.

C & C Marine Services, LLC	$ 495,159 SBL Loan	No payments were made on this loan since inception, which is delinquent more than 12 months. The loan is secured by a lien on business assets deemed to have no liquidation value as a source of recovery. EDA has initiated a suit against the company and both personal guarantors.
Orthogen, LLC	$ 21,066 Edison Loan	Borrower defaulted on loan payment since April 2018 and is seriously delinquent despite staff efforts to negotiate a restructure. The loan is unsecured with no personal guarantors.

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