



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Sullivan
Chief Executive Officer

DATE: October 12, 2023

SUBJECT: Agenda for Board Meeting of the Authority October 12, 2023

Notice of Public Meeting

Roll Call

Approval of Previous Month's Minutes

CEO's Report to the Board

Economic Transformation

Real Estate

Economic Security

Community Development

Incentives

Clean Energy

Loans/Grant/Guarantees

Authority Matters

Board Memoranda

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

September 12, 2023

MINUTES OF THE MEETING

The Meeting was held in-person and by teleconference call.

Members of the Authority present in person: Chairman Terence O’Toole, Aaron Creuz, Deputy Chief Counsel and Director of the Authorities Unit of the Executive Branch; Acting Commissioner Justin Zimmerman of the Department of Banking and Insurance; Elizabeth Dragon representing Commissioner Shawn LaTourette of the Department of Environmental Protection; and Public Members Charles Sarlo, Vice Chair; Virginia Bauer, and Jewell Antoine -Johnson, Second Alternate Member.

Members of the Authority present via conference call: State Treasurer Elizabeth Muoio of the Department of Treasury; Keith White for Commissioner Robert Asaro-Angelo of the Department of Labor and Workforce Development; Public Members Phil Alagia, Fred Dumont, Aisha Glover, Marcia Marley, and Robert Shimko, First Alternate Public Member;

Members of the Authority absent: Public Member Massiel Medina Ferrara.

Also present: Timothy Sullivan, Chief Executive Officer of the Authority; Assistant Attorney General Matthew Reagan; and staff.

Mr. O’Toole called the meeting to order at 10:00 am.

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 at the Department of State.

MINUTES OF AUTHORITY MEETING

The next item of business was the approval of the July 26, 2023 meeting minutes. A motion was made to approve the minutes by State Treasurer Muoio, and seconded by Ms. Johnson and was approved by the 13 voting members present.

FOR INFORMATION ONLY: The next item was the presentation of the Chairman’s Remarks to the Board.

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

AUTHORITY MATTERS

ITEM: Annual Organizational Meeting Memo

REQUEST: To approve: (1) Election of a Vice Chair and Treasurer; (2) Appointment of Assistant Secretaries; (3) Committee appointments; (4) Reaffirmation of the Authority's Records Custodian and Assistant Records Custodian and reaffirmation of the Authority's Ethics Liaison Officer; and (5) Adoption of the Calendar of Meetings through September 2024.

MOTION TO APPROVE: Ms. Bauer **SECOND:** Ms. Dragon **AYES: 13**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

VENTURE

ITEM: New Jersey Innovation Evergreen Fund: September 2023 Qualified Venture Firm Approvals:

MOTION TO APPROVE: Ms. Bauer **SECOND:** Ms. Antoine-Johnson **AYES: 13**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

PROJECT: Creative Ventures Management LLC

PROJECT: EMERGING Fund Management LLC

PROJECT: Vamos Ventures Management Company, LLC

INCENTIVES

TECHNOLOGY BUSINESS TAX CERTIFICATE TRANSFER PROGRAM (NOL)

ITEM: Technology Business Tax Certificate Transfer Program: 2023 Program Approvals

REQUEST: Approval is requested for specified applicants that have been evaluated according to the criteria established by the program legislation. Disapproval is recommended for one applicant, due to lack of evidence required to support recommendation for approval.

MOTION TO APPROVE: Ms. Bauer **SECOND:** Ms. Antoine-Johnson **AYES: 13**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

Ms. Glover joined the meeting at this time.

NJ MVP

ITEM: NJ MVP, New Jersey Manufacturing Voucher Program Phase 2

REQUEST: To approve: (1) The New Jersey Manufacturing Voucher Program (NJ MVP) second phase, extending this pilot initiative to offer grants in the form of reimbursement to New Jersey manufacturers; (2) The utilization of funds from the Fiscal Year 2024 (FY2024) budget to capitalize the NJ MVP Phase 2; (3) Amending program specifications; (4) Delegation of authority to the CEO to approve certain individual applications for the NJ MVP Phase 2; (5) Delegation of authority to the CEO to accept additional funds from any available governmental funding source (Federal, State or County/Municipal) to further fund the second phase of the pilot program, and to impose additional requirements as may be required by law as a condition of accepting, provided that the requirements are consistent with the parameters of the program.

MOTION TO APPROVE: Ms. Dragon **SECOND:** Ms. Bauer **AYES: 14**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

ASPIRE

ITEM: Aspire Program - Product #303074 - 81-93 Orange Street Urban Renewal LLC (“Applicant”)

REQUEST: To approve issuance of tax credits from the Aspire program for a residential project located in Newark, New Jersey, Essex County.

MOTION TO APPROVE: Ms. Glover **SECOND:** Mr. Dumont **AYES: 14**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

GROW NJ

ITEM: Update to Grow NJ Rules - Addition of Qualified CPA Report Requirements

REQUEST: Approve the amendment of rules for the Grow New Jersey Assistance Act, N.J.S.A. 34:1B-242 to 250 (N.J.A.C. 19:31-18.1 to 18.9) (“Grow NJ”) to require that annual employment reporting include a certification of a qualified independent Certified Public Accountant made pursuant to Agreed Upon Procedures in a format acceptable to the Authority with certain exceptions.

MOTION TO APPROVE: Ms. Antoine-Johnson **SECOND:** Ms. Bauer **AYES: 14**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

REAL ESTATE

ITEM: Real Estate Projects Fund - Property Assemblage

REQUEST: To approve; (1) The creation of the Property Assemblage Fund which will permit the Authority to acquire property and develop projects which will grow the state’s economy, support high-quality job creation, catalyze investment, and foster vibrant, healthy, inclusive community development; (2) Authorizing the CEO to enter an MOU with the NJ Department of Community Affairs, to accept American Rescue Plan (ARP) Coronavirus State and Local Fiscal Recovery Funds (SLFRF) for the Property Assemblage Fund, and will agree to comply with the federal requirements for the use of those funds.

MOTION TO APPROVE: Ms. Dragon **SECOND:** Ms. Antoine-Johnson **AYES: 14**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

WIND INSTITUTE

ITEM: Professional Offshore Wind Energy Certificates Memorandum of Understanding (MOU) – New Jersey Economic Development Authority (NJEDA) and New Jersey Institute of Technology (NJIT)

REQUEST: To approve: (1) An MOU between NJEDA and NJIT that will enable NJEDA to provide funding to NJIT for the POWERCERTS Program to establish two Graduate Certificates; (2) Utilization of funding for this MOU from the allocation via the October 27, 2022 MOU between NJEDA and NJBPU for offshore wind initiatives, and; (3) Delegated authority to the CEO to amend or extend the MOU.

MOTION TO APPROVE: Ms. Antoine-Johnson **SECOND:** Ms. Bauer **AYES: 14**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

COMMUNITY DEVELOPMENT

ITEM: NJ Indoor Amusement Park Grant Program- Product Revision

REQUEST: To approve: (1) A revision to the New Jersey Indoor (NJ) Amusement Park Grant Program to expand eligibility to businesses that are engaged in activities described in Code 713110 or 713120 of the North American Industry Classification System; (2) An increase in the maximum award amount for applicants; and (3) Delegation of authority to the CEO to award additional funds to eligible Applicants if available.

MOTION TO APPROVE: Ms. Dragon **SECOND:** Ms. Antoine-Johnson **AYES: 14**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

LOANS, GRANTS, GUARANTEES

Hazardous Discharge Site Remediation Fund (HDSRF)

ITEM: Summary of NJDEP Hazardous Discharge Site Remediation Fund Program projects approved by the Department of Environmental Protection.

MOTION TO APPROVE: Ms. Bauer **SECOND:** Ms. Dragon **AYES: 14**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

PROJECT: Glassboro Sanitary Landfill PROD.
#00312228
LOCATION: Glassboro Borough, Gloucester County
PROCEEDS FOR: Remedial action
FINANCING: \$1,241,324.63

AUTHORITY MATTERS

ITEM: NJEDA Operating Authority Clarification

REQUEST: To memorialize clarifications to operating authority, as originally defined in a July 9, 2003 Board memorandum.

MOTION TO APPROVE: Ms. Dragon **SECOND:** Ms. Antoine-Johnson **AYES: 14**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

ITEM: Microsoft Software and Services Enterprise Agreement

REQUEST: To approve the purchase of Microsoft software and services for a three (3) year term pursuant to the "Microsoft Enterprise Agreement," in accordance with the New Jersey State Software License and Related Services contract.

MOTION TO APPROVE: Ms. Bauer **SECOND:** Ms. Dragon **AYES: 14**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

NJ WIND PORT

ITEM: New Jersey Wind Port – Additional Delegations of Authority - Modification of Existing Agreements; Execution of Additional Agreements Necessary for Port Development and Operations

REQUEST: To approve delegations of authority to the CEO related to the development and operation of the New Jersey Wind Port.

MOTION TO APPROVE: Ms. Bauer **SECOND:** Ms. Antoine-Johnson **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

Ms. Dragon abstained due to potential DEP permitting activities.

BOARD MEMORANDA – FYI ONLY

- Economic Transformation Products Delegated Authority Approvals, Declinations, & Other Actions, 2nd Quarter 2023
- Credit Underwriting Projects Approved Under Delegated Authority, July & August 2023
- Post-Closing Credit Delegated Authority Approvals, 2nd Quarter 2023
- Post-Closing Delegated Authority Bond Modification Approvals, 2nd Quarter 2023
- Real Estate Division Delegated Authority, 2nd 2023
- Petroleum Underground Storage Tank Applications (PUST) Approved Under Delegated Authority, 2nd Quarter 2023
- Hazardous Discharge Site Remediation Fund (HDSRF) Applications Approved Under Delegated Authority – 2nd Quarter 2023

EXECUTIVE SESSION

The next item was to adjourn the public portion of the meeting and move into Executive Session to discuss a confidential matter regarding a real estate construction contract, where disclosure could adversely impact the public interest. The minutes of the Executive Session shall become public when the need for confidentiality no longer exists.

MOTION TO APPROVE: Mr. Sarlo **SECOND:** Ms. Antoine-Johnson **AYES: 14**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

The Board returned to Public Session.

NJ WIND PORT

ITEM: NJ Wind Port Request for Construction Funding

REQUEST: To approve additional funding in New Jersey Wind Port (NJWP) construction expenditure.

MOTION TO APPROVE: Ms. Bauer **SECOND:** Ms. Antoine-Johnson **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 15

Ms. Dragon abstained due to potential DEP permitting activities.

There being no further business, on a motion by Ms. Bauer, and seconded by Ms. Antoine-Johnson, the meeting was adjourned at 12:07 pm.

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.



Danielle Esser, Director
Governance & Strategic Initiatives
Assistant Secretary

MEMORANDUM

To: Members of the Authority
From: Tim Sullivan
Date: October 12, 2023
Re: October 2023 Board Meeting – CEO Report

Over the past month, the [New Jersey Economic Development Authority](#) (NJEDA) has hosted and attended some extraordinary events across the state. Each event showcased the products the NJEDA offers that support our local communities, drive investments in strategic sectors, and create a stronger, fairer, and more inclusive New Jersey economy.

On Tuesday, representatives from several leading labor organizations joined together at the New Jersey Wind Port for a site tour. It was a great opportunity to showcase the progress being made at the Wind Port, as well as the incredible investment in local job creation that the Wind Port provides. As we continue to cultivate the state's offshore wind industry, the NJEDA is committed to ensuring local South Jersey communities and people of color reap the economic benefits of this strategic sector.

Last week, the NJEDA had a prominent presence at Propelify in Hoboken. The innovation festival, hosted by TechUnited, brought together entrepreneurs, investors, and industry leaders for a day of great discussions and presentations on how Artificial Intelligence is shaping various industries. Collaboration between the private and public sector will help cement New Jersey as a leader in innovation, while diversifying and boosting our economy.

The NJEDA hosted a press conference in Bloomfield to announce \$12 million in grants to support 48 cannabis startups. The Joint Ventures Grant, Phase I of our Cannabis Equity Grant Program, provided \$250,000 to help entrepreneurs, particularly those from communities impacted by the War on Drugs, open the doors to their cannabis businesses. It was an honor to have Bloomfield Mayor Michael Venezia, Assemblyman Benjie Wimberly, Assemblywoman Angela McKnight, and New Jersey Cannabis Regulatory Commission Chair Dianna Houenou join us to announce the funding.

The NJEDA was well represented at this year's Governor's Conference on Housing and Economic Development. Several staff members joined panels and hosted discussions on ways the NJEDA is working to revitalize communities and spur economic development. Through our programs, the NJEDA is at the forefront of supporting hardworking families by creating a more equitable state and economy.

Lastly, I invited a special guest to join our Board meeting this morning. The President and CEO of Newark Alliance, Evan Weiss, has stopped by to talk about the incredible work his organization is doing to spur economic development throughout the Brick City. The NJEDA and Newark Alliance have forged a great partnership, which has helped drive our shared mission of supporting families and entrepreneurs by making critical investments across the city. By strengthening the City of Newark, we are helping create a stronger and fairer New Jersey.



Tim Sullivan, CEO



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: October 12, 2023

SUBJECT: New Jersey Innovation Evergreen Fund: October 2023 Qualified Investment Approval

SUMMARY

The Members are asked to approve a Qualified Investment presented today under the New Jersey Innovation Evergreen Program (“Program”) for an application submitted by EMERGING Fund Management LLC to invest into 1Huddle, Inc. This initial Qualified Investment is for up to \$500,000, with additional associated fees and expenses as described in this memorandum. The approval will allow Staff to utilize Program funds to execute a Qualified Investment into a Qualified Business alongside the previously approved Qualified Venture Firm (“QVF”). Additionally, upon approval of this investment, Staff will reserve Program capital for subsequent follow-on investments into the Qualified Business and for management fees and direct administrative expenses required to support the investment, as authorized in Program regulations and described out in this memorandum.

BACKGROUND

The New Jersey Innovation Evergreen Act (“Act”) (N.J.S.A 34:1B-288 to 302) was signed into law by Governor Murphy as part of the Economic Recovery Act of 2020 (N.J.S.A. 34:1B-269 *et seq.*). In April 2022, the Board of the Authority approved specially adopted and concurrently proposed New Jersey Innovation Evergreen Fund regulations (N.J.A.C. 19:31-25 *et seq.*), which were approved for submission to the Office of Administrative Law for publication in the New Jersey Register as final adopted rules in March 2023. The Act established both the New Jersey Innovation Evergreen Fund (“NIEF”, or “Evergreen Fund”) and the New Jersey Innovation Evergreen Program, which supports the private sector’s investment in high growth New Jersey-based companies. The Program will increase venture capital funding available to the State’s innovation ecosystem and create the conditions necessary for entrepreneurs to succeed.

The Act authorizes the NJEDA to sell up to \$300 million of Corporation Business Tax (CBT) credits through a series of competitive auctions, proceeds of which are to be deposited in the Evergreen Fund to be used for Program investments. The Board approved the sale of \$50 million in tax credits through the inaugural Program auction in December 2022. Based on the outcome of the inaugural auction, participants were approved to purchase the \$50 million of tax credits for an aggregate amount of \$41.1 million. The proceeds of the auction are added to the \$5 million of Program funds received through a FY2023 State budget appropriation to fund initial Evergreen

Fund investments and expenses. As of October 1, 2023, \$46,105,986 of unallocated capital remains available for program investments and expenses.

To invest the Evergreen Fund monies, the Program establishes an application process through which venture firms first may apply for designation as a Qualified Venture Firm. Venture firms, which do not need to be located in the State, may apply for designations on a rolling basis, and applications are reviewed in order of submission. Applications for Qualified Venture Firms opened on December 16, 2022 and the Members have approved 10 Qualified Venture Firms to-date.

Qualified Investment Review Process

To access Program co-investment capital, Qualified Venture Firms may apply for Qualified Investments on a rolling basis. Applications for Qualified Investments opened on May 23, 2023. NJEDA Staff recommendations are presented to the Members for consideration upon completion of eligibility review of the Qualified Business and Qualified Venture Firm associated with the Qualified Investment transaction. Such Qualified Investments in New Jersey-based businesses must receive a co-investment from the Qualified Venture Firm that matches or exceeds the Qualified Investment amount. Upon approval for a Qualified Investment and as required by the Program rules, Qualified Venture Firms will establish a special purpose vehicle (“SPV”) to facilitate the Qualified Investment transaction between the Evergreen Fund, the Qualified Venture Firm, and the Qualified Business. As the Evergreen Fund’s investments mature and experience exit events (e.g. a sale or initial public offering), the proceeds from profitable investments will flow back to the Evergreen SPV. Proceeds will be used to make carried interest payments to the Qualified Venture Firm and to transfer remaining capital back to the Evergreen Fund, providing an ongoing stream of funds to support the State’s innovation ecosystem.

Qualified Venture Firms may apply to the Authority to access capital in the Evergreen Fund to make up to two initial Qualified Investments per year into eligible New Jersey-based high-growth businesses. Applications must be submitted to the EDA within 90 days of date of the transaction by the QVF into the high-growth business. Each request for a Qualified Investment may be as much as the Program investment limit of \$5 million, or up to \$6.25 million for businesses that meet any of the following criteria: i) certified by the State as a “minority business” or “women’s business” pursuant to P.L. 1986, c. 195 (N.J.S.A. 52:27H-21.17 et seq.), ii) considered a NJ university spin-off business, or iii) utilizes intellectual property that is core to its business model and was developed at a NJ-based college or university. The terms of each eligible Qualified Investment will be presented to the Board of the Authority, along with the recommendation for approval of each Qualified Investment.

It is anticipated additional follow-on capital investment will be needed to support Qualified Investments. Under the Program, the Authority shall have the right, but not the obligation to make follow-on investments from the Evergreen Fund into Qualified Businesses. The Authority will reserve Program capital for follow-on investments into Qualified Businesses in an amount based on the same ratio set aside by the Qualified Venture Firm, up to the Program investment limits noted above in any twelve-month period. As previously approved by the Members, follow-on investments will be approved by the Authority’s Chief Executive Officer under delegated authority (with certain exceptions) as explained in this memorandum.

The recommendation presented to Members for consideration this month represents the Program’s first Qualified Investment, and was submitted by the previously approved Qualified Venture Firm, EMERGING Fund Management LLC, to invest \$500,000 of Program capital into the New Jersey-based innovative, high-growth company, 1Huddle, Inc. The Program Qualified Investment would match a \$500,000 equity investment executed by the Qualified Venture Firm into 1Huddle, Inc.

on May 5th, 2023. Based upon the projections provided by the QVF, and following approval by the Members, Staff will reserve an additional \$3.5 million for subsequent follow-on investments into 1Huddle, Inc., matching the ratio of reserves set aside by the Qualified Venture Firm, along with an additional \$100,000 for management fees and \$140,000 for direct administrative expenses required to execute and manage the Qualified Investment. Reserves are adjusted up or down at least annually based upon guidance from the QVF.

Please refer to **Appendix A** for a summary of EMERGING Fund Management LLC and an overview of the firm's continued eligibility as a Qualified Venture Firm. Please refer to **Appendix B** for a summary of 1Huddle, Inc. and of the business's eligibility as a Qualified Business. Finally, please refer to **Appendix C** for an overview of the proposed Qualified Investment transaction terms and related reserves for subsequent follow-investments, transaction management fees, and direct administrative expenses.

QUALIFIED INVESTMENT REQUIREMENTS

Qualified Venture Firms may submit applications for Qualified Investments funded by the Program after receiving NJEDA Board approval as a Qualified Venture Firm or in conjunction with an application for certification as a Qualified Venture Firm. While applications for Qualified Investment are submitted by Qualified Venture Firms, the applications contain information about both the Qualified Venture Firm and the proposed Qualified Business seeking capital. Staff review investment applications on a first-come, first-served basis and screen both Qualified Venture Firms and proposed Qualified Businesses as part of the transaction for eligibility.

The NJEDA Staff underwriting process is completed by the NJEDA Venture Programs Department in parallel with the NJEDA Product Operations Department to ensure objectivity and is limited to an eligibility review of the Qualified Investment, Qualified Venture Firm, and proposed Qualified Business. The eligibility review contains various statutory requirements that ensure the financial merit of the proposed investment, such as requiring certain experience and assets under management by the Qualified Venture Firm, as well as requiring an investment by the Qualified Venture Firm's main fund that is at least equal to the amount of the Qualified Investment. The latter ensures that the Qualified Venture Firms share aligned interests with the NJEDA through incentive based carried interest compensation to identify strong investment opportunities. However, the Program does not establish any additional review by staff for the financial merits of the proposed investment. Qualified Venture Firms will evaluate the quality of investment opportunities through their normal course of business.

QVF and Investment Requirements at Time of Initial Qualified Investment

QVFs must demonstrate continued compliance with Program initial certification requirements described in this memorandum through the time of approval for a Qualified Investment. The firms are not re-evaluated based on the Program's weighted scoring criteria at the time of application for Qualified Investment. Continued eligibility requirements for Qualified Venture Firms required at the time of application for initial Qualified Investments include, but are not limited to, those described below, which are further defined in the Program regulations.

- 1) Number of Investors Employed by the Firm: QVFs must continue to employ at least two full-time investors with the authority to direct investment capital with at least five years of professional money management experience (each) at the time of application.
- 2) Minimum Assets Under Management: QVFs must continue to maintain at least \$10,000,000 in assets under management at the time of application.

3) Limit on Size and Number of Investments: QVFs may only complete up to two qualified investments per calendar year. Applications for investments shall not be less than \$100,000 per Qualified Investment and must be limited to \$5,000,000 per investment. If the proposed Qualified Business is a New Jersey university spin-off, utilizes intellectual property developed at a NJ university that is core to its business model, or is certified by the State as a “minority business” or a “women’s business” pursuant to P.L. 1986, c. 195 (N.J.S.A. 52:27H-21.17 et seq.), the businesses may qualify for a Qualified Investment of up to \$6,250,000.

In cases where multiple Qualified Venture Firms apply for investments into the same business, applications will be approved on a first-come, first-served rolling basis until the initial investment dollar limit for any given business is reached. Multiple firms can invest into the same Qualified Business up to a \$5,000,000 aggregate initial investment limit, or \$6,250,000 limit for select types of companies, if the investments occur in the same fundraising round.

4) Concentration Limits on Qualified Venture Firms: To mitigate concentration risk, Qualified Venture Firms may only receive aggregate Program capital across investments up to 15 percent of the firm’s total assets under management, to be tested at the time of initial and follow-on investment application. If the Program is unable to fulfill a firm’s entire request for investment due to investment size and concentration risk policies or an availability of funds, a QVF may amend the amount requested through its investment application.

5) Initial Investments by a Firm: Any initial Qualified Investment by the Program must represent the Qualified Venture Firm’s first investment into the business. This requirement is intended to prevent venture firms from using Program capital to prop-up failing investments.

6) Timing of Investment Application: Qualified Venture Firms must have at least begun negotiations over a draft term sheet with a business before applying for a Qualified Investment. In all cases, an executed stock purchase agreement, which finalizes the terms of the investment between the Qualified Venture Firm and the proposed Qualified Business, must be submitted by the Qualified Venture Firms to close on an approved Qualified Investment. The investments must be part of the same fundraising round and on equal terms.

Qualified Business Requirements at Time of Initial Qualified Investment

Proposed Qualified Businesses must also meet Program eligibility requirements prior to Qualified Venture Firms receiving approval for a Qualified Investment into the business. Eligibility is reviewed by NJEDA Staff from the Venture Programs Department in parallel with the Product Operations Department to ensure objectivity of review. Qualified Business eligibility requirements at the time of application for an initial Qualified Investment include, but are not limited to, those described below.

1) New Jersey Principal Business Operations: Qualified Businesses must maintain principal business operations in New Jersey, defined as any of the following: (i) at least 50 percent of its full-time employees reside in New Jersey, (ii) at least 50 percent of the business’s payroll (defined as wages) for full-time employees is paid to individuals living in the State, (iii) at least 50 percent of its full-time employees filling a position in the State, or (iv) at least 50 percent of the business’s payroll (defined as wages) for full-time employees is paid to individuals filling a position in the State.

- 2) New Jersey Place of Business: Qualified Businesses must maintain a place of business in New Jersey, such as an office, manufacturing facility, or co-working space.
- 3) Targeted Industry: Qualified Investments will be restricted to businesses primarily operating in one of the following program targeted industries: advanced transportation and logistics, advanced manufacturing, aviation, autonomous vehicle and zero-emission vehicle research or development, clean energy, life sciences, hemp processing, information and high technology, finance and insurance, professional services, film and digital media, non-final point of sale retail food and beverage businesses, including food innovation, and other innovative industries that disrupt current technologies or business models.
- 4) Limit on Business Size: Qualified Businesses must employ fewer than 250 full-time employees.
- 5) High-growth Business: Qualified Businesses must demonstrate they are high-growth business by meeting one of the Program's high-growth tests. To meet the program's high-growth test, Qualified Businesses may demonstrate trailing twelve-month revenue or customer growth of at least 25% as of the most recent quarter-end, or valuation growth of 25% since their prior fundraising round.

Businesses that are too early in their life cycle to record one year of sales or customers and that have not previously raised third-party equity capital may demonstrate they meet the Program's high-growth test through third-party projections from the Qualified Venture Firm. For these businesses, QVFs may submit their base case forward-looking projections and businesses may be considered high-growth if the projections demonstrate 25% revenue, customer, or valuation growth in any one-year period over the subsequent 3-5 years.

- 6) Concentration Limits on Qualified Businesses: The Program will limit aggregate investments into any Qualified Business to 10 percent of the Program's uninvested and invested capital.

QUALIFIED VENTURE FIRM COMPLIANCE REQUIREMENTS

Qualified Venture Firms must submit an annual report to the Authority demonstrating they remain in compliance with Program requirements. Ongoing compliance requirements include continuing to maintain at least \$10,000,000 in assets under management and two full-time investors employed to direct investment capital with at least five years of professional money management experience. QVFs must also submit documentation demonstrating the firm's efforts to identify New Jersey-based investment opportunities.

Additionally, Qualified Venture Firms that received points through the Program's weighted criteria evaluation model for maintaining robust diversity, equity, and inclusion or New Jersey Incentive Area investment policies must demonstrate best efforts to comply with their policy goals. Firms that fail to do so will be rescored through the weighted criteria evaluation model and risk decertification should their score fall below the minimum acceptable score. For the purposes of the Program, New Jersey Incentive areas are defined as areas in the State designated pursuant to the "State Planning Act," P.L.1985, c.398 (C.52:18A-196 et seq.), as Planning Area 1 (Metropolitan), or that has been designated as a qualified Opportunity Zone pursuant to 26 U.S.C. s.1400Z-1.

The annual reports will also include important information pertaining to program Qualified Investments, such as audited financial statements of the Evergreen SPV established to execute the Qualified Investment and Qualified Venture Firm Active Fund. Firms that fall out of compliance with program requirements risk decertification.

QUALIFIED BUSINESS COMPLIANCE REQUIREMENTS

Qualified Businesses that receive Qualified Investment capital from the Evergreen Fund must meet ongoing compliance requirements throughout the Qualified Business Compliance Period, which is the period starting with the initial Qualified Investment and ending with the sale or other disposition of all shares of stock of the Qualified Business from the Evergreen SPV, including any distribution of the shares to the NJEDA. If the distribution of the shares of stock from the Evergreen Fund SPV to the NJEDA occurs in less than five years after the Qualified Investment, the Qualified Business Compliance Period shall be five years or such other shorter Qualified Business Compliance Period determined by the NJEDA, which may be based on factors including, but not limited to, the number of the Qualified Business full-time employees filling a position in New Jersey.

Throughout the Qualified Business Compliance Period, Qualified Businesses that receive a Program Qualified Investment must maintain a place of business and their principal business operations in New Jersey, as described in this memorandum. Compliance will be tested annually, and businesses that fail to meet ongoing requirements will receive a one-year grace period to come back into compliance. If Qualified Businesses fail to continue to meet Program compliance requirements following the conclusion of the one-year grace period, the NJEDA may exercise its right of redemption to require the Qualified Business to redeem the shares purchased with the Qualified Investment and any follow-on investments for an amount equal to the greater of the cost of the Qualified Investment plus follow-on investments or the fair market value of the shares at the time of the redemption demand. If the Qualified Venture Firm or any other investor offers to purchase the shares for the same amount as set forth above, the NJEDA may accept such purchase instead of redemption.

FOLLOW-ON INVESTMENT REQUIREMENTS

The Program authorizes subsequent follow-on investments alongside Qualified Venture Firms into Qualified Businesses after the initial Qualified Investment. The Authority shall have the right, but not the obligation, to make a follow-on investment from the Evergreen Fund into the Qualified Business. Follow-on investments will be made on a pro rata basis with the Qualified Venture Firm's investment at the same ratio which the Evergreen Fund matched the initial Qualified Investment.

The screening process for follow-on investments requires NJEDA Staff to verify that firms and businesses continue to meet Program requirements and that the transaction conforms to Program eligibility and concentration limits. Staff will also screen for any clear signs of financial, reputational, or legal risks. As previously approved by the Board of the Authority, follow-on investments may be approved under delegation to the Authority's Chief Executive Officer (with certain exceptions) to best match operational needs and intensity with the expectations of the private market transaction.

Staff will seek Board approval for follow-on investments for certain atypical cases, such as if Qualified Venture Firms have been previously decertified or the Qualified Venture Firm or Qualified Business is not in compliance with Program requirements. Because follow-on investments may present an opportunity for the State to increase its exposure to a valuable

investment, the Program regulations permit the Authority to decide whether to approve or decline a follow-on investment if the Qualified Venture Firm is decertified or the Qualified Venture firm or Qualified Business are not in compliance with Program requirements, subject to approval by the Board of the Authority. Examples of scenarios the Authority may deem an investment is in the best interest of the State are cases of atypical financial promise, such as ‘unicorn’ investments that are rapidly appreciating in value, or while significant economic development is still anticipated in New Jersey, despite a shortfall in technical compliance.

The maximum follow-on investment from the Fund into a qualified business shall not exceed the lesser of: i. \$5,000,000 (or up to \$6,250,000 if so approved) on an aggregate basis of follow-on investments in a twelve-month period; ii. a business concentration limit of 10 percent of invested plus uninvested capital of the Evergreen Fund; and iii. a Qualified Venture Firm concentration limit of 15 percent of the total invested with the Qualified Venture Firm by all of its investors, including investments in any Evergreen special purpose vehicles (total assets under management).

RECOMMENDATION:

Based on the evaluation conducted by Authority staff, according to the criteria established by the legislation, and clarified through Program regulations and the April 2022 Program Board memorandum, approval for an amount up to a \$500,000 initial Qualified Investment by the previously approved Qualified Venture Firm, EMERGING Fund Management LLC, into the innovative, high-growth, New Jersey-based company 1Huddle, Inc. is recommended, conditioned on the execution of Program closing agreements, along with expected associated management fees of up to an additional \$100,000 and for expected associated direct administrative expenses of up to an additional \$140,000. Following approval, Staff will reserve an additional \$3.5 million for subsequent follow-on investments into 1Huddle, Inc., matching the ratio of reserves set aside by the Qualified Venture Firm, along with the expected management fees and direct administrative expenses required to execute and manage the Qualified Investment.



Tim Sullivan, CEO

Prepared by:

Alexander Pachman – Manager, Venture Programs

Grace Warner – Product Officer, Venture Programs

Attachment:

Appendix A – Summary of Qualified Venture Firm and Eligibility

Appendix B – Summary of Qualified Business and Eligibility

Appendix C – Confidential Summary of Transaction Details

Appendix A – Summary of Qualified Venture Firm and Eligibility

EMERGING FUND MANAGEMENT LLC

NJEDA Staff finds the Qualified Investment applicant, EMERGING Fund Management LLC, which was previously approved as a Qualified Venture Firm by the Members on September 12th, 2023, meets all Program Qualified Investment eligibility requirements. As described in this memorandum, the firm continues to maintain at least two full-time investors with the authority to direct investment capital with at least five years of professional money management experience (each). Additionally, Staff finds that the firm continues to exceed the Program minimum assets under management of at least \$10,000,000 in assets under management, which is measured as the sum of the firm's net assets of the funds managed by the Qualified Venture Firm, equity capitalization of the funds managed by the Qualified Venture Firm, and written commitments of cash or cash equivalents committed by investors. The proposed Qualified Investment represents the firm's first investment into the Qualified Business and the application for Qualified Investment was submitted within 90 days of the Qualified Venture Firm's investment into the Qualified Business. Finally, the proposed Qualified Investment size of \$500,000 falls within the 15 percent concertation limit of the firm's total assets under management.

Firm Overview

EMERGING Fund Management LLC ("EMERGING Fund") is one of the first growth equity funds to focus on the intersection between technology and the restaurant space ("ResTech") and restaurant and entertainment concepts. Emerging Fund provides capital, strategic support, and industry expertise to innovative companies within the sector. The Chicago-based firm aims to transform the restaurant sector by investing in ventures that reimagine the guest experience, enhance operational efficiency of the industry, and promote sustainability. The firm's team brings deep sector-specific operating and investing expertise. Emerging Fund is currently raising its first fund with a \$100M fund size target. The fund has completed two closes throughout 2023 and currently maintains \$44.2M in assets under management, with additional fund commitments expected to close in 2023.

Strategy

EMERGING Fund invests in revenue-generating ResTech and restaurant social entertainment concepts companies in early-stage through Series C rounds. The firm writes \$500,000 to \$5M initial investment checks, with follow-on rounds up to approximately \$10M per investment. Portfolio investments are envisioned to be evenly split across the ResTech and restaurant and entertainment concept verticals. The firm primarily invests in ResTech businesses with at least \$100,000 in annually recurring revenue and restaurant and restaurant and entertainment concepts with one to ten open units. The firm maintains 10 current investments, including a recent investment into Newark, New Jersey-based 1Huddle, Inc.

The EMERGING Fund is part of the EMERGING umbrella organization, which has provided insights and expertise to restaurant groups and restaurant and entertainment concept businesses since its inception in 2016. The firm leverages its deal sourcing network and due diligence expertise across its general partners and venture partners, who bring deep experience in the ResTech and restaurant and entertainment concept verticals. The firm adds operational value to its portfolio companies through mentorship and leveraging sales channels to make customer introductions.

Investment and Management Team

EMERGING Fund is led by an experienced management team, which includes General Partners, Mathew Focht, John Davie, Matt Mena, and Chief Investment Officer, David Bagley. The firm's Managing and General Partners are joined by a large team of seasoned investment and operating professionals who identify investments and add value to portfolio companies.

Mr. Focht is a founder and General Partner of the EMERGING Fund. Throughout his career, he has served hundreds of restaurants, entertainment owners and developers of lifestyle and mixed-use centers. Mr. Focht founded several companies in the ResTech and restaurant and entertainment concept spaces, including EMERGING, Consolidated Concepts, Acutely, and Tipzyy. Collectively these companies have worked with over 65,000 restaurants in their respective areas. Previously, Mr. Focht also served as a Principal of Sierra Advisors and Vice President of RKF Retail Property Advisors, providing comprehensive leasing, marketing, and consulting services to owners and developers of malls, lifestyle centers, and mixed-use projects. Prior to RKF, he also held roles at Pyramid Companies and Steiner & Associates where he was responsible for restaurant leasing and developing the firm's superior-regional malls and mixed-use lifestyle projects.

Mr. Bagley has over 30 years of experience in corporate finance, operations management, profit improvement consulting, and financial advisory services specializing in franchise and restaurant & hospitality industries, including serving as Chief Investment Officer of the Emerging Fund since 2022. He has managed and advised a variety of multi-unit companies throughout his career, including Popeyes, Santa Fe Cattle Company, The Clubhouse, Restaurants America, Bar Louie, Granite City Food & Brewery, Sonic Drive-In, Lee's Famous Recipe Chicken, and Giordano's. He has served as CFO, COO, and CEO in both public and private board level appointments.

Mr. Davie is a part-time General Partner of the EMERGING Fund and a Founder and CEO of the Buyers Edge Platform family of companies. Buyers Edge Platform (BEP) is a unified cloud platform that provides data, insights, and technology into the food service industry. BEP has serviced over 100,000 restaurant clients with over \$20 billion of purchase volume and has provided democratizing connectivity between operators, distributors, and manufacturers to improve outcomes through its data systems and over 700 employees.

Mr. Menna is a part-time General Partner of the EMERGING Fund and a Principal at Sterling Bay and Managing Principal of Four Corners Tavern Group, which operates or invests in over 20 restaurants, bars, and hospitality ventures. Sterling Bay has a track record of over \$1.2B assets sold over the past 12 years. Sterling Bay buildings are home to restaurateurs such as the Tao Group, Hogsalt Hospitality, and Boka Restaurant Group. Sterling Bay's hospitality portfolio also features partnerships with boutique hotel operators, including Ace Hotel and Joie de Vivre. Mr. Menna also oversees the philanthropic arm of Four Corners, donating to over 50 charitable entities each year. Prior to joining Sterling Bay in 2012, he spent 17 years at William Blair, where he managed assets valued at \$600 million for high-net worth clients.

New Jersey Investment History

The firm has invested in one New Jersey-based businesses through funds raised in the past five years: 1Huddle, Inc. (2023), Newark.

Appendix B – Summary of Qualified Business and Eligibility

1Huddle, Inc.

Business Overview

1Huddle, Inc. (“1Huddle”) is a Newark-based enterprises software-as-a-service platform that enables companies to convert static training materials into dynamic quick-burst mobile games to educate, elevate, and energize company employees. 1Huddle offers a mobile application-first approach to preparing the modern worker, a mobile library of over 3,000 quick-burst employee skill games, an on-demand game marketplace that covers 16 unique workforce skill areas ranging from soft skills to diversity, equity, and inclusion specific programming. The company’s mobile platform is proven to reduce onboarding time by 45% and increase knowledge retention 11x longer than traditional video-based e-learning solutions. 1Huddle aims to change the way organizations think about their workforce training – from a one-time boring onboarding experience to a continuous motivational tool.

Customers may receive personalized training and upskilling content for their employees, converting any existing employee training, skill development, or communication into a quick-burst mobile game. Currently, 1Huddle maintains customers across 14 industry verticals including restaurants, retail, hospitality and entertainment, government, non-profits, healthcare, and franchising. Customers include ubiquitous brands such as the TAO Group, YUM Brands, Nike, Fossil, Loews Hotels, and the U.S. Air Force. The company’s partnership with EMERGING Fund is expected to increase 1Huddle’s access to customers in the restaurant and hospitality spaces by leveraging the firm’s deep networks within those sectors.

1Huddle has raised capital from top-tier venture capital firms since its formation in 2015, including receiving investments from Newark Venture Partners, which has received investments as a Limited Partner from the NJEDA and is a Qualified Venture Firm under the Evergreen Fund. Other existing venture capital investors include Tribeca Venture Partners, NRD Capital, 500 Startups, and Humbition.

Team

1Huddle maintains 11 full-time employees, 10 of which reside and work in New Jersey. The company anticipates utilizing capital for future expenses, in part, to expand its New Jersey-based sales and marketing and customer service teams. The company’s corporate headquarters are located 550 Broad St. in Newark, New Jersey.

1Huddle is led by its Chief Executive Officer and Founder, Sam Caucci. Mr. Caucci has successfully grown 1Huddle from its inception in 2015 into a high-growth and innovative New Jersey-based technology company serving a diverse array of enterprise customers across 14 industry verticals. Mr. Caucci brings a strong sales background to 1Huddle which has infused the company with a strong sales culture. Prior to founding 1Huddle, Mr. Caucci held roles as a sales consultant and sales trainer in the fitness and sports markets. Mr. Caucci serves as a Board member for the City of Newark’s Workforce Development Board.

Eligibility

NJEDA Staff finds the proposed Qualified Business, 1Huddle, Inc., meets all Program Qualified Investment eligibility requirements. As described in Table 1 below, the Newark-based high-

growth, innovative business maintains a place of business and its principal business operations in New Jersey and falls within the Qualified Business size limit of fewer than 250 full-time employees. Additionally, 1Huddle, Inc. operates in the information and high technology Program targeted industry and satisfies the Program’s high-growth test through an increase in valuation of more than 25%. Finally, the proposed Qualified Investment size of \$500,000 falls within the concertation limit of aggregate investments into any Qualified Business of 10 percent of the Program’s uninvested and invested capital. the firm’s total assets under management.

Table 1: 1Huddle, Inc. Eligibility Review

Criteria	Criteria Explanation	Eligibility
NJ Principal Business Operations	Qualified Businesses must maintain principal business operations in New Jersey, defined as any of the following: (i) at least 50 percent of its full-time employees reside in New Jersey, (ii) at least 50 percent of the business’s payroll (defined as wages) for full-time employees is paid to individuals living in the State, (iii) at least 50 percent of its full-time employees filling a position in the State, or (iv) at least 50 percent of the business’s payroll (defined as wages) for full-time employees is paid to individuals filling a position in the State.	10 out of 1Huddle’s 11 full-time employees reside and fill a position in New Jersey.
NJ Place of Business	Qualified Businesses must maintain a place of business in New Jersey, such as an office, manufacturing facility, or co-working space.	1Huddle’s corporate headquarters are located at 550 Broad St. in Newark, New Jersey.
Targeted Industry	Qualified Investments will be restricted to businesses operating in one of the following program targeted industries: advanced transportation and logistics, advanced manufacturing, aviation, autonomous vehicle and zero-emission vehicle research or development, clean energy, life sciences, hemp processing, information and high technology, finance and insurance, professional services, film and digital media, non-final point of sale retail food and beverage businesses, including food innovation, and other innovative industries that disrupt current technologies or business models. Qualified Business shall be considered to be in a targeted industry if the business is engaged primarily in a targeted industry.	1Huddle, Inc. operates in the information and high technology Program targeted industry.
Limit on Business Size	Qualified Businesses must employ fewer than 250 full-time employees.	1Huddle, Inc. maintains 11 full-time employees.

<p>High-growth Business</p>	<p>Qualified Businesses must demonstrate they are high-growth business by meeting one of the Program’s high-growth tests. To meet the program’s high-growth test, Qualified Businesses may demonstrate trailing twelve-month revenue or customer growth of at least 25% as of the most recent quarter-end, or valuation growth of 25% since their prior fundraising round.</p> <p>Businesses that are too early in their life cycle to record one year of sales or customers and that have not previously raised third-party equity capital may demonstrate they meet the Program’s high-growth test through third-party projections. For these businesses, Qualified Venture Firms may submit their base case projections and businesses may be considered high-growth if the projections demonstrate 25% revenue, customer, or valuation growth in any one-year period over the subsequent 3-5 years.</p>	<p>1Huddle meets the Program high-growth test through valuation growth of 142.9% compared to its prior financing round.</p>
<p>Concentration Limits on Businesses</p>	<p>The Program will limit aggregate investments into any Qualified Business to 10 percent of the Program’s uninvested and invested capital.</p>	<p>The proposed \$500,000 Qualified Investment represents just 1.1% of the Program’s uninvested and invested capital.</p>

Note: Table 1 depicts the Program’s primary Qualified Business eligibility requirements, however the Program maintains additional technical requirements, such as the requirement to register to do business in the State.



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Sullivan
Chief Executive Officer

DATE: October 12, 2023

SUBJECT: Local Property Acquisition Grant Program

Request:

The Members are asked to approve:

1. Creation of the Local Property Acquisition Grant Program (the “Program”) - as a pilot program to provide grant funding to municipalities, municipal entities, counties, county entities, and/or not-for-profit local economic and community development entities for the acquisition of property in order to facilitate and enable the future redevelopment of such properties in support of local or regional economic development priorities through two funding products for either Acquisitions for Strategic Public Uses or Acquisitions for Future Development Projects.
2. The utilization of \$25,000,000 from the Fiscal Year 2023 Appropriations Act to capitalize the Program including up to 4% or \$1,000,000 of the \$25,000,000 funding to be used by the Authority to cover administrative costs of the Program.
3. Delegated authority to the Authority’s CEO to adjust funding amounts for each product based on application volume of each product.

Background and Program Funding Source:

On June 30, 2022, Governor Murphy signed the Fiscal Year 2023 Appropriations Act (“Act”) into law. The Act allocated significant State funding to the Authority for numerous strategic economic development investments to support key industries, advance the innovation economy, continue to bolster recovery, and spur statewide growth. These strategic investments include \$70 million for Real Estate Project Funding. Staff proposes utilizing \$25 million from that budget line-item appropriation to provide funding to create the Local Property Acquisition Grant Program. Of the Program funding, Staff proposes using approximately \$24,000,000 for funding to eligible applicants for approved projects and up to \$1,000,000 (4%) for program administrative costs.

Upon receipt of the funding from the State, staff will deposit the funds in the Economic Recovery Fund (“ERF”). The use of the funds, and this Program, will be administered in accordance with the ERF statute (N.J.S.A. 34:1B-7.13(a)(5)) as financial assistance to assist municipalities, municipal entities, counties, county entities, and/or not-for-profit local economic and community development entities for the Program and Eligible Uses indicated.

Program Overview and Eligible Projects:

The Local Property Acquisition Grant Program will be a competitive grant program that deploys \$25 million by providing funding to eligible applicants, as described below, for the acquisition of a vacant site, building, facility, or collection of properties (“Project”) in order to facilitate and enable the future redevelopment of the property/ies within a defined time period and in support of local or regional economic development plans and priorities (the “Supplemental Use”). The Program is designed to address a significant barrier to undertaking and implementing local development and redevelopment projects.

The Program will support two products: (1) approximately \$3 million for Acquisitions for Strategic Public Use, and (2) approximately \$21 million for Acquisitions for Future Development Projects. The parameters of each product are detailed below.

Based on application volume and requested project funding amounts, NJEDA staff is requesting delegated authority for the Authority’s CEO to adjust these estimated amounts for each product and move excess funding (that is, funding remaining after accounting for all applications) between the Acquisitions for Strategic Public Use to the Acquisitions for Future Development Projects or vice-verse but within the overall \$25,000,000 Program funding allocation.

As part of the application, Applicants must provide evidence of site control or a path to site control as further described below.

As part of the application process, applicants must describe in detail the Supplemental Use based on the parameters for the respective Strategic Public Use and/or the Future Development Projects product which they apply to. The restrictions and compliance monitoring with regard to the proposed use are described below.

The Program is intended to provide funding for acquisitions of properties that are then developed/redeveloped in connection with or in support of local planning efforts and cannot be used for land banking of properties. As such, it is anticipated that property acquisitions will occur within 18 months of the funding award (Grant Agreement) and that the future Supplemental Use would typically be undertaken and completed within three years following the property acquisition. The required deadlines for the property acquisition and commencement and completion of the Supplemental Use project will be based on the applicant’s schedule. As noted in the scoring section below, readiness to proceed with the property acquisition and the reasonableness of the proposed timeline for the Supplemental Use project are scoring factors and point considerations.

In order to provide Grants and support projects in several different municipalities, a maximum of one Project per product application category (Acquisitions for Strategic Public Use or Acquisitions for Future Development) located within a municipality may be funded, with the exception that a maximum of two Projects per product application category (Acquisitions for Strategic Public Use or Acquisitions for Future Development) located within either a

Transitional Aid Community (as determined by the Division of Local Government Services in the Department of Community Affairs) or a Government Restricted Municipality (as defined in Sections 55 and 69 of the Economic Recovery Act of 2020) may be funded.

Acquisitions for Strategic Public Use Product

Project property acquisition(s) and the proposed subsequent Strategic Public Use project must foster or support existing, ongoing, or planned development as part of an overall plan for property improvements and increased public access in the area proximate to the Property.

Eligible Supplemental Uses for Strategic Public Use projects must be publicly accessible spaces for the community which may include pedestrian plazas, pocket-parks, community parks, community gardens, public walkway/access, public parking lots/garages, or other similar public spaces.

Ineligible types of Supplemental Uses for Strategic Public Use projects include public infrastructure projects such as for transport, energy, communication, water, wastewater, or general public works.

The minimum grant request for Acquisitions for Strategic Public Use projects is \$50,000 and the maximum grant request is \$1,000,000.

Acquisitions for Future Development Projects Product

Project property acquisition(s) and the proposed subsequent Future Development Project must support planned development/redevelopment efforts in the area proximate to the Property.

Eligible Supplemental Uses for Future Development Projects (substantial rehabilitation and/or new construction) are limited to:

- Mixed-use developments; any residential portion must comply with the 20% reservation for low- and moderate-income households required by N.J.S.A. 52:27D-329.9(b)
- Transit Oriented Development
- Cultural, Arts, Performing Arts
- Commercial (including office and/or supermarkets/grocery stores)
- Manufacturing/Industrial
- Research/Laboratory

Supplemental Uses for Future Development Projects consisting solely of warehouse, solely of residential, or primarily for government/educational uses are ineligible for funding.

The minimum grant request for Acquisitions for Future Development Projects is \$50,000 and the maximum grant request is \$4,000,000.

Eligible Applicants:

Eligible applicants are municipalities, municipal entities, counties, county entities, and not-for-profit local economic and community development entities.

Additional applicant requirements:

Must be in substantial good standing with the New Jersey Department of Labor and Workforce Development and the New Jersey Department of Environmental Protection at the time of application to be eligible. A current tax clearance certificate must be provided prior to approval to demonstrate the applicant is in substantial good standing with the New Jersey Division of Taxation, unless the applicant is not required to register with the Division of Taxation.

Eligible Uses of Funding:

Funding can only be used for the real estate acquisition and related closing costs of the Project specifically approved based on the application, Authority review, and funding grant agreement. Grants will be used for prospective real estate acquisition costs plus closing costs typically included as part of a closing settlement statement and related transaction legal costs.

Funding cannot be used for due diligence-related costs.

Properties already purchased/acquired are not eligible for reimbursement through this Program.

Purchase of government-owned property is not eligible.

Application Process:

The Program will be a competitive grant program with applications due by a set deadline. Applications must demonstrate that there is a plan for the respective Strategic Public Use and/or Future Development Project property within the specified timeframe. Online applications will be accepted during a defined, minimum 60-day application period, and all applications will be reviewed following the closure of the application period. All applications must include a Municipal Letter of Support.

As part of a Program application, the Authority will request information about both the Project and the proposed Supplemental Use depending on which Grant Funding product is being applied for (either the Acquisitions for Strategic Public Use or Acquisitions for Future Development Projects), which may include, but which is not limited to:

- 1) Evidence of site control or a path to site control (i.e. some level of right to acquire the property/ies) which may include letter of intent, purchase offer with purchase terms, purchase and sale agreement contingent on funding award, any/all of which must be fully signed by both seller and purchaser/applicant; or in rare situations may include an accepted settlement agreement as part of approved eminent domain proceedings and/or other final decision of an administrative or judicial governmental process resulting in the transfer of title or possession
- 2) Municipal Letter of Support

- 3) Project overview – description of overall proposal for the acquisition and the proposed future Supplemental Use, describing the property/building(s) (i.e. vacant, abandoned, code violations, recent uses, any local, state, or federal historic designation/eligibility, brownfield site, location within designated redevelopment area, etc.); current or planned development/redevelopment efforts in the area proximate to the Property; need for and benefits of the proposal, anticipated economic and local impact, consistency with state and local economic development objectives, projected jobs creation, anticipated local impacts including possible projected increase in pedestrian traffic and public access;
- 4) Project location – description of neighborhood and surrounding area, whether an incentive area, walkable area, brownfields or historic designation, other development occurring near/surrounding the proposed project;
- 5) Narrative (and documents as may be applicable) describing the viability/feasibility of the proposed acquisition and development including current zoning status, local supports, identification of possible complexities or challenges with proceeding, and a preliminary project budget and funding plan;
- 6) Project development timeline/implementation schedule indicating readiness to proceed for both the acquisition of the property/ies and for the future supplemental use;
- 7) Applicant’s organizational documentation and/or authorizing documentation;
- 8) Narrative and documentation of experience and capacity to undertake and complete the property acquisition and the proposed supplemental use;
- 9) Project Budget including property(ies) acquisition price(s) and closing costs and proposed source and status of other funding for the property acquisition.

Note that project viability and readiness to proceed/timelines are scoring factors and considerations. Applicants should provide as much detail as possible regarding the steps involved and projected timeline for the initial property acquisition and undertaking and completing the future supplemental use project if Grant funds are awarded.

The Authority will perform a review of applications after the closing of the application period. Applications will first be reviewed for application completeness. Applicants will be given ten business days to cure any deficiencies. If at the end of the cure period, the applications are still incomplete, they will be notified the application will not be advancing to be scored and will be deemed nonresponsive.

At the sole discretion of the Authority, staff may ask for clarification of the information included in the application, including but not limited to narrative responses, supporting documentation, and attachments.

Scoring:

Applications will be reviewed and scored by staff of the Authority formed as an evaluation scoring committee. Applications will be scored on a scale of 0 - 100 points, with award recommendations limited to applications that meet or exceed the minimum score requirement of 65 points.

Scoring factors and points will include:

- Overall proposal concept for Property Acquisition and the proposed Supplemental Use of the property *(up to 35 pts)*
- Location and Local Impact *(up to 20 pts)*
- Experience & capacity of applicant *(up to 20 pts)*
- Readiness to proceed with Property Acquisition *(up to 10 pts)*
- Viability of the proposed Supplemental Use project and reasonableness of the proposed timeline for the Supplemental Use project *(up to 15 pts)*

Grants Project Funding:

Minimum grant funding of \$50,000 per Project.

The maximum grant funding for acquisitions for Strategic Public Use projects is \$1,000,000. The maximum grant funding for acquisitions for Future Development Projects is \$4,000,000.

Grant funding may not exceed 80% of the property appraised value plus closing costs typically included as part of a settlement statement and related transaction legal costs, except for projects located within either a Transitional Aid Community or a Government Restricted Municipality where Grant funding may account for 100% of the property appraised value plus closing costs typically included as part of a settlement statement and related transaction legal costs.

No applicant may receive more than two grant awards.

Board Approval:

The Grant Program will be a competitive grant program with an application process as outlined above.

Following both the initial application completeness and eligibility review, eligible applications will be evaluated and scored on a competitive basis. Applications that meet the minimum score requirement of 65 out of a possible 100 points will be eligible for funding.

Applications for Acquisitions for Strategic Public Use projects will be recommended to the Board for award approval starting with the highest scored application until the anticipated \$3 million funding is awarded. Applications for Acquisitions for Future Development Projects will be recommended to the Board for award approval starting with the highest scored application until the anticipated \$21 million funding is awarded. The Delegated Authority provided in this Memo will allow for the Authority's CEO to adjust funding amounts for each product based on the demand of each product but within the overall \$25,000,000 Program funding allocation.

Note that since a maximum of one Project per product application category (Acquisitions for Strategic Public Use or Acquisitions for Future Development) located within a municipality may be funded, with the exception that a maximum of two Projects per product application category (Acquisitions for Strategic Public Use or Acquisitions for Future Development) located within either a Transitional Aid Community or a Government Restricted Municipality may be funded, once any respective maximum is reached, no additional projects in that municipality will be awarded funding.

If an applicant requests grant funding for an eligible project but there are not sufficient Program funds available to fund the full grant request, the Authority will inform the applicant of the amount of grant funds available. If the applicant wishes to proceed, the applicant will be required to commit to and then fund the difference to fill the gap to ensure the submitted project proposal is undertaken as described.

If all program funds are not awarded during the initial application period, then applications will be reopened on a rolling basis and grants awarded on a first come, first served basis to eligible applicants that meet the minimum score (subject to the limit on awards per product application category per municipality).

All eligible applications will proceed to the Board for approvals, and all applications which have not been declined due to non-discretionary reasons will also proceed to the Board.

Grant Agreement and Funding Disbursements:

The Authority will disburse grants only to the applicant. The applicant shall be responsible for assuring the compliance of the project with all terms and conditions of the application and the Program funding requirements.

Once a project is approved for funding, the Authority will enter into a grant agreement (“Grant Agreement”) with the applicant detailing the project to be funded, eligible Project costs, the amount of grant funding, and all financial programmatic requirements including the amount of other funding as may be applicable. The Grant Agreement will detail timelines for both the Project property acquisition and the proposed Supplemental Use project based on the project schedule included in the application and the project approval. At the Authority’s sole discretion, the Authority may grant up to two six-month extensions.

The Grant Agreement will detail state requirements. All Strategic Public Uses and Future Development projects that are developed/redeveloped as a result of Local Property Acquisition Grant Program funding shall be subject to compliance with New Jersey prevailing wage law and compliance with other labor standards requirements, as well as other state requirements which may be applicable depending on project details and funding amounts including possibly New Jersey Executive Order 215 of 1989 regarding Environmental Assessments.

Additionally, the Grant Agreement will have a deed restriction to ensure that both the Project Property Acquisition and the planned Supplemental Use for either the proposed and approved Strategic Public Use or Future Development Projects do occur within the project development timelines based on the application submission and the Authority’s approval. The deed restriction for property acquisitions for Strategic Public Use will also indicate that the property is to be used long-term as and for publicly accessible space.

The Grant Agreement will also detail the Authority’s rights for approval of any sale/transfer of the Property(ies) including reviewing the reasonableness of the proposed sales/pricing. The Grant Agreement will further indicate that prior to the sale of a property for a Future Development Project, the applicant will submit to the Authority the proposed sales contract and the proposed Future Development Project financials for the Authority’s review and approval.

If the proposed sales price is equal to or greater than the fair market value (based on appraisal), then upon sale of a property for a Future Development Project, the Authority will allow an

applicant/grantee to retain up to 15% of the Grant amount as an administrative fee and the applicant/grantee shall return to the Authority an amount equal to: the Authority's proportionate share of the (future sales price of the property/ies - 15% of the EDA Grant amount attributable to the original property/ies acquisition).

If the proposed sales price is less than the fair market value (based on appraisal, the Authority will then review the project financials that the designated developer/redeveloper proposes against the Authority's financial analysis hurdle rate model to ensure that the sales price and project financials are reasonable (that is, at or below the hurdle rate). If project financials and estimated internal rate of return are at or below the hurdle rate, then upon sale of a property for a Future Development Project, the Authority will allow an applicant/grantee to retain up to 15% of the Grant amount as an administrative fee and the applicant/grantee shall return to the Authority an amount equal to: the Authority's proportionate share of the (future sales price of the property/ies - 15% of the EDA Grant amount attributable to the original property/ies acquisition).

If the proposed sales price is less than the fair market value (based on appraisal) and the project financials and estimated internal rate of return are above the hurdle rate, the proposed future sales transaction would require Authority Board review.

The grant funds will be disbursed for the Project (the acquisition of the property/ies approved for funding) upon documentation of acquisition and related closing costs. If other funding sources are part of the approved project, then the grant funds would be prorated per the approved project budget.

Fees:

The standard \$1,000 non-refundable application fee established in the Authority's fee rules will be charged for the Program except as noted below.

Pursuant to N.J.A.C. 19:30-6.7, the Authority may grant a fee waiver when the imposition of a fee would impose an undue financial hardship. Pursuant to this authority, the board is requested to approve a fee waiver for municipal/municipal entity applicants of municipalities located in municipalities with 2020 Municipal Revitalization Index (MRI) scores in the top 10% of all municipalities statewide.

Recommendation:

The Members are requested to approve: (1) the creation of the Local Property Acquisition Grant Program as a pilot program to provide grant funding to municipalities, municipal entities, counties, county entities, and/or not-for-profit local economic and community development entities for the acquisition of property in order to facilitate and enable the future redevelopment of such properties in support of local or regional economic development priorities through two funding products for either Acquisitions for Strategic Public Uses or Acquisitions for Future Development Projects; (2) the utilization of \$25,000,000 from the Fiscal Year 2023 Appropriations Act to capitalize the Program including up to 4% or \$1,000,000 of the \$25,000,000 funding to be used by the Authority to cover administrative costs of the Program; and (3) delegated authority to the Authority's CEO to adjust funding amounts for each product based on application volume of each product.



Tim Sullivan, CEO

Prepared by: Liza Nolan and Giancarlo Di Lonardo

Attachments:

– Local Property Acquisition Grant Program Specifications

LOCAL PROPERTY ACQUISITION GRANT PROGRAM:
Grant Pilot Program Specifications
October 12, 2023

<p>Funding Source</p>	<p>\$25 million (FY 2023 state budget appropriation) <i>up to 4% (\$1,000,000) to be used for EDA’s program administration costs</i></p>
<p>Program Purpose and Products</p>	<p>The Local Property Acquisition is a pilot program (“Program”) established to provide grants for the acquisition of a vacant site, building, facility, or collection of properties (“Project”) in order to facilitate and enable the future redevelopment of the property/ies within a defined time period and in support of local or regional economic development plans and priorities (the “Supplemental Use”). The program is designed to address a significant barrier to undertaking and implementing local development and redevelopment projects.</p> <p>The Program will support two products: (1) approximately \$3 million for Acquisitions for Strategic Public Use, and (2) approximately \$21 million for Acquisitions for Future Development Projects. The parameters of each product are detailed below.</p> <p>Based on application volume and requested project funding amounts, NJEDA staff is requesting delegated authority for the Authority’s CEO to adjust these estimated amounts for each product and move excess funding between the Acquisitions for Strategic Public Use to the Acquisitions for Future Development Projects or vice-verse but within the overall \$25,000,000 Program funding allocation.</p>
<p>Eligible Project Types</p>	<p>Applicants must provide evidence of site control or a path to site control as further described below.</p> <p>Applicants must describe in detail the Supplemental Use based on the parameters for the respective Strategic Public Use and/or the Future Development Projects product which they apply to. The restrictions and compliance monitoring with regard to the proposed use are described below.</p> <p>The Program is intended to provide funding for acquisitions of properties that are then developed/redeveloped in connection with or in support of local planning efforts and cannot be used for land banking of properties. As such, it is anticipated that property acquisitions will occur within 18 months of the funding award (Grant Agreement) and that the future Supplemental Use would typically be undertaken and completed within three years following the property acquisition. The required deadlines for the property acquisition and commencement and completion of the Supplemental Use project will be based on the applicant’s schedule. As noted in the scoring section below, readiness to proceed with the property acquisition and the reasonableness of the proposed timeline for the Supplemental Use project are scoring factors and point considerations.</p>

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	<p>In order to provide Grants and support projects in several different municipalities, a maximum of one Project per product application category (Acquisitions for Strategic Public Use or Acquisitions for Future Development) located within a municipality may be funded, with the exception that a maximum of two Projects per product application category (Acquisitions for Strategic Public Use or Acquisitions for Future Development) located within either a Transitional Aid Community (as determined by the Division of Local Government Services in the Department of Community Affairs) or a Government Restricted Municipality (as defined in Sections 55 and 69 of the Economic Recovery Act of 2020) may be funded.</p>
<p><u>Acquisitions for Strategic Public Use Product</u></p>	<p>Project property acquisition(s) and the proposed subsequent Strategic Public Use project must foster or support existing, ongoing, or planned development as part of an overall plan for property improvements and increased public access in the area proximate to the Property.</p> <p>Eligible Supplemental Uses for Strategic Public Use projects must be publicly accessible spaces for the community which may include pedestrian plazas, pocket-parks, community parks, community gardens, public walkway/access, public parking lots/garages, or other similar public spaces.</p> <p>Ineligible project types of Supplemental Uses for Strategic Public Use projects include public infrastructure projects such as for transport, energy, communication, water, wastewater, or general public works.</p> <p>The minimum grant request for Strategic Public Use projects is \$50,000 and the maximum grant request is \$1,000,000.</p>
<p><u>Acquisitions for Future Development Projects Product</u></p>	<p>Project property acquisition(s) and the proposed subsequent Future Development Projects must support planned development/redevelopment efforts in the area proximate to the Property.</p> <p>Eligible Supplemental Uses for Future Development Projects (substantial rehabilitation and/or new construction) are limited to:</p> <ul style="list-style-type: none"> ▪ Mixed-use developments; any residential portion must comply with the 20% reservation for low- and moderate-income households required by N.J.S.A. 52:27D-329.9(b) ▪ Transit Oriented Development ▪ Cultural, Arts, Performing Arts ▪ Commercial (including office and/or supermarkets/grocery stores) ▪ Manufacturing/Industrial ▪ Research

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	<p>Future Development projects consisting solely of warehouse, solely of residential, or primarily for government/educational uses are ineligible for funding.</p> <p>The minimum grant request for Future Development projects is \$50,000 and the maximum grant request is \$4,000,000.</p>
<p>Eligible Applicants</p>	<p>Eligible applicants are municipalities, municipal entities, counties, county entities, (including redevelopment and improvement authorities), and not-for-profit local economic and community development entities.</p> <p>Additional applicant requirements:</p> <ul style="list-style-type: none"> ▪ Must be in substantial good standing with the New Jersey Department of Labor and Workforce Development and the New Jersey Department of Environmental Protection at the time of application to be eligible. A current tax clearance certificate must be provided prior to approval to demonstrate the applicant is in substantial good standing with the New Jersey Division of Taxation, unless the applicant is not required to register with the Division of Taxation.
<p>Eligible Uses</p>	<p>Funding can only be used for the approved real estate acquisition and related closing costs of the Project specifically approved based on the application, Authority review, and funding grant agreement. Grants will be used for prospective real estate acquisition costs plus closing costs typically included as part of a closing settlement statement and related transaction legal costs.</p> <p>Funding cannot be used for due diligence-related costs.</p> <p>Properties already purchased/acquired are not eligible for reimbursement through this Grant Program.</p> <p>Purchase of government-owned property is not eligible.</p>
<p>Application Process and Board Approval/ Delegated Authority</p>	<p>The Program will be a competitive grant program with applications due by a set deadline. Online applications will be accepted during a defined minimum 60-day application period, and all applications will be reviewed following the closure of the application period. Online applications will be established so that applicants will apply for either the Acquisitions for Strategic Public Use Product or for the Acquisitions for Future Development Projects Product.</p> <p>The Authority will perform a review of applications after the closing of the application period. Applications will first be reviewed for completeness. Applicants will be given ten business days to cure any deficiencies. If at the end of the cure period, the applications are still incomplete, they will be notified that</p>

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the application will not be advancing to be scored and will be deemed nonresponsive.

At the sole discretion of the Authority, staff may ask for clarification of the information included in the application including but not limited to responses, documentation, and attachments.

Eligible applications will be evaluated and scored on a competitive basis. Applications that meet the minimum score requirement of 65 out of a possible 100 points will be eligible for funding.

Applications for Acquisitions for Strategic Public Use projects will be recommended to the Board for award approval starting with the highest scored application up to the anticipated \$3 million funding is awarded. Applications for Acquisitions for Future Development Projects will be recommended to the Board for award approval starting with the highest scored application up to the anticipated \$21 million funding is awarded. The Delegated Authority provided in this Memo will allow for the Authority's CEO to adjust funding amounts for each product based on the demand of each product but within the overall \$25,000,000 Program funding allocation.

Note that since a maximum of one Project per product application category (Acquisitions for Strategic Public Use or Acquisitions for Future Development) located within a municipality may be funded, with the exception that a maximum of two Projects per product application category (Acquisitions for Strategic Public Use or Acquisitions for Future Development) located within either a Transitional Aid Community or a Government Restricted Municipality may be funded, once any respective maximum is reached, no additional projects in that municipality will be awarded funding.

If an applicant requests grant funding for an eligible project but there are not sufficient Program funds available to fund the full grant request, the Authority will inform the applicant of the amount of grant funds available. If the applicant wishes to proceed, the applicant will be required to fund the difference to fill the gap to ensure the submitted project proposal is undertaken as described.

If all program funds are not awarded during the initial application period, then applications will be reopened on a rolling basis and grants awarded on a first come, first served basis to eligible applicants that meet the minimum score (subject to the limit on awards per product application category per municipality).

All eligible applications will proceed to the Board for approvals, and all applications which have not been declined due to non-discretionary reasons will also proceed to the Board.

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Application Requirements

As part of a Program application, the Authority will request information about both the Project and the proposed Supplemental Use depending on which Grant Funding product is being applied for (either the Acquisitions for Strategic Public Use or Acquisitions for Future Development Projects), which may include, but which is not limited to:

1. Evidence of site control or a path to site control (i.e. some level of right to acquire the property/ies) which may include letter of intent, purchase offer with purchase terms, purchase and sale agreement contingent on funding award, any/all of which must be fully signed by both seller and purchaser/applicant; or in rare situations may include an accepted settlement agreement as part of approved eminent domain proceedings and/or other final decision of an administrative or judicial governmental process resulting in the transfer of title or possession
2. Municipal Letter of Support
3. Project overview – description of overall proposal for the acquisition and the proposed future Supplemental Use, describing the property/building(s) (i.e. vacant, abandoned, code violations, recent uses, any local, state, or federal historic designation/eligibility, brownfield site, location within designated redevelopment area, etc.); current or planned development/redevelopment efforts in the area proximate to the Property; need for and benefits of the proposal, anticipated economic and local impact, consistency with state and local economic development objectives, projected jobs creation, anticipated local impacts including possible projected increase in pedestrian traffic and public access;
4. Project location – description of neighborhood and surrounding area, whether an incentive area, walkable area, brownfields or historic designation, other development occurring near/surrounding the proposed project;
5. Narrative (and documents as may be applicable) describing the viability/feasibility of the proposed acquisition and development including current zoning status, local supports, identification of possible complexities or challenges with proceeding, and a preliminary project budget and funding plan;
6. Project development timeline/implementation schedule indicating readiness to proceed for both the acquisition of the property/ies and for the future supplemental use;
7. Applicant’s organizational documentation and/or authorizing documentation;
8. Narrative and documentation of experience and capacity to undertake and complete the property acquisition and the proposed supplemental use;
9. Project Budget including property(ies) acquisition price(s) and closing costs and proposed source and status of other funding for the property acquisition.

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	<p>Applications must demonstrate that there is a plan for the respective Strategic Public Use and/or Future Development Project property within the specified timeframe.</p> <p>Note that project viability and readiness to proceed/timelines are scoring factors and considerations. Applicants should provide as much detail as possible regarding the steps involved and projected timeline for the initial property acquisition and undertaking and completing the future supplemental use project if Grant funds are awarded.</p>
Scoring	<p>Applications will be reviewed and scored by staff of the Authority formed as an evaluation scoring committee. Applications will be scored on a scale of 0 - 100 points, with award recommendations limited to applications that meet or exceed the minimum score requirement of 65 points.</p> <p>Scoring factors and points will include:</p> <ul style="list-style-type: none"> ▪ Overall project concept for Property Acquisition and the proposed Supplemental Use of the property <i>(up to 35 pts)</i> ▪ Location and Local Impact <i>(up to 20 pts)</i> ▪ Experience & capacity of applicant <i>(up to 20 pts)</i> ▪ Readiness to proceed with Property Acquisition <i>(up to 10 pts)</i> ▪ Viability of the proposed Supplemental Use project and reasonableness of the proposed timeline for the Supplemental Use project <i>(up to 15 pts)</i>
Grant Amounts	<p>Minimum grant funding of \$50,000 per Project.</p> <p>The maximum grant funding for acquisitions for Strategic Public Use projects is \$1,000,000. The maximum grant funding for acquisitions for Future Development projects is \$4,000,000.</p> <p>Grant funding may not exceed 80% of the property appraised value plus closing costs typically included as part of a settlement statement and related transaction legal costs, except for projects located within either a Transitional Aid Community or a Government Restricted Municipality where Grant funding may account for 100% of the property appraised value plus closing costs typically included as part of a settlement statement and related transaction legal costs.</p> <p>No applicant may receive more than two grant awards.</p>
Funding Disbursement	<p>The Authority will disburse grants only to the applicant. The applicant shall be responsible for assuring the compliance of the project with all terms and conditions of the application and the Program funding requirements.</p> <p>Once a project is approved for funding, the Authority will enter into a grant agreement (“Grant Agreement”) with the applicant detailing the project to be</p>

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funded, eligible Project costs, the amount of grant funding, and all financial programmatic requirements including the amount of other funding as may be applicable. The Grant Agreement will detail timelines for both the Project property acquisition and the proposed Supplemental Use project based on the project schedule included in the application and the project approval. At the Authority's sole discretion, the Authority may grant up to two six-month extensions.

The Grant Agreement will detail state requirements. All Strategic Public Uses and Future Development projects that are developed/redeveloped as a result of Local Property Acquisition Grant Program funding shall be subject to compliance with New Jersey prevailing wage law and compliance with other labor standards requirements, as well as other state requirements which may be applicable depending on project details and funding amounts including possibly New Jersey Executive Order 215 of 1989 regarding Environmental Assessments.

The Grant Agreement will also detail the Authority's rights for approval of any sale/transfer of the Property(ies) including reviewing the reasonableness of the proposed sales/pricing. The Grant Agreement will further indicate that prior to the sale of a property for a Future Development Project, the applicant will submit to the Authority the proposed sales contract and the proposed Future Development Project financials for the Authority's review and approval.

If the proposed sales price is equal to or greater than the fair market value (based on appraisal), then upon sale of a property for a Future Development Project, the Authority will allow an applicant/grantee to retain up to 15% of the Grant amount as an administrative fee and the applicant/grantee shall return to the Authority an amount equal to: the Authority's proportionate share of the (future sales price of the property/ies - 15% of the EDA Grant amount attributable to the original property/ies acquisition).

If the proposed sales price is less than the fair market value (based on appraisal), the Authority will then review the project financials that the designated developer/redeveloper proposes against the Authority's financial analysis hurdle rate model to ensure that the sales price and project financials are reasonable (that is, at or below the hurdle rate). If project financials and estimated internal rate of return are at or below the hurdle rate, then upon sale of a property for a Future Development Project, the Authority will allow an applicant/grantee to retain up to 15% of the Grant amount as an administrative fee and the applicant/grantee shall return to the Authority an amount equal to: the Authority's proportionate share of the (future sales price of the property/ies - 15% of the EDA Grant amount attributable to the original property/ies acquisition).

If the proposed sales price is less than the fair market value (based on appraisal) and the project financials and estimated internal rate of return are above the

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	<p>hurdle rate, the proposed future sales transaction would require Authority Board review.</p> <p>The grant funds will be disbursed for the Project (the acquisition of the property/ies approved for funding) and upon documentation of acquisition and related closing costs. If other funding sources are part of the approved project, then the grant funds would be prorated per the approved project budget.</p>
Fees	<p>The standard \$1,000 non-refundable application fee established in the Authority's fee rules will be charged for the Program except as noted below.</p> <p>Pursuant to N.J.A.C. 19:30-6.7, the Authority may grant a fee waiver when the imposition of a fee would impose an undue financial hardship. Pursuant to this authority, the board is requested to approve a fee waiver for applicants that are municipalities/municipal entities of municipalities located in municipalities with 2020 Municipal Revitalization Index (MRI) scores in the top 10% of all municipalities statewide.</p>

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

RE: Former Myer Center Site, Fort Monmouth:
Fourth Amendment to Contract for Civil & Environmental Engineering Services with
T&M Associates

DATE: October 12, 2023

Request

I request the Members approve:

- Increase the Authority’s contract for civil and environmental engineering services with T&M Associates (“T&M”) of Middletown, New Jersey in connection with the former Myer Center site (a/k/a Parcel F-1) in the Tinton Falls section of Fort Monmouth in the amount of up to \$100,617.00 reflecting an increased proposal amount of \$91,470.00 with delegated authority to the Chief Executive Officer to increase by a further 10% (\$9,147.00) should there be unexpected cost overruns for the reasons outlined in this memo.
- Delegate to the Chief Executive Officer the right to amend this contract for up to an additional \$150,000, if further testing or work is required, to obtain the Classification Exception Area (“CEA”) for the groundwater plume as described herein.

Background

A. Initial Specifications for Environmental Remediation and Demolition

At the July 2016 meeting, the Members authorized the execution of a Memorandum of Understanding (the "MOU") with the Fort Monmouth Economic Revitalization Authority (“FMERA”) whereby the Authority would perform pre-development services with regard to the approximate 35-acre Parcel F-1 parcel (the “Property”). Specifically, the Authority would be responsible for procuring consultants to prepare plans, specifications and a scope of work for the environmental remediation and demolition of the obsolete buildings on the Property totaling over 700,000 sf. Those documents would also be used to issue a bid for remediation and demolition.

Following a publicly-advertised Request for Proposals process conducted in accordance with S-2194, the Members authorized the award of a contract to the highest-ranking proposer, T&M, and established a contract budget of \$644,400 for the consultant’s pre-development and construction phase services.

B. Purchase and Sale Agreement for Parcel F-1

At the September 2017 meeting, the Members authorized the execution of a Purchase and Sale Agreement (“PSA”) with FMERA for the Property. The PSA called for the Authority to fund and manage environmental remediation and demolition of the Myer Center and its ancillary buildings on the Property in return for title to the 35-acre tract. At that meeting, the Members authorized an acquisition, remediation and demolition budget for the Property in the amount of \$7,328,771. The Members also approved an amendment to T&M’s contract for additional construction phase services in the amount of \$77,300 as well as additional environmental site investigation services in the amount of \$117,000; the intent of the latter was to preserve the Authority’s innocent purchaser status. The total amount of T&M’s contract amendment was \$194,300.

C. Agreement to Assign the PSA

In February 2018, Robert Wood Johnson/Barnabas Health (“RWJBH”) submitted an unsolicited offer to purchase the Property for an amount not to exceed \$8 million. After negotiations among RWJBH, NJEDA and FMERA (jointly the “Parties”), the Board approved the Agreement to Assign the PSA (“Assignment Agreement”) June 12, 2018, which was also approved by the FMERA Board on June 18, 2018. The Assignment Agreement was executed on August 10, 2018.

D. Additional Remediation Work

Real Estate Department staff oversaw the abatement and demolition of the Myer Center and its ancillary buildings through our contractor, Tricon Enterprises. The work was completed on time and within budget.

During demolition activities, T&M encountered petroleum oil in the groundwater. T&M determined that its source was a 300-gallon kerosene underground storage tank (“UST”) located in the vicinity of the former Myer Center. T&M decommissioned and removed the UST along with impacted soil and groundwater. T&M closed out this Area of Concern and issued a Response Action Outcome.

In its investigation of the UST, T&M also encountered elevated levels of perchloroethylene (“PCE”) in the groundwater. At the May 2020 meeting the Board authorized a contract amendment in the amount of \$35,000, reflecting T&M’s cost proposal along with a contingency for additional groundwater testing, if warranted. Subsequently, staff authorized T&M to undertake additional sampling to determine the limits of the PCE as well as its origin, as it is unrelated to the UST.

In January, 2021, the Members authorized an amendment to T&M’s contract in the amount of \$85,000 for the installation of additional monitoring wells and groundwater sampling to prepare the Remedial Action Workplan as a presumptive remedy in support of preparing the CEA for the groundwater plume. T&M performed two rounds of additional groundwater monitoring testing. In June 2023, during the latest round of groundwater testing, trichloroethene (“TCE”) was detected above the Groundwater Quality Standards (“GWQS”) in one of the monitoring wells requiring further groundwater monitoring for chlorinated solvents present.

E. RWJ's Assignment of PSA and Sale of Property

RWJ and FMERA subsequently entered into an Assignment and Assumption Agreement assigning its right, title and interest in the Agreement to Assign to Monmouth Medical Center, LLC ("MMC"). FMERA and EDA consented to such Assignment and Assumption Agreement December 13, 2022. The Closing and transfer of the property occurred on December 15, 2022.

F. Proposed Fourth Amendment to Contract with T&M Associates

Based on the findings of these previous investigations, the extent of PCE detected in groundwater has been horizontally and vertically delineated. However, additional investigation is necessary to address the remaining PCE in groundwater and attempt to demonstrate that the optimal remedial option for the low levels of PCE is Monitored Natural Attenuation ("MNA").

After the January 2021 Amendment to Contract, T&M installed four (4) permanent monitoring wells and performed two (2) rounds of groundwater sampling at the newly installed wells and one (1) round of groundwater sampling at existing wells KW-1 and KW-2 to prepare a Remedial Investigation Report in support of preparing CEA for the groundwater plume.

In June 2023, during the latest round of groundwater testing, trichloroethene ("TCE") was detected above the Groundwater Quality Standards ("GWQS") in one of the monitoring wells requiring further groundwater monitoring for chlorinated solvents present. T&M advised additional testing/monitoring will be required to obtain the CEA. The cost for the additional work is \$91,470.00, bringing T&M's contract to \$1,071,461.51.

To obtain the CEA, T&M proposes the following:

- a. T&M's LSRP will continue to provide management and technical support services during the proposed activities, including communication with the NJDEP, the EDA and FMERA as needed.
- b. T&M will install two new monitoring wells to the north and east of existing monitoring wells. Additional sampling will need to be completed to finalize a Remedial Action Report and Remedial Action Permit (RAP) for Groundwater. The RAP application for groundwater will include long-term groundwater monitoring which will consist of yearly sampling, to be performed from 2024 to 2029 (six well sampling events).
- c. T&M has proposed an additional fee of \$91,470.00 for the scope of services presented above. Accordingly, staff recommends approving funds of up to \$100,617.00 to pay for this additional work including an a 10% contingency (or \$9,147.00) for additional groundwater testing, if warranted. This amendment increases T&M's contract budget amount from \$970,844.51 up to \$1,071,461.51.

In a MOU between FMERA and NJEDA, FMERA shall reimburse NJEDA the cost for this Change Order. FMERA is the responsible party for the parcel.

Staff also recommends that the Members delegate to the CEO the ability to amend this contract with T&M for an amount not to exceed \$150,000 if additional work or testing is required to obtain the CEA for the groundwater plume.

Recommendation

In summary, I request that the Members authorize:

- d. An increase to the Authority's contract for civil and environmental engineering services with T&M Associates ("T&M") of Middletown, New Jersey in connection with the former Myer Center site (a/k/a Parcel F-1) in the Tinton Falls section of Fort Monmouth in the amount of \$100,617.00 for the reasons outlined in this memo.
- e. To delegate to the Chief Executive Officer the right to amend this contract for up to \$150,000.00, if additional testing or work is required, to obtain the Classification Exception Area ("CEA") for the groundwater plume as described in this memo for Parcel F-1.



Tim Sullivan, CEO

Attachment:

T&M Proposal

Prepared by: Bonny Serratelli



July 14, 2023

Joseph Fallon
Senior Environmental Officer
Fort Monmouth Economic Revitalization Authority (FMERA)
PO Box 267
Oceanport, NJ 07757

**RE: Proposal for PCE/TCE Monitoring
Former Myer Center
Borough of Tinton Falls, Monmouth County, New Jersey
Project No.: NJRD-00022**

Dear Mr. Fallon:

T&M Associates (T&M) has prepared this proposal to conduct additional groundwater monitoring activities associated with the tetrachloroethene (PCE) and trichloroethene (TCE) detected in groundwater at the above referenced Site. Based on the findings of previous investigations, an area of concern (AOC) specific Response Action Outcome (RAO) for the former kerosene underground storage tank (UST) has been issued. Due to the presence of PCE in the groundwater above the Groundwater Quality Standards (GWQS), quarterly groundwater monitoring was performed from the Site monitoring wells from July 2021 to June 2023. Based on the findings of the quarterly groundwater monitoring, TCE was detected above the GWQS in KW-3 during the June 2023 sampling event. No other chlorinated compounds were detected above the GWQS in any other monitoring wells during the June 2023 sampling event. This proposal includes the services to conduct further groundwater monitoring for the chlorinated solvents present in KW-3 and issue an AOC specific Limited Restricted Use RAO for the groundwater (AOC-2).

SCOPE OF SERVICES

The following is a summary of the scope of services to be provided by T&M.

Item 1: LSRP Management, Technical Support, and Project Coordination

A Licensed Site Remediation Professional (LSRP) is required to oversee the investigation and remediation activities for the PCE/TCE impacted groundwater. T&M's LSRP will continue to provide management and technical support services during the proposed activities including communication with the NJDEP, the EDA, etc., as needed, as well as time for meetings, teleconferences, addressing NJDEP emails, notifications, coordination with contractors, etc.

If additional services are required (e.g., CEA modifications, modifications to the Groundwater Monitoring Plan, increasing concentration trends in groundwater, additional groundwater delineation, vapor intrusion investigation, potable/irrigation well sampling, well repairs to monitoring wells, modification of



groundwater Remedial Action Permit, changes to NJDEP regulations, etc.), T&M will provide a separate proposal for any additional work required beyond the services presented in this proposal.

Item 2 - Sentinel Monitoring Well Installation and Sampling

Two (2) new flush mounted monitoring wells (KW-7 and KW-8) will be installed to the north and east of KW-3. The proposed well locations are depicted on the attached figure. The wells will be installed by a New Jersey Licensed well driller and surveyed by a New Jersey Licensed Land Surveyor. The wells will be properly developed, and all development water and drill cuttings will be drummed and properly disposed.

Monitoring wells KW-7 and KW-8 will need to be sampled prior to completing the Remedial Action Report, Remedial Action Permit for Groundwater, and the AOC specific Limited Restricted Use RAO, to demonstrate that the chlorinated solvents detected in KW-3 are delineated. Therefore, groundwater samples will be collected from KW-7, KW-8 and KW-3 and analyzed for Target Compound List (TCL) chlorinated solvents volatile organic compounds only. November 2023 will be targeted for this sampling event.

Groundwater samples will be placed in laboratory prepared sample jars and submitted to a New Jersey Certified Laboratory. Standard chain of custody procedures will be implemented to track the samples. Groundwater samples collected will be All groundwater samples will be analyzed on a standard turnaround timeframe of two week.

A field quality assurance program consisting of field and trip blank samples will be implemented during the temporary well point sampling and each well sampling event to demonstrate the integrity of the decontamination procedures and assess any potential contamination encountered during the handling and shipment of the samples to the analytical laboratory.

Item 3: Remedial Action Report

T&M will prepare a Remedial Action Report (RAR) which will present the results of environmental related activities to achieve compliance with N.J.A.C. 7:26E and the Administrative Requirements for the Remediation of Contaminated Sites (“the ARRCs Rule”) for AOC-2. The RAR will detail the historical activities conducted and the scope of work presented herein. The report will present a narrative containing the results of the remedial investigations and the remedial actions, will present the tabulated laboratory test results, and present the proposed no further action for groundwater. It should be recognized that this document will be formatted for submission to the NJDEP, as the Site will be under the direction of an LSRP and would therefore need to be reported to the NJDEP.



T&M's LSRP, in accordance with Site Remediation Reform Act (SRRA), will also prepare and submit the following required NJDEP forms associated with the remedial action activities:

- Case Inventory Document (CID);
- Updated Receptor Evaluation;
- Electronic Data Deliverables; and,
- RAR form (online); and
- AOC specific Limited Restricted Use RAO form (if no further investigation is required).

Please note, upon NJDEP review of the RAR and/or the Remedial Action Permit for Groundwater (Task 4), the NJDEP may request additional investigation, clarification, and/or further remedial evaluation. The scope of work and cost for any additional services required to address the NJDEP requests is not included in this proposal and would be submitted under separate cover.

NOTE: If during the proposed activities above, the extent of the groundwater impacts have not been fully delineated and/or a decreasing trend in the concentrations of chlorinated compounds in groundwater cannot be demonstrated, then further investigation will be required and the RAR cannot be prepared. The scope of service and cost for any additional work (investigation and remediation) would be submitted under separate cover.

Item 4: Preparation of Remedial Action Permit Application for Groundwater

T&M will prepare and submit a Remedial Action Permit (RAP) Application for Groundwater as required for the remaining groundwater contamination to be monitored at the Site. The RAP application will include a long-term groundwater monitoring program to ensure that Monitored Natural Attenuation (MNA) is occurring as presented in the site-specific Classification Exception Area (CEA) for groundwater previously submitted. The NJDEP permit application fee of \$880.00 is required and included in this proposal.

Item 5: AOC Specific Limited Restricted Use RAO

Upon NJDEP approval and issuing of the RAP for Groundwater, T&M's LSRP will issue an AOC specific Limited Restricted Use RAO for the chlorinated compounds detected in groundwater (AOC-2). In accordance with the SRRA, the LSRP is authorized to memorialize completion of the remediation by issuing an RAO to the entity responsible for conducting the remediation. The RAO renders the LSRP's opinion that the Site or AOC specific area has been remediated in accordance with all applicable statutes, regulations, and guidance.



The RAO will be issued to the NJDEP and FMERA along with a RAO form that will represent the LSRP's professional opinion that:

- There are no discharged hazardous substances or hazardous wastes present at the Site or area of concern; or,
- There are discharged hazardous substances or hazardous wastes, present at the Site, area of concern and/or migrating from the Site that have been remediated in accordance with all applicable statutes, regulations, and guidance; and,
- The remedial action undertaken is protective of public health, safety and the environment.

T&M's LSRP will use the standard format RAO form document posted by the NJDEP to ensure content consistency. T&M's LSRP is prohibited from modifying the content of an RAO except as explicitly provided for in the NJDEP guidance. T&M will also complete the RAO submission through NJDEP online which will include uploading the supporting documents (e.g., Case Inventory Document, RAO letter, etc.) and provided copies to the other required agencies (i.e., local, County and/or Regional Health Department, Municipal Clerk, etc.).

NOTE: The RAO cannot be issued until all applicable NJDEP fees are paid in full by the Person Responsible for Conducting Remediation (FMERA).

Item 6: Long-Term Monitoring Well Sampling

The RAP Application for Groundwater will include a Long-Term Groundwater Monitoring Program which will consist of yearly sampling from select Site monitoring wells. Based on the current CEA, groundwater samples will be collected on a yearly basis from six (6) from Site monitoring wells, KW-2, KW-3, KW-5, KW-7 and KW-8. In the event that exceedances are detected in KW-2, monitoring well KW-6 will also be included in the subsequent groundwater monitoring events. It is anticipated that the NJDEP will approve the Remedial action Permit Application for Groundwater in 2024, and therefore, annual well sampling will be performed from 2024 to 2029 (six well sampling events are included in this proposal).

Groundwater samples collected will be analyzed for TCL chlorinated solvents volatile organic compounds only. Groundwater samples will be placed in laboratory prepared sample jars and submitted to a New Jersey Certified Laboratory. Standard chain of custody procedures will be implemented to track the samples. All groundwater samples will be analyzed on a standard turnaround timeframe of two week.

A field quality assurance program consisting of field and trip blank samples will be implemented during the temporary well point sampling and each well sampling event to demonstrate the integrity of the decontamination procedures and assess any potential contamination encountered during the handling and shipment of the samples to the analytical laboratory.



Item 7: Three Remedial Action Protectiveness/Biennial Certification Reports

In accordance with N.J.A.C. 7:26C-7.8, T&M will inspect the physical integrity of all monitoring wells and will identify and evaluate any land use disturbances and groundwater uses at the former Myer Center Facility and immediate surrounding area. If additional activities are required, such as well repairs, additional cost estimates/work scopes will be prepared at the direction of the FMERA.

As required by the NJDEP, T&M will complete the remedial action protectiveness/biennial certification for the CEA and Groundwater Permit at the former Myer Center Facility. In accordance with N.J.A.C. 7:26C-7.7 and 7.8, T&M will conduct a comparison of the applicable laws, Groundwater Quality Standards, and other regulations applicable at the time the NJDEP established the CEA with any subsequently promulgated or modified laws or regulations to determine whether or not the CEA complies with the requirements of the new laws and regulations. The *Remedial Action Protectiveness/Biennial Certification for Groundwater Form* will be submitted upon completion of the proposed groundwater sampling and evaluation. The NJDEP submittal will also include preparation of: groundwater contours, historical groundwater sampling data tables, an updated well search, field sampling data sheets, monitoring well construction detail table, an order of magnitude evaluation, and a Contaminant of Emerging Concern evaluation. Based on the current CEA duration of six (6) years, T&M will prepare three (3) remedial action protectiveness/biennial certification reports.

Item 8: Remedial Action Permit Modification or Termination

During the long-term groundwater monitoring program, if the groundwater contaminant concentrations have decreased to below the applicable groundwater water quality standards, then a RAP for Groundwater Termination will be completed and submitted to the NJDEP pursuant to N.J.A.C. 7:26C-7.13, in order to lift the CEA. If any of the groundwater results indicate that contaminant concentrations have not decreased to below the applicable groundwater quality standards, T&M will re-model the fate and transport CEA of the contaminant plume and a RAP Modification will be submitted to the NJDEP pursuant to N.J.A.C. 7:26C-7.12. Please note, if additional services are required (e.g., additional groundwater delineation, installation of new monitoring wells, modifications to the Groundwater Monitoring Plan, repairs to monitoring wells, changes to NJDEP regulations, vapor intrusion investigation, etc.), T&M will provide a MA to the existing contract, if necessary.

Item 9: Monitoring Well Abandonment

Upon compliance with the groundwater quality standards and completion of a RAP for Groundwater Termination, the site monitoring wells (KW-1 through KW-6 and proposed wells KW-7 and KW-8), will be properly abandoned. Pursuant to N.J.A.C. 7:9D-3, the site monitoring wells installed as part of the remediation of the former Kerosene UST and chlorinated compounds detected in groundwater will be properly decommissioned by a New Jersey licensed well driller of the proper class in accordance with the procedures set forth in N.J.A.C. 7:9D. The well driller's well decommissioning report will be submitted to the Bureau of Water Allocation and Well Permitting.



FEE SUMMARY

TASK	LUMP SUM
TASK 1: LSRP Management, Technical Support, and Project Coordination	\$ 2,470.00
TASK 2: Sentinel Monitoring Well Installation/Survey/Disposal and Sampling	\$17,400.00
TASK 3: Remedial Action Report	\$6,000.00
TASK 4: Preparation of Remedial Action Permit Application for Groundwater	\$5,800.00
TASK 5: AOC Specific Limited Restricted Use RAO	\$2,650.00
TASK 6: Long-Term Groundwater Monitoring Program	\$34,850.00
TASK 7: Three Remedial Action Protectiveness/Biennial Certifications	\$12,000.00
TASK 8: Remedial Action Permit Modification or Termination	\$3,150.00
TASK 9: Monitoring Well Abandonment	\$ 7,150.00
TOTAL	\$ 91,470.00

T&M is prepared to proceed with the above scope of services upon your authorization, for a not to exceed fee of **\$91,470.00** for the scope of services presented above. The fee will be billed monthly based on time expended, utilizing our current billing rate schedule in place for the Myer Center Abatement, Demolition and Site Improvements contract.

Payment shall be in accordance with the current Charges, Billing and Payment schedule arrangement outlined in the Standard Terms and Conditions attached to this proposal unless prior written arrangements have been made with T&M.

RESPONSIBILITIES OF FMERA

It is understood that the following items, information and arrangements to be supplied and/or finalized by FMERA will be utilized in the scope of services described within this proposal.

1. FMERA will provide all information in its possession, custody, or control, which may relate to the properties, including survey maps or sketches illustrating the limits and legal boundaries of the site and copies of any previous environmental assessments and/or investigation reports.
2. FMERA will be fully responsible for obtaining the necessary authorization to allow T&M, its agent, subcontractors and representatives to have access to the site and tenant spaces and structures thereon at reasonable times throughout the term of this agreement.



LIMITATIONS

This proposal does not include environmental investigations beyond what is presented.

T&M will rely on the accuracy of any information submitted to us by FMERA in the performance of our services and will not be held responsible for errors or inaccuracies contained in information provided to us. In the event that our activities indicate areas of significant health, safety, or environmental concern, the scope of work outlined above may need to be expanded as appropriate.

T&M shall be responsible only for its activities and that of its employees on the Site. Neither the professional activities nor the presence of T&M or its employees or subcontractors on a Site shall imply that T&M controls the operations of others.

In the event that any condition is observed by T&M that warrants a notification to the NJDEP, in accordance with 7:1E-5.3 and/or N.J.A.C. 7:26E-1.4, T&M will notify FMERA prior to notification to the NJDEP, if required.

Utilities will be identified by the NJDEP-certified contractor retained by T&M by contacting the New Jersey One Call Service. FMERA/property owner will be responsible for the identification of all on-site utilities not identified by the New Jersey One Call service. It is understood and agreed that T&M is not responsible for marking out any underground features or structures. FMERA/property owner must clearly mark any private utility lines or laterals, either by private utility mark-out or using facility as-built drawings and Site knowledge. Relocation of utilities is not included in this cost proposal, and for proposal purposes it is assumed that no underground utilities will interfere with the drilling or soil remedial operations.

CLOSING

Any item listed above that is not ordered will not be billed. Separate authorization from FMERA will be requested prior to commencing services outside the scope of this proposal.

All out-of-pocket expenses including, but not limited to, application fees, Mylar copies, certified mailings, photographs, blueprints, and special deliveries are considered additional to the proposal items unless specifically noted within the scope of this proposal.

This proposal is submitted solely and exclusively for the use of FMERA for consideration of the professional services of T&M. Disclosure of this proposal's content to any third party without prior written authorization from T&M is expressly prohibited.

Please indicate your acceptance of this proposal by signing in the space provided on the last page and returning one (1) copy to this office. Receipt of the signed proposal, resolution or purchase order shall be considered authorization to proceed with all items described within this proposal. Any items not intended to be authorized shall be clearly and specifically noted as such within the client's signed and returned proposal.



We thank you for the opportunity to submit this proposal. Please feel free to contact this office with any questions regarding the scope, sequence or fees as indicated.

Very truly yours,

T&M ASSOCIATES

Pearse Mackle, P.E., LSRP
Supervising Environmental Scientist

PCM

Cc: Michael Heumiller, LSRP, T&M Associates
Timothy C. Kinsella, T&M Associates

ACCEPTED BY:

NAME:

Signature **Print Name**

DATE:



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan

DATE: October 12, 2023

SUBJECT: Real Estate Development & Programs – Additional Delegations of Authority Necessary or Beneficial to: Fort Monmouth Economic Revitalization Authority, and New Jersey Bioscience Center Step Out Lab and Incubator Tenants

REQUEST

The Members are asked to approve delegations of authority related to Real Estate Development and Programs as detailed below. Consistent with the Delegation Policy approved on March 9, 2022, all delegations are to the Chief Executive Officer unless specified otherwise.

BACKGROUND

A. NJEDA Delegation of Authority Policy

On March 9, 2022, the Members approved the adoption of a Delegation of Authority Policy governing delegations by the Board to the Authority’s Chief Executive Officer.¹ The Policy acknowledged that, pursuant to the Authority’s by-laws, the CEO is responsible for the supervision over, and the direction of, the affairs of the Authority and has such powers and duties as assigned by the Board in the by-laws and in separate delegations of authority. The Policy provided that the Board will delegate authority to the CEO and permits the CEO to delegate to their subordinates any portion, or all, of that authority, unless the Board has specifically required the CEO to act personally.

B. Updates to Delegations of Authority

Members are asked to approve new delegations consistent with the Delegations Policy. This memo describes those new delegations of authority, as recommended by staff.

Consent of Agreements related to Fort Monmouth Economic Revitalization Authority

Fort Monmouth Economic Revitalization Authority (“FMERA”) was created by P.L. 2010, c. 51 (“Act”) to carry out the coordinated and comprehensive redevelopment and revitalization of Fort Monmouth. The Act designates the New Jersey Economic Development Authority as a designated redeveloper for any property acquired by or conveyed to FMERA and authorizes FMERA to enter into redeveloper agreements with NJEDA for the redevelopment of the Fort, while also allowing FMERA to enter into redevelopment agreements directly with private developers. Pursuant to the FMERA Act, all purchasers of real estate on Fort Monmouth must enter into a redevelopment

¹ Board Memorandum, *Adoption of Amended and Restated By-Laws and Board Policy on Delegation of Authority*, as approved on March 9, 2022.

agreement. Although NJEDA has not acted as the designated redeveloper, NJEDA reviews FMERA's designation of a redeveloper and the redevelopment agreement contained in the Purchase and Sale Agreement and Redevelopment Agreement ("PSARA") to determine FMERA's designating the purchaser of a parcel as the redeveloper for that property.

Proposed New Delegation: Delegated authority is requested to authorize the CEO to review and consent to FMERA entering into a redevelopment agreement that is contained within the PSARA for the sale and redevelopment detailed in the Fort's Reuse Area. Authority shall be delegated under the following terms:

1. FMERA selected the purchaser by either:
 - (i) issuing a publicly advertised request for offers to purchase or request for proposals process for the sale and development of the parcel, or
 - (ii) engaging in a local beneficial use evaluation based on a request from the County of Monmouth or the three host municipalities;
2. The purchase price include in the PSARA is less than the current monetary pre-review and approval process of the Office of the State Comptroller ("OSC") pursuant to N.J.S.A. 52:15C-15. As of the date of this memorandum, that threshold is \$12.5 million.

Justification:

This delegation will allow the CEO to consent to FMERA's request to enter into a redevelopment agreement where EDA is not a party to the underlying PSARA. Currently, FMERA has potentially five (5) PSARAs pending within the parameters of the proposed delegation (See Exhibit A, attached). The board has consented to 24 projects, and under the proposed delegation, one project would have exceeded the parameters of the proposed delegation. Currently, OSC's pre-review and approval threshold for a contract is \$12.5 million. Staff believes board review of a PSARA with a private redeveloper should be consistent with OSC's review threshold because EDA is reviewing solely to determine foregoing its statutory right to redevelop a property under the FMERA enabling act.

Termination of an Incubator Lease for other than hardship when there is a replacement Tenant

Existing Delegation:

Select Incubator Tenants or increase CCIT Space – Select Incubator Tenants or increase Incubator Space - Amend occupancy agreement to reduce or increase incubator tenant space less than or equal to 6,000 sf of wet lab and related office space during the first 4 years of the occupancy agreement term, inclusive of any extensions.

Proposed New Delegation:

Select Incubator Tenants or increase Incubator Tenant Space

1. To amend occupancy agreement to reduce or increase Incubator tenant space less than or equal to 6,000 sf. of wet lab and related office space during the first 4 years of the occupancy agreement term, inclusive of any extensions. This is the existing delegation.
2. Upon tenant's request, terminate an Incubator occupancy agreement without financial hardship under all the following conditions:

- (i) the replacement tenant is: approved by the Incubator advisory board, and either is on the waiting for space within the Incubator, or is an existing Incubator tenant in good standing wishing to expand within the Incubator (“replacement tenant”)
- (ii) the replacement tenant agrees to occupy the leasehold being terminated
- (iii) the replacement tenant’s new total square footage, inclusive of the additional square feet to be vacated by the tenant requesting the termination, does not exceed the maximum square foot permitted in the Incubator
- (iv) the replacement tenant agrees that there will not be a gap in rental payments once the requesting tenant vacates the leasehold.

Justification:

The current delegation only allows for authorization to reduce or increase space during the first 4 years of incubator occupancy. This proposed delegation allows the incubator program greater flexibility for existing tenants that have a need to terminate their lease while allowing the opportunity for other existing or approved replacement tenant to occupy the space.

Termination of Step Out Lab Lease for other than hardship when there is a replacement Tenant

Existing Delegation: Reduce Space or Terminate occupancy Agreement at end of Term (includes Step Out Lab Space) –Terminate or reduce space in an occupancy agreement in the last 12 months of the occupancy agreement term for an amount up to \$500,000, upon tenant request with evidence of financial hardship. Tenant does not have to be in good standing, and this reduction includes anything accrued and owing as of the date that the CEO may approve termination of the lease. The existing delegated authority for the Step Out Labs will be consolidated with this delegation.

Proposed New Delegation:

Delegated authority is requested to authorize the CEO to:

1. Terminate or reduce space in an occupancy agreement in the last 24 months of the occupancy agreement term for an amount up to \$500,000, upon tenant request with evidence of financial hardship. Tenant does not have to be in good standing, and this reduction includes anything accrued and owing as of the date that the CEO may approve termination of the lease. This expands the existing delegation from a tenant in the last 12 months of its occupancy to the last 24 months.
2. Upon tenant request, terminate a lease without financial hardship. Terminate a lease with an existing Step-Out Lab tenant (“requesting Step Out Lab tenant”) under the following conditions:
 - (i) the replacement Step-Out Lab tenant can include an existing Step-Out Lab tenant in good standing expanding within the Step Out Labs that wants to expand, a graduating Incubator tenant in good standing, or an Incubator advisory board approved entity that is waiting for Incubator space and agrees to occupy the space being terminated (“expanding tenant”)
 - (ii) the expanding tenant’s new total square footage, inclusive of the additional square feet to be vacated by the requesting Step Out Lab tenant, does not exceed the maximum occupancy square feet permitted in the Step-Out Labs

- (iii) the expanding tenant agrees that there will not be a gap in rental payments once the requesting Step Out Lab tenant vacates the space.

Justification:

The proposed delegation allows the Step-Out Lab program greater flexibility for incumbent Step-Out Lab tenants that have a need to reduce space while allowing the opportunity for existing Step-Out Lab and graduating Incubator tenants in growth mode, or prospective Incubator tenants on the Incubator “wait list” to occupy new or additional Step-Out Lab space.

RECOMMENDATION

Members of the Board are asked to approve the new delegations of authority as requested above.



Tim Sullivan
Chief Executive Officer

Prepared by: Bonny Serratelli and Lenzie Harcum

Attachment: List of Fort Monmouth Economic Revitalization Authority Pending Projects

Exhibit A***FMERA Property Disposition*****TRANSACTIONS TO WHICH NJEDA CONSENTED**

Purchaser	Sale Price	Acres	Description
Commvault	\$5,900,000	55.00	Parcel E
AcuteCare	\$2,733,300	16.00	Clinic
RADAR Properties	\$1,845,001	12.35	Building 2525
Trinity Hall	\$2,000,000	7.40	CDC
County of Monmouth	\$626,400	10.33	Motor Pool
RPM Development	\$8,262,817	35.50	Officer Housing
Monmouth County Park System	\$560,000	3.50	Parcel F-3
TetherView	\$1,313,000	4.60	Russel Hall
Borough of Oceanport	\$1,053,000	13.00	Oceanport Municipal Complex
FM Partners	\$2,300,000	7.17	Fitness Center
AP Development Partners, LLC	\$120,000	4.20	Dance Hall
Commvault	\$1,970,000	4.30	Charles Wood Fire Station
Lennar	\$782,222	3.85	Parcel C-1 (11 lots) (combined as one sale)
Lennar	\$2,417,778	11.89	Parcel C-1 (34 lots) (combined as one sale)
Lennar	\$12,000,000	40.74	Parcel C
KKF	\$1,500,000	30.75	Squier Hall Complex
Martelli	\$5,000,000	171.00	Golf Course
Parker Creek Partners	\$1,350,000	2.80	Bowling Center
Borough of Eatontown	\$119,139	3.82	Eatontown Parks Parcel
Marina at Oceanport Partners (APDP,	\$900,000	3.90	Marina
OPort Partners	\$834,848	8.00	Warehouse District
OPort Partners	\$878,788	6.00	Post Office Area
OPort	\$2,043,182	6.00	Commissary & PX
OPort	\$593,182	5.00	1000 Area Parking
New Jersey American Water	\$80,220		NJAW
TetherView	\$2,313,000	12.60	Allison Hall Complex
Regional Development Group	\$4,850,000	19.50	Barker Circle Complex
Somerset Development	\$17,500,000	15.00	Lodging Area
	\$81,845,877	550.20	

PROPERTIES UNDER CONTRACT

Purchaser	Sale Price	Acres	Description
Netflix	\$47,000,000	282.20	Mega Parcel
Pinebrook Commerce Center, LLC	\$658,182	6.98	Fab Shops
RPM Development	\$2,150,000	3.75	Nurses Quarters
Lennar	\$1,800,000	64.70	Howard Commons
RWJ	\$5,100,000	31.25	Tinton Falls Commercial (Pulse, 2719, Pistol)
Borough of Eatontown	\$886,461	7.20	Building 1123
	\$57,594,643	396.08	



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: October 12, 2023

SUBJECT: Atlantic City Food Security Grants Pilot Program

Summary

The Members are asked to approve:

1. Creation of the Atlantic City Food Security Grants Pilot Program, a \$5,250,000 program funded from the Economic Recovery Fund (“ERF”), that will make grants for projects that will strengthen food access and food security in Atlantic City, and the waiver of applicant fees due to the availability of other sources of funding for the Authority’s administrative costs;
2. Delegation to the Chief Executive Officer to approve individual applications to the Atlantic City Food Security Grants Pilot Program in accordance with the terms set forth in this memo;
3. Delegation to the Chief Executive Officer to enter into a Memorandum of Understanding (MOU) with the New Jersey Department of Health (DOH) to provide up to \$250,000 to DOH to expand the Healthy Corner Store program for stores located in Atlantic City;
4. Delegation to the Chief Executive Officer to enter into an MOU with the New Jersey Department of Community Affairs (DCA) to accept and use \$4,000,000 of the \$30,000,000 in American Rescue Plan (ARP) Coronavirus State and Local Fiscal Recovery Funds (SLFRF) appropriated for Atlantic City Initiatives in the Fiscal Year 2024 Appropriations Act (P.L. 2023, c. 74) to deposit into ERF for the Atlantic City Food Security Grants Pilot Program (“the Program”), and agree to comply with federal requirements for the use of those funds. This request includes the utilization of up to 5% of this funding to support the Authority’s administrative costs associated with operating the program, in addition to the \$4,000,000 to be utilized for grants;
5. Reallocation of \$1,500,000 in FY2022 State funding appropriated to NJEDA for Food and Agriculture Innovation from the Food Retail Innovation in Delivery Grant (FRIDG) Program back to ERF for two uses:
 - a. The Atlantic City Food Security Grants Pilot Program;
 - b. Providing funding to DOH to expand the Healthy Corner Store program for stores located in Atlantic City

6. Delegation to the Chief Executive Officer to accept up to \$10,000,000 in additional funds to be deposited into ERF for the Program from any available governmental (Federal, State or County) funding and to impose additional requirements as may be required by law as a condition of accepting, provided that the requirements are consistent with the parameters of the program; and
7. Delegation to the Chief Executive Officer to accept unencumbered gifts or unrestricted governmental (Federal, State, or County) funds to be deposited into ERF for the Program.

Background

In January 2021, Governor Phil Murphy signed the Food Desert Relief Act (FDRA), which allocated to NJEDA a total of \$240 million in tax credits over six years, and directed NJEDA to collaborate with the New Jersey Departments of Community Affairs and Agriculture to designate up to 50 Food Desert Communities (FDCs) across the state.

Alongside these other Departments, NJEDA undertook rigorous, data-driven analysis and community engagement to shape a definition of FDCs that is broader and more comprehensive than the definition used by the United States Department of Agriculture, taking into account more than 24 variables related to the food retail environment, demographics, economic factors, health factors, and community factors. The process resulted in the designation of 50 areas of the state as FDCs.

These communities are home to more than 1.5 million residents and are in every county in New Jersey. The underlying data analysis allowed the FDCs to be ranked by a Composite Food Desert Factor Score, indicating the acuity or severity of their food desert status.

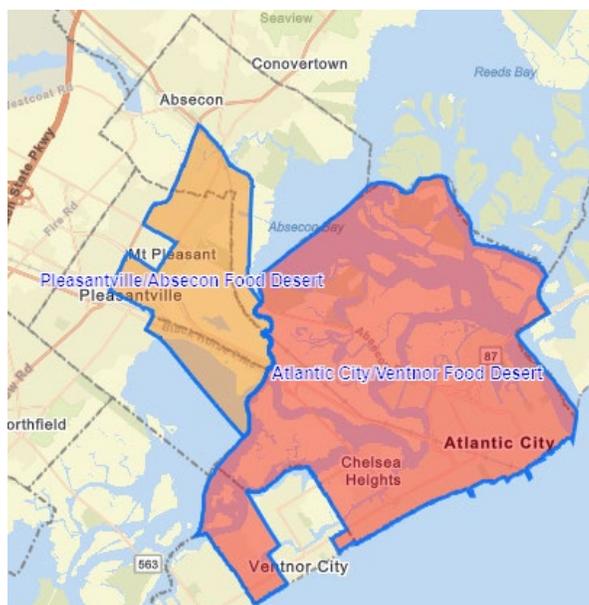
The Atlantic City/Ventnor FDC ranks second highest of all 50 FDCs in New Jersey, indicating extremely significant need. The Atlantic City/Ventnor FDC is ranked second among all 50 FDCs on three key measures: *Highest Block Group Factor Score* (95.0), *Population Weighted Average Food Desert Score* (62.6) and *Composite Food Desert Factor Score* (78.8). Notably, the Atlantic City/Ventnor FDC *Average Food Desert Low Access Score (supermarket)* is 97.4, which is higher – meaning more acute – than the FDC ranked highest in the state on composite score, which is the North, Central and South Camden/Woodlynne FDC with a score of 95.7 on that metric.¹

More than 41,000 people reside within the boundaries of the Atlantic City/Ventnor FDC, which covers the entirety of Atlantic City as well as a portion of neighboring Ventnor (See Figure 1).

One key factor in Atlantic City's Food Desert Community status is its lack of a full-service supermarket, which has been the case since IGA closed in 2006. Two recent attempts by the Casino Reinvestment Development Authority (CRDA) to facilitate development of a supermarket through a competitive Request for Proposals (RFPs) have been unsuccessful, including one as recently as September 19, 2023, when the CRDA board rejected all four proposals that had been submitted in response to the most recent RFP.

¹ Food Desert Community designations, methodology, interactive map and block-group-level data are available at <https://www.njeda.gov/food-desert-relief-program/>

Figure 1: Atlantic City/Ventnor Food Desert Community (shaded in red)



Source:

<https://njca.maps.arcgis.com/apps/webappviewer/index.html?id=cd59d206f39c40a691d6ba38598134fb>

We anticipate that NJEDA’s forthcoming Food Desert Relief Tax Credit Program, with rules approved by the Board in April 2023, will offer an important tool to develop and sustain new supermarkets in FDCs. The Food Desert Relief Tax Credit Program has two components – a Financing Gap Tax Credit for development or rehabilitation of new supermarkets in FDCs, and an Initial Operating Costs Tax Credit to support the first three years of operations for these supermarkets. Applications for both programs are expected to open by the end of 2023. In April 2023, the Board also approved the Food Desert Relief Tax Credit Auction, which offers up to \$50 million of tax credits to corporations and insurance companies for a minimum price of 85 percent of face value. The Auction opened on September 18, 2023 and is slated to close on October 18, 2023. Proceeds from the auction will be used to fund programs in accordance with FDRA to alleviate food deserts and support food security initiatives in FDCs through grants, loans, and/or technical assistance. Staff will return to the Board in the coming months for approval of new programs funded by the auction proceeds.

In the meantime, so as to start piloting initiatives to address FDCs and due to the immediate availability of SLFRF funds for Atlantic City, staff proposes this pilot program focused on Atlantic City.

As provided in 31 CFR § 35.6, “Eligible Uses,” NJEDA may use SLFRF funds to respond to the Covid-19 public health emergency or its negative economic impacts for certain enumerated eligible uses.² As applicable to the present matter, NJEDA may respond to the negative economic impacts of the Covid-19 public health emergency by using SLFRF funds to: (1) provide food assistance to individuals and households;³ and (2) create a program, service, capital

² See 31 CFR § 35.6(b).

³ See 31 CFR § 35.6(b)(3)(ii)(A)(1).

expenditure, or other assistance to disproportionately impacted households, population, or community to increase access to healthy foods.⁴

To determine eligibility for SLFRF funds, the following households and communities are presumed to be impacted or disproportionately impacted by the Covid-19 public health emergency or its negative economic impact:

Households and populations residing in a qualified census tract; households and populations receiving services provided by Tribal governments; households and populations residing in the territories; households and populations receiving services provided by territorial governments; low-income households and populations; households that qualify for Temporary Assistance for Needy Families (42 U.S.C. 601 et seq.), the Supplemental Nutrition Assistance Program (7 U.S.C. 2011 et seq.), Free and Reduced Price School Lunch and/or Breakfast programs (42 U.S.C. 1751 et seq. and 42 U.S.C. 1773), Medicare Part D Low-income Subsidies (42 U.S.C. 1395w-114), Supplemental Security Income (42 U.S.C. 1381 et seq.), Head Start (42 U.S.C. 9831 et seq.), Early Head Start (42 U.S.C. 9831 et seq.), the Special Supplemental Nutrition Program for Women, Infants, and Children (42 U.S.C. 1786), Section 8 Vouchers (42 U.S.C. 1437f), the Low-Income Home Energy Assistance Program (42 U.S.C. 8621 et seq.), Pell Grants (20 U.S.C. 1070a), and, if SLFRF funds are to be used for services to address educational disparities, Title I eligible schools;

See 31 CFR § 35.6(b)(2)(III)(A).

In general, the households and communities within the Atlantic City/Ventnor FDC meet one or more of these criteria. As such, consistent with federal law, NJEDA may leverage SLFRF funds to provide food assistance and increase access to healthy foods to respond to the negative economic impacts of the Covid-19 public health emergency.

Staff proposes the establishment of the Program in recognition that developing and opening a new supermarket takes years, and that a supermarket is not the only path to improving access to nutritious food. Residents of Atlantic City need and deserve improved access to nutritious food much sooner than that. This memo proposes funding projects that can have an impact for Atlantic City residents' ability to access fresh, affordable, healthy food in advance of the construction of a supermarket, while simultaneously benefitting employment by helping applicants expand or increase their activities.

Atlantic City Food Security Grants Pilot Program

Applicant Eligibility: Grants will be awarded only to entities that meet the following criteria:

- Applicant is a for-profit, nonprofit or government entity that has been in existence for at least two years at the time of application;
- Applicant currently serves, in any manner, residents of the Atlantic City/Ventnor FDC;
- Applicant can demonstrate existing programming or services related to food access and/or food security, including but not limited to: food distribution, nutrition education, local agriculture, and/or food retail (such programming may be different than the food security or food access activities proposed for the grant); and
- Applicant is in good standing with the NJ Department of Labor and Workforce Development and the Department of Environmental Protection.
- Applicant is not subject to suspension or debarment in accordance with 2 CFR § 200.214 and its implementing regulations, including Executive Orders 12549 and 12689, 2 CFR part 180.

Eligible Uses: Grant funds will be awarded only to entities that indicate that they will use the grant funds to improve food access and/or food security in Atlantic City. The proposed use(s)

⁴ *See* 31 CFR § 35.6(b)(3)(ii)(A)(11)(iii)

must be accomplished within two years of execution of the grant agreement, subject to two 6-month extensions by EDA staff if the grantee is diligently pursuing the use and the delay was unforeseeable and not in the grantee's control, to the extent allowed under federal spending deadlines. Acquisition of land or buildings is not an eligible cost. All other costs that are incurred after the date of grant agreement execution are eligible, subject to the Authority's approval of the project budget and supporting documentation. For example, costs can include construction, equipment, installation, salaries and fringe, and rent.

As required by law, construction, including use of trades in construction related to installation of equipment, will be subject to state affirmative action requirements for contractors, and such work with a cost of \$2,000 or more will be subject to New Jersey prevailing wage requirements. Additionally, grantees must utilize contractors registered as a New Jersey Public Works Contractor with the Department of Labor and Workforce Development for work subject to prevailing wage.

Awards will be subject to federal Duplication of Benefits requirements and, if construction is included, to cost reasonableness analysis.

Award Size: Applicants may request a grant amount from a minimum of \$50,000 to a maximum of \$500,000. Grant funds may cover up to 100 percent of the proposed project costs. If grant funds from EDA are not requested to cover 100 percent of the proposed project costs, additional funding sources must be described in the budget and budget narrative submitted for approval. Selected applicants will enter into a grant agreement with NJEDA, and funds will be disbursed according to the following schedule:

- 50 percent of the grant will be disbursed upon execution of a grant agreement between NJEDA and the selected applicant;
- 25 percent of the grant will be disbursed upon the applicant's submission of the mid-program report, the exact timing to be determined based on the grantee's implementation plan and reflected in the grant agreement; and
- 25 percent of the grant amount will be disbursed upon the Authority's review and approval of the applicant's submission of a final report on completion of the proposed project, expected to be no later than two (2) years following the date of the grant agreement execution or September 30, 2026, whichever is earlier.

Application

Entities must provide to NJEDA information about their organization and their proposed project, including but not limited to:

- A detailed description of the proposed project, including its expected impact on FDC residents' food access and/or food security in Atlantic City. This description must include, at minimum, the following:
 - Description of current food security and food access needs and challenges in Atlantic City
 - Description of how the proposed project will address food access and food security in Atlantic City, particularly for SNAP and WIC recipients
 - Identification of other key stakeholders and description of how the applicant will collaborate with them;
- An implementation timeline and work plan. The work plan must include, at minimum:
 - Specific Measurable Achievable Relevant Time-bound (SMART) objectives
 - Description of each project activity

- A project timeline, including milestones and the length of time needed to implement each activity within the grant period
- Identification of appropriate staff responsible for each project activity;
- A description of the organization’s capacity to undertake the proposed project, including current and past experience a) serving residents of the Atlantic City/Ventnor FDC and b) providing programming or services related to food access and food security in Atlantic City and/or other parts of New Jersey;
- A description of community engagement efforts, which can include letters of support for the proposal; and
- A line-item budget and budget narrative for the proposed project scope. The requested level of funding must be broken down by line item. Line items must be clearly explained in the budget narrative. The requested level of funding must be reasonable for proposed activities within the project timeline. If the total project cost exceeds the requested grant amount, the budget narrative must describe the sources for all other funds.

Delegation

Staff is requesting delegated authority to approve grants under the Atlantic City Food Security Grants Pilot Program. Staff will use the below criteria to determine if the application meets the requirements of the program. See Attachment B for specific scoring.

Applications will be accepted during a six-week application period. Applications will first be evaluated for completeness and eligibility. Applicants that are missing required information will be provided an opportunity to cure those deficiencies before a final completeness and eligibility review. Following this review, applications that are incomplete, including those that do not provide responses to all required questions, and those that do not meet the applicant eligibility criteria will not proceed to scoring. Scoring will be conducted by a committee of NJEDA staff.

Funding will be allocated first to the highest-scored applicant, proceeding in decreasing order of score to other applicants that meet the minimum score requirement of 50 out of 100 points, until insufficient funds remain to fully fund the next eligible application. If funding still remains after approving all qualifying applicants from the initial application period, the application period may be re-opened for additional applications during an additional six-week application window. Applications received during that window will be reviewed and scored following the same procedure.

Criteria # 1: Project Description/Statement of Work (up to 30 points) – Factors considered include:

- Applicant’s understanding of Atlantic City’s needs and challenges regarding food security and food access
- Potential impact of the proposed project on Atlantic City residents’ food access and/or food security
- Potential impact of the proposed project on food access for recipients of federal and state nutrition benefits, including SNAP and WIC
- Potential for project to be viable, sustainable, and adaptable to other Food Desert Communities

Criteria # 2: Work Plan (up to 20 points) – Applications demonstrating a more detailed, comprehensive, feasible plan will receive higher scores. Factors considered include:

- Feasibility of work plan as proposed
- Level of detail and evidence of thorough planning

Criteria # 3: Organizational Capacity (up to 20 points) – The applicant is equipped to successfully complete the proposed plan in a timely manner. Factors considered include:

- Applicant’s experience providing programs or services related to food access and/or food security, including but not limited to food distribution, nutrition education, local agriculture, and/or food retail
- As applicable for the proposed project, applicant’s experience working effectively on collaborative, multi-stakeholder projects
- Alignment of proposed project with applicant’s overall mission or primary line of business

Criteria #4: Community Engagement (up to 20 points) – Factors considered include:

- Depth of experience serving residents of Atlantic City
- A track record of seeking and responding to feedback from stakeholders, such as community members, customers, or advocates
- Efforts to ensure programs or services promote social and economic equity
- Ability to consider and mitigate obstacles that have created challenges for food security and food access in the past

Criteria #5: Budget and Budget Narrative (up to 10 points) – Applications with a clear and justified budget and budget narrative with a clear connection to project goals will receive a higher score.

Post-Closing Compliance

Grantees will be required to report to NJEDA at least quarterly, including mid-program and final reports, starting at grant execution and extending through the end of the grant term. These reports must provide updates on grantees’ progress against their proposed project timeline, data and outcomes on the project’s impact (e.g. number of people served), and project costs, both cumulative and since the last report.

Among other standard defaults, NJEDA shall recapture any grant funds used for an ineligible purpose or and may recapture any grant funds for a purpose outside of any approved scope of work.

Memorandum of Understanding with Department of Health

In the Fiscal Year 2024 budget, the New Jersey Department of Health (DOH) received an appropriation of \$1,750,000 for the Healthy Corner Stores Initiative, which is part of New Jersey First Lady Tammy Murphy’s Nurture NJ initiative. The [Healthy Corner Store Initiative](#) works to improve access to healthy food and beverages in underserved communities, which often experience higher rates of chronic disease including obesity, heart disease, stroke, and diabetes. NJEDA will execute an MOU with DOH to provide up to \$250,000 to be used as additional funding for this program. Use of these funds will be aligned with the DOH Healthy Corner Stores Initiative, with the added criteria that the funds provided through this MOU would be earmarked for stores located in Atlantic City.

Funding

Funding for the Program and the MOU with DOH would come from two sources: \$4,000,000 in American Rescue Plan (ARP) Coronavirus State Fiscal Recovery Funds (SLFRF) appropriated for Atlantic City Initiatives, and \$1,500,000 shifted from FRIDG, from an FY22 appropriation of State funds for Food and Agriculture Innovation.

ARP SLFRF Funds

New Jersey's Fiscal Year 2024 Appropriations Act (P.L. 2023, c. 74) included an appropriation of \$30 million from the federal SLFRF for Atlantic City Initiatives. The New Jersey Department of Community Affairs (DCA), which is the administering agency for New Jersey's SLFRF funds, has indicated that these funds will be allocated to NJEDA. If approved, NJEDA will execute a Memorandum of Understanding with DCA to access \$4 million of the \$30 million appropriated for Atlantic City Initiatives and use those funds for the Program.

The Program aligns with the following U.S. Treasury eligible uses for SLFRF detailed on page 4 of this memo.

The deadline for obligating and expending the SLFRF funds will follow the federal deadlines, such that any extension of those deadlines will be passed on to the grantees.

Food and Agriculture Innovation

Per the Appropriations Act for Fiscal Year 2022, the Authority received \$3,500,000 in funding for the purpose of Food and Agriculture Innovation. In December 2022, the Board approved the use of \$2,600,000 of this funding for the Food Retailer Innovation in Delivery Grant (FRIDG). Staff is now requesting that the Board approve reducing the amount of funding allocated to FRIDG by \$1,500,000 and re-allocating those funds as follows: to the Program and to an MOU with DOH for up to \$250,000.

While FRIDG has received applications and interest from the supermarket industry, it is likely that demand will be below the total of \$2,500,000 allocated for grants. As described in the December 2022 FRIDG Board memorandum, if funding remains in the FRIDG program in October 2024, staff anticipated returning to the Board for approval of a new use of funds. Because of the availability of SLFRF funding specifically for Atlantic City, and Atlantic City's status as the second-highest ranked FDC in New Jersey, Atlantic City is uniquely positioned to serve as the pilot location for launching and implementing a food security grant program that could then be expanded to other high-ranking FDCs throughout the state. Staff is requesting shifting FRIDG funding earlier than anticipated to build on the availability of these resources.

Economic Recovery Fund (ERF)

The SFRF will be deposited into ERF for the purpose of the Atlantic City Food Security Grants. In addition, \$1,500,000 of the Food and Agriculture Innovation funds will be reallocated within the Economic Recovery Fund (ERF) for the Atlantic City Food Security Grants and the MOU with DOH. ERF authorizes a grant as listed under N.J.S.A § 34:1B-7.13(a)(12) for:

“a fund to provide grants or competition prizes, either directly or through a not-for-profit entity, that is consistent with economic development priorities as defined by the authority's board, where funds have been specifically allocated to the economic recovery fund for this purpose, including but not limited to an appropriation or transfer from another government entity.”

Governor Murphy’s economic plan, “The State of Innovation: Building a Stronger and Fairer Economy in New Jersey” identifies several economic development priorities, including “investing in communities to build world-class cities, towns, and infrastructure statewide.” The Atlantic City Food Security Grant Program and the MOU with DOH are both encompassed by this priority, as they seeks to improve the quality of life in Atlantic City by increasing food access and food security, a basic need that for years has not been fully met in Atlantic City.

Request for Delegation

Delegation to the Authority’s Chief Executive Officer is requested of the Board of the Authority for the following items:

1. To approve grants of up to \$500,000 in accordance with the Program parameters as set out in this memo and attached program specifications.
2. To enter into an MOU with DOH to provide up to \$250,000 to DOH to expand the Healthy Corner Store program for stores located in Atlantic City.
3. To enter into an MOU with DCA to accept and use \$4,000,000 in ARP SLFRF to deposit into ERF for the Program. These funds will come from the \$30 million appropriated for Atlantic City Initiatives in the Fiscal Year 2024 Appropriations Act.
4. To accept up to \$10,000,000 in additional funds to be deposited into ERF for the Program from any available governmental funding (Federal, State, or County) and to impose additional requirements as may be required by law as a condition of accepting, provided that the requirements are consistent with the parameters of the program. This may include executing or amending an MOU with DCA for additional SLFRF funding.
5. To accept unencumbered gifts or unrestricted governmental funds (Federal, State, or County) to be deposited into ERF for the Program.

Recommendation

The Members are asked to approve:

1. The Atlantic City Food Security Grants Pilot Program, a \$5,250,000 program funded from the Economic Recovery Fund (“ERF”), that will make grants for projects that will strengthen food security and food access in Atlantic City, and the waiver of applicant fees due to the availability of other sources of funding for the Authority’s administrative costs;
2. Delegation to the Chief Executive Officer to approve individual applications to the Atlantic City Food Security Grants Pilot program in accordance with the terms set forth in this memo;
3. Delegation to the Chief Executive Officer to enter into a Memorandum of Understanding (MOU) with the New Jersey Department of Health (DOH) to provide up to \$250,000 to DOH to expand the Healthy Corner Store program for applicants located in Atlantic City;
4. Delegation to the Chief Executive Officer to enter into an MOU with the New Jersey Department of Community Affairs (DCA) to accept and use \$4,000,000 of the \$30,000,000 in American Rescue Plan (ARP) Coronavirus State Fiscal Recovery Funds

(SLFRF) appropriated for Atlantic City Initiatives in the Fiscal Year 2024 Appropriations Act (P.L. 2023, c. 74) to deposit into ERF for the Atlantic City Food Security Grants Pilot Program (“the Program”), and agree to comply with federal requirements for the use of those funds;

5. Reallocation of \$1,500,000 in FY2022 State funding appropriated to NJEDA for Food and Agriculture Innovation from the Food Retail Innovation in Delivery Grant (FRIDG) Program back to ERF for two uses:
 - a. The Atlantic City Food Security Grants Pilot Program; and
 - b. Providing funding to DOH to expand the Healthy Corner Store program for applicants located in Atlantic City.
6. Delegation to the Chief Executive Officer to accept up to \$10,000,000 in additional funds to be deposited into ERF for the Program from any available governmental (Federal, State or County) funding and to impose additional requirements as may be required by law as a condition of accepting, provided that the requirements are consistent with the parameters of the program; and
7. Delegation to the Chief Executive Officer to accept unencumbered gifts or unrestricted governmental (Federal, State, or County) funds to be deposited into ERF for the Program.



Tim Sullivan, CEO

Prepared by: Tara Colton, EVP, Economic Security
Riley Edwards, Team Lead, Economic Security Projects

Attachments:

Appendix A—Examples of Potential Projects

Appendix B—Scoring Detail

Appendix A: Examples of Potential Projects

Projects must increase access to food in Atlantic City, which may be accomplished in a number of ways. The below is a non-exhaustive list of potential projects to inspire creativity among potential applicants. Applicants may propose projects not captured by this list of examples. All applications will be scored using the criteria in this memo.

- Establishing and/or operating a mobile grocery store or mobile produce market
- Purchasing equipment, such as cold storage equipment, for small retailers, community-based organizations, food banks, health care providers and/or emergency food providers
- Technical assistance and/or equipment to increase opportunities for Atlantic City residents to utilize nutrition benefits (e.g. Supplemental Nutrition Assistance Program, Special Supplemental Nutrition Program for Women, Infants, and Children, Senior Farmers Market Nutrition Program, etc.), such as at a farmers market, small or mid-sized food retailer, or through digital literacy training and assistance with online ordering for grocery delivery
- Increasing access to locally-grown produce for Atlantic City residents, including but not limited to expanding operation of a farmers market within Atlantic City, establishing or strengthening relationships between farmers and retailers, or establishing or expanding produce delivery
- Working with restaurants in Atlantic City or Atlantic County to purchase meals that are provided at no cost to Atlantic City residents
- Expanding services that provide food at no cost to Atlantic City residents in need including increased operating costs associated with that expansion
- Accelerating existing planning and implementation efforts to broaden food access opportunities in Atlantic City

Appendix B: Scoring Detail

Criteria # 1: Project Description/Statement of Work (up to 30 points)

Factors considered include:

- Applicant’s understanding of Atlantic City’s needs and challenges regarding food security and food access
- Potential impact of the proposed project on Atlantic City residents’ access to fresh, affordable, healthy foods, in particular fresh fruits and vegetables, recognizing that residents need access to both perishable and non-perishable foods
- Potential impact of the proposed project on food access for recipients of federal and state nutrition benefits, including SNAP and WIC
- Potential for project to be viable, sustainable, and adaptable to other Food Desert Communities

Criteria # 1 will be measured using the scale below:

- 1 - 15 points – Project description demonstrates minimal understanding of or potential impact on food security and food access in Atlantic City
- 16 - 22 points – Project description demonstrates moderate understanding of or potential impact on food security and food access in Atlantic City
- 23 - 30 points – Project description demonstrates superior understanding of or potential impact on food security and food access in Atlantic City

Criteria # 2: Work Plan (up to 20 points) –Applications demonstrating a more detailed, comprehensive, feasible plan will receive higher scores Factors considered include:

- Feasibility of work plan as proposed
- Level of detail and evidence of thorough planning

Criteria # 2 will be measured using the scale below:

- 1 - 10 points – Work plan includes minimal detail on project activities, objectives, timeline and/or staffing
- 11 -15 points – Work plan includes moderate detail on project activities, objectives, timeline and/or staffing
- 16 – 20 points – Work plan includes superior detail on project activities, objectives, timeline and/or staffing

Criteria # 3: Organizational Capacity (up to 20 points) – The applicant is equipped to successfully complete the proposed plan in a timely manner. Factors considered include:

- Applicant’s experience providing programs or services related to food access and/or food security, including but not limited to: food distribution, nutrition education, local agriculture, and/or food retail
- As applicable for the proposed project, applicant’s experience working effectively on collaborative, multi-stakeholder projects
- Alignment of proposed project with applicant’s overall mission or core business

Criteria #3 will be measured using the scale below:

- 1 -10 points – Applicant demonstrates minimal capacity and experience related to the proposed project

- 11 -15 points – Applicant demonstrates moderate capacity and experience related to the proposed project
- 16 – 20 points – Applicant demonstrates superior capacity and experience related to the proposed project

Criteria #4: Community Engagement (up to 20 points) – Factors considered include:

- Depth of experience serving residents of Atlantic City
- A track record of seeking and responding to feedback from stakeholders, such as community members, customers, or advocates
- Efforts to ensure programs or services promote social and economic equity
- Ability to consider and mitigate obstacles that have created challenges for food security and food access in the past

Criteria #4 will be measured using the scale below:

- 1 -10 points – Application demonstrates minimal level of community engagement
- 11 -15 points – Application demonstrates moderate level of community engagement
- 16 - 20 points – Application demonstrates superior level of community engagement

Criteria #5: Budget and Budget Narrative (up to 10 points)

Criteria #5 will be measured using the scale below:

- 1 - 4 points – Budget and budget narrative show minimal level of detail, connection to project goals, clarity of justification/explanation, and reasonableness
- 5 - 7 points – Budget and budget narrative show moderate level of detail, connection to project goals, clarity of justification/explanation, and reasonableness
- 8 - 10 points – Budget and budget narrative show superior level of detail, connection to project goals, clarity of justification/explanation, and reasonableness



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: October 12, 2023

SUBJECT: Recommendation for Additional Funding to support temporary staff - Main Street Recovery Fund grants

Summary:

The Members are asked to approve:

1. The utilization of an additional \$1million of Main Street Recovery Finance Program funding to cover costs to maintain the existing temporary staff provided by 22nd Century Technologies, Inc. so they can continue to process applications for another year if needed.

Background:

On August 11, 2021, the NJEDA Board approved the utilization of \$15 million of Main Street Recovery Finance Program funding to create the Small Business Improvement Grant Program – a grant product that reimburses small businesses fifty percent (50%) of eligible project costs, with a maximum grant award not to exceed \$50,000, associated with making capital improvements or the purchase and/or installation of new furniture, fixtures and equipment. The CEO was also granted delegated authority to increase funding to a total of \$30 million should demand exceed the \$15 million in available funding.

On the same date, the Board also approved \$500,000 of Main Street Recovery Finance Program funding to be used by the Authority to hire temporary staff through 22nd Century Technologies Inc. to process applications for both grant products (Small Business Improvement Grant and Small Business Lease Grant).

On September 16, 2022, due to the demand for this product, the CEO under delegated authority approved an increase in funding of \$15 million, bringing funding total to \$30 million. This increased the set aside for the Opportunity Zone eligible census tracts to \$12 million and allowed for NJEDA to utilize an additional \$450,000 for a 3% administrative fee as well.

On December 21, 2022, the board approved the utilization of additional funding in the amount of \$15 million from the Main Street Recovery Finance Program for the Small Business Improvement Grant (SBIG) to bring the total funding for this product to \$45 million. Forty percent (40%) of that additional amount, or \$6 million, will be set aside for grants to Opportunity Zone eligible census tracts, increasing the total set aside for the product to \$18 million.

On the same date the board approved an additional \$500,000 of Main Street Recovery Finance Program funding to be used by the Authority to hire and maintain temporary staff through 22nd Century Technologies Inc. to process applications for both grant products (Small Business Improvement Grant and Small Business Lease Grant) bringing the total funding for temporary staff to \$1,000,000.

As of September 11, 2023, NJEDA has received 4,134 applications that total to a request over \$89 million, and NJEDA is progressively taking in more applications on a weekly basis. So far there have been a total of 1,519 grant approvals for this product that total over \$36 million. Of the awards to date, 36 % or \$13 million, has been awarded to businesses in Opportunity Zone eligible census tracts. Staff has processed 77 % of the applications received and is currently processing nearly 900 applications. This product had an initially high demand at time of launch in February of 2022 and is still progressively taking in approximately 15 to 25 new applications a week.

At this time, the additional \$500,000 approved in December 2022 to cover the costs to hire and maintain temporary employees provided by 22nd Century Technologies Inc. to process grant applications will be exhausted by the beginning of Q4 2023. The remaining balance of available funding as of September 12, 2023, is \$215,375.28. Additional funding in the amount of another \$1,000,000 is needed to cover continued costs through all of 2024. This would allow for NJEDA to continue to utilize temporary staff for another year if needed to process grant applications for both Main Street grant products (Small Business Improvement Grant and Small Business Lease Grant).

Recommendation:

The Members of the Board are asked to approve the utilization of an additional \$1 million of Main Street Recovery Finance Program funding to cover costs to maintain the existing temporary staff provided by 22nd Century Technologies, Inc. so they can continue to process applications for another year if needed.



Tim Sullivan, CEO

Prepared by: Maggie Peters

Exhibit A - SBIG Approvals

Exhibit B – SBLG/SBIG Board Memo and Specifications

Exhibit C – Main Street Recovery Finance Program Summary

Exhibit A – SBIG Approvals

Small Business Improvement Grant	1-Sep			8-Sep			15-Sep			
	Dollar Amount	Number of		Dollar Amount	Number of		Dollar Amount	Number of		
		Percent	Applications		Percent	Applications		Percent	Applications	Dollar Amount
Total SBIG Applications Submitted	\$ 89,154,294.89		4106	\$ 89,515,328.70		4121	\$ 89,860,735.84		4143	\$ 90,553,949.43
Total Application Reviewed	\$ 64,761,681.62	77%	3148	\$ 65,421,935.48	77%	3181	\$ 66,078,049.18	78%	3214	\$ 66,943,675.19
Total Applications Remaining (not assigned)	\$ 7,525,976.73	7%	307	\$ 7,985,382.88	1%	19	\$ 536,888.48	1%	41	\$ 1,304,546.72
Approved	\$ 36,016,844.63	48%	1506	\$ 36,422,998.95	48%	1518	\$ 36,672,313.26	48%	1527	\$ 36,953,140.80
Closed in OZ	\$ 12,765,644.25	36%	534	\$ 12,875,574.53	36%	542	\$ 13,013,839.00	36%	544	\$ 13,036,711.19
Declined	\$ 2,757,675.68	9%	280	\$ 2,757,675.68	9%	288	\$ 2,899,731.97	9%	288	\$ 2,899,731.97
Withdrawn	\$ 25,987,161.31	43%	1362	\$ 26,241,260.85	43%	1375	\$ 26,506,003.95	44%	1399	\$ 27,090,802.42
Applications Reviewed This Week			26			33			33	
New Applications Received This Week			15			15			22	
Applications Under Review with Processors	\$ 11,953,293.00		445	\$ 11,146,896.33		710	\$ 18,075,354.73		658	\$ 16,944,961.80



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: August 11, 2021

SUBJECT: Special Adopted New Rules and Concurrent Proposed New Rules
Main Street Recovery Finance Program (N.J.A.C. 19:31-5)

Request:

The Members are asked to approve:

- 1) The attached special adopted new rules and concurrent proposed new rules for the new Main Street Recovery Finance Program and to authorize staff to (a) submit the special adopted new rules and concurrent proposed program rules for promulgation in the New Jersey Register and (b) submit the proposed program rules as final adopted rules for promulgation in the New Jersey Register if no formal comments are received; subject to final review and approval by the Office of the Attorney General and the Office of Administrative Law; and
- 2) The creation of the Main Street Recovery Finance Program, as initially authorized by the New Jersey Economic Recovery Act of 2020 (Sections 82 through 88 of P.L. 2020, c. 156) and later amended by Sections 40 through 43 of P.L. 2021 c.160, to fund individual financial assistance products that share the common purpose of supporting the growth and success of small businesses in New Jersey.
- 3) The utilization of \$10 million of Main Street Recovery Finance Program funding to capitalize and enhance the Small Business Lease Assistance Grant – a grant program that will offset a portion of annual lease payments for small businesses leasing between 250-10,000 sq. ft. of new or additional space.
- 4) The utilization of \$15 million of Main Street Recovery Finance Program funding to capitalize and enhance the Small Business Improvement Grant – a grant program that will

reimburse a small business for 50 percent of eligible project costs, with a maximum grant award not to exceed \$50,000, associated with making building improvements or the purchase and/or installation of new furniture, fixtures and equipment.

- 5) The utilization of \$3,000,000 (3 percent) of Main Street Recovery Finance Program funding to be used by the Authority to cover administrative costs associated with administering the program.
- 6) Delegation to Authority staff (Chief Community Development Officer, Managing Director – Community Development, or Director of Small Business Services) to approve individual applications to either the Small Business Lease Assistance Grant Program or Small Business Improvement Grant Program in accordance with the terms set forth in this memo and rule proposal, and as further detailed in the attached program specifications. Because the specifications are streamlined and will result in non-discretionary decisions, the delegated authority requested includes the authority to decline applications that do not meet eligibility requirements;
- 7) Delegation to Authority staff (Chief Legal & Strategic Affairs Officer, any Vice President, Director of Legal Affairs, Director of Business Operations) to issue final administrative decisions for appeals of non-discretionary declinations.

New Jersey Economic Recovery Act:

On January 7, 2021, Governor Phil Murphy signed the New Jersey Economic Recovery Act of 2020 (ERA) into law. The ERA presents a strong recovery and reform package that will address the ongoing economic impacts of the COVID-19 pandemic and position New Jersey to build a stronger and fairer economy that invests in innovation, in our communities, and in our small businesses the right way, with the protections and oversight taxpayers deserve. Tax incentives and other investment tools are critical to economic development, and when used correctly they can drive transformative change that uplifts communities and creates new opportunities for everyone.

The ERA includes 15+ economic development programs, including:

- Tax credits to incentivize job creation and capital investment;
- Investment tools to support and strengthen New Jersey’s innovation economy;
- Tax credits to strengthen New Jersey’s communities including revitalization of brownfields and preservation of historic properties;
- Financial resources for small businesses, including those impacted by the COVID-19 pandemic;
- Support for new supermarkets and healthy food retailers in food desert communities;
- Additional tax credits for film and digital media.

On Friday July 7, 2021, Governor Murphy signed P.L. 2021 c.160 further improving the programs established under the New Jersey Economic Recovery Act of 2020.

The program being presented for the Members’ approval in this memorandum is the Main Street Recovery Finance Program – one of the 15+ programs under the ERA. The Main Street Recovery

Finance Program is a \$100 million small business support program under which individual financial assistance products will be created, all of which will share a common purpose of supporting the growth and success of small businesses in New Jersey. This memorandum requests the Members' approval to create two initial products to be funded by the Main Street Recovery Finance Program – the Small Business Lease Assistance Grant and the Small Business Improvement Grant.

Both grant programs established in this memorandum are enhancements to existing grant programs that the Authority has administered for some time. The Small Business Lease Assistance Grant is an expansion of the former Small Business Lease Assistance Program, which provided small businesses grant funding to help make annual lease payments in certain targeted cities. Under that program, the Authority has provided \$125,000 in grant funding to small businesses in the cities of: Trenton, Camden, Paterson, Passaic, Atlantic City, Bridgeton, Jersey City, Millville, Mt. Holly, Phillipsburg, Plainfield, Salem, and Vineland. The Small Business Lease Assistance Grant presented for the Members' consideration today has expanded not only the program eligibility, but has also removed restrictions around eligible locations and will now support small businesses statewide.

The Small Business Improvement Grant is an expansion of the former Business Improvement Incentive, which provided grant funding to reimburse small businesses for costs associated with facility renovations and improvements. Under that program, the Authority provided \$678,000 in grant funding to small businesses in the following cities: Trenton, Camden, Paterson, Passaic, and Atlantic City, before the program was discontinued in 2019. The Small Business Improvement Grant presented for the Members' consideration today has expanded not only the program eligibility but has also removed restrictions around eligible locations and will now support small businesses statewide.

This memorandum provides a summary about the Main Street Finance Recovery Program, Small Business Lease Assistance and Small Business Improvement Grant including, funding limits and general details about each product, eligibility criteria, specific requirements around the individual products and overarching program fund, and the application and review process. The specific details – and what will be promulgated and will govern the program – are included in the attached rules proposed for Board approval.

Program Purpose and General Description

The Main Street Recovery Finance Program will establish individual products – each with slightly different requirements and forms of financial assistance, but all products established under the Program share the common purpose of supporting small business growth in New Jersey.

Each individual product established under the Main Street Program will utilize slightly different eligibility criteria based on the form of financial assistance, the eligible uses of that assistance, and what types of businesses or entities are permitted to use the funding. However, to be eligible for most products under the Main Street Program, there are several overarching statutory requirements that businesses must meet, as further clarified in the proposed new rules:

- Businesses must comply with wage requirements following execution of a grant agreement with the Authority. Specifically, a business must commit to pay its employees (full-time and part-

time) the greater of \$15/hour or 120% of minimum wage. For tipped employees, the business must commit to paying 120% of minimum wage. The Authority will monitor grant recipients for compliance annually against this requirement.

- Businesses that receive grant funding under either the Small Business Lease Assistance Grant or the Small Business Improvement Grant must commit to remaining in the facility and meeting the wage requirements for a period of time following the execution of the grant agreement, subject to repayment of the grant to the Authority for non-compliance. For the Lease Grant, this means businesses must meet the wage requirements and remain in the facility for five years after the grant agreement. For the Improvement Grant, a business must meet the wage requirements and commit to remaining in the facility for up to four years after execution of the grant agreement.
- For the Small Business Improvement Grant, projects with total project cost of over \$50,000 must adhere to green building standards. For the purposes of the Improvement Grant, this is applicable to mechanical and lighting improvements only. Additionally, for businesses utilizing contractors with 4 or more employees (in total, not specific to the project), those contractors will be subject to affirmative action requirements.

Key Definitions

Small Business – Eligibility for the Main Street Recovery Finance Program products are limited to businesses that meet the definition of a small business as defined in the proposed new rules, which utilizes the United States Small Business Administration’s (SBA) definition of a small business, and is based solely on the applicant and with no consideration of any affiliates or other businesses related to the applicant. The business must also have a physical location in the State, which cannot be residential location unless the location is a home-based business.

Home-based business - A business that does not have a separate entrance for commercial customers and that requires customers to enter the residential portion of the property in order to conduct business, provided that bed and breakfast establishments are not considered home-based businesses. Home-based businesses are eligible only for the Small Business Improvement Grant, which can only be used by home-based businesses for the purchase and installation of furniture, fixtures and/or equipment.

Capital Improvements – The Small Business Improvement Grant can be utilized by businesses to pay for up to 50% of costs associated with capital improvements, which the proposed new rules define as expenses that a business incurs for preparation and construction, repair, renovation, improvement, equipping, or furnishing on real property or of a building, structure, facility, or improvement to real property, site-related utility, including but not limited to, water, electric, sewer, and stormwater, and transportation infrastructure improvements, plantings, solar panels and components, energy storage components, installation costs of solar energy systems or other environmental components. Capital improvements may also include expenses that a business incurs for obtaining, and installing furnishings and machinery, apparatus, or equipment.

Small Business Lease Assistance Grant

The Small Business Lease Grant provides grant funding to small businesses to offset a portion of the cost of annual lease payments, thereby enabling more small businesses to lease new or additional space and providing these businesses with liquidity. A total of \$10 million of Main Street Recovery Finance Program funding will be utilized to capitalize the Small Business Lease Assistance Grant. Of this \$10 million, 40 percent (\$4 million) will be reserved for businesses located in a census tract that was eligible to be selected as New Jersey Opportunity Zone (i.e. a New Market Tax Credit census tract). There are 715 census tracts that were eligible to be Opportunity Zones in New Jersey. Setting aside a portion of available funding under the Small Business Lease Assistance Grant to support entities in these census tracts further reinforces the State's commitment to helping to ensure all Opportunity Zone eligible tracts in New Jersey receive opportunities for investment that are equitable and inclusive.

To be eligible for the Lease Grant, both the small business and the lease under which the business is operating or intends to operate from must meet the product eligibility parameters.

The business must first meet the definition of a small business as outlined in the proposed new rules. Furthermore, the small business must be in substantial good standing with the NJ Department of Labor and Workforce Development, the NJ Department of Environmental Protection, and the Department of Treasury (as determined by each Department). If a compliance issue exists, the eligible business may have an agreement with the respective Department that includes a practical corrective action plan, as applicable. The eligible business must have no unpaid liability in excess of any threshold dollar amount(s) that may be established by each respective Department. Furthermore, the small business will be required to provide, prior to execution of a grant agreement, a valid tax clearance certificate from the NJ Division of Taxation within the NJ Department of Treasury. Small businesses must also certify, at the time of application, that they are not in default of any other program administered by the Authority or the State of New Jersey. Businesses applying for this product cannot be owned by the landlord from which they are leasing or intend to lease the facility.

For the small business to be eligible for the grant assistance, the lease must also meet the eligibility requirements of the product. The lease must a minimum of 250 sq. ft. of office, commercial space, or retail space. While there is no maximum square footage for eligible leases under this product, the Authority will only provide grant funding for 10,000 sq. ft. of office, commercial space, or retail space, meaning that leases with greater than 10,000 sq. ft. will only receive grant funding for 10,000 sq. ft. of the space.

The lease must be a new lease, lease amendment, or lease extension - new or amended space must be at least 250 sq. ft. larger than prior space. Because the purpose of the program is to help revitalize commercial corridors, the lease must include first-floor (street-level) space. A lease may include more than one floor, but one of the floors must be first-floor (street-level) space to be eligible.

The lease must also be a minimum of a five-year lease term, and cannot have been executed more than 12 months prior to the date of the product application. Finally, the lease must be a market-rate lease, which the Authority will review based on available commercial real estate information.

As stated before, the business must also commit to meeting the wage requirements and remaining in the facility for five years, which is the minimum term of any eligible lease. Businesses that do not comply with the wage or residency requirements, or default on their lease payments, must repay any grant funding received under this product to the Authority.

For businesses that are approved for a grant, the Authority would make two disbursements to the grantee. The first disbursement will be made after execution of the grant agreement, for an amount equal to 20% of the annual lease payment. The second disbursement will be made after 12 months of lease payments have been paid by the applicant, for an amount equal to 20% of annual lease payment.

Applicants with multiple locations will be limited to one grant application per location. An applicant may apply for both a Small Business Lease Assistance Grant and a Small Business Improvement Grant.

Small Business Improvement Grant

The Small Business Improvement Grant provides reimbursement for costs associated with making building improvements or purchasing new furniture, fixtures and equipment. A total of \$15 million of Main Street Recovery Finance Program funding will be utilized to capitalize the Small Business Improvement Grant. Of this \$15 million, 40 percent (\$6 million) will be reserved for businesses located in a census tract that was eligible to be selected as New Jersey Opportunity Zone (i.e. a New Market Tax Credit census tract). There are 715 census tracts that were eligible to be Opportunity Zones in New Jersey. Setting aside a portion of available funding under the Small Business Lease Assistance Grant to support entities in these census tracts further reinforces the State's commitment to helping to ensure all Opportunity Zone eligible tracts in New Jersey receive opportunities for investment that are equitable and inclusive.

To be eligible for the Improvement Grant, the small business must meet many of the same requirements as the Lease Grant. This includes meeting the definition of a small business, being in good standing with sister agencies, and providing a valid tax clearance certificate prior to the execution of a grant agreement. Small businesses must also certify, at the time of application, that they are not in default of any other program administered by the Authority or the State of New Jersey. Landlords are not eligible for the Small Business Improvement Grant, as the product is intended to directly support businesses operating from these facilities.

As stated before, the business must also commit to meeting the wage requirements and remaining in the facility. For grants of less than \$25,000 the small business must commit to meeting these requirements for two years after the execution of a grant agreement. For grants of \$25,000 or more, the small business must comply with these requirements for 4 years after the execution of a grant agreement. Businesses that do not comply with the wage or residency requirements, or default on their lease payments, must repay any grant funding received under this product to the Authority.

Grant funding under the Small Business Improvement Grant will reimburse the small businesses for 50 percent of costs associated with capital improvements as defined in the proposed new rules, with a maximum grant amount not to exceed \$50,000. Home-based businesses are eligible for the Improvement Grant, but can only use the grant funding for the purchase and installation of furniture, fixtures and equipment. The grant can only be used to reimburse for capital improvements completed on or after

March 9, 2020, but no more than 24 months prior to the date of application. Because this is a reimbursement, the applicant will be required to provide all documentation at the time of application demonstrating that the capital improvement costs have been completed. Acceptable documentation is expected to include invoices, statements, payments, or canceled checks. To be eligible, the capital improvement costs must be a minimum of \$5,000, and the applicant is responsible for obtaining all applicable local approvals (i.e. zoning and building permits) as needed for the capital improvements. For applicants that are making capital improvements to leased space, the landlord's permission is required in order to make the capital improvements. As stated before in this memorandum, affirmative action requirements may apply to the contractor and green building standards may apply to the project, based on the specific details of the contractor and project.

Applicants under the Small Business Improvement Grant are limited to one application per Employer Identification Number (EIN). Applicants operating from multiple locations under a single EIN would be limited to one application under the sole EIN, but may pool project costs from multiple locations into a single product application. An applicant may apply for both a Small Business Lease Assistance Grant and a Small Business Improvement Grant.

Approval Process

In recognition of the volume of applications the Authority anticipates receiving under these products, and the limited discretion staff has in reviewing applications under the product parameters, the Members are requested to approve Delegation to Authority staff (Chief Community Development Officer, Managing Director – Community Development, or Director of Small Business Services) to approve individual applications to both the Small Business Lease Assistance Grant and the Small Business Improvement Grant, in accordance with the terms set forth in the attached program specifications.

The delegated authority requested for approval also includes the delegated authority to decline for any declinations based solely on non-discretionary reasons. For final administrative decisions based solely on non-discretionary reasons, delegated authority is requested for approval by a Senior Vice President, Vice President, Managing Director, or the Director Legal Affairs.

Additional Pilot Products

In addition to the Small Business Lease Assistance and Small Business Improvement grants, the Authority intends to pilot additional products to be funded by the Main Street Recovery Finance Program. While the proposed new rules provide some clarity around these anticipated pilot programs, staff will bring specific proposals for those pilot programs to the Members for consideration at a later date.

These products are anticipated to include financing to support microbusiness lenders, who will use that funding to increase capacity under their existing loan products or establish new micro business lending products with attractive terms. Statute defines a "microbusiness" as a business with less than \$1.5 million in annual gross revenue and 10 or less employees. Eligible microbusiness lenders would include Community Development Financial Institutions (CDFIs), Minority Depository Institutions

(MDIs), Zone Development Corporations in cities with a population of 100,000 or more, Community Development Corporations (CDCs), Economic Development Corporations (EDCs), and non-profit lenders with at least 10 years of lending experience to microbusinesses. Lenders will also receive a portion of the funding as technical assistance grants, to provide services to better position micro businesses to qualify for these loans. Technical support services are expected to include, but are not limited to credit repair services, assistance with writing business plans, assistance with preparing financial statements and projections, and other services.

Another product is anticipated to be an expansion of the Authority's existing Micro Business Loan Program to provided directly to micro businesses from NJEDA. Financing will be low-cost, with attractive terms and rates.

Rulemaking Process

The ERA authorizes the Authority to promulgate special adoption rules for the Main Street Recovery Finance Program, which will be effective immediately upon filing with the Office of Administrative Law and continue for 180 days. In addition, Staff proposes pursuing concurrently the proposal of long-term rules, which will include a 60-day public comment process pursuant to the Administrative Procedures Act rulemaking procedures.

Compliance with Executive Order 63

In accordance with the Executive Order 63 directive to ensure outreach efforts are made to the public and affected stakeholders for agency rulemaking, the Authority issued a news release advising the public that the draft Main Street Recovery Finance Program rules were available for review and of the opportunity to provide informal input.

The Authority staff convened three virtual public "Listening Sessions", which provided an overview of the Main Street Recovery Finance Program draft rules and the opportunity for the public feedback, on:

- Monday, July 12th, 2021 at 5:00 p.m.
- Tuesday, July 13th, 2021 at 2:00 p.m.
- Thursday, July 15th, 2021 at 10:00 a.m.

Additionally, the public were able to submit written feedback through the NJEDA's Economic Recovery Act transparency website (www.njeda.com/economicrecoveryact) or through the newly established email account (mainstreet@njeda.com) from July 7th through July 21st, 2021.

Chief Compliance Officer Certification of Draft Rule Proposal

Pursuant to Section 101(a) of the ERA, the Chief Executive Officer is required to appoint a Chief Compliance Officer (CCO) to, among other things, "review and certify that the provisions of program rules or regulations provide the authority with adequate procedures to pursue the recapture of the value of an economic development incentive in the case of substantial noncompliance, fraud, or abuse by the economic development incentive recipient, and that program rules and regulations are sufficient to ensure against economic development incentive fraud, waste, and abuse".

Bruce Ciallella has been designated the CCO. In that capacity, Mr. Ciallella has reviewed the proposed rules and regulations for the Main Street Recovery Finance Program and is prepared to sign the certification, subject to the Board taking action to approve the same for submission to the New Jersey Office of Administrative Law for publication in an upcoming issue of the New Jersey Register.

Fees

In recognition of the fact that the products under the Main Street Recovery Finance Program are intended to support small businesses sustain and grow their operations, many of which are already financially struggling and emerging from difficult economic conditions resulting from the COVID-19 pandemic, the Authority is requesting the Members' approval to utilize 3 percent of the Main Street Recovery Finance Program funding to cover the administrative costs the Authority will incur in administering this program. The Authority typically supports its administrative costs in the form of fees that are charged to the applicant at various stages of a grant review, approval and disbursement. With this approval, the Authority will be able to operate the program without having to charge the applicant many of the fees that would otherwise be charged. Under the proposed new rules, the only fee that an applicant will be responsible for under either the Small Business Lease Grant or the Small Business Improvement Grant is a flat \$100 approval fee, that is only paid if the applicant meets all product eligibility, and would be due at the time of approval and prior to execution of a grant agreement.

Program Evaluation Plan

Staff plans to establish a framework of key performance indicators (KPIs) to quantifiably measure over time how well the Main Street Recovery Finance Program will meet the NJEDA's operational and strategic goals. Along with the goals and outcome of the program, the Authority will also request demographic information related to the businesses applying for the Main Street Recovery Finance Program, including demographic information with respect to the company's leadership. This is part of the Authority's ongoing efforts to measure to what extent its programs and services are serving New Jersey's diverse residents, communities, and businesses. Other metrics are anticipated to focus on the Main Street Recovery Finance Program's outreach efforts and volume of applicants, process and operational effectiveness, and economic development outcomes. The KPIs will provide valuable insight for staff and the Board to assess the effectiveness of the Main Street Recovery Finance Program. These KPIs are still under development.

Recommendation

The Members are requested to approve: (1) The attached special adopted new rules and concurrent proposed new rules for the new Main Street Recovery Finance Program and to authorize staff to (a) submit the special adopted new rules and concurrent proposed program rules for promulgation in the New Jersey Register and (b) submit the proposed program rules as final adopted rules for promulgation in the New Jersey Register if no formal comments are received; subject to final review and approval by the Office of the Attorney General and the Office of Administrative Law; (2) the creation of the Main Street Finance Recovery Program, as initially authorized by the New Jersey Economic Recovery Act of 2020 (Sections 82 through 88 of P.L. 2020, c. 156) and later amended by Sections 40 through 43 of P.L.

2021 c.160, to fund individual financial assistance products that share the common purpose of supporting the growth and success of small businesses in New Jersey; (3) the utilization of \$10 million of Main Street Finance Recovery Program funding to capitalize and enhance the Small Business Lease Assistance Grant – a grant program that will offset a portion of annual lease payments for small businesses leasing between 250-10,000 sq. ft. of new or additional space; (4) The utilization of \$15 million of Main Street Finance Recovery Program funding to capitalize and enhance the Small Business Improvement Grant – a grant program that will reimburse a small business for 50 percent of eligible project costs, with a maximum grant award not to exceed \$50,000, associated with making building improvements or the purchase and/or installation of new furniture, fixtures and equipment; (5) The utilization of \$3,000,000 (3 percent) of Main Street Recovery Finance Program funding to be used by the Authority to cover administrative costs associated with administering the program; (6) Delegation to Authority staff (Chief Community Development Officer, Managing Director – Community Development, or Director of Small Business Services) to approve individual applications to either the Small Business Lease Assistance Grant Program or Small Business Improvement Grant Program in accordance with the terms set forth in this memo and rule proposal, and as further detailed in the attached program specifications. Because the specifications are streamlined and will result in non-discretionary decisions, the delegated authority requested includes the authority to decline applications that do not meet eligibility requirements; and (7) Delegation to Authority staff (Chief Legal & Strategic Affairs Officer, any Vice President, Director of Legal Affairs, Director of Business Operations) to issue final administrative decisions for appeals of non-discretionary declinations.



Tim Sullivan
Chief Executive Officer

Prepared by: Christina Fuentes

Attachments:

- Appendix A – Proposed New Rules – Main Street Recovery Finance Program
- Appendix B – Small Business Lease Assistance Grant – Proposed Program Specifications
- Appendix C – Small Business Improvement Grant – Proposed Program Specifications

**Small Business Lease Grant Program Specifications
August 2021**

<p>Funding Source</p>	<ul style="list-style-type: none"> • \$10 million Main Street Recovery Finance Program (NJ Economic Recovery Act), with delegation to CEO to increase funding to \$20 million. • 40% of all funding (\$4 million) will be set-aside for entities located in eligible NJ Opportunity Zone census tracts.
<p>Program Expiration</p>	<p>This program will replace the NJEDA’s existing Small Business Lease Grant Program. Applications will be accepted until funding is exhausted</p>
<p>Program Structure Purpose</p>	<p>The Small Business Lease Grant supports the growth and success of small businesses by providing grant funding to cover a portion of lease payments for businesses to lease new or additional space. These resources will help the establishment and growth of small businesses, while also helping to fill space that is currently vacant or preventing future vacancies. This program will help with creating more vibrant main street corridors throughout New Jersey.</p>
<p>Eligible Applicants</p>	<p>A limit of one Small Business Lease Grant award over the life of the program per business or EIN per location. A location is eligible for both a onetime Business Lease Grant and Business Improvement Grant award. Previous lease incentive recipients are not eligible but have the option to opt out of their existing grant agreement in order to pursue this grant.</p> <p>Requirements for eligibility:</p> <ul style="list-style-type: none"> • Business must meet SBA definition of Small Business based on employee count and NAICS industry classification. • Business must provide a current tax clearance certificate prior to approval • Business must be in good standing with Department of Labor • Business must be in good standing with DEP • Business must certify at time of application that they are not in default of any other EDA or State assistance. • Lease must include: <ul style="list-style-type: none"> ○ 250 s.f. – 10,000 s.f. of market-rate office, commercial space, or retail space. A lease of more than 10,000 s.f. is eligible for a grant, but the program will only provide grant funding for the first 10,000 s.f. of space. ○ First-floor (street-level) space. Businesses leasing two floors - of which one floor is street level - would be eligible. ○ Minimum 5-year term. • Leases would have to be executed 12 months prior to application, and after March 9, 2020 to be eligible. • EDA determines lease is market-rate at time of application. • Applicants cannot terminate existing lease and enter into new lease for same square footage in order to pursue this grant. These applicants would be considered ineligible. • Grantees must occupy and operate in the leased space for the full year under which reimbursement is being requested. If they default on lease payments or leave the space, they are no longer eligible for the incentive and must repay any advanced funding they may have received by EDA. • Applicants who have already expanded or renewed their lease, or who are seeking to expand or renew their presently leased space, must demonstrate that they are current on rent payments.

	<ul style="list-style-type: none"> • Applicants are eligible to receive a Small Business Lease Grant and Small Business Improvement Grant for the same location. • Applicants are limited to one application per location • Non-profits and commercial businesses are eligible
Grant Amount	Two grant awards of 20% of the annual lease payments on a minimum 5-year lease term:
Funding Disbursement	<p>Grants will be disbursed as follows:</p> <ul style="list-style-type: none"> • Upon closing or execution of grant agreement: 20% of annual lease payment is disbursed to the applicant • After 12 months of lease payments have been paid by the applicant: another 20% of annual lease payment is disbursed to the applicant, after confirmation of no monetary or other material lease agreement default, payroll certification, self-certification by the applicant the applicant is still in lease and current on payments, and receipt of a current NJ State Tax Clearance Certificate.
Exclusions and Additional Requirements	<ul style="list-style-type: none"> • Grantee must agree at time of application that going forward after executing grant agreement they are to provide annual filed WR-30, payroll information, or equivalent documentation to EDA for at least the 5-year term of the lease and grant agreement. This documentation must verify that grantee is paying wages to all employees of at least \$15/hour or 120% of the minimum wage rate (whichever is higher) for the minimum of 5 years. Regularly tipped employees are required to be paid 120% of minimum wage. • High Tech and Business Incubator members in Not for Profit facilities would not be eligible for independent lease incentives (operators of incubators are eligible). • All leases will be analyzed for market-rate pricing by EDA based on comparable market rates provided by third party (i.e. CoStar). • Landlord cannot have an ownership interest in the applicant. <ul style="list-style-type: none"> • Businesses that are engaged in the following are not eligible for funding directly from the Authority or through grants and loans to eligible microbusiness lenders: the conduct or purveyance of “adult” (i.e., pornographic, lewd, prurient, obscene or otherwise similarly disreputable) activities, services, products or materials (including nude or semi-nude performances or the sale of sexual aids or devices); any auction or bankruptcy or fire or “lost-our-lease” or “going-out-of-business” or similar sale; sales by transient merchants, Christmas tree sales or other outdoor storage; or any activity constituting a nuisance.
Application Process and Board Approval/ Delegated Authority	<ul style="list-style-type: none"> • Applications will be reviewed on a rolling basis if funds are available until all funds are committed. • EDA staff will be responsible for reviewing applications and approving projects for assistance under Delegated Authority. Delegated approvals can come from the Director of Small Business Services, Managing Director of Community Development and Small Business Services, and Chief Community Development Officer.
Fees:	<ul style="list-style-type: none"> • Approval Fee: \$100 payable after EDA approval and prior to execution of grant agreement.

**Small Business Improvement Grant Specifications
August 2021**

Funding Source	<ul style="list-style-type: none"> • \$15 million Main Street Recovery Finance Program (NJ Economic Recovery Act), with delegation to CEO to increase funding to \$30 million. • 40% of all funding (\$6 million) will be set-aside for businesses located in eligible NJ Opportunity Zone census tracts.
Program Expiration	Applications will be accepted until funding is exhausted.
Program Structure Purpose	The Small Business Improvement Grant supports the growth and success of New Jersey small businesses by reimbursing business owners for costs associated with making interior or exterior building improvements or purchasing and installing new furniture, fixtures, and equipment. The grant will reimburse a small business, as defined in statute, for 50% of eligible total project costs incurred after March 9, 2020 but no more than 2 years at time of application, with a total grant amount not to exceed \$50,000.
Eligible Applicants / Costs	<ul style="list-style-type: none"> • Businesses may be reimbursed for capital improvements, or purchase and/or installation of new furniture, fixtures, and equipment. • Business must rent or own and operate from facility. • Business must meet SBA definition of Small Business based on NAICS industry classification. • Project cost must be at least \$5,000, and incurred on or after March 9, 2020 and commenced no more 2 years prior to application • Home-based businesses may only receive reimbursement for new equipment purchase and/or installation. Home-based businesses are not eligible for reimbursement for renovation or improvement projects. • Non-profits and for-profit businesses are eligible to apply. • Business must provide a current tax clearance certificate prior to approval • Business must be in good standing with Department of Labor • Business must be in good standing with DEP • Business must certify at time of application that they are not in default of any other EDA or State assistance. • Applicants are eligible to receive a Small Business Lease Grant and Small Business Improvement Grant for the same location. • Applicants are limited to one application per EIN. Applicants operating from multiple locations under a single EIN would be limited to one application under the sole EIN, but may pool project costs from multiple locations into a single application.
Local Approvals	Applicant must obtain and is responsible for all applicable local approvals like zoning and building permits. If renting space, the tenant will need the landlords written approval on improvements to the location.
Grant Amount	<ul style="list-style-type: none"> • Up to 50% of total project costs, which may include interior or exterior renovations, or purchase of new FFE, equipment and installation. Grant can reimburse both renovations and equipment costs as part of a single project. • Grant amount not to exceed \$50,000 per EIN. Only one award is allowed per EIN for the life of the program. Applicants are eligible to receive a Business Improvement and Lease Incentive per EIN. With a cap of 1 award per program for each EIN. • Minimum project cost of \$5,000.
Funding Disbursement	Funding will be fully disbursed upon approval of an application and receipt of

**Small Business Improvement Grant Specifications
August 2021**

	documentation evidencing payment for project costs (i.e. paid invoices and/or canceled checks) associated with the building improvements and/ or equipment purchase and installation. Before any funding is disbursed, the applicant must certify that the project is complete.
Exclusions and Additional Requirements	<ul style="list-style-type: none"> • Green Buildings Standards will apply to projects over \$50,000. • Affirmative action standards – currently applies to contractors with 4 or more employees. • Applicant must agree at time of application to opt into minimum wage requirements and to provide most recently filed WR-30, payroll information, or equivalent documentation to verify business owner is paying wages to all employees of at least \$15/hour or 120% of the minimum wage rate (whichever is higher). Regularly tipped employees are not required to be paid \$15/hour but must be paid at least 120% of the minimum wage rate. This would be required for the term of the grant agreement. • Applicant must remain in the location for at least two years for grants up to \$25,000, or at least four years for all other grant award amounts. • Landlords are not eligible; grant is just for business owners. • Businesses that are engaged in the following are not eligible for funding directly from the Authority or through grants and loans to eligible microbusiness lenders: the conduct or purveyance of “adult” (i.e., pornographic, lewd, prurient, obscene or otherwise similarly disreputable) activities, services, products or materials (including nude or semi-nude performances or the sale of sexual aids or devices); any auction or bankruptcy or fire or “lost-our-lease” or “going-out-of-business” or similar sale; sales by transient merchants, Christmas tree sales or other outdoor storage; or any activity constituting a nuisance.
Application Process and Board Approval/ Delegated Authority	<ul style="list-style-type: none"> • Applications will be reviewed on a rolling basis, based on the availability of funding, until all funds are fully committed. • EDA staff will be responsible for reviewing applications and approving projects for assistance under Delegated Authority. Delegated approvals can come from the Director of Small Business Services, Managing Director of Community Development and Small Business Services, and Chief Community Development Officer.
Fees:	<ul style="list-style-type: none"> • Approval Fee: \$100, payable at the time of approval and prior to execution of grant agreement

**New Jersey Economic Development Authority
Main Street Recovery Finance Program Product Summary**

Main Street Products	Board Approved	Approvals	Approved Amount	Balance of Funding	Applications Under Review	Under Review Amount	Board Approval	Product Launch
Small Business Lease Grant	\$ 20,000,000.00	391	\$ 9,801,626.69	\$ 10,198,373.31	219	\$ 5,589,798.17	August of 2021	10/20/2021
EDA Admin Fee	\$ 600,000.00							
Temp Funding	\$ 250,000.00							
Total	\$ 20,850,000.00							
Small Business Improvement Grant	\$ 60,000,000.00	1537	\$ 37,143,366.29	\$ 22,856,633.71	779	\$ 20,500,024.45	August of 2021	2/10/2022
EDA Admin Fee	\$ 1,800,000.00							
Temp Funding	\$ 750,000.00							
Total	\$ 62,550,000.00							
Main Street Lenders Grant	\$ 15,000,000.00	8	\$ 11,700,000.00	\$ 3,300,000.00	0		February of 2022	5/26/2022
EDA Admin Fee	\$ 450,000.00							
Temp Funding	\$ -							
Total	\$ 15,450,000.00							
Main Street Micro Business Loan	\$ 20,000,000.00	411	\$ 19,993,056.80	\$ 6,943.20	0		September of 2022	10/6/2022
EDA Admin Fee	\$ 600,000.00							
Temp Funding	\$ 1,000,000.00							
Total	\$ 21,600,000.00							
Main Street Micro Business Loan	\$ 25,800,000.00		\$ 66,938,576.13	\$ 2,326,605.36	86	\$ 3,875,625.26	September of 2022	10/6/2022
EDA Admin Fee	\$ 774,000.00						May of 2023	
Temp Funding	\$ -							
Total	\$ 25,026,000.00	484	\$ 22,699,394.64	\$ 2,326,605.36				
Total for MBLs	\$ 69,276,000.00	1406	\$ 66,938,576.13					
E-commerce Technical Assistance	\$ 4,000,000.00	135	\$ 1,006,093.97	\$ 2,993,906.03	4	\$ 23,751.98	December of 2022	March of 2023
Total of funds allocated to products	\$ 150,250,000.00	4372	\$ 236,220,690.65	\$ 44,009,066.97	1088	\$ 29,989,199.86		

*As of 9/21/23

Total Main Street Appropriation	\$ 200,500,000.00
Allocated to Programs	\$ 144,026,000.00
Allocated to EDA Admin Fees	\$ 4,224,000.00
Allocated to Temps	\$ 2,000,000.00
Balance	\$ 50,250,000.00



MEMORANDUM

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: October 12, 2023

RE: Aspire Program - Product # 310372
**Forest Hill House Preservation Urban Renewal LLC, (“Applicant”), and AHI
Forest Hill House, NP, LLC, (“Co-applicant”)**

Request:

Issuance of tax credits from the Aspire Program (the “Program”) for a residential Project located in Newark, New Jersey, Essex County up to 24.36% of the total project cost (“eligible costs”), not to exceed \$8,186,785.

Aspire Program Background:

The New Jersey Economic Recovery Act of 2020, N.J.S.A. 34:1B-322, et seq., provides that the “authority shall administer the program to encourage redevelopment projects through the provision of incentive awards to reimburse developers for certain project financing gap costs.” N.J.S.A. 34:1B-324. As authorized by recently enacted revisions, P.L. 2023, c. 98 (“Chapter 98”), this application is proceeding under the act and rules in effect immediately prior to Chapter 98 (respectively, “Former Act” and “Former Rules,” although the Former Rules remain the currently published rules until the Authority promulgates new rules to implement Chapter 98). However, Chapter 98 also allows for projects to proceed under the Former Act and Former Rules while benefitting from increases to project award caps contained in these revisions. Such projects would also be reviewed using the Chapter 98 definition of “reasonable and appropriate return on investment,” which requires both a deferred developer fee and a cash flow internal return on investment analysis for residential projects with Low-Income Housing Tax Credits and returns on equity other than federal or local grants. To do so, an applicant would need to provide a complete application to the Authority, a statement in writing electing to proceed under this option, and obtain all applicable approvals under the Municipal Land Use Law prior to November 4th, 2023. This Applicant has provided a complete application and the Project is a rehabilitation consistent with the existing use, therefore it is not subject to site plan approval by the City of Newark.

Accordingly, this application was evaluated to determine eligibility in accordance with the Former Act and the Former Rules with the exception of the new project award cap and “reasonable and appropriate return on investment” definition. To meet basic eligibility requirements, developers of residential projects must demonstrate (1) that without the incentive award, the Redevelopment Project is not economically feasible, (2) that a project financing gap exists after the developer has contributed an equity participation of at least 20 percent of the total development cost, and (3) the project meets specific cost thresholds, depending on where the project is located.

The Program provides tax credits for ten years (the “Eligibility Period”). The amount of tax credits a real estate development project or “Redevelopment Project,” receives is generally a percentage of the project’s costs and is subject to a statutory cap determined by project location and other aspects of each project.

Project Description:

The Project located in the Forest Hill neighborhood of Newark is known as “Forest Hill House” and consists of the acquisition and rehabilitation of an existing 55 and over apartment building that is 100 percent affordable. The 10-story building has 85,145 square feet of gross leasable area and includes 100-units. The Project includes twenty-five onsite parking spaces, a community space, and laundry facilities for residents.

Project Ownership:

The Applicant has entered into an Assignment Agreement with LPSF IV, LLC the previous contract purchaser, for an Agreement of Sale with FFL Mount Prospect Urban Renewal, LLC, the current owner of the site, in the amount of \$17,300,000 dated September 21, 2022. The Applicant has subsequently received an extension of the Agreement of Sale with a current closing date no later than February 29, 2024.

The Applicant Forest Hill House Preservation Urban Renewal LLC is currently owned by Tredway Acquisitions LLC (99.991%) and Forest Hill House Preservation GP LLC (0.009%), with Forest Hill House Preservation GP LLC serving as the managing member. Tredway Acquisitions LLC is wholly owned by Tredway Group LLC, who is the Lead Development Entity.

Forest Hill House Preservation GP LLC is co-managed and owned by two entities; Forest Hill House Preservation MM LLC (50%), also an affiliate of the Lead Development Entity, and Forest Hill House Investment LLC (50%), which is wholly owned by LPSF IV, LLC.

As is the case with many transactions that contain an allocation of Low-Income Tax Credits there will be an investor member. At the financial closing, Regions Affordable Housing, LLC will replace Tredway Acquisitions LLC as the 99.991% limited partner, with Forest Hill House Preservation GP LLC remaining the managing member of the Applicant.

Lead Development Entity:

The Lead Development Entity Tredway Group LLC (Tredway) is a real estate development firm that acquires, revitalizes, and preserves affordable, workforce, and mixed-income housing. Tredway was founded in 2021 by Will Blodgett, whom over the course of his career has bought, built, or preserved over 30,000 units of affordable, workforce, and market rate housing across the United States. Collectively, the Tredway team has deep experience acquiring, developing, financing, and asset managing projects across the country; cumulatively \$7 Billion across multifamily, office, retail, industrial, lodging, and alternative assets, totaling 55,000+ units.

Co-applicant

The Co-applicant AHI Forest Hill House NP, LLC (“AHI FHH NP”), is an entity wholly owned by Affordable Housing Institute, Inc. (“AHI”) which is a 501(c)3 independently owned and operated nonprofit organization. AHI FHH NP will participate as a nonprofit in the Project Financing. Authority staff is in receipt of an IRS 501(c)3 Determination Letter for Affordable Housing Institute, Inc. and formation documents for the Co-applicant and affiliate, AHI FHH NP. AHI Forest Hill House NP, LLC Entity is a disregarded entity for tax purposes and thus takes on the characteristics of its parent company and therefore is a nonprofit for taxation purposes under the provisions of Section 501(c)3 of the Internal Revenue Code.

The Applicant, the Co-applicant, and the 501(c)3 parent of the Co-applicant collectively have a Services Agreement detailing the services that the Co-applicant will be contributing that directly affect and serve residents of the Project. These services include aiding in researching and referring services for the Resident Service Program at the Project.

Specifically, this will include but not limited to:

- Oversee the provision of:
 - Weekly Exercise Classes
 - Resident Bingo and Weekly Coffee Hours
 - Health and Wellness Services, including COVID Vaccinations, flu shots, etc.
 - Fire Safety Seminars

Additional planned service programs at the Project include but are not limited to resident holiday parties, transportation to the grocery store, financial literacy, emergency rent and utility assistance, employment readiness, continuing education, and referrals to other national vocational programs.

The Applicant and Co-applicant have entered into a participation agreement that specifies the Co-applicant's participation in the Redevelopment Project and evidences a commitment to providing the services previously described. The commitment encompasses the duration of the Aspire Eligibility Period.

Per Aspire Rules, in the application the Co-applicant must also demonstrate the following:

The co-applicant has complied with all requirements for filing tax and information returns and for paying or remitting required State taxes and fees by submitting, as a part of the application, a tax clearance certificate, as described in section 1 at P.L. 2007, c. 101 (N.J.S.A. 54:50–39).

The Co-applicant has provided staff with a valid Tax Clearance Certificate as of this recommendation.

The co-applicant's organizational purpose encompasses the proposed participation.

The Co-applicant is wholly owned and controlled by Affordable Housing Institute, Inc, an entity that is organized exclusively for charitable purposes under Section 501(c)3 of the Internal Revenue Code of 1986. The purpose of AHI is to undertake a wide range of housing-industry related research projects for corporations, governmental agencies, academic institutions, legislative committees, and individuals.

The co-applicant has the financial and operational capability to provide the proposed contribution or services.

Authority staff has reviewed financial statements provided by the Co-applicant substantially evidencing the ability of Co-applicant to provide the proposed services.

The co-applicant's receipt and sale of the tax credits is necessary to finance the redevelopment project.

The Co-applicant serves both a resident services function and as the entity that will provide the financing with regard to the Aspire tax credits. The tax credit certificates will be allocated to the non-profit which will sell the credits annually to a tax credit investor and provide those sales proceeds back into the partnership. This allows the Project to obtain the Aspire credit sales proceeds without tax consequences and to pay annual debt service on an Aspire bridge loan, putting critically important capital into the Project.

Architect:

Inglese Architecture & Engineering L.L.C. (IAE) led by founding partner, Jak Inglese, AIA, PE, LEED, AP is a multi-disciplinary full-service architectural and engineering firm, located in Cedar Grove, New

Jersey that offers a full range of design services in architecture, interiors, and all disciplines of engineering. Founded in 1988, the firm’s extensive architectural, design, and engineering experience extends to a diverse range of typologies including mixed-use, affordable housing, market rate housing, and municipal projects throughout the New Jersey area.

General Contractor:

Pyramid ETC Companies LLC, (Pyramid ETC) headquartered in Ramsey, New Jersey is the General Contractor for the Project. Pyramid ETC’s principals have a combined experience of more than thirty years. With more than 100 projects completed encompassing over 30,000 units, Pyramid ETC has approximately \$1 billion dollars of completed project work. Pyramid ETC has a reputation for successfully rehabilitating and constructing large multi-family affordable housing complexes.

Construction Timeline:

Construction will commence on January 31, 2024, taking approximately sixteen months to complete.

Project Details:

As noted previously the Project consists of the acquisition and rehabilitation of an existing 55 and over apartment building that is 100 percent affordable. The 10-story building has 85,145 square feet of gross leasable area and includes 100-units. The unit mix includes eighteen (18) studios, eighty-one (81) one-bedrooms, and one (1) two-bedroom Superintendent’s unit, a partial basement, multiple common spaces on the first floor and twenty-five (25) parking spaces reserved for building residents. The Project sits on a 0.74-acre lot.

The site has operated as affordable senior housing since initial construction in 1977 and is in need of updating. The Project rehabilitation will entail a large-scale overhaul of the existing property; with the work to include heating system replacement, roof replacement, window replacement, security system upgrades, updated kitchens and bathrooms, energy efficiency upgrades including conversion to LED lighting, Energy Star appliances, additional insulation, and accessibility upgrades for residents with mobility, hearing and vision impairments. There will be common area upgrades to beautify the lobby and activate underutilized common space and outdoor spaces for additional services for the existing senior population.

The property will continue to serve low and moderate-income elderly residents with a maximum income limit on rent affordable to 60% of the area median income range. The property has historically averaged vacancy rates below 3% and currently is completely occupied.

The Project will comply with the Energy Star Homes Program as per NJHMFA’s Green Standard Requirements and, thus, satisfies NJEDA’s Green Building Standards.

Project Uses and Sources

The Applicant proposes the following Uses for the Project:

Sources	Total Development Costs	Project Costs
Hard construction costs	\$12,251,609	\$12,251,609
Building Acquisition	\$17,300,000	\$15,916,000
Professional services	\$1,600,614	\$1,565,525
Financing and other soft costs	\$5,547,395	\$3,871,182
Developer Fee (Non-Deferred Total)	\$3,360,640	\$0
Total	\$40,060,258	\$33,604,316

Eligible project costs are used for sizing the tax credit. By statute, eligible project costs exclude the costs associated with the acquisition of land and developer fee(s). Additionally, various reserves to fund interest and operating expenses during lease-up are excluded by rules.

The minimum total project cost is \$5,000,000 for this residential project located in a Qualified Incentive Tract.

The Applicant proposes the following Sources for the Project:

Sources	Type	Amount
HMFA First Mortgage, Note 1	Permanent Loan	\$16,087,427
GP Contribution	Soft Loan	\$100
Aspire Proceeds	Equity	\$5,321,410
LIHTC Proceeds	Equity	\$16,122,796
NOI During Construction	Equity	\$938,618
Deferred Developer Fee	Equity	\$1,589,907
	Total	\$40,060,258

Developer Contributed Equity

Based on the equity requirement of 20% of total development costs for a residential project not in a government-restricted municipality, the required equity in this Project equates to \$8,012,052. Equity consists of LIHTC proceeds in the amount of \$16,122,796 and deferred developer fee of \$1,589,907.

Statutory Aspire Award Cap

As amended and effective immediately pursuant to Chapter 98, this Project includes a 4% LIHTC allocation and thus, is eligible for an Aspire tax credit equal to the lesser of 60 percent of the total project costs or \$90 million. The total project cost is estimated to be \$33,604,316. As such, the Project is eligible for an Aspire tax credit not to exceed \$20,162,589 which is the lesser of \$90 million and 60 percent of the total project cost.

Concurrently, the Aspire award is also capped by the Aspire Rules dictating that the sum of the Aspire tax credits and the LIHTC allocation cannot exceed 90 percent of project costs, or \$30,243,884. As such with a LIHTC allocation of \$16,285,650 the Project would only be eligible for an Aspire award of \$13,958,234 which is 41.54% of project costs.

The Applicant has requested an award of \$8,186,785 which is 24.36% of project costs.

Financing Gap Analysis

NJEDA staff has reviewed the application to determine if there is a shortfall in the Project development economics pertaining to the return on the investment for the developer and their ability to attract the required investment for this Project.

Because the Project is receiving Low-Income Housing Tax Credits, NJHMFA’s deferred fee model was used to measure the appropriate and reasonable rate of return. The total developer fee is \$3,360,640 with \$1,589,907 deferred and not fully realized until the 7th year of operations. This conforms to the Agency’s policy.

Aspire Tax Credit Sale Price:

The Act dictates that for projects that are not the new construction of residential units the consideration for the sale or assignment of the Aspire tax credits can be no less than 85 percent of the transferred credit

amount before considering any further discounting to present value. The Applicant has provided documentation to the Authority that the consideration contemplated in the current financing structure is 85 percent of the transferred credit amount on an annual basis before considering any further discounting to present value. The current consideration anticipated for the Project will be 65 percent of the transferred credit amount and made as a one-time investment by a tax-credit investor, which represents a discount rate of 3.72% from the 85 percent consideration of the transferred credit amount on an annual basis. The sources identified above in the Sources table as “Aspire Proceeds” reflect the value of this equity investment. The ultimate financing structure and any changes in the future will be subject to this requirement and the Applicant will need to evidence this prior to any assignment or transfer of Aspire tax credits.

Net Positive Benefit Analysis:

The NJEDA shall conduct a fiscal impact analysis to determine and ensure that the overall public assistance provided to an Aspire awarded project will result in a net positive economic benefit to the State. In the Former Act, exceptions to the requirement are capital investment for a residential project, a capital investment for a food delivery source, or a health care or health services center with a minimum of 10,000 square feet of space devoted to health care or health services that is located in a municipality with a Municipal Revitalization Index distress score of at least 50 lacking adequate access. The Project is a residential project and, therefore, the entire award and capital investment are not subject to the net positive economic benefit analysis.

Other Statutory Criteria

Scoring:

The Applicant is required to achieve a minimum score to be eligible for an Aspire award. The Project was scored in the areas of Equitable Development, Smart Growth, Environmental Justice, and Climate Resilience. The Applicant has satisfactorily evidenced to staff that the Project is consistent with the policy objectives represented by this scoring criteria.

Community Benefits Agreement:

For a Redevelopment Project whose total project cost equals or exceeds \$10 million, a community benefits agreement is required to be entered into by the Authority, chief executive of the municipality and the Applicant. The Applicant has provided a letter of support from the chief executive of the municipality acknowledging this requirement and affirming that the municipality shall proceed to negotiate a community benefits agreement in good faith with the developer and will execute the community benefits agreement within the time required.

Labor Harmony Agreement:

NJEDA shall not enter into an incentive award agreement for a Redevelopment Project that includes at least one retail establishment which will have more than 10 full-time employees, at least one distribution center that will have more than 20 full-time employees, or at least one hospitality establishment which will have more than 10 full-time employees, unless the incentive award agreement includes a precondition that any business that serves as the owner or operator of the retail establishment, distribution center, or hospitality establishment enters into a labor harmony agreement with a labor organization or cooperating labor organizations that represent retail or distribution center employees in the State. However, a labor harmony agreement shall be required only if the State has a proprietary interest in the Redevelopment Project and shall remain in effect for as long as the State acts as a market participant in the Redevelopment Project. This Project does not have a State proprietary interest and therefore is not subject to this requirement.

Prevailing Wage Obligations:

For any project awarded Aspire tax credits all workers employed to perform construction work or building services work at the Redevelopment Project shall be paid prevailing wages, which continue through the end

of the Eligibility Period. The Applicant has acknowledged this requirement and that in any year where this is found not to be the case, the Applicant shall forfeit the tax credit for that year.

Substantial Good Standing/Subcontractor and Contractor Requirements:

For the duration of the Eligibility Period, the developer must be in substantial good standing (or have entered into an agreement) with the Department of Labor and Workforce Development, Environmental Protection, and the Treasury for any project awarded Aspire tax credits and that each contractor and subcontractor performing work at the Redevelopment Project: is registered as required by the Public Works Contractor Registration Act, has not been debarred by the Department of Labor and Workforce Development from engaging in or bidding on Public Works Contracts in the State, and possesses a tax clearance certificate issued by the Division of Taxation in the Department of the Treasury.

Availability of Emerge/Aspire Resources

At the time of this recommendation, there are \$2,509,215,407 in unallocated tax credit resources available to Aspire projects located in the northern-most counties in the State for the fiscal year.

Recommendation

Authority staff has reviewed the application for Forest Hill House Urban Renewal LLC and finds that it is satisfies the eligibility requirements of the Aspire statute and rules. It is recommended that the Members approve and authorize the Authority to execute a redevelopment agreement with the Applicant. The tax credit award would be credited against the total available North Jersey Aspire projects award authority.

Issuance of the Aspire tax credits are contingent upon the Applicant submitting documentation evidencing Project financing and planning approvals with respect to the Project within the time required in the program rules (one year after approval), which includes:

1. Financing commitments for all funding sources for the Project consistent with the information provided by the Applicant to the Authority for the Aspire tax credit;
2. Evidence of site control and site plan approval for the Project; and
3. Copies of all required State and federal government permits for the Project and copies of all local planning and zoning board approvals that are required for the Project.

Additionally, Applicant must submit an executed Community Benefits Agreement consistent with all of the requirements included in the Former Rules within six months after approval.

The recommendation is approval of an award of up to 24.36% of the total project costs, not to exceed the lesser of \$8,186,785 and 90% of the total project costs minus the actual Low-Income Housing Tax Credit allocation, in Aspire tax credits based upon the financing gap illustrated by the Project's actual capital stack at time of commitment



Tim Sullivan, CEO



MEMORANDUM

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: October 12, 2023

RE: Aspire Program- Product #311856
Washington Township LIHTC, LLC (“Applicant”) and Premier Housing Services Inc. (“Co-Applicant”)

Request

Issuance of tax credits from the Aspire program (“the Program”) for a residential project located in Washington Township, Gloucester County up to 47.59% of the total project cost (“eligible costs”), not to exceed \$12,034,818.

Aspire Program Background

The New Jersey Economic Recovery Act of 2020, N.J.S.A. 34:1B-322, et seq., provides that the “authority shall administer the program to encourage redevelopment projects through the provision of incentive awards to reimburse developers for certain project financing gap costs.” N.J.S.A. 34:1B-324. As authorized by recently enacted revisions, P.L. 2023, c. 98 (“Chapter 98”), this application is proceeding under the act and rules in effect immediately prior to Chapter 98 (respectively, “Former Act” and “Former Rules,” although the Former Rules remain the currently published rules until the Authority promulgates new rules to implement Chapter 98). However, Chapter 98 also allows for projects to proceed under the Former Act and Former Rules while benefitting from increases to project award caps contained in these revisions. Such projects would also be reviewed using the Chapter 98 definition of “reasonable and appropriate return on investment,” which requires both a deferred developer fee and a cash flow internal return on investment analysis for residential projects with Low-Income Housing Tax Credits and returns on equity other than federal or local grants. To do so, an applicant would need to provide a complete application to the Authority, a statement in writing electing to proceed under this option, and obtain all applicable approvals under the Municipal Land Use Law prior to November 4th, 2023. This Applicant has provided a complete application and received Final Major Site Plan Approval from the Township of Washington July 18, 2023.

Accordingly, this application was evaluated to determine eligibility in accordance with the Former Act and the Former Rules with the exception of the new project award cap and “reasonable and appropriate return on investment” definition. To meet basic eligibility requirements, developers of residential projects must demonstrate (1) that without the incentive award, the Redevelopment Project is not economically feasible, (2) that a project financing gap exists after the developer has contributed an equity participation of at least 20 percent of the total development cost, and (3) the project meets specific cost thresholds, depending on where the project is located.

The Program provides tax credits for ten years (the “Eligibility Period”). The amount of tax credits a real estate development project or “Redevelopment Project,” receives is generally a percentage of the project’s costs and is subject to a statutory cap determined by project location and other aspects of each project.

Project Description

The proposed Project entails the new construction of a 55 and over 100 percent affordable residential development located on a vacant site at 4500 Black Horse Pike in Washington Township, Gloucester County. The Project site is located within proximity of Route 42 and the Atlantic City Expressway. The Project will have a gross building area of 64,243 square feet within a single 3-story low rise building containing 64 residential units, consisting of one, and two-bedroom apartment units. The Project will also include various amenities, and 99 parking spaces for tenants.

Project Ownership

Ingerman Development Company LLC (Ingerman), wholly owned by the founder and principal of the Lead Development Entity, has entered into an Agreement of Sale with Axelrod, Giannascoli, Weiss, Berk LLC, the current owner of the site, dated November 10, 2022 for the amount of \$1,500,000. Ingerman has previously received an extension of the Agreement of Sale closing date from April 15, 2023 to October 12, 2023, and this was subsequently amended to January 29, 2024. .

The Applicant, Washington Township LIHTC, LLC is a wholly owned subsidiary of Washington Township MM, LLC managing member (.01%), and MBID of Delaware, LLC member (99.99%).

Ingerman WL, LLC is the sole member of Washington Township MM, LLC with ownership consisting of Ingerman Partners LLC (80%), and Welwyn Letchworth LLC (20%), and with M. Brad Ingerman, the founder and principal of Ingerman, serving as a non-member Manager.

MBID of Delaware, LLC , doing business as Ingerman, is the Lead Development Entity and is wholly owned by Brad Ingerman. At the time of financial closing it is anticipated MBID of Delaware, LLC will be replaced by a Low-Income Housing Tax Credit investor entity.

Lead Development Entity:

MBID of Delaware, LLC, doing business as Ingerman, was established in 1988 by M. Brad Ingerman specializing in mixed-use urban development through public and private partnerships.

Key staff involved in the project include David DeAugustine- Chief Operating Officer; Jim Cimbalista- President of Construction; Edward Coupe- Vice President of Construction; and Natalie DeFelippo- Vice President of Development; each having more than 20 years of experience in real estate development.

Co-Applicant

The Co-applicant is Premier Housing Services, Inc., which is a 501(c)3 and will act as the nonprofit for the project financing. Authority staff is in receipt of an IRS 501(c)3 Determination Letter for Premier Housing Services, Inc. evidencing that it is a non-profit for taxation purposes under the provisions of Section 501(c)3 of the Internal Revenue Code.

Premier Housing Services, Inc. will be providing support and assistance to various aspects of the Project, including, without limitation, advising the Applicant on all aspects of the pre-development and development process through lease up, in addition to tax and financial support related to the monetization of the Aspire tax credits.

The Applicant, the Co-Applicant, and the 501(c)3 parent of the Co-Applicant collectively have a Services Agreement detailing the services that the Co-Applicant will be contributing that directly affect and serve residents of the Project. These services include aiding in researching and referring services for the Resident Service Program at the Project.

Specifically, this will include but not limited to:

- Establish links with agencies and service providers, including Gloucester County Division on Senior Services.
- Coordinate with outside agencies and community partners to facilitate service delivery on-site, focusing on mobile health screenings and vaccinations, healthy and active living, and financial services.
- Interview and screen residents for eligibility for programs and entitlements and assist with application procedures
- Contact family members as needed to obtain information, discuss service arrangements, or to encourage family involvement
- Plan and implement monthly programs and activities to meet the needs of residents, including the establishment of social, education and recreational programs,

The Applicant and Co-applicant have entered into a participation agreement that specifies the Co-applicant's participation in the Redevelopment Project and evidences a commitment to providing the support and assistance previously described. The commitment encompasses the duration of the Aspire Eligibility Period.

Per the Rules, in the application the Co-applicant must also demonstrate the following:

The Co-applicant has complied with all requirements for filing tax and information returns and for paying or remitting required State taxes and fees by submitting, as a part of the application, a tax clearance certificate, as described in section 1 at P.L. 2007, c. 101 (N.J.S.A. 54:50–39).

The Co-applicant has provided staff with a valid Tax Clearance Certificate as of this recommendation.

The Co-applicant's organizational purpose encompasses the proposed participation.

Premier Housing Services, Inc. is a not-for-profit corporation organized under the laws of the State of New Jersey for the purpose of improving the quality of life of low-and-moderate income families by partnering with developers, contractors, and property management professionals to create housing solutions for residents.

The Co-applicant has the financial and operational capability to provide the proposed contribution or services.

Authority staff has reviewed financial statements provided by Premier Housing Services, Inc. substantially evidencing the ability to provide the proposed services.

The Co-applicant's receipt and sale of the tax credits is necessary to finance the Redevelopment Project.

The tax credit certificates will be allocated to the non-profit which will sell the credits annually to a tax credit investor and return those sales proceeds into the partnership Applicant. This allows the project to obtain the Aspire credit sales proceeds without tax consequences and to pay annual debt service on an Aspire bridge loan, putting critically important capital into the project.

Architect:

Design for the Project has been undertaken by Donovan Architects a full-service design firm providing architecture, master planning, urban design, interior architecture, construction administration, planning and predevelopment, electrical engineering, structural engineering, and mechanical engineering services.

The firm was founded in 2006 by Michael Donovan.

Donovan Architects has a wide range of completed work including 1] The Willows at Symphony Hall affordable housing residential community, Newark, New Jersey; 2] Cornerstone at Marlton affordable housing residential community, Marlton, New Jersey; 3] Rahway Residents for the Arts, Rahway New Jersey, mixed use development; and 4] Meadows at Pyne Poynt mixed used senior development, Camden, New Jersey.

General Contractors:

The general contractor for the Project is Ingerman Construction Management, a full-service general contracting company specializing in the areas of virtual design and construction, health and safety, and lean construction. Ingerman Construction Management was founded by M. Brad Ingerman in 1988.

Construction is expected to commence on November 30, 2023 and the project will take 24 months to construct.

Project Details

As noted previously, the proposed Project entails the new construction of a 55 and over 100 percent affordable residential development. The Project will have a gross building area of 64,243 square feet within a single 3-story low rise building containing 64 residential units, consisting of one, and two-bedroom apartment units. The Project’s affordable unit mix will consist of 58 one-bedroom units measuring 696 square feet, and 6 two-bedroom units measuring 994 square feet. The gross rents will range from \$418 to \$1,444 with the affordability levels at the project going as low as 20% of Area Median Income.

Tenants will have access to a community room with warming kitchen, a fitness room, and laundry room. It will also include 99 parking spaces for tenants. The project will comply with the Energy Star Homes Program as per NJHMFA’s Green Standard Requirements which satisfies NJEDA Green Building Standards.

Project Uses and Sources

The Applicant proposes the following uses for the Project:

	Total Development Costs	Project Costs
Acquisition	\$1,600,000	\$0
Hard construction costs	\$20,143,094	\$20,143,094
Professional services	\$1,079,800	\$977,029
Financing and other soft costs	\$5,833,262	\$4,169,019
Developer Fee	\$3,856,100	\$0
Total	\$32,512,256	\$25,289,142

The total project cost is the cost included in total development costs that is used for sizing the tax credit. The total project cost excludes developer fee(s) and land acquisition, as well as various reserves to fund interest and operating expenses during lease-up.

The minimum total project cost is \$10,000,000 for this residential project located in a municipality with a population of less than 200,000.

The Applicant proposes the following Sources for the Project:

Sources	Type	Amount
1 st Mortgage	Permanent Loan	\$2,370,000
NJHMFA Special Needs Housing Trust Fund	Soft Loan	\$750,000
NJHMFA Affordable Housing Production Fund	Soft Loan	\$9,600,000
Washington Affordable Housing Trust Fund	Soft Loan	\$300,000
LIHTC Investor Proceeds	Equity	\$10,217,068
Aspire Proceeds	Equity	\$7,373,000
Deferred Developer Fee	Equity	\$1,902,188
	Total	\$32,512,256

Developer Contributed Equity

Based on the equity requirement of 20% of total development costs for a residential project not in a government-restricted municipality, the required equity in this Project equates to \$6,502,451. Equity consists of deferred developer fee in the amount of \$1,902,188, and LIHTC proceeds in the amount of \$10,217,068.

Statutory Aspire Award Cap

As amended and effective immediately pursuant to Chapter 98, this project includes a 4% LIHTC allocation and thus, eligible for an Aspire tax credit equal to the lesser of 60 percent of the total project costs or \$90 million. The total project cost is estimated to be \$25,289,142. As such, the Project is eligible for an Aspire tax credit not to exceed \$15,173,485 which is the lesser of \$90 million and 60 percent of the total project cost.

Concurrently, the Aspire award is also capped by the Aspire Rules dictating that the sum of the Aspire tax credits and the LIHTC allocation cannot exceed 90 percent of project costs, or \$22,760,228. As such with a LIHTC allocation of \$10,725,410 the project would only be eligible for an Aspire award of \$12,034,818 which is 47.59% of project costs.

Financing Gap Analysis

NJEDA staff has reviewed the application to determine if there is a financing gap pertaining to the return on the investment for the developer and ability to attract the required investment.

Because the project is receiving low-income housing tax credits from NJHMFA, NJHMFA’s deferred fee model was used to measure the appropriate and reasonable rate of return. The total developer fee is \$3,855,381 with \$1,902,188 deferred and not fully realized until after the 30th year of operations following stabilization, which conforms to the NJHMFA policy.

Aspire Tax Credit Sale Price:

For projects that represent the new construction of residential units and including a Low-Income Housing Tax Credit Allocation the consideration for the sale or assignment of the Aspire tax credits can be no less than 65 percent of the transferred credit amount before considering any further discounting to present value. The Applicant has provided documentation to the Authority that the consideration contemplated in the current financing structure is 88 percent of the transferred credit amount before considering any further discounting to present value. Currently it is anticipated that a bridge loan will be secured by the future sale proceeds from the tax credits sales, and when accounting for these loan proceeds received during construction, it represents a discount rate of 4.45% from the 88 percent consideration of the transferred credit amount. The sources identified above in the Sources table as “Aspire Proceeds” reflect the value of this bridge loan. The ultimate financing structure and any changes in the future will be subject to this requirement and the Applicant will need to evidence this prior to any assignment or transfer of Aspire tax credits.

Net Positive Benefit Analysis:

The NJEDA shall conduct a fiscal impact analysis to determine and ensure that the overall public assistance provided to an Aspire awarded project will result in a net positive economic benefit to the State. In the Former Act, exceptions to the requirement are capital investment for a residential project, a capital investment for a food delivery source, or a health care or health services center with a minimum of 10,000 square feet of space devoted to health care or health services that is located in a municipality with a Municipal Revitalization Index distress score of at least 50 lacking adequate access. The Project is a residential project and, therefore, the entire award and capital investment are not subject to the net positive economic benefit analysis.

Other Statutory Criteria

Scoring:

The Applicant is required to achieve a minimum score to be eligible for an Aspire award. The Project was scored in the areas of Equitable Development, Smart Growth, Environmental Justice, and Climate Resilience. The Applicant has satisfactorily evidenced to staff that the Project is consistent with the policy objectives represented by this scoring criteria.

Community Benefits Agreement:

For a Redevelopment Project whose total project cost equals or exceeds \$10 million, a community benefits agreement is required to be entered into by the Authority, chief executive of the municipality and the Applicant. The Applicant has provided a letter of support from the chief executive of the municipality acknowledging this requirement and affirming that the municipality shall proceed to negotiate a community benefits agreement in good faith with the developer and will execute the community benefits agreement within the time required.

Labor Harmony Agreement:

NJEDA shall not enter into an incentive award agreement for a Redevelopment Project that includes at least one retail establishment which will have more than 10 full-time employees, at least one distribution center that will have more than 20 full-time employees, or at least one hospitality establishment which will have more than 10 full-time employees, unless the incentive award agreement includes a precondition that any business that serves as the owner or operator of the retail establishment, distribution center, or hospitality establishment enters into a labor harmony agreement with a labor organization or cooperating labor organizations that represent retail or distribution center employees in the State. However, a labor harmony agreement shall be required only if the State has a proprietary interest in the Redevelopment Project and shall remain in effect for as long as the State acts as a market participant in the Redevelopment Project. This project does not have a State proprietary interest and therefore is not subject to this requirement.

Prevailing Wage Obligations:

For any project awarded Aspire tax credits all workers employed to perform construction work or building services work at the Redevelopment Project shall be paid prevailing wages, which continue through the end of the Eligibility Period. The Applicant has acknowledged this requirement and that in any year where this is found not to be the case, the Applicant shall forfeit the tax credit for that year.

Substantial Good Standing/Subcontractor and Contractor Requirements:

For the duration of the Eligibility Period, the developer must be in substantial good standing (or have entered into an agreement) with the Department of Labor and Workforce Development, Environmental Protection, and the Treasury for any project awarded Aspire tax credits and that each contractor and subcontractor performing work at the Redevelopment Project: is registered as required by the Public Works Contractor Registration Act, has not been debarred by the Department of Labor and Workforce Development from engaging in or bidding on Public Works Contracts in the State, and possesses a tax clearance certificate issued by the Division of Taxation in the Department of the Treasury.

Availability of Emerge/Aspire Resources

At the time of this recommendation, there are \$1,493,406,644 in unallocated tax credit resources available to Aspire projects located in the southern-most counties in the State for the fiscal year.

Recommendation

Authority staff has reviewed the application for Washington Township LIHTC, LLC and finds that it satisfies the eligibility requirements of the Former Act and Former Rules. It is recommended that the Members approve and authorize the Authority to execute an incentive award agreement. The tax credit award would be credited against the total available South Jersey award authority.

Issuance of the Aspire tax credits are contingent upon the Applicant submitting documentation evidencing project financing and planning approvals with respect to the Project within the time required in the Former Rules (one year after approval), which includes:

1. Financing commitments for all funding sources for the Project consistent with the information provided by the Applicant to the Authority for the Aspire tax credit;
2. Evidence of site control and site plan approval for the Project; and
3. Copies of all required State and federal government permits for the Project and copies of all local planning and zoning board approvals that are required for the Project.

Additionally, Applicant must submit an executed Community Benefits Agreement consistent with all of the requirements included in the Former Rules within six months after approval.

The recommendation is approval of an award of up to 47.59% of the total project cost, not to exceed the lesser of \$12,034,818 and 90% of the total project costs minus the actual Low Income Housing Tax Credit allocation, in Aspire tax credits based upon the financing gap illustrated by the Project's actual capital stack at time of commitment.



Tim Sullivan, CEO



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: October 12, 2023

SUBJECT: Fourth Round Clean Energy Memorandum of Understandings (MOUs) - New Jersey Economic Development Authority (NJEDA) and New Jersey Board of Public Utilities (NJBPU) and the New Jersey Economic Development Authority (NJEDA) and New Jersey Commission on Science, Innovation and Technology (NJCSIT)

SUMMARY

The Members are requested to approve two Memoranda of Understanding (MOUs):

- i. An MOU between the New Jersey Economic Development Authority (NJEDA) and the New Jersey Board of Public Utilities (NJBPU) (“2023 BPU MOU”) to provide \$6,000,000 of NJBPU funding to execute programs that strengthen the State’s Clean Energy and Clean Tech Ecosystem and encourage the continued development and growth of the green workforce and economy focusing on innovation;
- ii. An MOU between the NJEDA and the New Jersey Commission on Science Innovation and Technology (NJCSIT) (“Fourth NJCSIT MOU”) to allocate funding of \$5,820,000 to NJCSIT to deploy a fourth and expanded phase of the Clean Tech Programs.

BACKGROUND ON THE EXISTING MOUs

In September 2020, the NJEDA Board approved an MOU with the NJBPU (the “2020 BPU MOU”) which enabled the NJBPU to provide one million two hundred and fifty thousand (\$1,250,000) dollars in funding to the NJEDA to support early-stage, New Jersey-based clean tech companies. Given the early-stage nature of this ecosystem building activity and alignment with the role of NJCSIT, NJEDA executed this program in conjunction with the NJCSIT. In June 2021, NJEDA and NJCSIT entered into an MOU (the “First NJCSIT MOU”) to allocate one million one hundred eighty-seven thousand five hundred (\$1,187,500) dollars of the funding to NJCSIT to support the development and operation of a Clean Tech Seed Grant Program and a Clean Tech R&D Voucher Program. A five percent (5%) balance of the one million two hundred and fifty thousand (\$1,250,000) dollars was retained by NJEDA to cover administrative, personnel, and overhead costs of running the programs pursuant to the terms of the 2020 BPU MOU.

In July 2021, the NJEDA Board approved an MOU with the NJBPU which enabled the NJBPU to provide two million five hundred thousand (\$2,500,000) dollars in funding to NJEDA to launch a second round of the Clean Tech Seed Grant Program and second expanded the Clean Tech R&D Voucher Program (the “2021 BPU MOU”). Additionally, in January 2022, the NJEDA and NJCSIT entered into an MOU, which allocated two million three hundred seventy-five thousand (\$2,375,000) dollars of the NJBPU funding to NJCSIT to deploy these two programs (the “Second NJCSIT MOU”). A five percent (5%)

balance of the two million five hundred thousand (\$2,500,000) dollars was retained by NJEDA to cover administrative, personnel, and overhead costs of running the programs pursuant to the 2021 BPU MOU.

In October 2022, the BPU Board, and the NJ EDA Board, entered into the third NJBPU MOU (“2022 BPU MOU”) which allocated additional funding of \$3,600,000 for support of the executed programs that strengthen the State’s Clean Energy and Clean Tech Ecosystem and to encourage the continued development and growth of the green workforce and economy focusing on innovation (“2022 BPU Funds”).

Additionally, in November 2022, the NJEDA and NJCSIT entered into a Memorandum of Understanding (“Third NJCSIT MOU”) in which NJEDA provided \$ 3,420,000 of 2022 BPU Funds to CSIT (“Third NJCSIT MOU”). This MOU also reflects NJBPU allowing NJEDA to carry over \$847,659 from the 2021 BPU Funds (“Carryover BPU Funds”), thus allowing NJCSIT to use 2022 funds and carry over from 2021 funds in a manner consistent with the 2022 BPU MOU.

SUMMARY OF CLEAN TECH PROGRAMS

Utilizing the funding provided in the First NJCSIT MOU, NJCSIT launched a first round of the Clean Tech programs:

- i. **Clean Tech Seed Grant Program** provided grants of up to \$75,000 to support R&D projects that reduce or mitigate greenhouse emissions for early-stage, NJ-based clean tech companies
 - Round 1 Clean Tech Seed Grant Program awarded \$748,000 in funding to ten early-stage NJ based clean tech companies
- ii. **Clean Tech R&D Voucher program** subsidized the cost of access to participating New Jersey facilities and makerspaces, for New Jersey-based companies to access equipment, labs, and facilities for clean energy/clean technological research and development
 - Round 1 Clean Tech R&D Voucher Program awarded vouchers totaling \$108,162 to nine early-stage NJ based clean tech companies

Utilizing the funding provided in the Second NJCSIT MOU, NJCSIT launched second rounds of the Clean Tech Seed Grant Program and Clean Tech R&D Voucher Program with an expanded scope.

- i. **Round 2 Clean Tech Seed Grant Program**, provided grants of up to \$75,000 to support R&D projects that reduce or mitigate greenhouse emissions for early-stage, NJ-based clean tech companies
 - Round 2 Clean Tech Seed Grant Program awarded \$ 1,258,965 in funding to seventeen early-stage NJ based clean tech companies
- ii. **Round 2 Clean Tech R&D Voucher Program**, has a budget of \$875,000 for voucher awards. Applications opened on May 2, 2022 and will be approved on a rolling basis. Eligible applicants can receive vouchers up to \$25,000. As of June 30, 2023, seventeen Round 2 Clean Tech R&D Vouchers have been approved, totaling \$425,000.

Utilizing the funding provided in the Third NJCSIT MOU, NJCSIT launched a new Clean Tech Pilot Demonstration Grant Program and continued the Round 2 of the R&D Voucher Program which operates on a rolling basis.

- i. **Round 1 Clean Tech Pilot Demonstration Grant Program**, provides grants of up to \$250,000 to support early stage clean tech / clean energy companies to enable demonstration of their technologies in pilot settings. In May 2023, fifteen awards were approved totaling \$3,750,000. Roll over funds of \$330,000 from the Second NJCSIT MOU were added to the Third MOU funds to bring the funding to \$375,000 and support fifteen applications.

ii. **Continuation of Round 2 of the Clean Tech R&D Voucher Program**

Applications opened on May 2, 2022 and will be approved on a rolling basis. Eligible applicants can receive vouchers up to \$25,000. As of June 30, 2023, seventeen Round 2 Clean Tech R&D Vouchers have been approved, totaling \$425,000.

PURPOSE OF MOU

The 2023 BPU MOU and Fourth NJCSIT MOU will continue to provide funding for NJEDA and NJCSIT’s work in supporting early-stage, New Jersey-based cleantech companies. The funds, including rolled over funds from the 2022 NJCSIT MOU, wherein NJBPU allowed NJEDA to carry over \$294,508 from the 2022 BPU Funds (“Carryover BPU Funds”) will be utilized to support the Clean Tech Programs, that include, but are not limited to the following:

- Clean Tech Seed Grant programs, aimed at helping New Jersey based early-stage clean tech/clean energy companies accelerate development and innovation of clean technologies to transform new discoveries from research stage into commercially viable technologies, leading to industry and investor interest. *(estimated budget is \$1,350,000)*
- Clean Tech R&D Voucher Programs, intended to support early-stage clean tech/clean energy companies in NJ to access core facilities, equipment and makerspaces at any participating NJ university facilities or government labs for clean energy/clean technological research and development. *(estimated budget is \$1,000,000)*
- The launch of the Clean Tech Pilot Demonstration Program to support early-stage clean tech/clean energy companies in NJ to accelerate commercialization and deployment of innovative clean energy technologies, by providing funding for pilot demonstration projects to test and validate technological performance and de-risk the commercialization process. *(estimated budget is \$3,750,000)*

NJEDA will transfer funding in the amount of \$5,820,000 to NJCSIT to implement the Clean Tech Programs and provide input on the program design and administration which will be subject to the NJCSIT Board approval. The Fourth NJCSIT MOU and 2023 BPU MOU provide for the NJEDA utilizing up to three percent (3%) of the funding, or \$180,000, to support the administrative, personnel, and overhead costs of running the programs jointly with NJCSIT. This will be a one-time cost and not an annual charge.

The estimated budgets above are indicative and not final. NJCSIT, in consultation with NJEDA and NJBPU, has the ability to re-allocate funding between the Clean Tech Programs based on anticipated Program demand. The BPU MOU includes requirements for NJEDA staff to engage and update the NJBPU staff quarterly to provide an update on the status of these programs and initiatives. The NJCSIT MOU includes requirements for NJCSIT staff to regularly engage and update NJEDA staff on the status of these programs and initiatives.

Please be advised, this memo is presented to the Authority’s Board for approval prior to the submission to the NJ BPU board, on October 26th, in order to secure program funds.

RECOMMENDATION

The Members are requested to enter into two Memoranda of Understanding (MOUs):

- i. An MOU between the New Jersey Economic Development Authority (NJEDA) and the New Jersey Board of Public Utilities (NJBPU) (“2023 BPU MOU”) to provide \$6,000,000 in funding to execute programs that strengthen the State’s Clean Energy and Clean Tech Ecosystem and encourage the continued development and growth of the green workforce and economy focusing on innovation;

- ii. An MOU between the NJEDA and the New Jersey Commission on Science Innovation and Technology (NJCSIT) (“Fourth NJCSIT MOU”) to allocate funding of \$5,820,000 to NJCSIT to deploy a fourth and expanded phase of the Clean Tech Programs.



Tim Sullivan, CEO

Prepared by: Olivia Barone

Attachments:

- Exhibit A –Memorandum of Understanding between NJBPU and NJEDA
- Exhibit B –Memorandum of Understanding between NJEDA and NJCSIT

**CLEAN ENERGY AND CLEAN TECH
INNOVATION**

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE NEW JERSEY ECONOMIC DEVELOPMENT
AUTHORITY AND THE NEW JERSEY BOARD OF PUBLIC
UTILITIES**

THIS MEMORANDUM OF UNDERSTANDING (“MOU”) is made as of this 11th day of October 2023

THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY, with its principal office at 36 West State Street, Trenton, NJ 08625 (“NJEDA”); and

THE NEW JERSEY BOARD OF PUBLIC UTILITIES, with its principal office at 44 S. Clinton Ave., Trenton, New Jersey 08625 (“NJBPU”).

The NJEDA and the NJBPU are collectively referred to herein as the “Parties” with each individually referred to as a “Party.”

WHEREAS, the NJEDA is an independent State agency, in but not of the Department of Treasury, that serves as the State's principal agency for driving economic growth and is committed to making New Jersey a national model for inclusive and sustainable economic development by focusing on key strategies to help build strong and dynamic communities, create good jobs for New Jersey residents, and provide pathways to a stronger and fairer economy; and

WHEREAS, the NJBPU is the State agency with authority to provide general supervision, regulation, jurisdiction, and control over public utilities in the State, including electric utilities and their rates and service. The law requires the NJBPU to ensure safe, adequate, and proper utility services at reasonable rates for customers in New Jersey; and through the NJBPU Division of Clean Energy (“DCE”), promotes energy efficiency programs and the development of clean, renewable sources of energy including solar, wind, geothermal, combined heat and power (“CHP”) and sustainable biomass. The goal of the DCE is to lower energy costs, reduce demand for electricity, emit fewer pollutants into the air and create jobs. Through its programs, the DCE offers education, outreach and financial incentives to residential, commercial businesses and industry, schools and governmental customers; and

WHEREAS, N.J.S.A. 52:14-1 et seq. authorizes state agencies to enter into agreements to provide assistance to each other; and

WHEREAS, Governor Murphy released the state's 2019 Energy Master Plan on January 27, 2020 (the “2019 Energy Master Plan”), which set a goal of 100 percent clean energy by 2050 and outlined a strategy to expand the Clean Energy Innovation Economy in New Jersey through workforce training, investments in developing clean energy knowledge, and the growth of world-class research and development; and

WHEREAS, the 2019 Energy Master Plan recognizes that supporting clean energy and clean tech innovation aligns with two of the Governor Murphy Administration's top priorities of:

- i. Ensuring that New Jersey achieves 100% carbon free electricity and an 80% carbon footprint reduction by 2050, while simultaneously addressing long-standing environmental

- justice issues; and
- ii. Restoring New Jersey's leadership as the most diverse and inclusive innovation ecosystem in the United States (“New Jersey's Clean Energy and Clean Tech Ecosystem”); and

WHEREAS, the NJEDA and NJBPU have a history of partnering with each other in the furtherance of clean energy and clean tech innovation; and

WHEREAS, the Parties agree that this MOU will advance implementation of the statewide 2019 Energy Master Plan; and

WHEREAS, the NJEDA has existing Memoranda of Understanding related to entrepreneurial program development and execution with the New Jersey Commission on Science, Innovation, and Technology (“NJCSIT”), an independent commission, in but not of Treasury, that focus on supporting early stage entrepreneurship and innovation ecosystem building within the State; and

WHEREAS, on September 9, 2020, the NJEDA and NJBPU executed an MOU which enabled the NJBPU to provide \$1,250,000 in funding to the NJEDA to support early-stage, New Jersey-based clean tech companies wherein NJEDA, in collaboration with NJCSIT, utilized these funds to launch two Clean Tech Programs: (i) a clean tech seed grant program (“Clean Tech Seed Grant Program”) and (ii) a clean tech R&D asset mapping and voucher program (“Clean Tech R&D Voucher Program”).

WHEREAS, on July 14, 2021, the NJEDA and NJBPU entered into an MOU which enabled the NJBPU to provide \$2,500,000 in funding to the NJEDA to support early-stage, New Jersey-based clean tech companies wherein NJEDA, in collaboration with NJCSIT, utilized these funds to launch a second round of both the Clean Tech Seed Grant Program and the Clean Tech R&D Voucher Program.

WHEREAS, on October 27, 2022, the NJEDA and NJBPU entered into an MOU (the “2022 BPU MOU”) for \$3,600,000 in Clean Energy funding (the “2022 BPU Funds”) to execute the third round of the Clean Tech Seed Grant Program and continue the Clean Tech R&D Voucher Program(which operates on a rolling basis), and to launch a new clean tech pilot demonstration program, focusing on supporting early-stage clean tech/clean energy companies in New Jersey to accelerate commercialization and deployment of innovative clean energy technologies, validate technological performance, and de-risk the commercialization process (“Clean Tech Pilot Demonstration Program,” and collectively with the Clean Tech Seed Grant Program and the Clean Tech R&D Voucher Program, the “Clean Tech Programs”) that strengthen New Jersey's Clean Energy and Clean Tech Ecosystem and encourage the continued development and growth of the green workforce and economy focusing on innovation; and

WHEREAS, the NJBPU has agreed to provide the NJEDA with \$6,000,000 in Clean Energy funding (the “2023 BPU Funds” or the “New BPU Funds”) to execute additional rounds of the Clean Tech Programs. The Clean Tech Pilot Demonstration Program funded with 2022 BPU Funds was significantly oversubscribed. NJBPU staff, NJEDA staff and NJCSIT staff agreed to delay launching the third round of the Clean Tech Seed Grant Program in order to fund additional Clean Tech Pilot Demonstration Program projects. The Clean Tech

R&D Voucher Program operates on a rolling basis and \$500,000 in additional funds were added to the program in January 2023 from the 2022 BPU funds. It is anticipated that with the 2023 BPU Funds, the following programs will be launched: third round of the Clean Tech Seed Grant Program; second round of the Clean Tech Pilot Demonstration Program; and third round of the Clean Tech R&D Voucher Program with a higher cap of \$40,000 per award. The previous voucher cap was \$25K and it has been raised based on the requirements of the companies to utilize consulting support from the core facilities. This aligns the Clean Tech R&D Voucher program with the CSIT Catalyst R&D Voucher Program for non Clean Tech projects. ; and

WHEREAS, the NJBPU has agreed to allow the NJEDA to carry over \$294,508¹ from the 2022 BPU MOU (“the Carryover BPU Funds”).

NOW, THEREFORE, it is agreed between NJEDA and NJBPU:

1. **DUTIES OF THE PARTIES:** To achieve the goals of this MOU, the Parties hereby agree as follows:
 1. NJBPU will provide to NJEDA funding in the amount of six million (\$6,000,000) dollars, constituting the 2023 BPU Funds, within 45 days of the execution of this MOU.
 2. NJEDA will transfer the Carryover BPU Funds and \$5,820,000 from the 2023 BPU Funds (collectively the “Funds”) to the NJCSIT to support the growth and development of New Jersey’s Clean Energy and Clean Tech Ecosystem. The Funds will be utilized for Clean Tech Programs related to, but not limited to the following:
 - Third round of the Clean Tech Seed Grant Program to help New Jersey-based early-stage clean tech/clean energy companies accelerate development and innovation of clean technologies to transform new discoveries from the research stage into commercially viable technologies, leading to industry and investor interest.
 - Third round of the Clean Tech R&D Voucher Program to help early-stage clean tech/clean energy companies in New Jersey to access core facilities, equipment, and makerspaces at participating New Jersey university/college or federal laboratory or other facility for clean energy/clean technological research and development.
 - Second round of the Clean Tech Pilot Demonstration Program to support early- stage clean tech/clean energy companies in New Jersey to accelerate commercialization and deployment of innovative clean energy technologies, by providing funding for pilot demonstration projects to test and validate technological performance and de-risk the

¹ The NJEDA determined this amount on August 1, 2023.

commercialization process.

3. NJEDA has not proposed permanent parameters or specifications for all of the Clean Tech Programs and may allocate the Funds among the Clean Tech Programs, with the exception of the Administration Fee as detailed in Section 3 (“Administration Fee”) below. If NJEDA does not pursue one or more of the Clean Tech Programs, NJEDA shall notify the NJBPU no later than 30 days after such determination and shall include such determination in the upcoming NJEDA Staff Report (defined in Attachment A herein). NJEDA may propose amendments to this MOU regarding this modification to the original set of Clean Tech Programs. The NJBPU may also propose amendments to the Clean Tech Programs.
 4. NJEDA may, in its discretion, undertake the Clean Tech Programs with the assistance of consultants or contractors retained by NJEDA, and NJEDA shall notify NJBPU within 10 days of retaining a consultant or contractor.
 5. NJEDA staff will provide a formal, verbal update to and seek input from NJBPU staff (each, an “Update,” and collectively, the “Updates”) as needed, but at least on a quarterly basis, regarding the status of NJEDA's work plan, development progress, and the drafting of Clean Tech Program documents. These documents include, but are not limited to, solicitations, request for qualifications/proposals, guidelines/specifications, working group scope, and seminar materials regarding the Clean Tech Programs. NJEDA shall timely provide these Updates separately from the quarterly updates described in Section 1 (f) (“Duties of the Parties”) herein. NJEDA shall provide the first Update to NJBPU staff within 90 days of this MOU's effective date and shall include financial estimates for uses of the 2023 BPU Funds. An “Update” shall not include additional check-in meetings that NJEDA and NJBPU may hold from time to time, at their discretion.
 6. NJEDA will provide quarterly written NJEDA Staff Reports defined in Attachment A that shall include, but not be limited to, the progress of each of the Clean Tech Programs; Clean Tech Programs that are completed; any issues encountered and their resolution or proposed resolution; committed and paid expenditures to date; and plans for the next quarter.
2. **TERM:** This MOU shall become effective as of the date first set forth above. This MOU, unless terminated sooner as set forth in Section 9 (“Termination”) herein, shall remain in effect until the earlier of (i) five (5) years from this MOU's effective date, or (ii) until the Funds are fully expended. The term of this MOU may be extended only by prior written agreement by the Parties.
 3. **ADMINISTRATION FEE:** NJEDA may utilize up to 3% of the Funds to support the administrative, personnel, and overhead costs of running the programs. This will be a one-time cost utilizing the Funds and not an ongoing obligation.

4. **SUBJECT TO THE AVAILABILITY OF FUNDING:** The Funds that NJBPU will provide under this MOU are subject to appropriations and the availability of funds. NJEDA hereby acknowledges that this may impact the originally contemplated amount of the Funds that NJBPU may provide to NJEDA under this MOU.
5. **THIRD-PARTY BENEFICIARIES:** This MOU shall not create in any individual or entity the status of a third-party beneficiary and nothing in this MOU shall be construed to create such status. The rights, duties, and obligations contained herein shall operate only between the Parties and shall inure solely to the benefit of the Parties. The provisions of this MOU are intended only to assist the Parties in determining and performing the obligations set forth herein.
6. **ASSIGNMENT:** This MOU shall not be assignable, except for the NJEDA's ability to partner and/or assign their responsibilities to NJCSIT, but shall bind and inure to the benefit of the Parties hereto and their respective successors.
7. **DISPUTES:** If there are any disputes among the Parties concerning this MOU, the President of NJBPU and the CEO of NJEDA, or their authorized representatives, shall confer to resolve the dispute.
8. **AMENDMENT:** This MOU, including Attachment A and Attachment B (collectively, the "Attachments") may be amended, supplemented, changed, modified or altered only by mutual agreement of the Parties in a writing that shall be effective as of the date the Parties shall so stipulate. There shall be no limit to the number of times this MOU or each of the Attachments may be amended.
9. **TERMINATION:** Either Party may terminate this MOU upon 30 days' written notice to the other Party of such intention to terminate. Such termination request shall be permitted, with or without cause. In the event of termination, the Parties agree to conduct a final accounting within 60 days of the termination effective date. At the termination or expiration of the MOU, NJEDA will return any unused Funds remaining after all costs, direct or indirect, incurred by NJEDA under the terms of this MOU have been paid, or, alternatively, with written consent from NJBPU, rollover any uncommitted funds to future MOUs regarding the subject matter of this MOU.
10. **NOTICE:** All correspondence and notices to NJBPU regarding this MOU shall be addressed to the following person or his/her delegate or replacement:

Jim Ferris
Deputy Director, Division of
Clean Energy New Jersey
Board of Public Utilities
44 S. Clinton Avenue, Trenton, NJ 08625

Jim.Ferris@bpu.nj.gov

All correspondence and notices to NJEDA regarding this MOU shall be addressed to the following person or his/her delegate or replacement:

Kathleen Coviello
Chief Economic Transformation Officer
New Jersey Economic Development Authority
36 West State Street, PO Box 990, Trenton, NJ
08625 kcoviello@njeda.com

11. **ENTIRE AGREEMENT:** This MOU contains all the terms and conditions agreed upon by the Parties and supersedes all other negotiations, representations, and understandings of the Parties, oral or otherwise, regarding the subject matter of this MOU. This MOU represents the entire agreement between the Parties; all negotiations, oral agreements, and understandings that occurred prior to the date of this MOU are merged and incorporated by reference herein.

12. **COUNTERPARTS:** This MOU may be signed in counterparts, each which, when so executed and delivered, shall be deemed original, but such counterparts shall together constitute one and the same instrument.

[Remainder of Page Intentionally Left Blank]

AG Approved 10-10-2023

IN WITNESS WHEREOF, the Parties have caused this MOU to be signed by their duly authorized representatives or designees as of the day, month, and year first written above.

STATE OF NEW JERSEY
ECONOMIC DEVELOPMENT AUTHORITY
UTILITIES

STATE OF NEW JERSEY
BOARD OF PUBLIC

By: _____
Name:
Title:

By: _____
Name:
Title:

ATTACHMENT A

This Attachment A is hereby incorporated into the Memorandum of Understanding with respect to the Clean Energy and Clean Tech Innovation (“MOU”) between the New Jersey Board of Public Utilities (“NJBPU”) and the New Jersey Economic Development Authority (“NJEDA”) (collectively, the “Parties”), regarding the use and administration of the New BPU Funds as fully described in the MOU.

I. METHOD OF PAYMENT

The full amount of the New BPU Funds will be transferred to the NJEDA within 45 days of the execution of this MOU.

II. FINANCIAL AND PERFORMANCE REPORTING AND MOU MONITORING

A. Performance Reports

NJEDA staff who will provide oversight of the Clean Tech Programs shall provide a written report on the progress of the Clean Tech Projects (“NJEDA Staff Report”) at least quarterly to the NJBPU, beginning 90 days from the date of this MOU that shall include, but not be limited to, the progress of each of the Clean Tech Projects; Clean Tech Projects that are completed; any issues encountered and their resolution or proposed resolution; a financial expenditure report substantially in the form of Exhibit 1 hereto, utilizing the Excel form provided with this MOU; and plans for the next quarter. NJEDA staff shall submit NJEDA Staff Reports until the quarter following the expiration or termination of this MOU.

B. Meetings

NA

C. Monitoring Requirements

NA

III. MODIFICATIONS TO THE AGREEMENT

The MOU and any attachment thereto represent the entire Agreement between the Parties and may only be amended in accordance with Section 8 (“Amendment”) of the MOU.

IV. SPECIAL CONDITIONS

NA

V. MULTI-YEAR AGREEMENTS

The term of the MOU shall be as stated in Section 2 (“Term”) of the MOU.

FORM OF
FINANCIAL EXPENDITURE REPORT

[Please see attached]

ATTACHMENT B

This Attachment is hereby incorporated into the Memorandum of Understanding (“MOU”) between the New Jersey Board of Public Utilities (“NJBPU”) and the New Jersey Economic Development Authority (“NJEDA”) (collectively, the “Parties”), regarding the use and administration of the New BPU Funds as fully described in the MOU.

1. Term and Budget

This MOU shall become effective as of the date first set forth above. This MOU, unless terminated sooner, as set forth in Section 9 (“Termination”) herein, shall remain in effect until the earlier of (i) five (5) years from this MOU's effective date, or (ii) until the Funds are fully expended. The term of this MOU may be extended only by prior written agreement by the Parties in accordance with Section 2 (“Term”) herein.

NJBPU will provide the \$6,000,000 to NJEDA within 45 days of the execution of this MOU.

2. Reporting

NJEDA shall provide reports regarding the Funds in accordance with the provisions of the MOU, including those of Attachment A.

**BOARD of PUBLIC UTILITIES
MOU/MOA
COMPARISON OF ACTUAL TO BUDGET EXPENDITURES**

Vendor Name: _____
 Vendor ID #: _____
 Reporting Period: _____

Budget Categories:	Approved Budget	Q1 Expenses	Q2 Expenses	Q3 Expenses	Q4 Expenses	Cumulative Expenditures	Unexpended Balance
A. Personnel:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Salaries						0.00	0.00
Fringe Benefits						0.00	0.00
B. Consultants/Subcontractors:						0.00	0.00
C. Other Cost Categories:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(specify)						0.00	0.00
						0.00	0.00
						0.00	0.00
						0.00	0.00
						0.00	0.00
						0.00	0.00
Audit						0.00	0.00
Total Direct Cost	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less Program Income						0.00	0.00
Total Direct Cost Funded by BPU	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Indirect Cost						0.00	0.00
Total Costs Funded by BPU	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Fund Reconciliation:
 Cumulative expenditures to date: _____ **0.00**
 Funds received from BPU to date: _____
Amount requested with this report: _____ 0.00

GRANTEE ONLY:
Certification by Chief Financial Officer
 I certify the above expenditures for the period are accurate as stated and that all procurements for which payment is required have been made in accordance with the standards contained in this contract, and that each obligation for which an expenditure is listed arose during the work period.

Signature _____
 Name: _____
 Title: _____
 Date: _____

BPU ONLY:
 Grant/Fiscal Manager Signature: _____
 Name: _____
 Title: _____
 Date Received: _____
 Date Payment Processed: _____
 AO#: _____
 A1#: _____

CLEAN ENERGY AND CLEAN TECH
INNOVATION MEMORANDUM OF
UNDERSTANDING
BETWEEN THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
AND THE NEW JERSEY COMMISSION ON SCIENCE, INNOVATION AND
TECHNOLOGY

THIS MEMORANDUM OF UNDERSTANDING (“MOU”) is made this _____ day of _____ 2023 by and between the New Jersey Economic Development Authority (“NJEDA”) and the New Jersey Commission on Science, Innovation, and Technology (“NJCSIT”). The NJEDA and the NJCSIT are collectively referred to herein as the “Parties.”

WHEREAS, the NJEDA is an independent state agency, in but not of the Department of Treasury (“Treasury”), that serves as the state’s principal agency for driving economic growth and is committed to making New Jersey a national model for inclusive and sustainable economic development by focusing on key strategies to help build strong and dynamic communities, create good jobs for New Jersey residents, and provide pathways to a stronger and fairer economy; and

WHEREAS, P.L. 2018, c.91 re-established NJCSIT as an independent commission, in but not of Treasury, charging NJCSIT with responsibility for the development and oversight of policies and programs for science, innovation, and technology in New Jersey, among other duties and authorities; and

WHEREAS, N.J.S.A. 52:14-1 et seq. authorizes state agencies to enter into agreements to provide assistance to each other; and

WHEREAS, Governor Murphy released the State’s 2019 Energy Master Plan (the “2019 Energy Master Plan”) on January 27, 2020, which set a goal of 100 percent clean energy by 2050 and outlined a strategy to expand the Clean Energy Innovation Economy in New Jersey through workforce training, investments in developing clean energy knowledge, and the growth of world-class research and development; and

WHEREAS, the 2019 Energy Master Plan recognizes that supporting clean energy and clean tech innovation aligns with two of the Administration’s top priorities of:

- i. Ensuring that New Jersey achieves 100% carbon free electricity and an 80% carbon footprint reduction by 2050, while simultaneously addressing long-standing environmental justice issues; and
- ii. Restoring New Jersey’s leadership as the most diverse and inclusive innovation ecosystem in the United States (“New Jersey’s Clean Energy and Clean Tech Ecosystem”); and

WHEREAS, on September 9th, 2020, the NJEDA and New Jersey Board of Public Utilities (NJBPU) entered into a Memorandum of Understanding (“2020 BPU MOU”) in which NJBPU provided one million two hundred fifty thousand (\$1,250,000) dollars (“2020 BPU Funds”) in funding to the NJEDA to support early-stage, New Jersey-based clean tech companies; and

WHEREAS, on June 21st 2021, the NJEDA and NJCSIT entered into a Memorandum of

Understanding in which NJEDA provided \$1,187,500 of 2020 BPU Funds to NJCSIT to support early-stage, New Jersey-based clean tech companies (“First NJCSIT MOU”), consistent with the 2020 BPU MOU; and

WHEREAS, NJCSIT, in collaboration with NJEDA, established two pilot programs with the 2020 BPU Funds: (1) Clean Tech Seed Grant Program and (2) Clean Tech R&D Voucher Program; and

WHEREAS, on July 14th, 2021, the NJEDA and NJBPU entered into a Memorandum of Understanding (“2021 BPU MOU”) in which NJBPU provided two million five hundred thousand (\$2,500,000) dollars in funding (“2021 BPU Funds”) to NJEDA to execute the second phase of the Clean Tech Seed Grant Program and expand the scope of the Clean Tech R&D Voucher Program; and

WHEREAS, on January 3rd, 2022, the NJEDA and NJCSIT entered into a Memorandum of Understanding (“Second NJCSIT MOU”) in which NJEDA provided \$2,375,000 of 2021 BPU Funds to CSIT to execute the second phase of the Clean Tech Seed Grant Program and expand the scope of the Clean Tech R&D Voucher Program; and

WHEREAS, NJCSIT, in collaboration with NJEDA, utilized the 2021 BPU Funds to launch a second round of both the Clean Tech Seed Grant Program and Clean Tech R&D Voucher Program; and

WHEREAS, the NJPBU and the NJEDA entered into a Memorandum of Understanding on October 27, 2022 (“2022 BPU MOU”) wherein NJBPU allowed NJEDA to carry over \$847,659 from the 2021 BPU Funds (“Carryover BPU Funds”) and provided the NJEDA with \$3,600,000 in funding (“2022 BPU Funds”) to execute programs that strengthen the State’s Clean Energy and Clean Tech Ecosystem and encourage the continued development and growth of the green workforce and economy focusing on innovation; and

WHEREAS, NJCSIT, in collaboration with NJEDA, utilized the 2022 BPU Funds to launch additional phases of the Clean Tech Seed Grant Program and Clean Tech R&D Voucher Program, and to launch the Clean Tech Pilot Demonstration Program (together, “Clean Tech Programs”); and

WHEREAS, the NJPBU and the NJEDA entered into a Memorandum of Understanding on October 11, 2023 (“2023 BPU MOU”) wherein NJBPU allowed NJEDA to carry over \$294,508 from the 2022 BPU Funds (2022 “Carryover BPU Funds”) and provided the NJEDA with \$6,000,000 in funding (“2023 BPU Funds”) to execute programs that strengthen the State’s Clean Energy and Clean Tech Ecosystem and encourage the continued development and growth of the green workforce and economy focusing on innovation; and

WHEREAS, the NJEDA and CSIT have previously entered into several Memorandums of Understanding where NJEDA agrees to provide certain administrative services and general support of entrepreneurial program development and execution; and

WHEREAS, NJEDA has the technical expertise and capacity to support the NJCSIT’s activities and the NJEDA will provide office staff, office space, and support services to assist NJCSIT in carrying out the responsibilities identified in P.L. 2018, c.91 pursuant to the several executed MOUs; and

WHEREAS, the NJEDA now desires to provide \$5,820,000 of 2023 BPU Funds to NJCSIT to execute a third round of the Clean Tech Seed Grant Program, third round of the Clean Tech R&D Voucher Program and second round of the Clean Tech Pilot Demonstration Program that strengthen the State's Clean Energy and Clean Tech Ecosystem and encourage the continued development and growth of the green workforce and economy focusing on innovation;

NOW, THEREFORE, it is agreed between NJEDA and NJCSIT:

1. DUTIES OF THE PARTIES: To achieve the goals of this MOU, the Parties hereby agree as follows:
 - a. NJEDA will transfer \$5,820,000 from the 2023 BPU Funds to NJCSIT to accomplish the goals of the 2023 BPU MOU ("2023 NJCSIT Funds").
 - b. NJEDA will retain up to 3% of the 2023 BPU Funds, or \$180,000 consistent with the 2023 BPU MOU, for administrative, personnel and overhead costs.
 - c. NJEDA may separately bill NJCSIT for staff who are made available to NJCSIT on direct program support for the Clean Tech Programs, consistent with other MOUs between NJEDA and NJCSIT.
 - d. NJCSIT will use the 2023 NJCSIT Funds and 2022 Carryover BPU Funds already provided to NJCSIT (collectively the "Funds") in a manner consistent with the 2023 BPU MOU to support the growth and development of New Jersey's Clean Energy and Clean Tech Ecosystem. The Funds will be utilized for Clean Tech Program activities that include but are not limited to the following:
 - i. Clean Tech Seed Grant Programs to help New Jersey-based early-stage clean tech/clean energy companies accelerate development and innovation of clean technologies to transform new discoveries from research stage into commercially viable technologies, leading to industry and investor interest.
 - ii. Clean Tech R&D Voucher Programs to help early-stage clean tech/clean energy companies in NJ to access core facilities, equipment and makerspaces at participating NJ universities/colleges or federal laboratories/facilities for clean energy/clean technological research and development.
 - iii. Clean Tech Pilot Demonstration Program to support early-stage clean tech/clean energy companies in NJ to accelerate commercialization and deployment of innovative clean energy technologies, by providing funding for pilot demonstration projects to test and validate technological performance and de-risk the commercialization process.
 - e. NJCSIT has not proposed permanent parameters or specifications for all of the Clean Tech Programs and may reallocate the Funds among the programs. If NJCSIT chooses to not pursue one or more of the Clean Tech Programs, NJCSIT shall notify the NJEDA and NJBPU no later than 30 days after such determination and shall include such determination in the upcoming NJEDA Staff Report (defined in the 2023 BPU MOU), and NJCSIT may propose amendments to the 2023 BPU MOU regarding this modification to the original set of Clean Tech Programs. The NJBPU may also propose amendments to the Clean Tech Program.
 - f. NJCSIT may undertake the Clean Tech Programs with the assistance of consultants or contractors retained by NJCSIT, and NJCSIT shall notify

- NJEDA and NJBPU within 10 days of retaining a consultant or contractor.
- g. NJCSIT staff will provide a formal update to and seek input from NJEDA and NJBPU staff (each, an “Update,” and collectively, the “Updates”) as needed, but at least on a quarterly basis, regarding the status of NJCSIT’s work plan, development progress, and the drafting of Clean Tech Program documents. These documents include, but are not limited to, solicitations, request for qualifications/proposals, guidelines/specifications, working group scope, and seminar materials regarding the Clean Tech Programs. NJCSIT shall timely provide these Updates separately from the quarterly updates described in Section 1f of the 2023 BPU MOU. NJCSIT shall provide the first Update to NJEDA and NJBPU staff within 90 days of the 2023 BPU MOU’s effective date and shall include financial estimates for uses of the Funds. For the avoidance of doubt, an “Update” shall not include additional check-in meetings that NJCSIT, NJEDA, and NJBPU may hold from time to time, at their discretion.
 - h. NJCSIT will provide to NJEDA and NJBPU quarterly updates on the use of funds defined in Attachment A of the 2023 BPU MOU that shall include, but not be limited to, the progress of each of the Clean Tech Programs that are completed; any issues encountered and their resolution or proposed resolution; committed and paid expenditures to date; and plans for the next quarter.
 - i. NJCSIT with written consent from NJEDA and NJBPU can rollover any uncommitted Funds to future Clean Tech and Clean Energy Programs or other programs that support clean technology goals.
2. **TERM:** This MOU shall become effective as of the date first set forth above. This MOU, unless terminated sooner as set forth in Paragraph 7 (“Termination”) herein, shall remain in effect until the earlier of (i) five (5) years from this MOU's effective date, or (ii) until the Funds are fully expended. The term of this MOU may be extended only by prior written agreement by the Parties.
 3. **SUBJECT TO THE AVAILABILITY OF FUNDING:** The funding that NJEDA will provide under this MOU is subject to appropriations and the availability of funds from NJBPU.
 4. **THIRD-PARTY BENEFICIARIES:** This MOU shall not create in any individual or entity the status of a third-party beneficiary and nothing in this MOU shall be construed to create such status. The rights, duties, and obligations contained herein shall operate only between the Parties and shall inure solely to the benefit of the Parties. The provisions of this MOU are intended only to assist the Parties in determining and performing the obligations set forth herein.
 5. **DISPUTE:** If there are any disputes among the Parties concerning this MOU, the Chair of NJCSIT and the CEO of NJEDA, or their authorized representatives, shall confer to resolve the dispute.
 6. **AMENDMENT:** This MOU represents the entire and integrated agreement between the Parties. This MOU may be amended, supplemented, changed, modified or altered only by mutual agreement of the Parties in writing.
 7. **TERMINATION:** Either Party may terminate this MOU upon 30 days' written notice to the other Party of such intention to terminate. Such termination request shall be permitted, with or without cause. In the event of termination, the Parties

agree to conduct a final accounting within 60 days of the termination effective date. At the termination or expiration of the MOU, NJEDA will return any unused Funds remaining after all costs, direct or indirect, incurred by NJEDA or NJCSIT under the terms of this MOU have been paid, or, alternatively, with written consent from NJBPU, rollover any uncommitted funds to future MOUs regarding the subject matter of this

- 8. NOTICE: All correspondence and notices to NJCSIT regarding this MOU shall be addressed to the following person or his/her delegate or replacement:

Judith Sheft Executive Director
New Jersey Commission on Science, Innovation and
Technology 36 West State Street, PO Box 990, Trenton,
NJ 08625

All correspondence and notices to NJEDA regarding this MOU shall be addressed to the following person or his/her delegate or replacement:

Kathleen Coviello
Chief Economic Transformation Officer
New Jersey Economic Development Authority
36 West State Street, PO Box 990, Trenton, NJ 08625

- 9. This MOU is being entered into for the sole purpose of evidencing the mutual understanding and intention of the Parties.

IN WITNESS WHEREOF, the Parties have caused this MOU to be signed by their duly authorized representatives or designees to be hereunto affixed the day, month, and year first written above.

For the Economic Development Authority: For the Commission on Science,
Innovation and Technology:

Tim Sullivan
Chief Executive Officer

Judith Sheft
Executive Director

DATE

DATE

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: October 12th, 2023

RE: Memorandum of Understanding with NJDEP for RGGI-Funded Public Transportation Project

Summary

The purpose of this memorandum is to seek approval from the Board for a Memorandum of Understanding (MOU) with New Jersey Department of Environmental Protection (“NJDEP”) (Exhibit 1). This MOU would provide for the NJEDA’s transfer of \$46 million in Regional Greenhouse Gas Initiative (“RGGI”) funds from its 2020-2022 allocation to NJDEP to fund NJDEP’s Diesel Modernization Program (“DMP”), which is currently oversubscribed, and set forth the terms of NJEDA’s and NJDEP’s ongoing cooperation concerning the transfer of funds and administration of the DMP. The NJEDA’s funding of the DMP will assist the Authority in meeting its obligations under the Global Warming Response Act (“Act”), the Rules promulgated thereunder (“Rules”) and the 2020-2022 Strategic Funding Plan (“Plan”) to both disburse RGGI funds and foster a zero-emission vehicle ecosystem for New Jersey businesses and communities.

Background: The Regional Greenhouse Gas Initiative & Zero Emission Transportation

RGGI is a multi-state, market-based program that establishes a regional cap on carbon dioxide (CO₂) emissions from the electric power generation sector allowing for auctioning of emissions rights, traditionally referred to as a “cap-and-trade” program. RGGI is a cooperative effort among nine states in the New England and Mid-Atlantic region to reduce greenhouse gas emissions through the operation of a carbon dioxide budget trading program. New Jersey was an original member of RGGI at the time of its creation in 2005. New Jersey withdrew from RGGI effective January 1, 2012. On January 29, 2018, Governor Murphy signed Executive Order 7 (EO7), instructing state government agencies to return New Jersey to full participation in RGGI as quickly as possible.

Through its participation, New Jersey has received funding that totaled \$372 million from 2020-2022. More than \$100 million from auction proceeds was dedicated across the state during that time. The Plan is reviewed every three years and updated to ensure that investments are aligned across agencies to meet the Murphy Administration’s clean energy and greenhouse gas reduction goals. Pursuant to the 2020-2022 Plan released in April 2020, the State deployed those funds among four initiative categories: 1) Catalyze Clean, Equitable Transportation; 2) Promote Blue Carbon in Coastal Habitats; 3) Enhance Forests and Urban Forests; and 4) Create a New Jersey Green Bank. Programs and projects within these initiatives must demonstrate net emission reductions and economic co-benefits.

New Jersey's RGGI funds allocation is governed by the Act, N.J.S.A. 26:2C-45 et seq. and the Rules promulgated thereunder at N.J.A.C. 7:27D-1 et seq. Pursuant to N.J.S.A. 26:2C-51 three state agencies (NJEDA, NJDEP, and the New Jersey Board of Public Utilities (NJBPU)) are allocated RGGI proceeds as follows: NJEDA receives 60 percent to provide grants and other forms of financial assistance to commercial, institutional, and industrial entities to support end-use energy efficiency projects and new, efficient electric generation facilities; NJBPU receives 20 percent to support programs that are designed to reduce electricity demand or costs to electricity customers in the low-income and moderate-income residential sectors; and NJDEP receives 10 percent to support programs designed to promote local government efforts to plan, develop and implement measures to reduce greenhouse gas emissions and 10% to support programs that enhance the stewardship and restoration of the State's forests and tidal marshes.

Transportation accounts for 42 percent of greenhouse gas emissions in the State, more than twice that of the second largest source, electricity generation (18 percent). Fossil fuel-powered transportation is also the leading source of air pollutants. Further, although medium and heavy-duty vehicles ("MHDVs"), Class 2b – Class 8 inclusive, represent fewer than 20 percent of the vehicles on the road, they contribute the majority of New Jersey's transport-sector emissions. Transitioning to zero-emission MHDVs is necessary to reduce these societal costs and to advance environmental justice; specifically the health and quality of life outcomes for communities disproportionately impacted by pollutants. This transition aligns with the legislative findings and declarations set forth in the Act, which states that it is in the public interest to limit the level of statewide greenhouse gas emissions to 80 percent below the 2006 level by the year 2050 (N.J.S.A. 26:2C-38) and at the same time can increase the transportation sector's contribution to the goal of making New Jersey's economy both stronger and fairer.

As such, alongside NJBPU and NJDEP, a substantial majority of NJEDA's RGGI funding supports the deployment of zero emission MHDVs, with a focus in and around communities disproportionately impacted by emissions, with two successful phases of a pilot program called NJ ZIP, the New Jersey Zero-emission Incentive Program. Launched in April 2021, NJ ZIP established a first-come, first-served voucher-style program to reduce the upfront cost to purchase zero-emission vehicles for eligible applicants, with a focus on the adoption and use of zero-emission medium-duty and heavy-duty vehicles. In July 2022, the Board approved a second phase of the NJ ZIP pilot, with a voucher pool of \$45M. While the overarching structure of the pilot remained unchanged, the second phase of this pilot included two major eligibility changes from the first phase – to expand eligibility to include heavy-duty vehicle classes and to Purchaser Applicants statewide – and provides updated support structures for pilot participants, including the development of a technical assistance mechanism.

NJ DEP Diesel Moderation Program

The [Diesel Modernization Program](#) is a voluntary grant reimbursement program run by the Bureau of Mobile Sources within the NJDEP that provides funding for vehicle and equipment owners to implement measures to reduce greenhouse gas and criteria pollutant emissions utilizing State and Federal funds. It encompasses marine engines and non-road diesel vehicles, ranging from ferries to construction equipment. Additionally, the program collaborates with municipalities and private entities to transition on-road diesel vehicles, such as school buses and garbage trucks, to electric alternatives. The program has prioritized projects operating in and around overburdened areas in the state since launching over 15 years ago.

If approved, the \$46 million will fund the approximate incremental cost between new electric equipment/vehicles compared to new diesel equipment/vehicles, as well as the cost of electric vehicle charging stations for those vehicles. Specifically, the funds will support the purchase of electric vehicles, including but not limited to school buses, garbage and dump trucks, shuttle and transit buses, and forklifts and the charging stations required for such vehicles.

MOU

The NJDEP's DPM is currently oversubscribed and while the proposed MOU will allow NJEDA to transfer existing funding already statutorily available to the NJEDA in the Global Warming Solutions Fund to the DPM, it will further assist the NJEDA in satisfying its obligations under the Act, Rules and Plan. The DPM's program specs and eligibility criteria satisfy the NJEDA's criteria for eligible uses of its RGGI funding and NJDEP will ensure that all DPM applicants satisfy NJEDA's RGGI eligibility requirements. The funding provided through the MOU will allow NJDEP to fund the DPM's backlog and may also be used to fund new applicants if the funding from NJEDA results in a surplus.

The NJDEP will be solely responsible for administering the DPM as it normally has done in the past including reviewing and approving all DPM applicants and administering all agreements. The NJDEP will report to NJEDA on a quarterly basis on the status of the funds by providing a list of grantees, amount of awards, vehicle types and classes and any other information required by NJEDA so that it can confirm the funds are being used consistent with its allowable RGGI activities. In addition, NJDEP will report on the net emission reductions and economic co-benefits resulting from the use of NJEDA's funds, once the vehicles are delivered, and the old vehicles are decommissioned.

The term of the MOU will be from its effective date until all of the transferred funds have been encumbered but will terminate no later than June 30, 2026.

Funding Uses

In line with NJEDA's allowable activities under the RGGI, the NJDEP will invest a total of \$70 million (\$46 million from NJEDA and \$24 million from NJBPU) to fund the purchase of electric vehicles, including but not limited to school buses, garbage and dump trucks, shuttle and transit buses, and forklifts, mostly operating in overburdened communities across the state. The funds transferred by NJEDA will only be used to fund the DPM.

This funding builds on the more than \$240 million awarded statewide by NJEDA, NJDEP, and NJBPU since 2019 for nearly 3,000 electric vehicle charging stations, 700 electric trucks and buses, and 12,000 electric passenger vehicles.

The NJDEP's Bureau of Mobile Sources, which administers the DPM, protects public health and the environment by reducing air pollution from motor vehicles, engines, and the fuels used to operate them, and by encouraging travel choices that minimize emissions. Supporting the DPM will have a significant and positive impact on emissions reductions in overburdened communities and the transfer of the funds to the NJDEP to support the DPM is the most effective and best way for the NJEDA to further its obligations under the Act, Rules and Plan.

Recommendation

Staff recommends the Members approve the execution of a MOU with NJDEP transferring \$46 million in NJEDA RGGI funds to NJDEP to fund NJDEP's DMP to help the Authority satisfy its obligations under the Act, Rules and Plan.



Tim Sullivan, CEO

Submitted by:

Olivia Barone, Sr. Project Officer

Attachments:

- Exhibit A –Memorandum of Understanding between NJDEP and NJ EDA

**MEMORANDUM OF
UNDERSTANDING**

THIS MEMORANDUM OF UNDERSTANDING (“MOU”) is made this _____ day of _____ 2023, by and between:

THE STATE OF NEW JERSEY, DEPARTMENT OF ENVIRONMENTAL PROTECTION, with its principal office in the Department of Environmental Protection Building, 401 East State Street, Trenton, New Jersey 08625 (hereinafter referred to as the “DEP”); and

THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY, with its principal office at, 36 West State Street, Trenton, New Jersey 08625 (hereinafter referred to as the “EDA”); and are collectively referred to herein as the “Parties.”

WHEREAS, the Regional Greenhouse Gas Initiative (“RGGI”) is a cooperative effort among the states of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, Vermont, and Virginia to cap and reduce greenhouse gas emissions from the electricity generating sector; and

WHEREAS, RGGI is composed of individual CO₂ Budget Trading Programs in each participating state implemented through independent regulations in each participating state; and

WHEREAS, RGGI limits emissions of CO₂ from electric power plants, issues CO₂ allowances and establishes participation in regional CO₂ allowance auctions; and

WHEREAS, New Jersey enacted the Global Warming Solutions Fund Act, P.L. 2007, c. 340 (N.J.S.A. 26:2C-45 to -57) (the “Act”), with rules at N.J.A.C. 7:27D-1 et seq. (the “Rules”), which enabled the State to participate in a CO₂ emission trading program and established specific state agency funding allocations and programmatic areas of focus, and established the Global Warming Solutions Fund (“GWSF”); and

WHEREAS, Section 7 of the Act, codified at N.J.S.A. 26:2C-51, sets forth the terms and conditions upon which New Jersey allocates and distributes RGGI auction funds; and

WHEREAS, funding under the GWSF is allocated by percentage to three state agencies (60% to the EDA, 20% to the Board of Public Utilities (“BPU”), and 20% to the DEP), and those agencies are required to spend funds within specific program areas; and

WHEREAS, N.J.S.A. 26:2C-51(b)(1) requires the EDA to utilize its 60% allocation of RGGI funding to, in consultation with the DEP, provide grants and other forms of financial assistance to commercial, institutional, and industrial entities to support, among other things, end-use energy efficiency projects; and

WHEREAS, Pursuant to N.J.A.C. 7:27D-1.2, “institutional” means serving a non-profit or public purpose, such as a library, hospital, public school, institution of higher education, municipal utility, public recreation or cultural facility, or government entity; and

WHEREAS, the DEP Diesel Modernization Program (the “DMP”) provides funding for vehicle and equipment owners to implement measures to reduce greenhouse gas and criteria pollutant emissions and is supported, in part, by GWSF funds in accordance with N.J.S.A. 26:2C-51(b)(3); and

WHEREAS, the DMP is currently oversubscribed; and

WHEREAS, the DMP is consistent with the EDA’s mandates under the Act, Rules, and the 2020-2022 Strategic Funding Plan (“Plan”), such that the transfer of EDA RGGI funds to the DEP is the most effective and best way for the Parties to accomplish their respective mandates under the Act, its associated Rules, and the Plan; and

WHEREAS, the EDA has agreed, under the terms and conditions of this MOU and consistent with the Act, Rules, and Plan, to transfer the EDA’s 2020-2022 RGGI funding in the GWSF in the amount of \$46,000,000 (Forty-six Million Dollars) to the DEP to administer the DMP; and

WHEREAS, the DEP has agreed, under the terms and conditions of this MOU, and consistent with the Act, Rules, and Plan, to accept the \$46,000,000 (Forty-six Million Dollars) to fund and administer the DMP: and

WHEREAS, the DEP shall focus the \$46,000,000 (Forty-six Million Dollars) for projects in overburdened communities to equitably address their disproportionate bearing of negative emissions-related impacts; and

WHEREAS, the Parties agree that this MOU is in the best interests of the public and the State of New Jersey; and

WHEREAS, the Parties under the powers vested to them by law, have determined that it is in the Parties’ mutual interest to enter into this MOU; and

WHEREAS, N.J.S.A. 52:14-1 et seq. authorizes state agencies to enter agreements to provide assistance to each other.

NOW, THEREFORE, the Parties hereto agree as follows:

1. PURPOSE/SCOPE OF MOU: To achieve the goals of this MOU, the Parties hereby agree as follows:

- a. The EDA shall transfer \$46,000,000 (Forty-six Million Dollars) of its 2020-2022 allocation from the GWSF to the DEP to administer the DMP.
- b. The DEP shall accept the aforementioned funds and ensure that they are used consistently with the EDA’s obligations under the Act, Rules, and Plan.

- c. The DEP will use the aforementioned funds to, in accordance with the requirements of the DMP, fund the approximate incremental cost between new electric equipment/vehicles compared to new diesel equipment/vehicles, as well as the cost of electric vehicle charging stations for those vehicles. Specifically, the funds will support the purchase of electric vehicles, including but not limited to school buses, garbage and dump trucks, shuttle and transit buses, and forklifts and the charging stations required for such vehicles.
- d. The DEP shall be solely responsible for administering the DMP, including but not limited to reviewing applications and agreements, and the EDA will have no other responsibilities under this MOU other than transferring the aforementioned funds to the DEP and ensuring that the DMP continues to satisfy the EDA's obligations under the Act, Rules, and Plan.
- e. The transference of the aforementioned funds shall not require the EDA to enter into any type of relationship with applicants or participants of the DMP. The EDA's only relationship created through this MOU is with the DEP.
- f. The DEP shall report to the EDA on the status of the above funding disbursement quarterly for the term of this MOU by providing a list of grantees with award amounts, as well as vehicle type, class, and use case so the EDA can confirm that the EDA's obligations under the Act, Rules, and Plan are being met. The DEP will provide the EDA with any additional information the EDA requires to confirm same or that is required of EDA under the Act, Rules, and Plan, including reporting on the net emission reductions and economic co-benefits resulting from the use of NJEDA's funds.

2. TERM: This MOU shall become effective on the date it is fully executed by both Parties and shall continue until all \$46,000,000 (Forty-six Million Dollars) in 2020-2022 RGGI funding have been encumbered but no later than June 30, 2026. If there are remaining unencumbered funds after that date, the DEP and the EDA shall confer as to extending that date and expending the remaining funds or, in the alternative, returning the funds to the EDA.

3. THIRD-PARTY BENEFICIARIES: This MOU shall not create in any individual or entity the status of a third-party beneficiary and nothing in this MOU shall be construed to create such status.

4. DISPUTE: If there are any disputes among the Parties concerning this MOU, the Commissioner of the DEP and the Chief Executive Officer of the EDA, or their authorized representatives, shall confer to resolve the dispute.

5. AMENDMENT: This MOU may be amended only by mutual agreement of the Parties in writing that shall be effective as of the date stipulated therein.

6. TERMINATION: Either party may terminate this MOU upon 90 days written

notice. The Parties agree to meet within the 90 day termination notice period to provide a final accounting on the \$46,000,000 (Forty-six Million Dollars) in 2020-2022 RGGI funding. Any unencumbered funding shall be returned to the EDA.

7. NOTICE:

All correspondence and notices to the DEP regarding this MOU shall be addressed to:

Paul Baldauf, P.E., Assistant Commissioner
New Jersey Department of Environmental
Protection 401 E. State Street, Trenton, NJ
08625
paul.baldauf@dep.nj.gov

All correspondence and notices to the EDA regarding this MOU shall be addressed to:

Tim Sullivan, Chief Executive Officer
New Jersey Economic Development Authority
36 West State Street, Trenton, NJ 08625
Tim.Sullivan@njeda.gov

8. INTENT. This MOU is being entered into for the sole purpose of evidencing the mutual understanding and intention of the Parties.

IN WITNESS WHEREOF, the Parties have caused this instrument to be signed by their duly authorized representatives or designees.

By:

Shawn M. LaTourette
Commissioner
New Jersey Department of Environmental
Protection

By:

Tim Sullivan
Chief Executive Officer
New Jersey Economic Development Authority

MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan, Chief Executive Officer
DATE: October 12, 2023
Subject: Wind Institute for Innovation and Training Memorandum of Understanding (MOU) – New Jersey Economic Development Authority (NJEDA) and New Jersey Board of Public Utilities (NJBPU)

Summary:

Members of the Board are requested to approve a Memorandum of Understanding (MOU) between the New Jersey Economic Development Authority (NJEDA) and the New Jersey Board of Public Utilities (NJBPU). This MOU enables the NJBPU to provide \$10 million in funding to NJEDA to support the continued development and delivery of workforce training, education, research, and innovation programs that will empower New Jerseyans to participate in the offshore wind industry. This MOU is the fourth of its kind and will supplement the previously received \$21.5 million from the NJBPU Clean Energy Fund through the September 2020, July 2021, and October 2022 MOU between NJEDA and NJBPU for Offshore Wind Initiatives for a combined \$31.5 million in funding across the four MOUs.

The full text of the MOU is included as Exhibit A of this memorandum.

Background:

Governor Murphy established clear and aggressive clean energy goals, including generating 11 GW of electricity from offshore wind energy by 2040 as part of the State's plan to transition to 100 percent clean energy by 2035. To successfully reach these goals, New Jersey must invest in and coordinate workforce training, education, research, and innovation efforts. Through Executive Order 79, the Governor established the WIND Council, a cross-governmental effort that developed a plan for creating the Wind Institute for Innovation and Training (Wind Institute). NJEDA has been supporting the State's efforts to coordinate and deploy resources for education, research, innovation, and workforce training related offshore wind in New Jersey.

With a combined \$21.5 million received from the NJBPU Clean Energy Fund through MOU's signed by NJEDA and NJBPU on September 9, 2020, July 14, 2021, and October 12, 2022, the NJEDA has made significant advancements and financial commitments in offshore wind workforce training and research. Key initiatives include:

- Conducting the Offshore Wind Safety Training Challenge that led to the selection of Atlantic Cape Community College to create a Global Wind Organization Basic Sea and Survival facility and program, and the Offshore Wind Turbine Technician Training Challenge that led to the selection of Rowan College of South Jersey to establish a suite of wind turbine technician training programs.

- Creating five new offshore wind training programs that partner with Community-Based Organizations serving New Jersey Overburdened Communities and provide wrap around services to participants through the Offshore Wind Workforce and Skills Development Grant Challenge
- Establishing the Wind Institute Fellowship Program with Rutgers University, NJ Institute of Technology, Rowan University, Montclair State University, Stockton University, Seton Hall University, Princeton University and Steven's Institute of Technology to support university student research in offshore wind.
- Supporting offshore wind thought leadership and programming with Rutgers University, NJ Institute of Technology, Rowan University, and Montclair State University through University Initiatives to Advance Offshore Wind MOUs.
- Executing MOUs with Gloucester County Institute of Technology, Salem County Vocational Technical Schools, Camden County Technical Schools, and Camden County College to expand welding and painting programs to help meet the needs of monopile fabrication and other component manufacturing for offshore wind.
- Hosting a series of offshore wind workforce and industry engagements and trainings for small businesses and stakeholders to engage the offshore wind supply chain.
- Commissioning a workforce gap analysis to identify the type and number of occupations required to meet the state's 7.5-gigawatt offshore wind goal.
- Conducting a feasibility study to identify the need for an offshore wind research and testing facility in New Jersey that supports the establishment of New Jersey as hub for offshore wind research and development.

MOU Description:

The MOU will provide \$10 million in funding to support the NJEDA's Wind Institute efforts to develop and implement workforce development, education, research, and innovation solutions that will enable New Jerseyans to participate in the offshore wind industry. The funding will support:

- Continued development and execution of workforce training programs through grant challenges and MOUs with a focus on widening access for overburdened communities, women, and people of color.
- The expansion of University Initiatives to Advance Offshore Wind across a larger group of private and public New Jersey universities to support development of industry-valued expertise in offshore wind at NJ universities.
- Continued development of research and innovation programs including, but not limited to, development of an offshore wind research and testing facility and associated programming, and other related innovation focused research studies.

The MOU includes a \$300,000 cap (equaling 3% of the total funding amount) for administrative expenses tied to the implementation of programs that require assistance from NJEDA departments outside the offshore wind team.

The MOU has a term of five (5) years, but NJEDA staff intends to utilize the funding provided through the MOU as timely as possible.

The MOU includes requirements for the NJEDA staff to continue to regularly engage and provide the NJBPU staff with quarterly updates on the status of these programs and initiatives.

Recommendation:

The Members of the Board are requested to approve the MOU between the NJEDA and the NJBPU, attached as Appendix A, that enables the NJBPU to provide \$10 million in funding to NJEDA to establish programs to prepare New Jersey's workforce and further research and innovation in the offshore wind industry.



Tim Sullivan, CEO

Prepared by: Aina Yadav

Exhibit A: Memorandum of Understanding Between NJEDA and BPU for Offshore Wind Initiatives

**WIND INSTITUTE FOR INNOVATION AND TRAINING
MEMORANDUM OF UNDERSTANDING
BETWEEN THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
AND THE NEW JERSEY BOARD OF PUBLIC UTILITIES**

THIS MEMORANDUM OF UNDERSTANDING (“MOU”) is made as of this _____ day of October 2023, by and between

THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY, with its principal office at 36 West State Street, Trenton, NJ 08625 (“NJEDA”); and

THE NEW JERSEY BOARD OF PUBLIC UTILITIES, with its principal office at 44 S. Clinton Ave., Trenton, New Jersey 08625 (“NJBPU”).

The NJEDA and the NJBPU are collectively referred to herein as the “Parties” with each individually referred to as a “Party.”

WHEREAS, the NJEDA is an independent State agency, in but not of the Department of Treasury, that serves as the State’s principal agency for driving economic growth and is committed to making New Jersey a national model for inclusive and sustainable economic development by focusing on key strategies to help build strong and dynamic communities, create good jobs for New Jersey residents, and provide pathways to a stronger and fairer economy; and

WHEREAS, the NJBPU is the State agency with authority to provide general supervision, regulation, jurisdiction, and control over all public utilities in the State, including electric utilities and their rates and service. The law requires the NJBPU to ensure safe, adequate, and proper utility services at reasonable rates for customers in New Jersey; and through the NJBPU Division of Clean Energy (“DCE”), promotes energy efficiency programs and the development of clean, renewable sources of energy including solar, wind, geothermal, combined heat and power (“CHP”) and sustainable biomass. The goal of the DCE is to lower energy costs, reduce demand for electricity, emit fewer pollutants into the air and create jobs. Through its programs, the DCE offers education, outreach and financial incentives to residential, commercial businesses and industry, schools and governmental customers; and

WHEREAS, N.J.S.A. 52:14-1 et seq. authorizes State agencies to enter into agreements to provide assistance to each other; and

WHEREAS, Governor Murphy released the State’s 2019 Energy Master Plan on January 27, 2020 (the “2019 Energy Master Plan”), which set a goal of 100 percent clean energy by 2050 and outlined a strategy to expand the Clean Energy Innovation Economy in New Jersey through workforce training, investments in developing clean energy knowledge, and the growth of world-class research and development; and

WHEREAS, the 2019 Energy Master Plan identifies the offshore wind sector to be critical for accelerating the development of renewable energy and reinforces New Jersey’s

commitment to building 7,500 MW of offshore wind by 2035, as stated in the 2019 Executive Order No. 92; and

WHEREAS, Governor Murphy signed Executive Order No. 307 on September 21, 2022 that increased New Jersey’s offshore wind generation target to 11,000 MW of offshore wind by 2040; and

WHEREAS, Governor Murphy signed Executive Order No. 315 on February 15, 2023 that accelerated New Jersey’s clean energy target to achieve 100% clean energy by 2035; and

WHEREAS, Governor Murphy signed Executive Order No. 79 on August 16, 2019 to establish a Wind Innovation and New Development (“WIND”) Council to develop a plan to create the Wind Institute as a clearinghouse for education, research, innovation, and workforce training related to the development of offshore wind in this State and the Northeast region; and

WHEREAS, on April 22, 2020, the WIND Council released its report entitled Wind Council Report: Recommendations Issued Pursuant to Executive Order No. 79 (“Wind Council’s Report”), which recommends the creation of the Wind Institute for Innovation and Training (“Wind Institute”) to coordinate and galvanize cross-organizational workforce and innovation efforts to position New Jersey as a leader in offshore wind and articulates priorities to support this goal; and

WHEREAS, the NJEDA and NJBPU have a history of partnering with each other in the furtherance of offshore wind economic development; and

WHEREAS, the Parties agree that this MOU will advance implementation of the statewide 2019 Energy Master Plan by progressing the priorities outlined in the Wind Council’s Report; and

WHEREAS, on September 9, 2020, NJEDA and NJBPU executed an MOU (the “First MOU”) which enabled the NJBPU to provide \$4,500,000 in funding to NJEDA (the “Initial BPU Funds”) to enable NJEDA to undertake proposed programs (the “Proposed Programs”) as a precursor to the establishment of the Wind Institute that will enable New Jersey residents to participate in the offshore wind industry through the development of initiatives including: (i) the development of a Global Wind Organization (“GWO”) safety training program and a facility dedicated to such program in New Jersey; (ii) the development of a best-in-class wind turbine technician training program; (iii) the identification of pathways into the offshore wind industry for New Jersey students and workers; and (iv) the design and delivery of a workforce development seminar to provide local stakeholder groups with insight into the offshore wind industry’s workforce development needs and to empower these stakeholder groups to build relevant workforce solutions; and

WHEREAS, on July 14, 2021, the NJEDA and NJBPU executed a subsequent MOU (the “Second MOU”) which enabled the NJBPU to provide an additional \$7,000,000 in funding to the NJEDA (“First Subsequent BPU Funds Installment”) to further develop Proposed Programs to enable New Jersey residents to participate in the offshore wind industry through: (i) the continued development and execution of workforce and education programs; (ii) the development and

execution of programs that spearhead research and innovation that unlock market potential and/or specifically address challenges facing New Jersey’s offshore wind industry; (iii) administrative staffing costs to support the Wind Institute and to position the Wind Institute as a centralized information hub for offshore wind workforce development, education, research and innovation; and (iv) other costs for website development, events, marketing, etc.; and

WHEREAS, on October 27, 2022, the NJEDA and NJBPU executed a subsequent MOU (“the Third MOU”) which enabled the NJBPU to provide an additional \$10,000,000 in funding to the NJEDA (“Second Subsequent BPU Funds Installment”) to further develop Proposed programs to enable New Jersey residents to participate in the offshore wind industry through (i) the expansion of the Wind Institute Fellowship Program and University Initiatives; (ii) continued development and execution of offshore wind workforce and education programs; and (iii) development and execution of initiatives that spearhead research and innovation that unlock market potential and/or specifically address challenges facing New Jersey’s offshore wind industry; and

WHEREAS, in anticipation of the creation of the Wind Institute, NJEDA and NJBPU are entering into this MOU to fund activities in support of offshore wind sector initiatives; and

WHEREAS, the NJBPU has agreed to provide the NJEDA with \$10 million (“New BPU Funds”) to support NJEDA’s efforts to develop and deliver programs that will empower New Jersey residents to participate in the offshore wind industry.

NOW, THEREFORE, it is agreed between NJEDA and NJBPU:

1. **DUTIES OF THE PARTIES:** To achieve the goals of this MOU, the Parties hereby agree as follows:
 - a. NJBPU will provide to NJEDA the New BPU Funds within 15 days of the effective date of this MOU.
 - b. NJEDA will dedicate the New BPU Funds to support the continued development and execution of offshore wind workforce, education, research, and innovation programs as part of the development of the to-be-created Wind Institute. The New BPU Funds will be utilized for Proposed Programs related to, but not limited to, the following:
 - i. Continued development and execution of offshore wind workforce and education programs. Programs can include overseeing grant challenges, executing Memoranda of Understanding, or other means to establish offshore wind-focused training and education initiatives. Potential areas of focus may include training for non-destructive testing, crane operations, maritime occupations, and manufacturing, as well as general education campaigns about offshore wind and career pathways.
 - ii. Initiatives to advance offshore wind learning, research, and thought leadership at New Jersey universities.

- iii. Development and execution of initiatives that spearhead research and innovation that unlock market potential and/or specifically address challenges facing New Jersey's offshore wind industry. This may include, but not be limited to, efforts that advance the establishment of a Wind Innovation Center in New Jersey.
 - c. NJEDA has not proposed detailed parameters or specifications for any of the Proposed Programs and may allocate the New BPU Funds among the Proposed Programs. If NJEDA chooses to not pursue one or more of the Proposed Programs, NJEDA shall notify the NJBPU no later than 30 days after such determination and shall include such determination in the upcoming NJEDA Staff Report (defined in Attachment A herein). NJEDA may propose amendments to this MOU regarding this modification to the original set of Proposed Programs. The NJBPU may also propose amendments to the Proposed Programs.
 - d. NJEDA may, in its discretion, undertake the Proposed Programs with the assistance of consultants or contractors retained by NJEDA, and NJEDA shall notify NJBPU within 10 days of retaining a consultant or contractor.
 - e. NJEDA staff will provide a formal, verbal update to and seek input from NJBPU staff (each, an "Update," and collectively, the "Updates") as needed, but at least on a quarterly basis, regarding the status of NJEDA's work plan, development progress, and the drafting of Proposed Program documents. These documents include, but are not limited to, solicitations, request for qualifications/proposals, guidelines/specifications, working group scope, and seminar materials regarding the Proposed Programs. NJEDA shall timely provide these Updates separately from the quarterly updates described in Section 1.f. below. NJEDA shall provide the first Update to NJBPU staff within 90 days of this MOU's effective date as is first stated above and shall include financial estimates for uses of the New BPU Funds. For the avoidance of doubt, an "Update" shall not include additional check-in meetings that NJEDA and NJBPU may hold from time to time, at their discretion.
 - f. NJEDA will provide to NJBPU quarterly written NJEDA Staff Reports defined in Attachment A that shall include, but not be limited to, the progress of each of the Proposed Programs; Proposed Programs that are completed; any issues encountered and their resolution or proposed resolution; committed and paid expenditures to date; and plans for the next quarter.
2. **TERM:** This MOU shall become effective as of the date first set forth above. This MOU, unless terminated sooner as set forth in Section 9 ("Termination") herein, shall remain in effect until the earlier of (i) five (5) years from this MOU's effective date, or (ii) until the New BPU Funds are fully expended. The term of this MOU may be extended only by prior written agreement by the Parties.

3. **ADMINISTRATION FEE:** NJEDA may utilize up to 3% of the New BPU Funds to support the administrative, personnel, and overhead costs of running the programs. This will be a one-time cost utilizing the New BPU Funds and not an ongoing obligation.
4. **SUBJECT TO THE AVAILABILITY OF FUNDING:** The New BPU Funds that NJBPU will provide under this MOU are subject to appropriations and the availability of funds. NJEDA hereby acknowledges that this may impact the originally contemplated amount of the New BPU Funds that NJBPU may provide to NJEDA under this MOU.
5. **THIRD-PARTY BENEFICIARIES:** This MOU shall not create in any individual or entity the status of a third-party beneficiary, and nothing in this MOU shall be construed to create such status. The rights, duties, and obligations contained herein shall operate only between the Parties and shall inure solely to the benefit of the Parties. The provisions of this MOU are intended only to assist the Parties in determining and performing the obligations set forth herein.
6. **ASSIGNMENT:** This MOU shall not be assignable, except for the NJEDA's ability to partner and/or assign their responsibilities to the Wind Institute upon its establishment, but shall bind and inure to the benefit of the Parties hereto and their respective successors.
7. **DISPUTES:** If there are any disputes among the Parties concerning this MOU, the President of NJBPU and the CEO of NJEDA, or their authorized representatives, shall confer to resolve the dispute.
8. **AMENDMENT:** This MOU, including Attachment A and Attachment B (collectively, the "Attachments"), may be amended, supplemented, changed, modified, or altered only by mutual agreement of the Parties in a writing that shall be effective as of the date the Parties shall so stipulate. There shall be no limit to the number of times this MOU or each of the Attachments may be amended.
9. **TERMINATION:** Either Party may terminate this MOU upon 30 days' written notice to the other Party of such intention to terminate. Such termination request shall be permitted, with or without cause. In the event of termination, the Parties agree to conduct a final accounting within 60 days of the termination effective date. At the termination or expiration of the MOU, NJEDA will return any unexpended New BPU Funds remaining after all costs, direct or indirect, incurred by NJEDA under the terms of this MOU have been paid, or, alternatively, with written consent from NJBPU, rollover any uncommitted funds to future MOUs regarding the subject matter of this MOU.
10. **NOTICE:** All correspondence and notices to NJBPU regarding this MOU shall be addressed to the following person or his/her delegate or replacement:

Jim Ferris
Deputy Director, Division of Clean Energy
New Jersey Board of Public Utilities
44 S. Clinton Avenue, Trenton, NJ 08625
Jim.Ferris@bpu.nj.gov

All correspondence and notices to NJEDA regarding this MOU shall be addressed to the following person or his/her delegate or replacement:

Jen Becker
Vice President, Offshore Wind
New Jersey Economic Development Authority
36 West State Street, PO Box 990, Trenton, NJ 08625
Jen.becker@njeda.gov

11. **ENTIRE AGREEMENT:** This MOU contains all the terms and conditions agreed upon by the Parties and supersedes all other negotiations, representations, and understandings of the Parties, oral or otherwise, regarding the subject matter of this MOU. This MOU represents the entire agreement between the Parties; all negotiations, oral agreements, and understandings that occurred prior to the date of this MOU are merged and incorporated by reference herein.
12. **COUNTERPARTS:** This MOU may be signed in counterparts, each which, when so executed and delivered, shall be deemed original, but such counterparts shall together constitute one and the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties have caused this MOU to be signed by their duly authorized representatives or designees as of the day, month, and year first written above.

STATE OF NEW JERSEY
ECONOMIC DEVELOPMENT AUTHORITY

By: _____
Name: Tim Sullivan
Title: Chief Executive Officer

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

By: _____
Name: Christine Guhl-Sadovy
Title: President

ATTACHMENT A

This Attachment A is hereby incorporated into the Memorandum of Understanding with respect to the Wind Institute for Innovation and Training (“MOU”) between the New Jersey Board of Public Utilities (“NJBPU”) and the New Jersey Economic Development Authority (“NJEDA”) (collectively, the “Parties”), regarding the use and administration of the New BPU Funds as fully described in the MOU.

I. METHOD OF PAYMENT

The full amount of the New BPU Funds will be transferred to the NJEDA within 15 days of the execution of this MOU.

II. FINANCIAL AND PERFORMANCE REPORTING AND MOU MONITORING

A. Performance Reports

NJEDA staff who will provide oversight of the Proposed Projects shall provide a written report on the progress of the Proposed Projects (“NJEDA Staff Report”) at least quarterly to the NJBPU, beginning 90 days from the date of this MOU that shall include, but not be limited to, the progress of each of the Proposed Projects; Proposed Projects that are completed; any issues encountered and their resolution or proposed resolution; a financial expenditure report substantially in the form of Exhibit 1 hereto, utilizing the Excel form provided with this MOU and plans for the next quarter. NJEDA staff shall submit NJEDA Staff Reports until the quarter following the expiration or termination of this MOU.

B. Meetings

NA

C. Monitoring Requirements

NA

III. MODIFICATIONS TO THE AGREEMENT

The MOU and any attachment thereto represent the entire Agreement between the Parties and may only be amended in accordance with Section 8 (“Amendment”) of the MOU.

IV. SPECIAL CONDITIONS

NA

V. MULTI-YEAR AGREEMENTS

The term of the MOU shall be as stated in Section 2 (“Term”) of the MOU.

FORM OF
FINANCIAL EXPENDITURE REPORT

**Exhibit 1: BOARD of PUBLIC UTILITIES
MOU/MOA
COMPARISON OF ACTUAL TO BUDGET EXPENDITURES**

Vendor Name: _____
 Vendor ID #: _____
 Reporting Period: _____

Budget Categories:	Approved Budget	Q1 Expenses	Q2 Expenses	Q3 Expenses	Q4 Expenses	Cumulative Expenditures	Unexpended Balance
A. Personnel:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Salaries						0.00	0.00
Fringe Benefits						0.00	0.00
B. Consultants/Subcontractors:						0.00	0.00
C. Other Cost Categories:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(specify)						0.00	0.00
						0.00	0.00
						0.00	0.00
						0.00	0.00
						0.00	0.00
Audit						0.00	0.00
Total Direct Cost	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less Program Income						0.00	0.00
Total Direct Cost Funded by BPU	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Indirect Cost						0.00	0.00
Total Costs Funded by BPU	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Fund Reconciliation:
 Cumulative expenditures to date: _____ **0.00**
 Funds received from BPU to date: _____
 Amount requested with this report: _____ **0.00**

GRANTEE ONLY:
Certification by Chief Financial Officer
 I certify the above expenditures for the period are accurate as stated and that all procurements for which payment is required have been made in accordance with the standards contained in this contract, and that each obligation for which an expenditure is listed arose during the work period.

Signature _____
 Name: _____
 Title: _____
 Date: _____

BPU ONLY:

Grant/Fiscal Manager Signature: _____
 Name: _____
 Title: _____
 Date Received: _____
 Date Payment Processed: _____
 AO#: _____
 A1#: _____

ATTACHMENT B

This Attachment is hereby incorporated into the Memorandum of Understanding (“MOU”) between the New Jersey Board of Public Utilities (“NJBPU”) and the New Jersey Economic Development Authority (“NJEDA”) (collectively, the “Parties”), regarding the use and administration of the New BPU Funds as fully described in the MOU.

1. **Term and Budget**

This MOU shall become effective as of the date first set forth above. This MOU, unless terminated sooner, as set forth in Section 9 (“TERMINATION”) herein, shall remain in effect until the earlier of (i) five (5) years from this MOU’s effective date, or (ii) until the Funds are fully expended. The term of this MOU may be extended only by prior written agreement by the Parties, in accordance with Section 2 (“TERM”) herein.

NJBPU will provide the \$10,000,000 to NJEDA within 15 days of the effective date of this MOU.

2. **Reporting**

NJEDA shall provide reports regarding the New BPU Funds in accordance with the provisions of the MOU, including those of Attachment A.

MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan, Chief Executive Officer
DATE: October 12, 2023
SUBJECT: NJDEP Hazardous Discharge Site Remediation Fund Program

The following municipal projects have been approved by the Department of Environmental Protection to perform remedial action activities. The scope of work is described on the attached product summaries:

HDSRF Municipal Grants:

Product 312581	Camden Redevelopment Agency (Robert B. Johnson Park aka Judge Johnson Park)	\$1,967,943.75
Product 312379	Township of Hamilton (Hamilton Sanitary Landfill)	\$ 937,141.71
Total HDSRF Funding –October 2023		\$2,905,085.46



Tim Sullivan

Prepared by: Kathy Junghans

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Hazardous Discharge Site Remediation

APPLICANT: Camden Redevelopment Agency- R B Johnson Park aka Judge Johnson Park PROD-00312581

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 723 Carl Miller Boulevard Camden City Camden County

APPLICANT BACKGROUND:

The Camden Redevelopment Agency (CRA), identified as Block 520, Lot 26, Block 522 Lot 9 (partial) and Block 523, Lot 13 is a former public park which has potential environmental areas of concern (AOC). The CRA owns the project site and has satisfied proof of site control. It is CRA's intent upon completion of the environmental remediation activities to redevelop the project site for recreational use.

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 (RA) 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.

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

OTHER NJEDA SERVICES:

None

APPROVAL REQUEST:

Camden Redevelopment Agency is requesting grant funding to perform RA in the amount of \$1,967,943.75 at the Robert B. Johnson Park aka Judge Johnson Park project site.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT: \$1,967,943.75

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial Action	\$1,967,943.75	EDA Administrative Cost	\$500.00
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TOTAL COSTS: \$1,968,443.75

DATE: 9/20/2023

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Hazardous Discharge Site Remediation

APPLICANT: Hamilton Township – Hamilton Sanitary Landfill

PROD-00312379

PROJECT USER(S): Same as applicant

PROJECT LOCATION: Hamilton Township Landfill Hamilton Township Atlantic County

APPLICANT BACKGROUND:

Between June 2008 and November 2022, the Township of Hamilton received an initial grant in the amount of \$379,125 under Product 176089 and supplemental grants in the amount of \$426,003 under Product 168989, \$213,582 under Product 187475 and \$2,996,616.06 under Product 305734 for Preliminary Assessment, Remedial Investigation, and Remedial Action. The project site identified as Block 994, Lot 57 is a former landfill which has potential environmental areas of concern (AOC). The Township of Hamilton owns the project site and has satisfied proof of site control. It is the Township's intent upon completion of remediation activities to redevelop the project site for renewable energy.

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 renewable energy generation.

OTHER NJEDA SERVICES:

\$379,125, Product 176089; \$426,003, Product 168989; \$213,582, Product 187475; \$2,996,616.06, Product 305734

APPROVAL REQUEST:

Township of Hamilton is requesting aggregate supplemental grant funding to perform RA in the amount of \$937,141.71 at the Hamilton Sanitary Landfill project site. Total grant funding including this approval is \$4,952,467.77.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT: \$937,141.71

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial Action	\$937,141.71	EDA Administrative Cost	\$500.00
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TOTAL COSTS: \$937,641.71

DATE: 9/11/2023



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: October 12, 2023

SUBJECT: **Continuing Disclosure Policies and Procedures**

Request:

In conjunction with efforts to ensure compliance with applicable federal tax and securities laws and regulations, the Members are asked to: (1) approve written policies and procedures to comply with the requirements of U.S. Securities Exchange Commission Rule 15c2-12, and any continuing disclosure agreements executed by the Authority pursuant to that rule and (2) delegate authority to the Chief Executive Officer to amend and supplement those written policies and procedures as necessary and appropriate.

Background:

The New Jersey Economic Recovery Act of 2020 (ERA) amended the Economic Recovery Fund (ERF) statute, expanding the uses and purposes of ERF to permit alignment with the economic and community development priorities defined in the Governor’s 2018 Stronger and Fairer Economic Development Plan. Among the amendments, the ERA expanded the ability of the Authority “to provide grants, financing, or equity in innovation centers, research centers, incubators, and accelerators, and other similar innovation-oriented entities, which are focused on the targeted industries as defined by authority’s board or support increasing diversity and inclusion within the state’s entrepreneurial economy.”

In July 2021, the Board approved policies for utilizing ERF to undertake development of or invest in “Strategic Innovation Centers” to accelerate economic recovery and drive the long-term growth of the State’s innovation economy. Strategic Innovation Centers were defined as facilities that either directly support research and development (R&D), innovation, or entrepreneurship or are aimed at solving specific problems in new and innovative ways through a combination of services such as mentorship, networking opportunities, hands-on training, business support services, education opportunities, and/or access to testing, fabrication, or manufacturing facilities and equipment.

In December 2021, the Board approved an investment of \$10 million from the Strategic Innovation Centers – ERF appropriation into a limited liability company (Downtown HUB Associates), formed by the New Brunswick Development Corporation (Devco), to acquire land upon which Devco and its wholly-owned, special purpose affiliate, NJ Innovation Associates LLC, intended to develop the New Jersey Innovation and Technology HUB (Innovation HUB) in downtown New Brunswick. That project became known as the New Jersey Health + Life Sciences Exchange

(HELIX) project. On March 8, 2023, the Members approved replacing that equity investment with a participation in HELIX as a Core Partner subject to a Lease Agreement between HELIX NB LLC and the Authority for 4,925 of useable square feet within the Innovation HUB (Lease). Participation as a Core Partner entailed an irrevocable and unconditional obligation to pay basic rent as well as guaranty a proportionate percentage of any deficiencies in debt service and programming and operating expenses. A portion of the cost of the Project is being financed through the issuance of bonds by the Middlesex County Improvement Authority ("MCIA"). The Board also approved delegated authority to the CEO for final terms of the agreements, and any ancillary agreements or documents.

The HELIX deal closed in July 2023. In connection therewith, the Authority executed a continuing disclosure agreement with the Trustee, for the benefit of the holders of the bonds, pursuant to which the Authority agreed to comply with certain disclosure requirements.

Continuing Disclosure Requirements Under Rule 15c2-12 and Related Agreements:

U.S. Securities Exchange Commission (SEC) Rule 15c2-12 (which is codified at 17 CFR § 240.15c2-12) requires dealers, when underwriting certain types of securities, to ensure that the state or local government issuing the bonds enters into a continuing disclosure agreement with the issuer (Issuer) of the securities or with a party which has provided security to the bondholders (Obligated Party) to provide certain information to the Municipal Securities Rulemaking Board (MSRB) about the securities on an ongoing basis. These disclosures are made available to investors and the public on the MSRB's Electronic Municipal Market Access (EMMA®) website. Such continuing disclosure agreements require disclosure of material information that arises after the initial issuance of the bonds, information reflecting changes in the financial health or operating condition of the state or local government, or the occurrence of specific events that can have an impact on key features of the bonds. In the HELIX transaction, the Authority is considered an Obligated Party. These procedures shall apply initially to the HELIX transaction and then in any subsequent transactions in which the Authority is an obligated party or an Issuer, other than of conduit bonds or State-backed bonds.

In connection with the HELIX project, the Authority executed a continuing disclosure agreement, pursuant to which the Authority agreed to comply with certain disclosure requirements. In order to comply with Rule 15c2-12, the HELIX continuing disclosure agreement, and any subsequent continuing disclosure agreements, the Authority committed to creating procedures for identifying the incurrence of material financial obligations or the occurrence of any event reflecting financial difficulties and reporting them via EMMA®. Staff worked with bond counsel and the Attorney General's Office to draft those written policies and procedures, which are attached hereto. The Board is requested to approve those policies and procedures to comply with the requirements of SEC Rule 15c2-12, and any continuing disclosure agreements executed by the Authority pursuant to that rule.

The Members are also asked to delegate authority to the CEO to amend and supplement those processes and procedures, as necessary and desirable.

Recommendation:

Staff request that the Members: (1) approve the attached policies and procedures and (2) delegate authority to the Chief Executive Officer to amend and supplement those written policies and procedures as necessary and appropriate.



Tim Sullivan, CEO

Prepared by:

Christine Baker
Susan Fischer

Attachment:

Continuing Disclosure Policies and Procedures

Continuing Disclosure Policies and Procedures adopted in connection with the issuance of the MCIA Bonds

Dated: October , 2023

I. INTRODUCTION

In connection with the issuance by the Middlesex County Improvement Authority (“MCIA”) of its \$26,720,000 County of Middlesex Guaranteed Lease Revenue Bonds (New Jersey Health + Life Science Exchange-H-1 Project), Series 2023A and \$42,430,000 County of Middlesex Guaranteed Revenue Bonds (New Jersey Health + Life Science Exchange – H-1 Project), Series 2023B (Federally Taxable)(collectively, the “MCIA Bonds”), the New Jersey Economic Development Authority (the “Authority” or “NJEDA”), provided from the Authority’s unrestricted funds, debt service support in the forms of a Lease Agreement dated as of July 19, 2023 between HELIX NB LLC, a New Jersey limited liability company (“Helix”) as landlord and the Authority as tenant and a Project Support and Guaranty Agreement (“Project Support Agreement”) dated July 19, 2023, from the Authority in favor of HELIX, NJ INNOVATION ASSOCIATES, URBAN RENEWAL LLC (the “Company”) and the MCIA. In connection therewith, the Authority entered into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") among the County of Middlesex (the “County”), a political subdivision of the State of New Jersey (the “State”), RUTGERS, THE STATE UNIVERSITY (“Rutgers”), the Authority and the Company, for the benefit of the holders of the MCIA Bonds, pursuant to which the Authority agreed to comply with certain disclosure requirements.

The Continuing Disclosure Agreement was required in order to enable the underwriters of the MCIA Bonds to comply with Rule 15c2-12 (the "Rule") of the Securities Exchange Act of 1934, as amended and supplemented (which is codified at 17 CFR § 240.15c2-12). Although the Authority was not the issuer of the MCIA Bonds, it was required to enter into the Continuing Disclosure Agreement because it was an “obligated party” with respect to the MCIA Bonds by virtue of its obligations under the Lease and the Project Support Agreement.

The Continuing Disclosure Agreement provides for making filings consisting of an annual report (the “Annual Report”) and filing notices of four of the material listed events set forth in the Rule (“MCIA Bond Disclosure Events”). The Annual Report consists of audited financial statements and financial and operating data. Pursuant to the Continuing Disclosure Agreement, such financial and operating data is limited to an “update of the information presented in the Official Statement with respect to the MCIA Bonds dated June 29, 2023 under the fourth (4th) paragraph of the section entitled “E. INFORMATION CONCERNING THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY.” Under the Continuing Disclosure Agreement, the annual financial statements may be sent separately and later than the financial and operating data if such financial statements are not available by the time required pursuant to the Official Statement provided that the Authority sends unaudited financial statements at the time of the submission of the financial and operating data.

The MCIA Bond Disclosure Events consist of the following four (4) events:

- Bankruptcy, insolvency, receivership or similar event of MCIA, the County, Rutgers, the NJEDA or the Company.
- The consummation of a merger, consolidation, or acquisition involving the MCIA, Rutgers, the NJEDA or the Company or the sale of all or substantially all of the assets of Rutgers, the NJEDA or the Company, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- Incurrence of a Financial Obligation¹ of MCIA, Rutgers, the NJEDA or the Company, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of MCIA, Rutgers, the NJEDA or the Company, any of which affect holders of the MCIA Bonds, if material.
- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of MCIA, Rutgers, the NJEDA or the Company, any of which reflect financial difficulties.

This Disclosure Policy is being entered into as a result of the issuance of the MCIA Bonds and the entering into the Continuing Disclosure Agreement. If the NJEDA becomes an obligated party in connection with the issuance of any bonds in the future requiring continuing disclosure obligations of the NJEDA, this Disclosure Policy shall apply to such bonds if the Disclosure Practices Committee, as described below, so determines.

II. GENERAL PRINCIPLES

The Participants include members of the Disclosure Practices Committee, the Disclosure Coordinator and the Subject Matter Reviewers as indicated below.

All Participants indicated in this Disclosure Policy are responsible for raising potential disclosure items at all times in the process.

All Participants should raise any issue with the Disclosure Practices Committee at any time.

While care should be taken not to shortcut or eliminate any steps outlined in this Disclosure Policy on an ad hoc basis, this Disclosure Policy is a “work in progress” and recommendations for

¹ Financial obligation means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of repayment for an, existing or planned debt obligation; or (c) guarantee of (a) or (b); provided, however, that the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule. A financial obligation generally should be considered to be incurred when it is enforceable against an issuer or obligated person.

improvement shall be solicited and regularly considered. This Disclosure Policy has been crafted to implement the actions required to be taken by the NJEDA pursuant to the Continuing Disclosure Agreement. In the event the NJEDA enters into future transactions where it is an obligated party, it may be necessary to amend or supplement this Disclosure Policy.

III. PARTICIPANTS

A. Disclosure Practices Committee

To further ensure compliance with the procedures set forth in this Disclosure Policy, the Chief Executive Officer will appoint a committee (the “Disclosure Practices Committee”), which will have general oversight of the entire disclosure process and the process and review of all Disclosure Documents.

1. Composition of the Disclosure Practices Committee:

The membership of this Committee shall consist, at a minimum, of the Vice-President of Real Estate Development; the Controller; the Director of IT Security/Architecture Services; Vice-President Legal & Compliance or Director of Legal Compliance; the Managing Director of Legal Affairs; the Senior Risk Officer; and an Attorney General’s Office representative. The Committee may also consult designated Outside Counsel or appoint a Dissemination Agent, as appropriate. The CEO may amend the Disclosure Policy to change the composition of the Disclosure Practices Committee from time to time.

2. Duties of the Disclosure Practices Committee:

- Monitoring the NJEDA for any incurrence of material Financial Obligations or the occurrence of an event reflecting financial difficulties and reporting same to the Committee;
- Reviewing and providing the oversight of the preparation and review of all Disclosure Documents;
- Evaluating the effectiveness of the procedures contained in the Disclosure Policy and making recommendations to the CEO as to whether revisions or modifications to the process are appropriate;
- Reviewing all data and items referred to the Disclosure Practices Committee.

B. Disclosure Coordinator

To further ensure compliance with the procedures set forth in this Disclosure Policy, the CEO designates a coordinator (the “Disclosure Coordinator”). The Disclosure Coordinator shall be the Managing Director, Legal Affairs. The Disclosure Coordinator shall have the following duties:

- Serve as a “point person” for personnel to communicate issues or information that should be or may need to be included in any document required to be filed by the Continuing Disclosure Agreement (“Disclosure Documents”); Coordinate compliance by the NJEDA and the Disclosure Practices Committee with this Disclosure Policy, including timely dissemination of reports and event filings as described in this Disclosure Policy;

- Annually, issue a letter or memoranda memorializing the membership of the Disclosure Practices Committee and the selection of the Subject Matter Reviewers, as determined by the Disclosure Practices Committee;
- Coordinate periodic training (as needed); and
- Maintain relevant documentation.

C. Subject Matter Reviewers

Various individuals who have special knowledge, experience or responsibility in a particular area of the Authority's finances or operations will be designated by the Disclosure Practices Committee from time to time (the "Subject Matter Reviewers"). The Disclosure Practices Committee may identify different or additional Subject Matter Reviewers as it deems appropriate. Subject Matter Reviewers shall be responsible for reviewing those portions of Disclosure Documents, as defined below, as the Disclosure Practices Committee may direct.

IV. CONTINUING DISCLOSURE FILINGS

The Authority shall comply with all applicable requirements under the Continuing Disclosure Agreement and any subsequent Continuing Disclosure Agreement. Generally, these requirements include the filing of the Annual Report consisting of annual audited financial statements and material operating data and reporting MCIA Bond Disclosure Events, if such should occur, as listed in the Continuing Disclosure Agreement.

A. Continuing Disclosure Agreement

Each member of the Disclosure Practices Committee shall receive and review copies of each Continuing Disclosure Agreement. Each member is expected to be familiar with the obligations imposed by each Continuing Disclosure Agreement. The Disclosure Practices Committee collectively will be responsible for ensuring compliance therewith.

B. Annual Reporting

Under the Rule, NJEDA must file an Annual Report with the Municipal Securities Rulemaking Board ("MSRB") through the electronic municipal access website, referred to as "EMMA" in an electronic format as prescribed by the MSRB and accompanied by such identifying information as prescribed by the MSRB or provide notice of failure to do so to the MSRB. If the Fiscal Year of the NJEDA changes, the NJEDA shall disclose such change in its next Annual Report.²

The Annual Report for any Fiscal Year containing any modified operating data or financial information for such Fiscal Year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Report being provided for such Fiscal Year.

C. MCIA Bond Disclosure Events

Each member of the Disclosure Practices Committee shall notify the other members of the Committee if

² Under the current Continuing Disclosure Agreement, this reporting is required to be completed not later than September 30th of each year for reporting on the previous Fiscal Year and should be consistent through future Continuing Disclosure Agreements.

they become aware of any of the MCIA Bond Disclosure Events listed in the Continuing Disclosure Agreement). The Disclosure Practices Committee shall meet to discuss the event or correspond via email, as appropriate, and determine in consultation with Bond Counsel or the Attorney General's Office whether a reporting is required or is otherwise desirable, in which case an MCIA Bond Disclosure Event reporting shall be made within the time period specified in the Continuing Disclosure Agreement.

The Disclosure Coordinator and the Controller will monitor the financial condition of the Authority to determine whether events occur that require a filing of Bond Disclosure Event notice pursuant to the Continuing Disclosure Agreement and ensure that such filings are timely made. The Disclosure Practices Committee will determine materiality of any financial obligation. To determine materiality, the Committee will consider whether a financial obligation or the terms of a financial obligation, if they affect security holders, would be important to a reasonable investor when making an investment decision.

Relevant financial obligations should focus on obligations that could impact the Authority's liquidity, overall creditworthiness, or an existing security holder's right and excludes ordinary financial and operating liabilities incurred during the course of business.³

Notices of the occurrence of an MCIA Bond Disclosure Event shall be filed with the MSRB through EMMA in an electronic format as prescribed by the MSRB and shall be accompanied by such identifying information as is prescribed by the MSRB. For the purposes of the MCIA Bonds, NJEDA shall file, or, shall cause to have filed, in a timely manner not in excess of ten (10) Business Days after the occurrence of any of the MCIA Bond Disclosure Events.

D. Voluntary Disclosures

During the course of the year, if any member of the Disclosure Practices Committee becomes aware of a significant fact which could reasonably be expected to significantly affect the trading value of the MCIA Bonds, or any bonds in which the NJEDA is an obligated party, the Disclosure Practices Committee shall determine whether or not to issue a Voluntary Disclosure. If such is determined, the draft of the Voluntary Disclosure will be prepared by the Disclosure Coordinator and distributed to members of the Disclosure Practices Committee and applicable Subject Matter Reviewers. Each member of the Disclosure Practices Committee and each applicable Subject Matter Reviewer shall review the draft and determine that to such members knowledge, the Voluntary Disclosure is complete, given the circumstances and subject matter of the Voluntary Disclosure and is accurate in all material respects.

If approved, the Voluntary Disclosure shall be filed with EMMA.

E. Reporting Mechanics

The Disclosure Coordinator shall establish procedures for ensuring the proper and timely reporting of any matter required by a Continuing Disclosure Agreement, including, without limitation, a process for ensuring that all appropriate identifying information is included with any reporting, ensuring that appropriate written confirmations are received, and a process of reviewing any reporting to ensure that the reporting was properly made. The Disclosure Practices Committee may create templates for reporting as guidance.

The Disclosure Coordinator shall document and track all required EMMA filings and voluntary filings prior to each filing deadline. This tracking document shall reside in a Disclosure Practice folder in SharePoint that is accessible to all members of the Disclosure Practices Committee.

³ SEC Securities Exchange Act Release No. 34-83885 (Aug. 20, 2018),

V. TRAINING AND REVIEW

Annual training will be conducted regarding disclosure obligations for the CEO, members of the Disclosure Practices Committee, Subject Matter Reviewers, the Disclosure Coordinator and such other persons as the Disclosure Practices Committee shall determine. It is intended that this training shall assist these staff members in identifying significant items that may need to be reported.

Each year, the Disclosure Practices Committee shall review this Disclosure Policy and evaluate the appropriateness and effectiveness of the procedures contained in this Disclosure Policy and any practical difficulties with compliance with this Disclosure Policy, and make a recommendation concerning any potential changes to the Chief Legal and Administrative Officer for consideration.

VI. DOCUMENTATION

A. DISCLOSURE - FILE

The Disclosure Coordinator shall maintain a file (which may be electronic) that documents from time to time the compliance by the Authority with this Disclosure Policy. The Disclosure Coordinator shall ensure that the Disclosure File contains a folder or subfile (each, a “Folder”) with respect to each “Disclosure Document”. Disclosure Document shall mean any document filed pursuant to the Continuing Disclosure Agreement, and shall include the Annual Report, any MCIA Bond Disclosure Events and any Voluntary Disclosure.

B. RETENTION OF DOCUMENTS

The Disclosure Coordinator shall be responsible for retaining the following records demonstrating compliance with this Disclosure Policy: final versions of Disclosure Documents; written confirmations, certifications, letters and any other documents related to the policies and procedures described in this Disclosure Policy; copies of this Disclosure Policy and a list of individuals to whom they have been distributed and the dates of such distributions; copies of training materials; lists of attendees at trainings and the dates of such trainings; and a written record of the dates of meetings of the Disclosure Practices Committee. Such records shall be maintained in a central depository for a period of five years from the later of the date of delivery of the obligations referenced in the Disclosure Document, or the date of the Disclosure Document is made available, as applicable. Any records not directly related to a Disclosure Document shall be retained for a period of five years from the time such records are created. (Documents may not be deleted or destroyed except in strict accordance with the Authority’s Document Shredding Policy and Records Retention and Disposition Schedule.)

VII. SUSPENSION

The Disclosure Practices Committee may waive or suspend any of the procedures set forth in this Disclosure Policy for a particular transaction or event, should the Disclosure Practices Committee determine that compliance with such procedure is not practical or necessary to ensure the accuracy and compliance of any disclosures filed as required by the Continuing Disclosure Agreement.

Change Log

<u>Date</u>	<u>By Whom</u>	<u>Sections Modified</u>	<u>Content Changed</u>
Xxxx V1.0			



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: October 12, 2023

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

The following project was approved under Delegated Authority in September 2023:

Premier Lender Program:

- 1) Co-Applicants CHRE LLC, MJC Assets LLC, and Gourmet Land LLC (PROD-00312796), are located in Galloway Township, Atlantic County. The co-applicants, owned by the same individual, are real estate holding companies formed between 1997 and 2005. The operating companies work within the retail food service, catering, and restaurant industries. The co-applicants are collectively approved for an \$8,600,000 Cornerstone Bank loan contingent upon an Authority participation, not to exceed \$1,000,000. Proceeds will be used to refinance existing debt. Currently, the Companies have 97 employees and plan to create 30 new positions over the next two years.

A handwritten signature in blue ink, appearing to read "T. Sullivan", is positioned above a horizontal line.

Tim Sullivan, CEO

Prepared by: G. Robins