



## MEMORANDUM

**TO:** Members of the Authority

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

**DATE:** December 08, 2021

**RE:** NJ Arts and Innovation Festival Challenge Grant

### **Summary**

In the 2021 State budget, the Authority was appropriated \$2 million for the “NJ Tech, Innovation, and Art Initiative,” the staff proposes a Challenge Grant program with the purpose to serve as seed funding to explore the possibility of bringing an innovative music and technology festival to New Jersey. The purpose of this memorandum is to ask the members to approve actions necessary to implement this initiative.

The Members are asked to approve:

1. The transfer of the appropriated \$2 million in funds into the Economic Recovery Fund (“ERF”).
2. As required under subsection (13) of the ERF Act (34:1B-7.13(a)(13)), the adoption of economic development priorities that will guide the expenditure of these funds
3. The creation of the New Jersey Arts and Innovation Festival Challenge Grant to make grant funding available for an arts and innovation festival in New Jersey featuring artists, technologists, creatives, entrepreneurs, researchers, and thought leaders to be held in Summer or Fall of 2022
4. Delegation to Authority staff (Chief Executive Officer or Chief Community Development Officer) to accept other governmental (Federal, State, County, Municipal, Independent Authority, Board or Commission) funding and/or unrestricted gifts or grants that would be used to fund New Jersey Arts and Innovation Festival Challenge Grant up to \$5,000,000

## **Overview**

In line with Governor Murphy's Economic Plan for a stronger, fairer New Jersey economy and goal of establishing New Jersey as the State of Innovation, the New Jersey Economic Development Authority ("Authority", "EDA") will create and administer the NJ Arts and Innovation Festival Challenge Grant to support a festival in New Jersey highlighting creative arts and innovative technologies.

This funding will support an event planning entity's work to produce an arts and technology festival that will showcase the cutting edge of arts, technology, education, policy, research, and social impact that will be located in New Jersey. The festival will be a regional draw that will position New Jersey as a premier location for diverse creatives, entrepreneurs, and researchers to live, work, and play.

In accordance with the amendments to the Economic Recovery Fund Act in N.J.S.A § 34:1B-7.13(a)(13), this funding will provide grants directly to the grantee for the purpose of capitalizing an arts and innovation festival. The grant will grow New Jersey's innovation ecosystem and New Jersey's creative culture and help establish the state as a premier destination for "live, work, play" communities. The purpose is also consistent with the Fiscal Year 2022 Appropriations Act purpose of the funding.

The New Jersey Arts and Innovation Festival Challenge Grant funding, allocated in the FY 2022 Appropriations Act, will be transferred by Treasury to the Authority and, it is proposed that the funds will be assigned to the Economic Recovery Fund.. The assignment of the funds to the Economic Recovery Fund will allow the Authority to authorize a challenge grant as listed under N.J.S.A § 34:1B-7.13(a)(13) for the purposes of meeting stated economic priorities as identified by the Board and described in point one of this memorandum.

## **Economic Development Priorities- New Jersey Arts and Innovation Festival**

At the meeting held on November 28, 2018, the NJEDA Board discussed Governor Murphy's Economic Plan ("Economic Plan"). This plan lays out the State's priorities for economic development. Specifically, the Economic Plan designates the following four economic development priorities:

1. Investing in people to help all New Jersey residents prepare for and find work that supports and sustains families and investments in our future.
2. Investing in communities to build world-class cities, towns, and infrastructure statewide.
3. Making New Jersey the State of Innovation to harness the power of innovation to create more and better jobs across the state.
4. Making government work better to improve New Jersey's competitiveness and business climate.

These priorities have been the basis for the NJEDA's work since 2018, including programs supporting small businesses, artists, and innovation economy companies. Through programs such as the Small Business Emergency Assistance Grant Program, The New Jersey Community

Stage Relief Grant Program, Sustain and Serve NJ, NJ Ignite, NJ Accelerate, the Film and Digital Media Tax Credit, and many others; the Authority has focused on assisting communities to create a positive and inclusive live/work/play environment that assists in attracting top tier talent and firms to locate business operations in New Jersey.

To facilitate the creation of the NJ Arts and Innovation Festival Challenge Grant and in accordance with ERF requirements (N.J.S.A § 34:1B-7.13(a)(13)) to adopt “economic development priorities as defined by the authority’s board,” Staff proposes that the Board approve adopting the four priorities outlined by Governor Murphy’s 2018 Economic Plan for the purposes of this ERF provision.

As amended on January 7, 2021, by the Economic Recovery Act of 2020 (ERA), this ERF provision allows the Authority to create within ERF “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.”

The NJ Arts and Innovation Festival Challenge Grant will work to directly meet two of the above priorities: investing in communities to build world-class cities, towns, and infrastructure statewide; and making New Jersey the State of Innovation to harness the power of innovation to create more and better jobs across the state. The Grant will support major investments in one or more New Jersey communities that will help establish them as premier live/work/play destinations and will grow the State’s ability to “harness the power of innovation to create more and better jobs across the state” by working to attract top tier businesses and talent in arts and innovation. The proposed grant program also looks to invest in New Jersey’s people by creating short term job opportunities in the Festival design, building and operations as well as increase long term sustainable and equitable job opportunities in New Jersey based arts and innovation firms, which may be attracted to the state by the proposed festival. The festival also looks to make New Jersey government work better by piloting programs that look at new and innovative ways to invest in communities, create jobs and spark innovation in New Jersey.

### **Background on NJ Arts and Innovation Festival Challenge Grant**

The NJ Arts and Innovation Festival Grant will support the planning and execution of an arts and innovation festival.

The challenge grant will provide a single award of up to \$2,000,000 to a business or nonprofit with experience organizing large-scale events. The selected entity will use this funding, plus additional funds they raise independently of the EDA, to produce a festival to be held over two or more days with a proposed goal of holding the festival held in the Summer or Fall of 2022.

The funding source for the grant is an appropriation from the 2022 Appropriations Act which will be deposited into the Economic Recovery Fund

## **I. Grant Fund Uses**

The Authority is seeking applications directly from businesses and nonprofit organizations. Application submissions must demonstrate professional experience in the management, production, and promoting of live events; a vision for an integrated arts and innovation festival; and the ability to fundraise or generate revenue necessary to cover any budgeted expenses above and beyond the \$2,000,000 provided by the EDA.

Applicants must submit documentation listing experience, including specific experience producing, directing and managing events in New Jersey; key team members; projected budget; projected funding plan; COVID-19 safety plan; diversity and inclusion plan, including a plan to partner with the host municipality or municipalities to provide free or subsidized tickets to residents of the host municipality or municipalities; and advertising/media plan. The applicant must submit a vision statement identifying programming, participants, and locations for the festival.

Applicants must provide a list of events where they acted as the leadership team and that they promoted, managed, and/or produced since 1/1/2014. This list must include the location, focus, components, participants, attendance, financials, and a summary of media coverage. In line with Governor Murphy and the EDA's goals of promoting New Jersey businesses and artists, applicants with experience organizing and managing events in New Jersey will be scored higher than those that have not organized events in the State.

Applicants must provide a vision statement which should illustrate:

- The applicant's concept for the festival;
- How the festival will promote New Jersey and our diverse communities as a premier location for top tier firms, entrepreneurs, talent, and families to live, learn, grow, work, and play; and
- How the applicant will promote the festival as a destination for arts and innovation centered travel and tourism.

All applications will be reviewed and voted on by an internal EDA committee with technical review from subject matter experts from within state government including but not limited to the State Council for the Arts, the Office of the Secretary of State, and the Office of Innovation in non-voting roles. Applications must meet or exceed the minimum score of 50 out of 100 to be eligible for recommendation to the Board for award. The highest score will be recommended to the Board for award of the grant.

The winner will be awarded up to \$2,000,000. Funds may be used for operational costs related to the management, production, and promotion of the festival as well as business analysis, civic engagement, engineering, architectural, environmental, scientific and media planning, research, and analysis related to the launch of a New Jersey centered arts and innovation festival. Applicants should be aware that depending on the location and scope of construction or installations, some work may be subject to prevailing wage and affirmative action requirements.

The first funds disbursement will be made after the execution of the grant by both parties.

In order to receive the first disbursement of funds, the grantee must provide documentation indicating the costs for booking the venue or venues for the event and the headlining artists, speakers, and other featured businesses or installations. The costs must be outlined in a spending plan as described in Section IV. Upon reaching satisfactory documentation, the NJEDA will provide funds for expenses up to \$500,000.

Subsequent disbursements of the remaining grant funding will be disbursed in increments of no less than \$100,000 and no greater than \$500,000 for operating costs incurred (but not necessarily paid) in the production of the festival not covered by the initial disbursements. Operating costs may include but is not limited to: contract fees, contract payments, venue and/or equipment deposits, inventory, supplies, salaries, costs related to professional services, costs related to governmental fees, utilities payments, and other customary costs related to operations and planning.. Applicants must provide contracts or other documents to the EDA that clearly denote the expense that has been incurred.

No disbursements will be made for permanent construction hard costs or property acquisition. Any construction in connection with or as necessary to conduct the festival shall be subject to prevailing wage based on a review of the specific construction and trades by staff in conjunction with the Department of Labor and Workforce Development.

The grantee must provide a monthly report on grant expenditures for the term of the grant. This will include, but is not limited to, a summary of activity related to festival operations, sales, fundraising, contracting, and implementation of the diversity and inclusion plan. Failure to meet negotiated milestones may cause suspension or termination of the grant.

The term of the grant is to be nine months from the date of execution with an extension of three months at the sole discretion of the Authority.

Following the second disbursement, the grantee may submit disbursement requests every other week for reimbursement of funds as shown in the disbursement section below.

The grantee may hire or subcontract with outside experts, firms, public interest research groups, government entities, and higher educational institutions and may consider any approach or combination of approaches to achieve the program goal of completing a New Jersey-based arts and innovation festival.

The grant agreement will provide that the failure to comply with the terms of the grant agreement and the program requirements will allow EDA to suspend future disbursements, terminate the agreement, and/or demand repayment of disbursed funds.

## II. Eligible Applicants

Qualified applicants are defined as:

- for profit and nonprofit entities,
- registered for business in New Jersey or holding a valid NJ Charitable Registration,
- with demonstrated experience organizing and executing at least one (1) event with an attendance of 5,000 or more in the last 7 years,
- that meets additional criteria detailed below.

Applicants may only submit one application. The applicant will be the sole entity responsible for meeting the requirements of the grant agreement.

Applicants may add a strategic partner or partners whose experience, knowledge, skills and ability may provide an advantage in the production, management, and/or marketing of the festival. Strategic partners are distinct from contractors in that they may not be contracted for specific services, but instead will enter into agreements with the grant recipient to plan the festival and oversee spending of grant funds received. The strategic partnership must be recognized by a memorandum of understanding or a written agreement between the partner and the applicant and be included in the application. The strategic partner or partners' prior experience will be considered for the purposes of awarding the grant.

The applicant will have the sole responsibility in the grant agreement for assuring the compliance of partners with all terms and conditions of the program. The applicant will be the sole recipient of the grant. Entities may only submit one proposal as primary applicant but may be included as strategic partners on other applications or as contractor for grantees. Once included in the proposal, any named strategic partner or partners cannot be changed without the prior written consent of the Authority.

## III. Application

All applications should propose an arts and innovation festival to be held in Summer or Fall 2022.

The Applicant shall provide:

- Proof of successful management, by applicant and/or strategic partner, of **at least one (1) event** that took place over **two (2) or more days** and included **at least three (3) of the elements listed below**. In order to achieve the highest possible score, applicants will need to provide proof of multiple events that they have managed with additional points being given to event hosted in New Jersey.
  - Live music performances or other live performances (i.e. poetry readings, speeches, plays)
  - Panel discussions
  - Keynote speakers of national significance (i.e. CEOs, political figures, award winning writers/performers/ researchers, advocacy champions, entrepreneurs)
  - Live tech demonstrations

- Trade shows
- Vision statement for NJ Arts and Innovation Festival that includes:
  - Proposed dates and locations
  - Proposed performers/speakers
  - Proposed plan for advertising/promotion
  - Proposed plan for partnering with host municipality/municipalities to provide free or subsidized tickets to residents of the host municipality/municipalities
  - COVID-19 safety plan
  - Diversity and inclusion statement
  - Security plan
  - Transportation/parking plan
- Proposed budget
- Key staff bios and resumes
- Strategic Partner or Partners, as needed
- Proposed key contractors, as needed
- Proposed plan (fundraising plan) to fund any budgeted amount in excess of the \$2,000,000 available through the NJEDA grant.

Submissions must contain, at a minimum, the required information identified below:

- Completed Application Information Form (Attachment A) and any additional information related to the Grant Fund Uses but not specifically requested on Attachment A, to be submitted with the Application.
- Completed Budget Estimate that demonstrates how the full project budget is being utilized. The budget must detail costs, which include, but are not limited to, labor costs, contract/technical services and support costs, and material costs. The budget must project out that the festival shall be executed within Summer or Fall 2022. The budget will be outlined in a budget schedule.
- Signed agreement that the entity assumes all liability for the event and will indemnify, defend and hold harmless EDA for any action during the Arts and Innovation Festival.
- Proof of ability to obtain appropriate insurance coverage as recommended by EDA's insurance broker in the form of a substantially similar insurance policy for an event the applicant has previously organized.
- Strategic Partnership Memoranda of Understanding or Agreement (if relevant)

#### **IV. Disbursement**

Grant disbursements by the Authority will *only* be made to the grantee. The grantee shall be responsible for assuring the compliance of any sub-contractors or strategic partners with all terms and conditions of the program and will assume the sole and absolute responsibility for any payments due to any sub-contractors or strategic partners pursuant to applicable laws.

The grantee will be required to provide comprehensive General Liability Insurance and other insurances against any liability of the Authority or its directors, trustees, employees, and agents in such amounts as recommended by EDA's insurance broker prior to the execution of the grant.

Funding will be disbursed as follows:

- 1) First Tranche – \$500,000 disbursed, post execution, within seven days of the receipt and approval of a spending plan for the initial disbursement of \$500,000. The spending plan must identify major cost centers and spending targets related to booking costs; operational costs; and any normal and customary costs associated with the planning, production, and management of the festival.
  - a. Booking costs are described as:
    - i. Funds required to secure contracts for the time and performance of individuals or groups who are identified by the grantee as major performers, presenters, or speakers at the proposed event.
    - ii. Funds required to secure contracts for use of a specific venue or venues, in a New Jersey municipality, where speaking events, arts, and/ innovation presentations, or artistic performance or support services will be held as part of the NJ Arts and Innovation Festival
  - b. Operating costs may include but is not limited to:
    - i. Contract fees, contract payments, venue and/or equipment deposits, inventory, supplies, salaries, costs related to professional services, costs related to governmental fees, utilities payments, and other customary costs related to operations.
  - c. Normal and Customary costs are costs associated with the production and management of the festival that may not be traditionally associated with operating costs.
- 2) Second Tranche – Remaining funds up to a total of \$1,500,000 to be disbursed in increments of no less than \$100,000 and no greater than \$500,000 for reimbursement of booking costs, operating costs, and normal and customary costs incurred in the production of the festival not covered by the initial disbursement.
  - a. The first disbursement of funds in the second tranche must be accompanied by an updated fundraising plan showing projected ticket sales, promotional financing, fees receivable, and any anticipated operating or non-operating revenue based on the confirmation of performers, presenters, speakers, or venues, on a monthly basis for the period leading to the event.

Prior to disbursement of the second tranche of grant funds, the grantee must submit a report detailing how the first tranche of the grant funding was spent and an updated budget for the remaining grant funds available.

In order to receive second tranche disbursements, the grantee must submit a disbursement request that includes:

- Summary of expenses to be funded with this disbursement.



- Summary of funds expended to date.
- Full and complete copies of invoices, bills, and/or contracts for the production of the festival not covered by the initial disbursement.

Operating costs may include but is not limited to: contract fees, contract payments, venue and/or equipment deposits, inventory, supplies, salaries, costs related to professional services, costs related to governmental fees, utilities payments, and other customary costs related to operations and planning. Invoices, bills, and/or contracts must identify the date of issuance, the date of the delivery of the good or service, a summary of the type of good or service, itemized total of quantity and cost of the good or service, total costs of the good or services purchased, and the individual or company from whom the good or service was purchased.

## **V. Evaluation/Scoring Criteria**

Proposals will be reviewed and scored by staff of the Authority formed as a scoring committee. The scoring committee may utilize the advice of subject matter experts from both the Authority and other New Jersey state departments, agencies, councils, offices and boards in order to advise scoring decision. Proposals will be evaluated and scored on each of the criteria below.

For the purposes of this grant and to be considered for award of this grant, an application must achieve or exceed an overall score of fifty (50) with 100 being the highest rating and with a minimum scoring of at least one point in questions 2, 3, 4, 5 and 6.

The point scale is as follows for:

1. Past Experience (maximum 55 points). An application that does not include this section will be automatically disqualified and considered ineligible regardless of other materials provided.
  - a. Number of events since 1/1/2014 with attendance of 5,000 or more (4 points per event; maximum 20).
  - b. Number of events since 1/1/2014 with attendance of 1,000 or more that took place in New Jersey (2 points per event; maximum 10)
  - c. Elements of event(s). Element must be featured in at least one event the applicant organized. (5 points per element; maximum 25)
    - i. Live music
    - ii. Keynote speaker(s)
    - iii. Tech demonstrations
    - iv. Trade show(s)
    - v. Panel discussions

2. Vision Statement (up to 4 points each; maximum 20 points).  
**(An application that does not include this section will be automatically disqualified and considered ineligible regardless of other materials provided.)**
- 1-2 points- Element is present/shows minimal efficacy towards goals/objectives attainment
- 3 points- Element is present/shows moderate efficacy towards goals/objectives attainment
- 4 points- Element is present/shows superior efficacy towards goals/objectives attainment
- Demonstrates effective plan to promote New Jersey as a destination for artists and creative businesses.
  - Demonstrates effective plan to promote New Jersey as a destination for innovation economy businesses and investors.
  - Demonstrates effective plan to attract tourists from throughout New Jersey and neighboring states.
  - Includes outreach plan that will generate local and national publicity.
  - Aligns with New Jersey's vision for stronger, fairer economic growth.
3. Fundraising Plan (10 points)- plan to raise all funds necessary to cover any budget items in excess of \$2,000,000.  
**(An application that does not include this section will be automatically disqualified and considered ineligible regardless of other materials provided.)**
- 1-2 points- Element is present, shows minimal efficacy towards goal of raising at least \$1,000,000
- 3-7 points- Element is present, shows moderate efficacy towards goal of raising at least \$1,000,000.
- 8-10 points- Element is present, shows superior efficacy towards goal of raising at least \$1,000,000.
4. Includes plan to coordinate with host municipality or municipalities to provide free or subsidized tickets to residents of host municipality or municipalities (5 points).  
**(An application that does not include this section will be automatically disqualified and considered ineligible regardless of other materials provided.)**
- 1-2 points- Element is present/shows minimal efficacy towards goals/objectives attainment
- 3-4 points- Element is present/shows moderate efficacy towards goals/objectives attainment
- 5 points- Element is present/shows superior efficacy towards goals/objectives attainment
5. Includes COVID-19 safety plan in compliance with all relevant executive orders, laws, and other guidelines applicable at the time of application (5 points).  
**(An application that does not include this section will be automatically disqualified and considered ineligible regardless of other materials provided.)**
- 1-2 points- Element is present/shows minimal efficacy towards goals/objectives attainment

3-4 points- Element is present/shows moderate efficacy towards goals/objectives attainment

5 points- Element is present/shows superior efficacy towards goals/objectives attainment

6. Includes diversity and inclusion plan that sets forth strategies the applicant will implement related to hiring of minority persons and women across all staff, presenters, and performers (5 points).

**(An application that does not include this section will be automatically disqualified and considered ineligible regardless of other materials provided.)**

1-2 points- Element is present/shows minimal efficacy towards goals/objectives attainment

3-4 points- Element is present/shows moderate efficacy towards goals/objectives attainment

5 points- Element is present/shows superior efficacy towards goals/objectives attainment

## **VI. Additional Funding**

Staff is also requesting delegated authority for the Chief Executive Officer or Chief Community Development Officer to accept governmental (Federal, State, county, municipal, independent authority, board or commission) funding and/or unrestricted gifts or grants, up to \$5,000,000, that would be used to fund New Jersey Arts and Innovation Festival.

Should governmental requirements required by law restrict the ability for the Authority to utilize any of the parameters described in the memo, staff will revisit the program requirements with the Board for modification and alignment with governmental requirements. If governmental requirements are in addition to parameters described in the memo, staff is seeking delegated authority to add these requirements.

## **VII. Fees**

As listed in N.J.A.C. § 19:30-6.1, a non-refundable fee of \$1,000 shall accompany every application.

## **Recommendation**

The Members are asked to approve:

1. The transfer of the appropriated \$2 million in funds into the Economic Recovery Fund (“ERF”).
2. As required under subsection (13) of the ERF Act (34:1B-7.13(a)(13)), the adoption of economic development priorities that will guide the expenditure of these funds

3. The creation of the New Jersey Arts and Innovation Festival Challenge Grant to make grant funding available for an arts and innovation festival in New Jersey featuring artists, technologists, creatives, entrepreneurs, researchers, and thought leaders
4. Delegation to Authority staff (Chief Executive Officer or Chief Community Development Officer) to accept other governmental (Federal, State, County, Municipal, Independent Authority, Board or Commission) funding and/or unrestricted gifts or grants that would be used to fund New Jersey Arts and Innovation Festival Challenge Grant up to \$5 million



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Tim Sullivan, CEO

Prepared by Jake McNichol and John E. Costello