MEMORANDUM

TO: Members of the Authority

FROM: Timothy Sullivan
Chief Executive Officer

DATE: February 9, 2022

SUBJECT: Agenda for Board Meeting of the Authority February 9, 2022

Notice of Public Meeting

Roll Call

Approval of Previous Month's Minutes

CEO's Report to the Board

Community Development

Economic Growth

Authority Matters

Incentives

Loans/Grants/Guarantees

Board Memoranda

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

December 8, 2021

MINUTES OF THE MEETING

The Meeting was held by teleconference call.

Members of the Authority present via conference call: Chairman Kevin Quinn, Noreen Giblin representing the Governor's Office; Commissioner Marlene Caride of the Department of Banking and Insurance; Jennifer Keyes–Maloney representing State Treasurer Elizabeth Muoio of the Department of Treasurer; Roberto Soberanis representing Commissioner Robert Asaro-Angelo of the Department of Labor and Workforce Development; Elizabeth Dragon representing Commissioner Shawn LaTourette of the Department of Environmental Protection; Public Members: Charles Sarlo, Vice Chairman; Virginia Bauer, Fred Dumont, Marcia Marley, Phil Alagia, and Robert Shimko, First Alternate Public Member.

Also present via conference call: Timothy Sullivan, Chief Executive Officer of the Authority; Assistant Attorney General Gabriel Chacon; Jamera Sirmans, Governor's Authorities Unit; and staff.

Members of the Authority absent: Public Members Aisha Glover, Massiel Medina Ferrara, and Rosemari Hicks, Second Alternate Public Member.

Mr. Quinn 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.

MINUTES OF AUTHORITY MEETING

The next item of business was the approval of the November 10, 2021 meeting minutes. A motion was made to approve the minutes by Mr. Dumont, seconded by Virginia Bauer, and was approved by the 9 voting members present.

Ms. Dragon abstained because she was not present for the meeting.

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: Recommendation for Grant Awards – Phase One Government Restricted Municipality Planning Grants Program
REQUEST: To approve Phase One Government Restricted Municipality (GRM) planning grants.
MOTION TO APPROVE: Ms. Dragon **SECOND:** Ms. Keyes – Maloney **AYES: 10**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

Mr. Alagia joined the meeting at this time.

ITEM: NJ Arts and Innovation Festival Challenge Grant
REQUEST: To approve (1.) The transfer of the appropriated funds for the "NJ Tech, Innovation, and Art Initiative" into the Economic Recovery Fund ("ERF"); (2.) 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; and (4.) Delegation to Authority staff to accept other governmental 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.
MOTION TO APPROVE: Ms. Bauer **SECOND:** Ms. Dragon **AYES: 11**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

ITEM: 2020 Comprehensive Annual Report
REQUEST: To approve the Authority's comprehensive annual report for 2020, as required under N.J.S.A. 4:1B-4 and Executive Order No. 37 (2006).
MOTION TO APPROVE: Mr. Alagia **SECOND:** Ms. Bauer **AYES: 11**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

Mr. Sarlo joined the meeting at this time.

ITEM: FY 2022 Fiscal Plan
REQUEST: To approve the Authority's FY 2022 Fiscal Plan.
MOTION TO APPROVE: Ms. Keyes–Maloney **SECOND:** Mr. Alagia **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

ITEM: Offshore Wind Painting and Submerged Arc Welding MOU - NJEDA and Gloucester County Institute of Technology
REQUEST: To approve an MOU between NJEDA and GCIT, to provide funding to support expansion of GCIT's welding and painting programs to prepare students for specialized positions in monopile fabrication facility other large-scale manufacturing, and to provide delegated authority to the CEO to extend the MOU by up to twelve (12) months if needed.
MOTION TO APPROVE: Ms. Dragon **SECOND:** Ms. Giblin **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

ITEM: F and A Enterprise Employee Leasing Inc., Request for Suspension
REQUEST: To approve the suspension of F and A Enterprise Employee Leasing Inc. and its owner, Faiza Ibrahim, from contracting with the Authority, pending the completion of the Attorney General's investigation and related legal proceedings, in accordance with Executive Order 34 (Byrne 1976), and other applicable laws.
MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Shimko **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

ECONOMIC GROWTH

ITEM: New Jersey Wind Port – Request for Moffatt & Nichol (M&N) contract Increase
REQUEST: To approve an increase to the Authority's contract with Moffatt & Nichol (M&N) for design and engineering services in relation to the New Jersey Wind Port (NJWP) and delegated authority to approve or modify COs within the total approval amount, as project needs require.
MOTION TO APPROVE: Ms. Bauer **SECOND:** Ms. Keyes–Maloney **AYES: 11**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

Ms. Dragon abstained due to pending permit reviews before the NJDEP.

INCENTIVES

Economic Redevelopment and Growth Grant Program (ERG)

ITEM: Hamilton Square Urban Renewal LLC and Soldier On Veterans Village VII, LLC Economic Redevelopment and Growth Grant Program ("ERG") Product #00289001
REQUEST: To approve the application of Hamilton Square Urban Renewal LLC and Soldier On Veterans Village VI, LLC for a Project located at 20-21 Mill Street, Paterson City, for the issuance of tax credits pursuant to the RES ERG program of the Authority as set forth in the New Jersey Economic Opportunity Act of 2013, P.L. 2013, c. 161.
MOTION TO APPROVE: Ms. Dragon **SECOND:** Mr. Alagia **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

Emerge Program

ITEM: Proposed Rule Amendments: Emerge Program: (N.J.A.C. 19:31-22)
REQUEST: To approve proposed amendments to the Emerge Program rules to implement certain policy and statutory revisions pursuant to the recently enacted P.L. 2021, c. 160, as well as to implement a revised fee structure. The approval will authorize staff to submit the proposed program rules as final adopted rules for publication in the New Jersey Register if no comments are received, subject to final review and approval of the Office of the Attorney General and the Office of Administrative Law.
MOTION TO APPROVE: Ms. Dragon **SECOND:** Mr. Alagia **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

Technology Business Tax Certificate Transfer Program (NOL)

ITEM: Proposed Rule Amendments: Technology Business Tax Certificate Transfer (NOL) Program: (N.J.A.C. 19:31-12.1)
REQUEST: To approve proposed amendments to the Technology Business Tax Certificate Transfer Program (NOL) rules to (1.) implement updates based on statutory provisions pursuant to P.L. 2019, c. 145 and P.L.2020, c.156 and amended by P.L 2021 c. 160, as well as (2.) implement a revised fee structure. The approval will authorize staff to submit the proposed rule amendments for promulgation in the New Jersey Register, to submit the proposed program rules as final adopted rules for promulgation in the New Jersey Register if no comments are received, subject to final review and approval of the Office of the Attorney General and the Office of Administrative Law.
MOTION TO APPROVE: Ms. Bauer **SECOND:** Ms. Keyes–Maloney **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

Grow New Jersey Assistance Program (GROW NJ)

ITEM: WebiMax LLC ("WebiMax") Grow New Jersey Assistance Program ("Grow NJ") – COVID-Related Termination P #38627 (PROD-00184610)
REQUEST: To approve WebiMax LLC's request to terminate its Grow NJ Incentive Agreement pursuant to the COVID-Related Relief provisions of the New Jersey Economic Recovery Act of 2020 ("ERA"), P.L.2020, c. 156.
MOTION TO APPROVE: Mr. Sarlo **SECOND: Ms. Bauer** **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

NJ FILM & DIGITAL MEDIA TAX CREDIT PROGRAM

Film Tax Credit Program

ASATMU The Film, Inc. PROD-00258777
MAX AMOUNT OF TAX CREDITS: $1,194,228.65
MOTION TO APPROVE: Ms. Bauer **SECOND:** Ms. Giblin **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

The Perfect Movie Productions, LLC PROD-00276150
MAX AMOUNT OF TAX CREDITS: $5,950,025.13
MOTION TO APPROVE: Ms. Bauer **SECOND:** Ms. Marley **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

Lucky 8 TV, LLC PROD-00258514
MAX AMOUNT OF TAX CREDITS: $1,114,079.62
MOTION TO APPROVE: Ms. Dragon **SECOND:** Ms. Giblin **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

ABC Signature NJ, LLC PROD-00187847
MAX AMOUNT OF TAX CREDITS: $14,037,579.84
MOTION TO APPROVE: Ms. Dragon **SECOND:** Ms. Bauer**AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 15

Pacific 2.1 Entertainment Group, Inc. PROD-00258148
MAX AMOUNT OF TAX CREDITS: $21,814,620.2
MOTION TO APPROVE: Ms. Dragon **SECOND:** Ms. Bauer **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 16

PS203 New Jersey Inc. PROD-00258545
MAX AMOUNT OF TAX CREDITS: $3,568,052.45
MOTION TO APPROVE: Ms. Giblin **SECOND:** Mr. Soberanis **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 17

Digital Media Tax Credit Program

Malka Media Group LLC PROD-00257886
MAX AMOUNT OF TAX CREDITS: $890,904.80
MOTION TO APPROVE: Ms. Bauer **SECOND:** Mr. Soberanis **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 18

BOND PROJECTS

Second Amended And Restated Bond Resolution

PROJECT: Linden Renewable Energy, LLC PROD-00228622
LOCATION: Linden City, Union County
PROCEEDS FOR: Construction, purchase equipment, fund debt service reserve fund, pay interest on the bonds during construction and cover the cost of issuance.
FINANCING: $214,000,000 Tax-Exempt Bond
MOTION TO APPROVE: Ms. Marley **SECOND:** Commissioner Caride **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 19

ITEM: Adoption of Written Post-Issuance Compliance Procedures with Respect to the Authority's Motor Vehicle Surcharges Subordinate Revenue Refunding Bonds, 2017 Series A. PROD 00174788
REQUEST: To adopt post-issuance compliance procedures (written procedures) with respect to the Authority's Motor vehicle Surcharges Subordinate Revenue Refunding Bonds, 2017 Series A and any Refunding Bonds issued pursuant to the Resolution, and to appoint one or more Tax Compliance Officers to carry out the written procedures, and to approve the use of professionals and authorize Authority staff to take necessary actions to implement this request.
MOTION TO APPROVE: Ms. Giblin **SECOND:** Ms. Bauer **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 20

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. Dragon **SECOND:** Ms. Bauer **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 21

PROJECT: National Park Borough PROD. #00300433
Robert Hawthorne Sanitary Landfill
LOCATION: National Park Borough, Gloucester County
PROCEEDS FOR: Remedial Action
FINANCING: $2,325,059.15

PROJECT: Edison Township PROD. #00300536
Bavosa Sanitary Landfill
LOCATION: Edison Township, Middlesex County
PROCEEDS FOR: Remedial Action
FINANCING: $1,049,553.08

Petroleum Underground Storage Tank (PUST)

ITEM: Summary of NJDEP Petroleum UST Remediation, Upgrade & Closure Fund Program project approved by the Department of Environmental Protection.
MOTION TO APPROVE: Ms. Dragon **SECOND:** Ms. Bauer **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 22

Commercial:

PROJECT: Kurtin's Service Center, Inc. PROD. # 00288642
LOCATION: Passaic City, Passaic County
PROCEEDS FOR: Remediation
FINANCING: $71,137.17

REAL ESTATE

ITEM: Investment in Downtown HUB Associates LLC
REQUEST: To approve an investment from the Strategic Innovation Centers – ERF appropriation into a limited liability company (Hub Associates LLC) as a catalyst to create a state-of-the-art Innovation Center located in New Brunswick, delegated authority to the CEO to sign all documents associated with the investment into HUB Associates LLC, and a policy to recover administrative costs associated with the investments in Strategic Innovation Centers.
MOTION TO APPROVE: Mr. Shimko **SECOND:** Commissioner Caride **AYES: 11**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 23

Mr. Sarlo recused himself because DevCo is a client of his firm where he is employed.

ITEM: New Jersey Bioscience Center, 685 U.S. Highway 1 South (Building 4) miR Scientific, LLC First Amendment to the Lease Agreement, PROD-00258571
REQUEST: To approve the First Amendment to the Lease Agreement with miR which will modify and extend Lease dates and related requirements relating to the CLIA certification and the Lease Termination Option, on final terms subject to approval by the CO and the Attorney General's Office.
MOTION TO APPROVE: Mr. Sarlo **SECOND:** Ms. Bauer **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 24

ITEM: Recommendation for Award - #2021-RFP-078-REBID Title Services – As Needed Basis
REQUEST: To approve to entry into the Title Services on An As-Needed Basis contract for three (3) years with two (2) one (1) year extension options.
MOTION TO APPROVE: Ms. Bauer **SECOND:** Ms. Keyes–Maloney **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 25

BOARD MEMORANDA - FYI ONLY

Credit Underwriting Projects Approved Under Delegated Authority, November 2021

PUBLIC COMMENT

Mr. Charles Kratovil, Editor, New Brunswick Today, and New Brunswick resident, addressed the Board regarding his concerns pertaining to the New Brunswick Development Corporation (DEVCO).

EXECUTIVE SESSION

The next item was to adjourn the public session of the meeting and enter into Executive Session to discuss the closing tax agreement for an NJEDA applicant, settlement on fees for an NJEDA tenant, and a real estate project under negotiations, where information is confidential under federal law, and where disclosure could adversely impact the public interest.
MOTION TO APPROVE: Mr. Quinn **SECOND:** Commissioner Caride **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 26

Ms. Dragon temporarily left the meeting at this time to abstain from the discussion related to the NJ Wind Port item being discussed in Executive Session due to pending permit reviews before the NJDEP.

The Board returned to Public Session.

BOND PROJECT

ITEM: Friends of Central Jersey Arts Charter School, Inc. – PROD-00120399
REQUEST: To consent to the execution of the closing agreement.
MOTION TO APPROVE: Ms. Bauer **SECOND:** Ms. Dragon **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 27

REAL ESTATE

ITEM: New Jersey Wind Port – Request to Approve Road Access Easement, Temporary Use Agreements and Extension of Letter of Intent with PSEG Nuclear
REQUEST: To approve the Authority entering into a road access easement agreement, temporary use agreements, and approval of PSEG Letter of Intent extension.
MOTION TO APPROVE: Ms. Bauer **SECOND:** Ms. Keyes–Maloney **AYES: 11**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 28

Ms. Dragon abstained due to pending permit reviews before the NJDEP.

There being no further business, on a motion by Mr. Quinn, and seconded by Ms. Marley, the meeting was adjourned at 12:04pm.

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

Danielle Esser, Director
Governance & Strategic Initiatives
Assistant Secretary

NJEDA

MEMORANDUM

To: Members of the Authority

From: Tim Sullivan

Date: February 9, 2022

Re: February 2022 Board Meeting

Momentum around the Economic Recovery Act of 2020 (ERA) continues to build as new programs take shape and applications are launched. In the last month, the New Jersey Economic Development Authority (NJEDA) began accepting applications for the Aspire program, which will bridge financing gaps for mixed-use, transit-oriented development by providing tax credits to commercial and residential real estate development projects. We also hosted listening sessions in partnership with the New Jersey Department of Community Affairs to gather feedback on our draft list of 50 designated food deserts, as well as sessions to solicit public input on the draft rules for the Historic Preservation Tax Credit Program. Both of these items will be presented to the Board for consideration today.

The Board will also be asked today to approve the NJEDA to advance six program concepts as part of the state's application to participate in the U.S. Treasury's State Small Business Credit Initiative (SSBCI). These concepts include blended capital and loans through micro lenders for small businesses, clean energy initiatives, and venture programs. Also in support of small businesses, tomorrow, we will launch applications for the Small Business Improvement Grant, which will help small businesses become more resilient and position themselves for growth.

Earlier in January, Governor Phil Murphy announced exciting changes to the Film and Digital Media Tax Credit, which was enhanced by the ERA. On January 12, the Governor signed legislation which extended the program to 2034. The legislation also increased the amount of the Digital Media Tax Credit from 25 percent of eligible costs to 35 percent in the state's eight southern counties and from 20 percent to 30 percent in the rest of the state. The total available for the program was also increased by the bill, from $10 million to $30 million. In December, the NJEDA hosted a session in Camden to present opportunities surrounding the diversity aspects of the Film and Digital Media Tax Credit Program to Camden-area businesses involved in the film industry. Since Governor Murphy first relaunched the program in 2018, it has supported more than 49 film and television productions that have infused over $635 million into New Jersey's economy.

In the interest of advancing environmental-focused programs, the NJEDA opened applications on January 20 for the new Brownfields Impact Fund, which provides grant funding and low-interest loans to public sector and non-profit organizations, as well as low-interest loans to for-profit organizations, to carry out cleanup activities at brownfield sites throughout the state. The goal of the Fund is to advance cleanup activities that will in turn help promote the redevelopment of brownfield sites for productive reuse. While applicants from any city can now apply, only applicants with projects located in the 12 Community Collaborative Communities (CCI) will be considered for the first 90 days the application is available. After April 20, applications from non-CCI communities will also be considered. This program will serve as a complement to the Brownfield Redevelopment Incentive, a tax credit program established by the ERA. The tax credit program is expected to launch later this year.

The state's growing offshore wind sector presents an opportunity to set a new standard for diversity and inclusion. Following the start of construction on the New Jersey Wind Port last fall, our first package for Wind Port construction was awarded with 51 percent of the test pile work being performed by a minority-owned business joint venture. In another step to advance the state's offshore wind industry, the NJEDA issued a Request for Proposals for a feasibility study for a world-class, flagship offshore wind research and development testing facility.

The ERA creates and updates a range of diverse programs, but their common thread is that they all reflect the NJEDA's highest obligations of transparency and responsible stewardship of taxpayer resources. A report issued in January by the Office of the State Comptroller (OSC) as a follow-up to its 2019 report acknowledges significant progress has been made by the NJEDA toward improving its processes and internal controls for administering the State's various tax incentive programs. The report also correctly identified areas where work remains to be done to improve NJEDA's processes and procedures, to protect the interests of taxpayers and ensure transparent and equitable use of resources.

The ERA includes compliance and process requirements to address recommendations of the OSC and the Governor's Task Force on EDA's Incentives. The rules implementing the ERA programs incorporated and enhanced those requirements. As part of the rulemaking process, the NJEDA undertakes a thorough and structured public engagement process, to fulfill its commitment to transparency. We solicit and gather public feedback on the programs and the rules via a variety of methods, which include public listening sessions, opportunities to submit input via the NJEDA's website, and the chance to submit formal comments during the public comment period. Input is carefully reviewed for ways to improve our programs, rules and processes.

While equity and inclusiveness are at the heart of the NJEDA's work throughout the year, the month of February, designated since 1976 as Black History Month, presents an opportunity to celebrate the achievements of Black Americans. It also serves as a poignant reminder of the obstacles they have overcome and reminds us of the work that remains to be done toward achieving Governor Murphy's vision for a stronger fairer New Jersey economy. I am proud of what we have achieved already. Among other things, over 30 percent of our Small Business Emergency Assistance Grants went to minority-owned businesses. Yet, we must continue to advance programs that support equitable and inclusive economic growth. To that end, today we are seeking Board approval for the Main Street Lenders Grant program, which will require recipients disburse 40 percent of the total lending grant to businesses located in Opportunity Zone eligible census tracts – areas that meet the federal definition of low-income communities.

I am grateful to our Board members for their steadfast support and insightful perspective. Their leadership will remain a guiding force as we strive to create opportunities for a better way of life for all New Jerseyans.

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: February 9, 2022

SUBJECT: Proposed Food Desert Communities under the Food Desert Relief Act

Request:

The Members are asked to approve the list, map, and methodology designating 50 New Jersey Food Desert Communities, as required by the Food Desert Relief Act, part of the New Jersey Economic Recovery Act of 2020. This list will be used in full or in part to determine communities eligible for tax credits, grants, loans, and/or technical assistance under the Food Desert Relief Act and may be used in full or in part to determine eligibility for other future NJEDA food security programs.

Background:

New Jersey faces a crisis of food insecurity that has only been exacerbated by the COVID-19 pandemic and its economic impacts on families across the state. A January 2022 survey by the U.S. Census Bureau found that nearly one in 13 New Jersey households reported not having enough to eat in the past seven days. In January 2021, Governor Phil Murphy signed into law the Food Desert Relief Act ("The Act" or "FDRA") as part of the New Jersey Economic Recovery Act of 2020. The FDRA directs the New Jersey Economic Development Authority ("Authority") to address the food security needs of communities across New Jersey by providing up to $40 million per year for six years to increase access to nutritious foods and develop new approaches to alleviate food deserts. The Act required the Authority, in consultation with the Departments of Community Affairs (NJDCA) and Agriculture (NJDA), to initially designate up to 50 Food Desert Communities (FDCs) that have limited access to nutritious foods. The Act also directs the Authority to evaluate areas previously designated as FDCs and assess whether they still meet the criteria for designation as a food desert community and may add additional FDCs once every three years.

Criteria:

Pursuant to the Act, the Authority, in consultation with NJDCA and NJDA, is required to develop criteria for the designation of Food Desert Communities (FDCs). Each separate FDC must be a distinct geographic area with a single defined border. The Act states that the criteria shall at minimum incorporate:

- Analysis of municipal or census tract poverty statistics
- Food desert information from the Economic Research Service of the U.S. Department of Agriculture
- Healthier food retail tract information from the U.S. Centers for Disease Control and Prevention
- Residents' access to nutritious foods, such as fresh fruits and vegetables, through supermarkets and grocery stores

The Act also states that the Authority may consider:

- Data related to municipal or census tract population size and population density
- Number of residents who receive Supplemental Nutrition Assistance Program (SNAP) benefits within a municipality
- Extent to which a municipality's residents have access to a personal vehicle
- A municipality's Municipal Revitalization Index (MRI) distress score
- Obesity rate
- Unemployment rate

As described in Attachment A—a version of which was also released to the public on the Authority's website for review and feedback—the criteria used for designation of the FDCs included all statutory mandatory and permissive criteria. In addition, by conducting a literature review and a Request for Information to solicit feedback from the public on additional criteria to consider for food desert designations, Authority, NJDCA and NJDA staff were able to identify additional criteria that could signal a food desert in New Jersey.

Additional criteria from NJDCA literature review:

- Access to public transportation
- Education levels
- Health indicators
- Income and employment
- Special Supplemental Nutrition Assistance Program for Women, Infants, and Children (WIC) enrollment
- Public assistance enrollment
- Housing quality
- Race and ethnicity
- Single mother headed households
- Geographic density
- Walkability
- Students with free or reduced-price lunch
- Residents under age 18

Additional criteria from Authority Request for Information:

- Access to unhealthy food retailers
- Income relative to cost of living
- Municipal Violent Crime Rate
- Households with internet access

A full discussion of the criteria can be found in Attachment A.

New Jersey's Food Desert Community Designations:

To designate the 50 Food Desert Communities (FDCs), the Authority and its partners engaged in the following process:

- NJDCA collected available data on the proposed criteria and aggregated data at the block group level (a block group is a U.S. Census Bureau unit of measurement smaller than a census tract roughly approximating a neighborhood with 600 to 3,000 residents). Additionally, the Authority purchased a proprietary dataset through Nielsen TDLinx to determine up-to-date food retailer location data;

- NJDCA scored block groups on their proximity to larger supermarkets in comparison to areas similar in population density and vehicle access, but with higher income;

- NJDCA analyzed and synthesized data to score block groups on how much they resemble a food desert based on New Jersey-specific data, giving each block group a 'factor score' of 0 to 100, with 100 indicating the greatest presence of characteristics of a food desert and 0 the least. The variables prioritized for analysis were those most correlated with being a food desert (e.g., percentage of households receiving SNAP, percentage of African American households, poverty rate) but no single variable qualifies a block group as an FDC;

- The ranked food desert factor analysis scores were used to identify geographically contiguous clusters of block groups as the proposed 50 FDCs, while implementing minimum (1,000) and maximum (50,000) population thresholds. These thresholds were determined by the Authority, in consultation with sister agencies, to reflect the diversity of New Jersey's population centers and retain a level of comparability among FDCs. To address the Act's requirement that each separate FDC shall consist of a distinct geographic area with a single defined board, the Authority's model allows a single municipality to have more than one FDC if one of the two following conditions are met: 1) FDC areas are not geographically contiguous; or 2) a geographically contiguous FDC within the municipality has more than 50,000 residents. The FDCs may cross municipal borders to include residents of a neighboring municipality's FDC if the total population of residents across all municipalities included within a single FDC is fewer than 50,000.

  In addition, to ensure geographic diversity across the FDCs, Authority staff and partner agencies determined that the top scoring FDCs in each county would be guaranteed inclusion on the final proposed FDC list. Nineteen of 21 New Jersey counties had communities with factor scores that were within the top 50 highest ranking in the state. The top scoring FDCs in two counties (Hunterdon and Sussex) were included to ensure geographic representation across all counties in the state;

- In accordance with the Executive Order 63 directive to ensure outreach efforts are made to the public and affected stakeholders, the Authority issued a news release advising the public that the Food Desert Community materials were available for review and of the opportunity to provide informal input.

- The Authority staff convened two virtual public “Listening Sessions”, which provided an overview of the list of Food Desert Communities and the opportunity for the public feedback, on:
  a. Wednesday, January 13th, 2021 at 6:00 p.m.
  b. Thursday, January 14th, 2021 at 10:30 a.m.

- Additionally, the public were able to submit written feedback through the NJEDA’s Economic Recovery Act transparency website (www.njeda.com/economicrecoveryact) from January 4th through February 4th, 2022.

In response to public feedback received through the process outlined above, staff has made the following changes to the draft list, map, and proposed methodology that was released to the public on January 4, 2022:

- To account for supermarket quality—feedback cited by several listening session participants and received in written comments—NJDCA compiled Google reviews for all large supermarkets with more than 100 reviews in areas not preliminarily designated as FDCs but in municipalities containing at least one such FDC. The average rating across all these large supermarkets was 4.2 (out of 5). All supermarkets with below average ratings were then excluded from the proximity analysis, described in detail in Attachment A. NJDCA then conducted a new proximity analysis with updated data from Nielsen TDLinx, current as of January 31, 2022, and the below average rated supermarkets excluded.

- To allow more residents to be covered under a single FDC, the population maximum was raised to 70,000.

- These changes had the following impact on the final list of proposed FDC designations compared with the draft list released to the public on January 4, 2022:
  - Elizabeth East and West FDCs have been combined into a single FDC for Elizabeth city
  - The single Trenton city FDC has been sub-divided into two separate FDCs: Trenton East and Trenton West
  - Jersey City’s FDCs’ boundaries have shifted to distribute population more equally across the FDCs
  - New block groups have been added as part of the FDCs for the following municipalities:
    - Atlantic City
    - Camden
    - East Orange
    - Elizabeth
    - Irvington
    - Jersey City
    - Linden
    - Long Branch
    - Newark
    - Orange
    - Paterson
    - Plainfield
    - Prospect Park
    - Trenton

- Five block groups were removed from the Passaic FDC to account for a new supermarket that was included in the updated January 2022 supermarket proximity analysis
- Some slots changed their rank order on the final FDC list based on their revised composite Food Desert Factor Score (described in detail in Attachment A), but it did not result in the exclusion of any municipality that was already included on the draft list of proposed FDCs
- The total population of individuals residing in FDCs rose from 1,321,484 to 1,514,699

The above process has resulted in the final proposed FDC designations, listed below. The list is ordered to indicate acuity of need, as measured by the composite Food Desert Factor Score (explained in greater depth in Attachment A), with those ranked higher indicating the presence of more food desert characteristics. In most cases, only a part of the municipality is included in the proposed food desert community (the municipalities where the proposed FDC covers the entire municipality are indicated with an asterisk in the list below). There are 57 municipalities in all 21 counties that have some or all of their boundaries included within the 50 proposed FDCs. The total population that resides in the 50 proposed FDCs is 1,514,699 residents. Six municipalities are sub-divided into more than one FDC: Camden (2 FDCs), Trenton (2), Jersey City (3), Lakewood (2), Newark (4), and Paterson (2). The population size of each FDC ranges from 1,135 to 69,264, with a median of 30,082 residents. The full GIS map can be viewed at https://njdca.maps.arcgis.com/apps/webappviewer/index.html?id=cd59d206f39c40a691d6ba38598134fb.

Proposed Food Desert Communities

Rank	Municipality	County	Composite Food Desert Factor Score	Food Desert Population (2020)
1	North, Central and South Camden/Woodlynne*	Camden	86.2	44,702
2	Atlantic City*/Ventnor	Atlantic	78.8	41,382
3	Newark South	Essex	74.2	42,713
4	Newark West	Essex	72.7	49,065
5	Camden East/Pennsauken	Camden	72.1	49,689
6	Trenton West	Mercer	71.8	27,151
7	Newark North and Central	Essex	70.6	50,855
8	Newark East	Essex	69.7	40,427
9	Salem city	Salem	69.6	5,296
10	Passaic city	Passaic	68.4	39,336
11	Trenton East	Mercer	68.1	57,113
12	Bridgeton/Fairfield Twp/Lawrence Twp*	Cumberland	65.3	29,167
13	Paterson South	Passaic	64.5	35,825
14	New Brunswick city	Middlesex	64.1	49,408

Rank	Municipality	County	Composite Food Desert Factor Score	Food Desert Population (2020)
15	Paterson North	Passaic	63.9	46,602
16	Irvington township	Essex	61.2	31,393
17	Asbury Park city	Monmouth	60.8	14,547
18	Jersey City South	Hudson	60.5	68,636
19	East Orange city	Essex	59.9	65,254
20	Penns Grove*/Carneys Point*	Salem	59.9	13,474
21	Elizabeth city	Union	58.5	69,264
22	Orange/West Orange/Montclair	Essex	57.8	50,522
23	Jersey City Central	Hudson	57.6	58,929
24	Perth Amboy city	Middlesex	57.0	30,997
25	Lindenwold/Clementon*	Camden	56.8	19,469
26	Plainfield city	Union	56.4	37,829
27	Pleasantville/Absecon	Atlantic	56.0	9,874
28	Red Bank borough	Monmouth	55.6	1,508
29	Lakewood North	Ocean	52.1	49,364
30	Jersey City North	Hudson	51.5	62,363
31	Woodbine borough*	Cape May	51.2	2,128
32	Long Branch city	Monmouth	51.2	27,013
33	Millville/Commercial Twp*	Cumberland	49.9	25,634
34	Prospect Park/Haledon/Hawthorne	Passaic	49.4	11,846
35	Keansburg borough*	Monmouth	49.1	9,755
36	Paulsboro borough	Gloucester	48.8	2,282
37	Lakewood South	Ocean	48.5	49,831
38	North Bergen/West New York/Guttenberg	Hudson	48.4	48,711
39	Fairview borough	Bergen	48.3	1,135
40	Egg Harbor City*	Atlantic	47.1	4,396
41	Burlington city	Burlington	46.1	6,101
42	Linden/Roselle	Union	45.7	36,659
43	Vineland city	Cumberland	45.2	13,273
44	Phillipsburg town	Warren	44.4	13,823
45	Bayonne city	Hudson	42.7	28,718
46	Dover town	Morris	42.5	10,478
47	Bound Brook borough	Somerset	42.4	1,823
48	Union City	Hudson	34.9	23,926
49	High Bridge borough	Hunterdon	26.5	1,221
50	Montague township*	Sussex	25.1	3,792

* Whole municipality included in proposed FDC

Recommendation:

The Members are asked to approve the list, map, and methodology designating 50 New Jersey Food Desert Communities, as required by the Food Desert Relief Act. This list will be used in full or in part to determine communities eligible for tax credits, grants, loans, and/or technical assistance under the Food Desert Relief Act and may be used in full or in part to determine eligibility for other future NJEDA food security programs.

Tim Sullivan
Chief Executive Officer

Prepared by: Tara Colton

Attachments
Attachment A – Food Desert Community Designation Proposal Methodology

Attachment A – Food Desert Community Designation Methodology

New Jersey faces a crisis of food insecurity that has only been exacerbated by the COVID-19 pandemic and its economic impacts on families across the state. A January 2022 US Census Bureau survey found that nearly one in 13 New Jersey households reported not having enough to eat in the last seven days.[1] In January 2021, Governor Phil Murphy signed into law the Food Desert Relief Act ("The Act" or "FDRA"), part of the Economic Recovery Act of 2020. The FDRA directs the New Jersey Economic Development Authority (NJEDA) to address the food security needs of communities across New Jersey by providing up to $40 million per year for six years in tax credits, grants, loans, and technical assistance to increase access to nutritious foods and develop new approaches to alleviate food deserts. The Act required that the NJEDA, in consultation with the Departments of Community Affairs (NJDCA) and Agriculture (NJDA), develop criteria for designation of up to 50 Food Desert Communities (FDCs) that have limited access to nutritious foods.

This report outlines the data and methodology used to develop 50 proposed FDC designations that will be used to direct resources for FDRA programs and potential future NJEDA food security programs.

The methodology to designate proposed FDCs can be summarized in six steps, as detailed in this document:

- **A literature review, a Request for Information process, and guidance from the Food Desert Relief Act** were used to identify concepts and candidate variables that could signal a food desert in New Jersey;
- **Data were collected** on the candidate variables and transformed to the block group level;
- **A proximity analysis was performed** to score block groups on their proximity to larger supermarkets in comparison to areas similar in population density and vehicle access, but higher in income;
- **The candidate variables and supermarket proximity metrics were analyzed** using factor analysis to score block groups on how much they resemble a food desert as emergent from New Jersey data;
- **The ranked food desert factor analysis scores were used to identify contiguous clusters of block groups as the proposed 50 FDCs,** while implementing minimum (1,000) and maximum (70,000) population thresholds. Counties without any food deserts from this process (Hunterdon and Sussex) received single FDCs for the areas in their county with the highest food desert factor analysis scores; and
- **Additional areas were added to the FDCs** from a new supermarket proximity analysis utilizing 2022 data and after removing larger supermarkets with below average user ratings from the analysis.

[1]US Census Bureau, Household Pulse Survey conducted December 29, 2021 - January 10, 2022.

This comprehensive analysis resulted in the proposed designation of 50 FDCs, ordered below based on their final Composite Food Desert Factor Score, detailed in Appendix A.

Proposed Food Desert Communities

Rank	Food Desert Community	Rank	Food Desert Community	Rank	Food Desert Community	Rank	Food Desert Community
1	**North, Central & South Camden/Woodlynne***	14	**New Brunswick City**	27	**Pleasantville/Absecon**	40	**Egg Harbor City***
2	**Atlantic City*/Ventnor**	15	**Paterson North**	28	**Red Bank Borough**	41	**Burlington City**
3	**Newark South**	16	**Irvington Township**	29	**Lakewood North**	42	**Linden/Roselle**
4	**Newark West**	17	**Asbury Park City**	30	**Jersey City North**	43	**Vineland City**
5	**Camden East/Pennsauken**	18	**Jersey City South**	31	**Woodbine Borough***	44	**Phillipsburg town**
6	**Trenton West**	19	**East Orange City**	32	**Long Branch City**	45	**Bayonne City**
7	**Newark North and Central**	20	**Penns Grove*/Carneys Point***	33	**Millville/Commercial Twp***	46	**Dover Town**
8	**Newark East**	21	**Elizabeth City**	34	**Prospect Park/Haledon/Hawthorne**	47	**Bound Brook Borough**
9	**Salem City***	22	**Orange/West Orange/Montclair**	35	**Keansburg Borough***	48	**Union City**
10	**Passaic City**	23	**Jersey City Central**	36	**Paulsboro Borough**	49	**High Bridge Borough**
11	**Trenton East**	24	**Perth Amboy City**	37	**Lakewood South**	50	**Montague Township***
12	**Bridgeton/Fairfield Twp/Lawrence Twp***	25	**Lindenwold/Clementon***	38	**North Bergen/West New York/Guttenberg**		
13	**Paterson South**	26	**Plainfield City**	39	**Fairview Borough**		

* Whole municipality included in proposed FDC

Conceptualizing Food Desert Communities in New Jersey

Defining New Jersey's Food Desert Communities (FDCs) began with identifying from the food desert definition literature what concepts and variables are typically associated with the existence of a food desert. Food desert definition reports released by the Reinvestment Fund and United States Department of Agriculture (Dutko, Ver Ploeg, and Farrigan, 2012; The Reinvestment Fund, 2012; Ver Ploeg et al, 2009) and several peer-reviewed articles and studies on the topic (Jiao et al., 2012; Mulangu and Clark, 2012; Leete, Bania and Sparks-Ibanga, 2012; Walker, Keane, and Burke, 2010) were collected and reviewed. That literature review revealed several factors that influence the existence of food deserts including education, income, health outcomes, transportation access, employment, and most importantly, access to healthy food options. These were used to develop a conceptual basis for defining food deserts in New Jersey through a series of signaling variables. Forty variables were identified aligning with the concepts from the literature review, falling within twelve broad categories. Supplementing these variables were nine variables specified by the Food Desert Relief Act.

To gather grounded, locally sourced intelligence on the possible characteristics of food deserts, information from organizations and individuals with direct hands-on experience with food insecurity and healthy food access was collected through a Request for Information (RFI) process coordinated by the NJEDA.[2] Dozens of responses were received from on-the-ground stakeholders. That feedback resulted in the addition of four variables not already captured from the statute and the literature review.

Collecting Data for Analysis

After identifying the variables, data were collected from several public sources including the US Census Bureau, the NJ Department of Health, the NJ State Police, the Centers for Disease Control, the NJ Department of Labor and Workforce Development, the US Department of Agriculture, and the NJ Department of Community Affairs. Data from the 2020 Municipal Revitalization Index, which incorporates municipal poverty statistics, were also collected. The data corresponded to Census block group boundaries whenever possible, however some data was only available for census tracts, municipalities, groupings of municipalities, or school districts. Block groups are divisions of census tracts and are the smallest neighborhood geography for which American Community Survey Census data are available. The data were transformed to the block group level based on the intersection of block groups with census tract, municipal, school district, and regional boundaries. This was done to ensure that food desert areas could be more precisely identified when they appear at very small levels of geography. A full list of the data and variables collected can be found in Appendix B.

Measuring Supermarket Access

An essential component of defining Food Desert Communities (FDCs) is measuring geographic access to healthy food options. The food desert literature review revealed that access to larger supermarkets with a wider array of fresh and nutritious food options can be a good indicator of access to healthier food. Therefore, an analysis was performed to generate metrics of healthy food access based on proximity to larger supermarkets. The methodology for this analysis is derived heavily from methods used by the Reinvestment Fund in its highly respected analyses of limited supermarket access. In addition, as noted below, the ability to afford and access food – separate from geographic proximity – was also incorporated through economic factors including Supplemental Nutrition Assistance Program (SNAP), Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and public assistance participation, income levels, poverty, and the area cost of living.

Supermarket data were purchased from a commercial data provider known as TDLinx, current as of May 2021 and January 2022. Data on a wide array of food retailers were obtained, however the scope was limited to food retailers defined as conventional supermarkets, limited assortment stores, natural/gourmet food stores, warehouse stores, military commissary stores, and conventional/wholesale clubs. To this data were added Walmart stores with a full-service grocery section, as denoted on the retailer's website. Target stores were also identified and examined but excluded due to the limited size of their grocery options.

[2] View the RFI, "Addressing Food Insecurity in New Jersey's Food Deserts" at https://www.njeda.com/expired-rfis/

A proximity analysis was performed calculating the distance from the centroid of every block to the nearest major supermarket. Major supermarkets were defined as food retailers in one of the above categories with at least 20,000 square feet of selling area. This roughly corresponds to the average supermarket selling area size in New Jersey and was evaluated against the size of limited-selection supermarkets and grocery stores serving areas noted in the press as known food deserts.

The block-supermarket proximities were then converted to a population-weighted block group average based on the populations of the blocks. Each population-weighted block group average was divided by the average for similar block groups in terms of vehicle access and population density, but a median household income at least 20% above the area median[3]. The block group similarities were based on sixteen categories derived from sixteen different combinations of population density and vehicle access (low, moderately low, moderately high, high). These classifications aligned with the 0-25^{th}, 25^{th}-50^{th}, 50^{th}-75^{th}, and 75^{th}-100^{th} percentiles on density and vehicle access. This essentially measures the degree to which a block group lacks major supermarket access based on its income profile.

Ratios of less than one were recoded as zero, as these block groups had better supermarket access than their higher-income counterparts. The ratios were then transformed into a zero to 100 scale using a regression technique to calculate **Low Access Scores**. Block groups with a Low Access Score greater than 28 (equivalent to the block group average rounded up to the nearest digit) were designated as **Limited Supermarket Areas**.

Defining a New Jersey Food Desert Community

Low Access Scores and Limited Supermarket Areas were then combined with the other identified candidate variables in a factor analysis to develop a metric that would define how much a block group resembles a food desert, as signaled by New Jersey specific data. The factor analysis process is described in detail in Appendix A. The factor analysis resulted in the identification of 24 variables that together signal the presence of a food desert.

Food Desert Factor Components

Food Retail Environment	Demographics	Economic Factors	Health Factors	Community Factors
2021 Limited Supermarket Area	% of Households with a Single-Mother Head	Unemployment Rate (block group)	% of Adults that are Obese (Health Dept. area)	% of Households with Internet Access
2021 Low Access Score	% Non-Hispanic White	Poverty Rate	% of Adults Rating Health as Poor or Fair	% of Non-seasonally Vacant Housing
Food Swamp Area	% African-American	Per Capita Income		% of Households with No Vehicle
CDC Modified Retail Food Environment Index	% Hispanic	% of Households Receiving Public Assistance		DCA Walkability Score
	% of Adults with a High School Diploma	% of Households Receiving SNAP Benefits		% of Households that are Housing Cost Burdened
		WIC Participation Rate		Municipal Violent Crime Rate, 2016-18
		Cost of Living Difference Score		

[3]According to HUD's FY2021 Income Limits utilizing 2014-18 data

Using the results of the factor analysis, factor scores were then generated for every block group to create "Food Desert Factor Scores". The Scores for those block groups that were not Limited Supermarket Areas were adjusted to zero. The practical effect of this was to limit designation to areas not immediately adjacent to major supermarkets with at least 20,000 square feet of selling area. Moreover, block groups that were low-income or were otherwise distressed as measured by other metrics were not automatically eligible to be Food Desert Communities, given the essential qualification in the Act that a Food Desert Community be an area with limited access to food outlets that offer expansive access to nutritious foods, such as fresh fruits and vegetables.

Designating New Jersey's Food Desert Communities

The block groups with the highest Food Desert Factor Scores were selected until 50 municipalities were represented amongst the selections. All other Limited Supermarket Area block groups within the initially qualifying municipalities were selected as well. These block groups were then mapped and connector block groups added to connect non-contiguous areas. Connectors with the highest Food Desert Factor Scores were selected whenever possible. When this was not possible, the most direct connections were generally made. Food deserts with a population less than 1,000 were dropped from the listing to maintain a suitable minimum population size for each desert. Counties without any food deserts from this process had the block group (or combination of block groups) exceeding 1,000 population with the highest Food Desert Factor Scores designated as their single Food Desert Community (FDC). Hunterdon and Sussex Counties received proposed designations in High Bridge Borough and Montague Township through this process.

Next, measures were taken to ensure a maximum food desert population of 70,000. Running scenarios at multiple population thresholds determined that a maximum of 70,000 would ensure an adequate number of FDCs in larger municipalities without compromising the ability to designate multiple FDCs in less densely populated parts of the state. Adjoining FDCs in separate municipalities were combined into single FDCs where the combined FDC would have a combined population of less than 70,000. The open designation slots from this process were then assigned to the next highest ranking block groups on the Food Desert Factor Score that would meet the 1,000 population threshold either alone or in conjunction with other bordering block groups. FDCs within single municipalities that had more than 70,000 persons were then divided into separate food deserts that totaled no more than 70,000 persons each. Divisions were made based on ward and neighborhood boundaries whenever possible. With the addition of these additional FDCs, the FDCs closest to the cutoff threshold were removed until the 50 FDCs maximum was obtained again.

Additional bordering eligible block groups (meeting the Low Access Score and Limited Supermarket Area thresholds) in adjacent municipalities were then added to the existing FDCs where they would not cause the FDC population to rise above 70,000. Following the public comment period on the preliminary designations, it became clear that some supermarkets had closed since the initial analysis was conducted, some had opened, and some undesignated areas had major supermarkets that nevertheless offered limited or lower qualify food offerings. To ensure the designations included these transition areas that had strong food desert characteristics, the supermarket proximity analysis was re-run with newly opened and closed supermarkets taken into account as of January 2022. Moreover, otherwise qualifying block groups that were not designated solely based on their lack of Limited Supermarket Area status were added to Food Desert Communities if there was evidence that their nearby major supermarkets were lower quality. This was determined by a review of the average Google rating for each supermarket relative to the average for all such supermarkets. At least 100 reviews per supermarket were required in the analysis to mitigate the influence of outlier ratings and possible duplicate reviews. This process resulted in the addition of 142 block groups to the Food Desert Communities within 14 municipalities. The Communities were ranked by the average of their highest block group Food Desert Factor Score and the populated-weighted Factor Score average for the entire FDC.

Appendix A: Factor Analysis

A series of factor analyses was performed to determine what combination of variables signal the existence of a Food Desert Community in New Jersey. Factor analysis is generally used to identify variables that are linked by a common latent, unobserved variable. In this case, that latent variable is the existence of a food desert.

To start, the data were collected corresponding to relevant variables taken from a review of the food desert literature, the language of the Food Desert Relief Act, and the Request for Information process. The data were transformed to the block group level where they were not already reported at that level. The following candidate variables were used in the factor analyses:

From statutory guidance:

- Poverty
- CDC Modified Retail Food Environment Index
- USDA Low Access Score
- Supermarket access
- SNAP enrollment
- Vehicle access
- 2020 Municipal Revitalization Index Score
- Unemployment rate
- Obesity rate
- Density

From EDA Request for Information (RFI) public feedback:

- Access to unhealthy food retailers
- Income relative to cost of living
- 2016-18 Municipal Violent Crime Rate
- % of households with internet access

From literature review/other:

- Access to transportation
- Education levels
- Health indicators
- Income and employment
- WIC and public assistance enrollment
- Housing quality
- Race and ethnicity
- Limited English proficiency
- Swingle mother % of households
- Urbanicity and geography
- Walkability
- % of students with free or reduced-price lunch
- % under age 18

The specific analytic method was an iterated principal factor analysis with orthogonal varimax rotation on all the candidate variables. Iterated principal factors have an advantage over principal component and principal factors in that they use the fitted model to generate better estimates of the latent variable through an iterative (repeating) process. Varimax rotation was selected in order to force convergence on a selective group of factors, specifically avoiding the case of a given variable loading on too many factors. After conducting the analysis, six factors emerged with Eigen Values over 1.0, the threshold for retaining a factor under the oft-cited Kaiser criterion (Kaiser, 1960).

Factor Analysis/Correlation Results

Factor	Variance	Difference	Proportion	Cumulative
Factor1	11.546	6.915	0.436	0.436
Factor2	4.631	1.122	0.175	0.611
Factor3	3.509	1.014	0.133	0.744
Factor4	2.495	0.216	0.094	0.838
Factor5	2.280	0.273	0.086	0.924
Factor6	2.006	--	0.076	1.000

Of these factors, one factor emerged as a distinctive "food desert" factor, with the highest loadings for the food swamp and retail food environment variables as well as other health, demographic, economic, educational, housing, and transportation indicators that are well-linked to food deserts in the literature. These included some racial and ethnic population variables that implicated underlying racial disparities in access to healthier food outlets.

Rotated factor loadings (pattern matrix) and unique variances – Initial factor analysis*

Variable	Factor1	Factor2	Factor3	Factor4	Factor5	Factor6	Uniqueness
Description	*Food Desert*	*High density, diverse, low English proficiency, walkable, transit-oriented*	*Larger households, younger population, diverse, single-mother concentration*	*Poor health outcomes*	*African-American, low educational attainment, low English proficiency*	*Vehicle commuter, shorter commutes*	
2021 Limited Supermarket Area	0.123	-0.089	-0.002	-0.029	-0.077	-0.021	0.970
2021 Low Access Score	0.177	-0.132	-0.020	0.009	-0.102	-0.014	0.940
USDA Low Access Score	-0.298	-0.270	-0.083	-0.047	-0.160	0.109	0.792
CDC Modified Retail Food Environment Index	-0.214	-0.154	-0.082	-0.057	-0.032	-0.003	0.919
Food Swamp Score	-0.019	0.043	-0.027	0.015	0.010	-0.008	0.997
Food Swamp Area	0.263	0.077	0.074	0.054	-0.043	-0.061	0.911
Housing Density (per sq. mi.)	0.263	**0.658**	-0.007	0.059	0.203	-0.154	0.429
Average Household Size	0.076	-0.268	**0.669**	-0.005	0.290	-0.061	0.387
% of Occupied Housing Units Overcrowded	**0.397**	0.252	0.261	0.035	0.351	0.042	0.585
% of Households with a Single Mother Head	**0.581**	0.079	**0.328**	-0.001	-0.026	0.075	0.543
Median Age	-0.280	-0.200	**-0.840**	-0.031	-0.063	-0.072	0.167
% Under Age 18	0.193	-0.132	**0.702**	-0.100	0.063	-0.051	0.436
% Age 65 and Older	-0.086	-0.153	**-0.837**	-0.020	-0.036	0.013	0.267
% Non-Hispanic White	**-0.628**	**-0.331**	**-0.297**	-0.093	-0.252	0.146	0.315
% African-American	**0.452**	0.223	0.194	0.022	**0.723**	0.050	0.183
% Hispanic	**0.573**	0.129	0.153	0.187	-0.315	-0.135	0.480
% with Limited English Proficiency (Age 5 and Older)	**0.420**	**0.306**	0.100	-0.026	**0.706**	-0.006	0.220
% of Population with a Disability	**0.410**	-0.189	**-0.355**	0.076	-0.061	0.054	0.658
% of Adults with a High School Diploma	**-0.711**	-0.103	-0.019	-0.029	**-0.428**	-0.068	0.295

Rotated factor loadings (pattern matrix) and unique variances – Initial factor analysis*

Variable	Factor1	Factor2	Factor3	Factor4	Factor5	Factor6	Uniqueness
Description	*Food Desert*	*High density, diverse, low English proficiency, walkable, transit-oriented*	*Larger households, younger population, diverse, single-mother concentration*	*Poor health outcomes*	*African-American, low educational attainment, low English proficiency*	*Vehicle commuter, shorter commutes*	
% of Adults with a Bachelor's Degree	**-0.711**	0.142	0.068	-0.283	-0.214	-0.243	0.284
Homeownership Rate	**-0.595**	-0.581	-0.102	-0.002	-0.127	-0.113	0.269
% of Housing Non-Seasonally Vacant	**0.404**	0.069	0.012	0.106	-0.182	0.013	0.787
Multifamily % of Housing	**0.351**	**0.674**	-0.044	0.012	0.024	0.000	0.420
% of Households that are Housing Cost Burdened	**0.618**	0.197	0.023	0.015	0.145	0.142	0.537
Poverty Rate	**0.765**	0.223	0.116	-0.056	-0.008	0.117	0.335
Per Capita Income	**-0.657**	0.022	-0.113	-0.250	-0.190	-0.250	0.394
% of Students with Free or Reduced-Price Lunch	**0.691**	0.277	0.097	0.395	0.190	0.034	0.243
% or Workers Walking to Work	0.249	0.501	0.039	-0.052	0.078	0.231	0.623
% with Health Insurance	**-0.389**	-0.006	**0.542**	-0.073	-0.253	-0.106	0.475
Unemployment Rate (Block Group)	**0.425**	0.000	0.032	0.056	-0.199	0.005	0.775
% of Adults with Diabetes	**0.436**	-0.045	-0.019	**0.707**	-0.040	0.046	0.305
% of Adults that are Obese	**0.480**	-0.118	-0.019	**0.676**	-0.076	0.035	0.291
% of Adults with High Blood Pressure	0.133	-0.208	-0.120	**0.544**	-0.100	0.214	0.573
% of Adults with High Cholesterol	-0.028	-0.161	-0.098	0.217	0.178	0.203	0.844
% of Adults with Heart Disease	0.045	-0.124	-0.164	**0.367**	0.021	0.233	0.766
% of Adults Rating Health as Poor or Fair	**0.546**	0.196	0.045	**0.580**	0.210	-0.024	0.280
% of Households Receiving Public Assistance	**0.439**	0.018	0.078	-0.030	-0.042	0.037	0.797
% of Households Receiving SNAP Benefits	**0.800**	0.163	0.116	-0.012	0.079	0.058	0.310

Rotated factor loadings (pattern matrix) and unique variances – Initial factor analysis*

Variable	Factor1	Factor2	Factor3	Factor4	Factor5	Factor6	Uniqueness
Description	*Food Desert*	*High density, diverse, low English proficiency, walkable, transit-oriented*	*Larger households, younger population, diverse, single-mother concentration*	*Poor health outcomes*	*African-American, low educational attainment, low English proficiency*	*Vehicle commuter, shorter commutes*	
WIC Participation Rate	**0.672**	0.171	0.190	0.252	0.165	0.041	0.391
% of Households with No Vehicle Access	**0.678**	0.524	-0.086	-0.029	0.059	-0.093	0.245
% of Workers with a Commute <25 Minutes	0.184	-0.138	0.009	0.041	0.005	**0.683**	0.479
% of Workers with a Commute >45 Minutes	-0.293	0.137	-0.020	-0.090	-0.075	**-0.686**	0.410
% of Workers Commuting by Vehicle	-0.210	-0.769	-0.091	0.082	-0.068	**0.356**	0.218
% of Workers Commuting by Public Transit	0.094	**0.656**	0.084	-0.067	0.000	**-0.578**	0.215
% Population Change, 2010-19	-0.025	0.038	0.178	-0.005	0.089	0.021	0.958
Change in % Minority (Non-White) 2010-19	-0.113	-0.060	0.104	-0.067	0.184	-0.032	0.934
Change in Poverty Rate 2010-19	0.056	-0.048	0.032	-0.132	-0.036	0.054	0.972
Urban Census Tract	0.055	0.292	0.108	-0.041	0.091	0.039	0.889
DCA Walkability Score	0.317	**0.723**	0.097	0.013	0.231	0.130	0.297
2020 Municipal Revitalization Index Distress Score	**0.826**	0.155	0.091	0.360	0.098	0.034	0.145
Central City (federal 2015 Definition)	**0.519**	0.221	0.091	0.139	-0.116	-0.141	0.620
Shore Municipality	-0.032	0.007	-0.224	0.146	-0.107	0.220	0.868
% of Households with Internet Access	**-0.691**	-0.091	0.206	-0.020	-0.087	-0.082	0.458
Cost of Living Difference Score	**0.791**	0.195	0.089	0.049	0.123	-0.012	0.312
Municipal Violent Crime Rate, 2016-18	**0.759**	0.178	0.139	0.201	-0.048	-0.080	0.324

**Loading >0.30 or <-0.30 in bold*

This “food desert” factor was then reduced to 24 variables, removing variables with lower factor loadings and ones with low uniqueness (not contributing much unique explanatory power to the factor). The final refined factor included the two supermarket access variables, variables signaling prevalence of healthy and unhealthy food options, and those with factor loadings exceeding 0.30 (or falling below -0.30), a common criterion in factor analysis for gauging variables of real practical significance to a factor (Peterson, 2000). The final factor, its constituent variables, and their respective loadings are shown below:

Rotated Factor Loadings (Pattern Matrix) and Unique Variances– Final Factor Analysis

Variable	Factor Loading	Uniqueness
2021 Limited Supermarket Area	0.231	0.9467
2021 Low Access Score	0.2569	0.934
Food Swamp Area	0.3004	0.9098
CDC Modified Retail Food Environment Index	-0.2775	0.923
% of Households with Internet Access	-0.6504	0.5769
% of Households with a Single Mother Head	0.6047	0.6343
% Non-Hispanic White	-0.7527	0.4335
% African-American	0.5592	0.6873
% Hispanic	0.5931	0.6482
% of Adults with a High School Diploma	-0.7492	0.4386
Unemployment Rate (Block Group)	0.3809	0.8549
Poverty Rate	0.777	0.3963
Per Capita Income	-0.6784	0.5397
% of Households Receiving Public Assistance	0.4102	0.8318
% of Households Receiving SNAP Benefits	0.8187	0.3297
WIC Participation Rate	0.746	0.4434
% of Housing Non-Seasonally Vacant	0.3819	0.8542
% of Adults that are Obese (Health Dept. area)	0.4954	0.7546
% of Adults Rating Health as Poor or Fair	0.678	0.5404
% of Households with No Vehicle	0.7435	0.4471
DCA Walkability Score	0.5178	0.7319
% of Households that are Housing Cost Burdened	0.6575	0.5676
Cost of Living Difference Score	0.833	0.3061
Municipal Violent Crime Rate, 2016-18	0.7871	0.3805

Finally, the factor loadings were converted to scoring coefficients to generate Food Desert Factor Scores.

Food Desert Factor Scoring Coefficients

(method = regression; based on varimax rotated factors)

Variable	Coefficient
2021 Limited Supermarket Area	0.039
2021 Low Access Score	0.010
Food Swamp Area	0.015
CDC Modified Retail Food Environment Index	-0.018
% of Households with Internet Access	-0.044
% of Households with a Single Mother Head	0.049
% Non-Hispanic White	-0.184
% African-American	-0.037
% Hispanic	-0.045
% of Adults with a High School Diploma	-0.092
Unemployment Rate (Block Group)	0.025
Poverty Rate	0.088
Per Capita Income	-0.086
% of Households Receiving Public Assistance	0.018
% of Households Receiving SNAP Benefits	0.133
WIC Participation Rate	0.084
% of Housing Non-Seasonally Vacant	0.025
% of Adults that are Obese (Health Dept. area)	0.041
% of Adults Rating Health as Poor or Fair	0.070
% of Households with No Vehicle	0.083
DCA Walkability Score	0.025
% of Households that are Housing Cost Burdened	0.066
Cost of Living Difference Score	0.135
Municipal Violent Crime Rate, 2016-18	0.113

Taken together, these variables signal many of the challenges associated with food deserts−lack of access to a vehicle (signaling lack of easy transportation access to healthy food options), high rates of obesity (signaling a dependence on unhealthy food), housing vacancy (historical population loss making presence of neighborhood markets less economically viable), high dependence on SNAP benefits (low discretional income for food purchases, limitation to purchasing only from stores that accept SNAP benefits), income, and unemployment (lower resident purchasing power). In addition, the demographic characteristic variables−high concentrations of single-mother headed households and African-Americans, signal the presence of groups most likely to live in food desert areas or experience food insecurity (Bower et al, 2014; Pine and Bennett, 2014; Tolzman, 2013).

Appendix B: Data Sources and Definitions

Metric	Source	Description
Supermarket	DCA analysis of 2021 and 2022 TDLinx data	Following the Reinvestment Fund's definition, stores defined as "supermarkets" are conventional supermarkets, limited assortment stores, natural/gourmet food stores, warehouse stores, military commissary stores, and conventional/wholesale clubs. This does not include superettes and small grocery stores
Major Supermarket	DCA analysis of 2021 and 2022 TDLinx data	A supermarket with a gross selling area of 20,000 SF or more, roughly equivalent to the median for all New Jersey supermarkets
Food Desert Factor Score	2021 DCA analysis	The Food Desert Factor Score is the result of a statistical technique known as factor analysis. Factor analysis reduces a large number of variables into a fewer number of factors based on the joint correlation of the variables. A series of factor analyses resulted in the identification of 24 variables that together signal the presence of a food desert. The Factor Scores were generated from the factor analysis results and demonstrate the extent to which a block group has food desert characteristics.
Population-Weighted Average Food Desert Factor Score	2021 DCA analysis	The Pop. Weighted Avg Food Desert Factor Score is computed by applying population weights (2020 Census population) for every constituent block group within a Food Desert Community to the individual block group Food Desert Factor Scores and aggregating them to obtain a Food Desert Community average
Composite Food Desert Factor Score	2021 DCA analysis	The Composite Food Desert Factor Score is the average of the Highest Block Group Food Desert Factor Score for the Food Desert Community and the Population-Weighted Average Food Desert Factor Score for that Community
Food Swamp Score	DCA analysis of 2021 and 2022 TDLinx data and NJDOL 2020 business establishment subject to UI law data	The ratio of the shortest difference to a food swamp outlet to the shortest difference to a major supermarket (20,000 SF or more), with 100 being the maximum score. Food swamp outlets are defined as convenience stores, limited-service restaurants, liquor stores, dollar stores, and grocery stores with 6,000 SF of sales area of less (the maximum size for a NJ convenience store in the TDLinx data). Measures the degree to which food outlets with limited healthy food options are closer than ones with greater options
Food Swamp Area	DCA analysis of 2021 and 2022 TDLinx data and NJDOL 2020 business establishment subject to UI law data	An area with a Food Swamp Score that is greater than zero and is a Limited Supermarket Area
2016-18 Mun. Violent Crime Rate	NJ State Police 2016-2018 Uniform Crime Reports; US Census Bureau 2016-2018 Population Estimates	Average municipal violent crime rate for 2016-2018, violent crimes per 100,000 persons
CDC Modified Retail Food Environment Index	CDC Children’s Food Environment State Indicator Report, 2011	The mRFEI measures the number of healthy and less healthy food retailers within census tracts across each state as defined by typical food offerings in specific types of retail stores (e.g., supermarkets, convenience stores, or fast-food restaurants). Out of the total number of food retailers considered healthy or less healthy in a census tract, the mRFEI represents the percentage that are healthy. Data were converted from 2000 to 2010 census tract boundaries using Brown University's Longitudinal Tract Data Base conversion utility, utilizing land area as the conversion weight.

Metric	Source	Description
Cost of Living Income Difference Score	MIT Living Wage Calculator; US Census Bureau, 2015-19 American Community Survey 5-Year Estimates	A measure of the degree to which neighborhood incomes would need to be increased to earn a living wage for the metropolitan area. Computed as the average of: 1) the percentage difference between the living wage for a single adult and the median household income for one-person households AND 2) the percentage difference between the living wage for a two-parent family with one child and one working parent and the median household income for households with own children under 18
% of Households with Internet Access	US Census Bureau, 2015-19 American Community Survey 5-Year Estimates	The percentage of households with internet access
Low Access Score (2021)	DCA analysis of 2021 and 2022 TDLinx data	The population-weighted average percent by which a block group’s distance to the nearest major supermarket (as of May 2021) must be reduced to equal the reference distances for that LSA Area’s block groups’ population density and car ownership classes. Low Access Scores indicate the degree to which residents are underserved by supermarkets due to the lower income profile of their neighborhood. Residents of a block group with a higher Low Access Score typically travel longer distances to access a major supermarket than residents of a block group with a lower Low Access Score. Low Access Scores range from zero to 100; block groups with a Low Access Score of zero have a distance to the nearest supermarket that is less than or equal their population density and car ownership class’s reference distance. Block groups with a Score of 100 have a distance to the nearest supermarket that is at least two times higher than the population density and car ownership class’s reference distance.
Limited Supermarket Area (2021)	DCA analysis of 2021 and 2022 TDLinx data	Limited Supermarket Areas are defined by having a Low Access Score of at least 28, the average block group score
WIC Participation Rate	NJ Department of Health, 2019 Census Population Estimates	WIC participants divided by 2019 population, by municipality
Population	US Census Bureau, 2020 Decennial Census Summary File 1	2020 Census Block population matched to 2010 block group boundaries
Housing Density (per sq. mi.)	US Census Bureau, 2010 Decennial Census (Land Area) and 2015-19 American Community Survey 5-Year Estimates	Number of housing units (2015-19) divided by land area
Average Household Size	US Census Bureau, 2015-19 American Community Survey 5-Year Estimates	Average household size
% of Occupied Housing Units Overcrowded	US Census Bureau, 2015-19 American Community Survey 5-Year Estimates	Number of housing units with more than one person per room divided by all occupied housing units
Single Mother % of Households	US Census Bureau, 2015-19 American Community Survey 5-Year Estimates	Female householder with no husband present and own children divided by total households
% Under Age 18	US Census Bureau, 2015-19 American Community Survey 5-Year Estimates	Number of persons under age 18 divided by total population
% Non-Hispanic White	US Census Bureau, 2015-19 American Community Survey 5-Year Estimates	Number of non-Hispanic white persons divided by total population

Metric	Source	Description
% African-American	US Census Bureau, 2015-19 American Community Survey 5-Year Estimates	Number of African-American persons divided by total population
% Hispanic	US Census Bureau, 2015-19 American Community Survey 5-Year Estimates	Number of Hispanic persons divided by total population
% of Population with a Disability	US Census Bureau, 2015-19 American Community Survey 5-Year Estimates	Total population with at least one disability divided by civilian noninstitutionalized population
% of Adults with a High School Diploma	US Census Bureau, 2015-19 American Community Survey 5-Year Estimates	Adults with a High School diploma or GED divided by total population aged 25 and older
% of Adults with a Bachelor's Degree	US Census Bureau, 2015-19 American Community Survey 5-Year Estimates	Adults with a bachelor's degree or higher divided by total population aged 25 and older
Homeownership Rate	US Census Bureau, 2015-19 American Community Survey 5-Year Estimates	Owner-occupied housing units divided by all occupied housing units
% of Housing Non-Seasonally Vacant	US Census Bureau, 2015-19 American Community Survey 5-Year Estimates	Housing units not seasonally occupied divided by all housing units
Multifamily % of Housing	US Census Bureau, 2015-19 American Community Survey 5-Year Estimates	Housing units in three or more unit structures divided by all housing units
% of Households that Are Housing Cost Burdened	US Census Bureau, 2015-19 American Community Survey 5-Year Estimates	Number of households with housing costs in excess of 30% of income divided by total households
Poverty Rate	US Census Bureau, 2015-19 American Community Survey 5-Year Estimates	Persons below the poverty level divided by total population for which the poverty level is determined
Per Capita Income	US Census Bureau, 2015-19 American Community Survey 5-Year Estimates	Per capita income
% Walking to Work	US Census Bureau, 2015-19 American Community Survey 5-Year Estimates	Number of persons walking to work divided by all workers age 16 and over
% of Population with Health Insurance	US Census Bureau, 2015-19 American Community Survey 5-Year Estimates	Number of persons with health insurance coverage divided by total population
Unemployment Rate (Block Group)	US Census Bureau, 2015-19 American Community Survey 5-Year Estimates	Number of persons unemployed divided by civilian labor force
% of Adults with Diabetes	NJ Department of Health, New Jersey State Health Assessment Data, 2011-17	Percentage of adults with doctor-diagnosed diabetes. Data covers the period between 2011 and 2017 and is for the area covered by the local Health Department the block group is served by.
% of Adults that are Obese	NJ Department of Health, New Jersey State Health Assessment Data, 2011-17	Percentage of adults with obesity. Data covers the period between 2011 and 2017 and is for the area covered by the local Health Department the block group is served by.

Metric	Source	Description
% of Adults with High Blood Pressure	NJ Department of Health, New Jersey State Health Assessment Data, 2011-17	Percentage of adults with doctor-diagnosed high blood pressure. Data covers the period between 2011 and 2017 and is for the area covered by the local Health Department the block group is served by.
% of Adults with High Cholesterol	NJ Department of Health, New Jersey State Health Assessment Data, 2011-17	Percentage of adults with doctor-diagnosed high cholesterol. Data covers the period between 2011 and 2017 and is for the area covered by the local Health Department the block group is served by.
% of Adults with Heart Disease	NJ Department of Health, New Jersey State Health Assessment Data, 2011-17	Percentage of adults with doctor-diagnosed angina or coronary heart disease. Data covers the period between 2011 and 2017 and is for the area covered by the local Health Department the block group is served by.
% of Adults Rating Health as Poor or Fair	NJ Department of Health, New Jersey State Health Assessment Data, 2011-17	Percentage of adults rating their general health as poor or fair. Data covers the period between 2011 and 2017 and is for the area covered by the local Health Department the block group is served by.
% of Households Receiving Public Assistance	US Census Bureau, 2015-19 American Community Survey 5-Year Estimates	Households receiving public assistance income divided by total households
% of Households Receiving Snap Benefits	US Census Bureau, 2015-19 American Community Survey 5-Year Estimates	Households receiving SNAP benefits divided by total households
% of Households with No Vehicle Access	US Census Bureau, 2015-19 American Community Survey 5-Year Estimates	Households with no vehicle access divided by total households
% of Workers with a Commute <25 Minutes	US Census Bureau, 2015-19 American Community Survey 5-Year Estimates	Workers with a commute less than 25 minutes divided by total workers age 16 or older
% of Workers with a Commute >45 Minutes	US Census Bureau, 2015-19 American Community Survey 5-Year Estimates	Workers with a commute greater than 45 minutes divided by total workers age 16 or older
% of Workers Commuting by Vehicle	US Census Bureau, 2015-19 American Community Survey 5-Year Estimates	Workers with commuting by vehicle divided by total workers age 16 or older
% of Workers Commuting by Public Transit	US Census Bureau, 2015-19 American Community Survey 5-Year Estimates	Workers with commuting by public transit divided by total workers age 16 or older
% of Students with Free or Reduced-Price Lunch	NJ Department of Education, 2019-20 Enrollment Data	% of students in school district schools (not including charters) that receive a free or reduced-price lunch
DCA Walkability Score	NJ Department of Community Affairs	DCA-computed walkability score consisting of median block size, % walking to work, and population density
2020 Municipal Revitalization Index Score	NJ Department of Community Affairs	New Jersey's official metric of municipal distress, current as of 2020
Urban Census Tract (>= 40% Urban)	US Census Bureau, 2010 Decennial Census	Census Tracts that are at least 40% urban according to the US Census Bureau

Metric	Source	Description
Central City Municipality	NJ Department of Community Affairs	DCA community classification. Principal city of a metropolitan area as identified by the US Census Bureau
Shore Municipality	NJ Department of Community Affairs	Municipalities that border the Atlantic Ocean or Sandy Hook Bay

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MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: February 9, 2022

SUBJECT: Sustain & Serve NJ – Program Enhancements

<u>Summary</u>

The Members are asked to approve:

1. Enhancements to the Sustain & Serve NJ Program for Phase 3 and any subsequent program phases. Sustain & Serve NJ is a program that makes grant funding available to eligible nonprofit organizations for increases in costs associated with purchasing meals from New Jersey-based restaurants that have been negatively impacted by COVID-19 and distributing those meals at no cost;

2. Delegation to Authority staff (Chief Executive Officer or Chief Legal and Strategic Affairs Officer) to enter into a Memorandum of Understanding (MOU) with the New Jersey Department of Community Affairs (DCA) to accept and use $10 million in American Rescue Plan (ARP) Coronavirus State Fiscal Recovery Funds (CSFRF) for the purposes of funding eligible grant requests under the Sustain & Serve NJ Program, and agree to comply with federal requirements for the use of those funds;

3. Delegation to Authority staff (any Executive Vice President), upon recommendation of the reviewing officer, to approve individual applications to the Sustain & Serve NJ Program in accordance with the terms set forth in this memo and the attached program specifications. Because the specifications are streamlined and will result in non-discretionary decisions, staff requests the delegated authority to decline and issue final administrative decisions;

4. Delegation to Authority staff (Chief Executive Officer, Chief Community Development Officer, Chief Legal and Strategic Initiatives Officer, or any Executive Vice President) to set and extend the deadline for spending, if necessary, contingent upon the timeframe complying with applicable federal and Treasury requirements for the use of those funds;

5. Delegation to Authority staff (Chief Executive Officer, Chief Legal and Strategic Affairs Officer, or any Executive Vice President) to accept up to $50,000,000 in additional funds to expand the funding pool for this 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

6. Delegation to Authority staff (Chief Executive Officer or any Executive Vice President) to accept unencumbered gifts or unrestricted governmental (Federal, State, or County) funds for the purposes of expanding the funding pool of the Sustain & Serve NJ program.

Background

On March 9, 2020, Governor Phil Murphy issued Executive Order 103, declaring a State of Emergency and a Public Health Emergency to ramp up New Jersey's efforts to contain the spread of COVID-19. While the Public Health Emergency was ended on June 4, 2021, recent surges in COVID-19 infections and the possibility of further outbreaks continue to threaten the economic stability of New Jersey businesses and families, necessitating continued support. On January 11, 2022, Governor Murphy reinstated the Public Health Emergency under Executive Order 280.

During this time, New Jersey individuals and families have struggled to put food on the table. According to the U.S. Census Bureau's Household Pulse survey, more than 440,000 New Jersey households reported not having enough food to eat in the last 7 days.

Simultaneously, the nonprofit community that serves individuals impacted by the pandemic has faced vast increases in demand for needed services without funding commensurate to meet the full need. The Center for Nonprofits reported that in 2020, nearly 50% of nonprofit organizations in New Jersey reported increased demand for needed services, but only one-third indicated their funding had risen and many reported funding had not risen commensurate with the level of need, indicating a significant gap in uncompensated services directly as a result of the pandemic.

Sustain & Serve NJ (SSNJ) has been one avenue that has allowed nonprofit organizations to address the significant increase in demand for meals while simultaneously supporting restaurants that have been impacted by COVID-19. While the need for meals has increased, capacity at the nonprofits has not been able to keep up. Enhancements described below to the Sustain & Serve NJ program are proposed to assist these nonprofits.

Sustain & Serve NJ was first approved by the Board in November 2020 with $2 million in Economic Recovery Funds (ERF). The application was launched in December 2020 and the program was quickly oversubscribed. In February 2021, the Board approved an MOU with the NJ Department of Treasury to allocate $2,400,000 in Coronavirus Relief Funds (CRF) and reallocate $10,407,850 in unused CRF from other Authority programs to meet all eligible requests, as well as delegated authority to the Chief Executive Officer to accept additional funds for the program. With the support of the Governor and State Legislature, the Authority received an additional $21 million—a combination of CRF and State funds—to fund a second phase of the program, launched in June 2020.

Since February 2021, the Authority has awarded nearly $34 million in reimbursement-based grants to 31 entities working with over 400 restaurants in all 21 of New Jersey's counties. Grantees have been diverse, ranging from large hospitals, to small, grassroots organizations formed directly in response to COVID-19, to soup kitchens, food banks and other established social service providers. Each has taken a unique approach to supporting the restaurants and broader community, resulting in the purchase and distribution of more than 3 million meals in less than one year.

On November 5, 2021, Governor Phil Murphy announced the dedication of $10,000,000 of federal American Rescue Plan Coronavirus State Fiscal Recovery Funds (ARP CSFRF) toward a third phase of Sustain & Serve NJ.

Program Enhancements

While the first two phases of the program have been a resounding success, staff proposes to make the following enhancements to the program, in accordance with final rules under the American Rescue Plan Coronavirus State Fiscal Recovery Funds (ARP CSFRF) and amendments to the Economic Recovery Fund Act in N.J.S.A § 34:1B-7.13(a)(13):

Eligibility: Under Phase 3 and any subsequent phases of the program, staff recommends limiting eligibility to 501(c)(3) or 501(c)(19) nonprofit organizations that operate under a limited number of NAICS codes (listed below). By limiting eligibility to nonprofits with these NAICS codes, EDA will incorporate the knowledge acquired in the first two phases about the entities active in this area and that have the greatest needs without excluding any prior Phase 1 or Phase 2 grantees from potential eligibility.

Under the first two phases of the program, eligibility was broader, open to any entity that could demonstrate: (1) legal registration to do business in the State of New Jersey; (2) good standing with the Department of Labor and Workforce Development; (3) tax clearance certificate from the New Jersey Division of Taxation; (4) the entity is not barred from receiving federal funds; and (5) prior experience bulk purchasing meals, demonstrated by documents verifying purchases of 3,000 or more meals made by the entity from any New Jersey-based restaurant(s) totaling at least $50,000, purchased between March 9, 2020 and the date of application launch.

Through the first two phases of the program, there was no NAICS code requirement, but all entities receiving grants have fallen into four NAICS codes, listed below. The Authority has found that entities under these NAICS codes have demonstrated an ability to purchase and effectively distribute meals at no-cost. Staff recommends that grantees for Phase 3 and any subsequent program phases be limited to nonprofit organizations in the following NAICS codes:

- NAICS code 611 (Educational services)

- NAICS code 62 (Social assistance and health care organizations; inclusive of NAICS code 624210, described below)
- NAICS code 813 (Religious, grantmaking, civic, professional, and similar organizations)
- NAICS code 92 (Public administration)

To be eligible for this funding, nonprofits must demonstrate that their organization has experienced increased costs as a result of the pandemic's impacts, which may be demonstrated through means including, but not limited to: increased levels of program service demand and delivery, uncompensated increases in service need, decreased revenue, or challenges covering payroll or other operating costs. To be eligible, the Authority will require applicants to demonstrate their increased costs as part of the application process.

All nonprofits under these NAICS codes applying for funding through SSNJ must demonstrate a track record of bulk meal purchases from any New Jersey-based restaurant(s). The restaurants must be classified under NAICS code 722 'Food Services and Drinking Places' or NAICS code 624210 'Community meals, social services,' which is newly added this round to account for specialty catering services for some social service programs. The record of bulk meal purchases must total at least 1,500 meals costing at least $25,000 between March 9, 2020 and the date of the application launch. Up to 50% of past purchases (i.e., up to 750 meals and $12,500) can be from donated meals from restaurants if the applicant can produce invoices from restaurant donors verifying the number of meals and monetary value of the donated meals. Donated or purchased meals or food provided by individuals, supermarkets, or other entities not classified under NAICS code 722 or 624210 will not count toward the past purchase eligibility threshold. This threshold was lowered and amended to include meal donations to allow a broader array of entities that fall under the above NAICS codes to apply for the program who may not have met the threshold of 3,000 meals and $50,000 in past purchases in prior phases but that have nonetheless demonstrated capacity to administer large volumes of restaurant meals.

Community meal/social services entities operating under the NAICS code 624210 are unique in that they may apply directly for Sustain & Serve NJ and serve as grantee organizations. However, any grant applicant classified under NAICS code 624210 cannot also serve as a meal provider for their organization or for any other Sustain & Serve NJ applicant or grantee organizations (i.e., they cannot purchase meals from themselves and other grantees cannot purchase from them). Entities under NAICS code 624210 that choose to apply directly as a grantee organization must include in their application at least one other restaurant(s) from which they will purchase meals. Applicants classified under NAICS code 624210 may purchase meals from other entities under 624210, but they must not share an Employer Identification Number (EIN). Finally, entities under NAICS code 624210 that serve as meal providers (i.e., not a grantee) may work with one or more applicants.

Like in Phases 1 and 2, all applicants must also be in good standing with the Department of Labor (with all decisions of good standing at the discretion of the Commissioner of the Department of Labor), submit a tax clearance certificate from the New Jersey Division of Taxation, and not be barred from receiving federal funds. The Authority will no longer require the collection of Business Registration Certificates (BRCs) to confirm the eligibility of applicant organizations or restaurants. A valid Tax Clearance Certificate will provide confirmation of good standing with the Division of Taxation as well as proof of registration to do business in the State of New Jersey.

Eligible Uses: Under Phase 3 and any subsequent phases of SSNJ, staff recommends increasing the cap on meal reimbursement from $10 to $12 per meal. Staff also recommends permitting the grant to cover not only the direct cost of meal purchases. Grantees may also use up to 10% of the grant award for operational costs incurred due to implementation of the program. Staff recommends changing restaurant operational date from February 15, 2020 to June 4, 2021 to align with the end of the Public Health Emergency under Executive Order 103, so that restaurants that opened and operated during that period are not automatically excluded.

In the program's first two phases, all grant funding was restricted to reimbursing grantees for the direct cost of purchasing restaurant meals and operational costs were specifically excluded. The direct costs that could be reimbursed were the restaurant's cost of food and ingredients, labor, packaging, and facilities, as well as any profit margin. Sales tax, gratuity, and delivery fees could not be paid for using grant funds. While the restaurant could charge any amount to the grantee, the award amount reimbursed by the Authority was capped at $10 per meal.

Under Phase 3 and any subsequent program phases, the Authority will reimburse grantees for direct program costs associated with:

- **Meals purchased from eligible restaurants, as detailed below, up to $12 per meal** (raised in recognition of rising costs borne by restaurants driven by supply chain and labor concerns as well as inclusion of delivery as an allowable cost). The price per meal may include the cost incurred by the restaurant for food and ingredients, labor, packaging, and facilities costs, any profit margin the restaurant makes, and the cost of delivery (added for Phase 3 and any subsequent phases for restaurants that choose to make the meal deliveries to the grantee organization or directly to the intended recipients; if delivery is charged as a separate line item apart from the meals, the average cost of the meals inclusive of delivery charges to be reimbursed by the Authority must be $12 per meal). While restaurants may charge more than $12 per meal, any amount above $12 per meal will not be reimbursed by the Authority. Sales tax and gratuity will continue to be ineligible costs as part of the price per meal.

  Just as in Phases 1 and 2, grant applicants must also identify the restaurant(s) that they will be purchasing meals from using the grant funding and must demonstrate through the grant application that those restaurant(s) have met their own program eligibility parameters. In the application, the applicant would be required to identify all restaurants they are proposing to purchase from, their New Jersey physical commercial location, and provide a certification from each restaurant certifying that they were in operation on June 4, 2021 (the end of the public health emergency under Executive Order 103), and detailing how the restaurant(s) has been negatively impacted by the COVID-19 pandemic (e.g., was forced to reduce hours, has had a drop in revenue, has been materially impacted by employees who cannot work due to the outbreak, or has a supply chain that has materially been disrupted and therefore slowed firm-level production). The Authority has extended the date when restaurants had to be operational from February 15, 2020 to June 4, 2021. While still focusing on the impacts of the initial Public Health Emergency, this includes for potential eligibility an additional group of restaurants – those that opened and operated during the pandemic that likely anticipated a stronger economic recovery as cases went down and vaccinations ramped up but have faced similar economic hardships through renewed waves of the virus. Restaurants verified as eligible for participation in Sustain & Serve NJ may have some information (e.g., restaurant name, location, contact information) posted publicly on the Authority's website.

In order to be eligible, participating restaurants must:

(1) have a physical commercial location in New Jersey;
(2) be in good standing with the Department of Labor, with all decisions of good standing at the discretion of the Commissioner of the Department of Labor
(3) have a tax clearance certificate from the New Jersey Division of Taxation or verification by the Authority from the Division of Taxation as to good standing
(4) for all restaurants regulated by the Division of Alcoholic Beverage Control (ABC), good standing with ABC, with all decisions of good standing at the discretion of the ABC;
(5) current and valid certification from municipal and/or county government inspection that the restaurant has received a rating of Satisfactory as per New Jersey Retail Food Establishment Rating system;
(6) not be barred from receiving federal funds; and
(7) not have more than 50 full-time equivalent employees (FTEs) in total, at time of application, based on the company's most recently filed WR-30 with NJDOL at the time of application, or if a company does not file a WR-30 because they have no employees, the businesses' most recent IRS Form 1040.

Like the program's first two phases, in Phase 3 and any subsequent phases it is anticipated that during the term of the grant, the grant recipient may have a need to add restaurants to purchase from as part of Sustain & Serve NJ. The Authority will allow the grant recipient to request an addition to its eligible restaurants. This request, which must be submitted in writing, must verify the same requirements as the initial restaurants. Requests for additions to restaurants will be reviewed by the Authority, and no changes or additions to participating can be made by the grant recipient without the Authority's approval. Purchases from restaurants prior to confirmation by Authority will not qualify for reimbursement. If a restaurant has already been verified as eligible for one grantee, the restaurant may confirm that its information remains the same since its last eligibility verification and the prior information can be used for the later grantee, who will submit the request in writing.

- **Operational costs incurred by the grantee organization directly related to the implementation of Sustain & Serve NJ,** up to 10% of their total grant award**.** Staff proposes including these costs if, as permitted under the CSFRF guidelines, a nonprofit has experienced public health or negative economic impacts due to the pandemic. All operating costs must reflect increased cost to the grantee. Applicants that do not demonstrate that they have increased service needs as well as increased costs as a result of program implementation will only be able to use grant funds for meals purchases. Allowable costs include staff salaries and fringe (proportionate to the amount of staff time dedicated to the program), mileage for meal deliveries completed by the grantee organization, payments to vendors that assist with monitoring and invoicing meal purchases (e.g., an accounting or professional services firm), and supplies needed to operate the program.

Grantees will be required to submit documentation as defined by the Authority detailing the expenses directly associated with SSNJ meal purchases from eligible restaurants and program operations and will be reimbursed for those expenses incrementally as they are incurred upon review by the Authority. Grantees that are eligible for operating costs under Sustain & Serve NJ that incur less than 10% of their award on operating costs may dedicate remaining funds toward the purchase of more meals.

For example, a maximum Sustain & Serve NJ award of $2,000,000 would allow grantee organizations to dedicate up to $200,000 for operational costs to offset the increased cost of implementing the program. The remaining $1,800,000 would be used for meal purchases; assuming a grantee were paying the maximum of $12 per meal, they would be able to purchase 150,000 meals. If the grantee only incurred $140,000 in eligible operational costs, they could dedicate the remaining $60,000 toward the purchase of more meals, bringing the total number of meals purchases to 155,000.

Grantees will continue to be prohibited from reselling meals purchased through Sustain & Serve NJ. In addition, for Phase 3 and any subsequent phases, grantees will be prohibited from distributing meals to paid staff employed directly by the grantee organization.

Award Size

Sustain & Serve NJ awards will continue to be between $100,000 and $2,000,000. As part of the application for grant funding, entities will request a grant amount based on the projected number of meals to be purchased and estimated cost (per meal), excluding sales tax and gratuity. All grant estimates must be based on two figures: 1) a flat rate per meal, subject to the cap of $12 per meal, and 2) if requested by the grantee, up to 10% of the overall award dedicated toward operational expenses, as described above. Meal purchases and operational costs combined may not exceed $2 million nor fall below $100,000.

For any grant that is awarded, disbursement of the total grant amount will be made incrementally from the Authority to the grantee as eligible expenses are incurred and disbursement is requested by the grantee. These disbursement requests must document that the expenses actually incurred are consistent with eligible uses of grant funding (e.g., for meal costs, the quantity of meals purchased, the cost per meal, the delivery fee charged by the restaurant, and the restaurant from which the meals were purchased; for operating costs, staff time and associated salary costs).

Unlike some of the other grant and loan programs administered by the Authority related to COVID-19, this application will not be first-come, first-serve. Instead, staff will select a defined application window for entities to apply. If the total amount of grant funding requested among all eligible applications, as determined by staff, exceeds the funding available for this program, staff will prorate grant awards based upon the amount determined by staff for each eligible applicant, reducing all grant awards to reflect an eligible applicant's share of the eligible pool such that every grantee would receive a minimum $100,000 award. If the pool of available funds for Sustain & Serve NJ awards cannot be prorated such that each eligible grantee would receive a minimum $100,000 award, the Authority will split the funds equally across all eligible applicants.

Funding

Staff is requesting the use of $10,000,000 from the American Rescue Plan Coronavirus State Fiscal Recovery Funds (ARP CSFRF) for Sustain & Serve NJ. In addition, staff is requesting delegated authority to enter into a Memorandum of Understanding (MOU) with the New Jersey Department of Community Affairs (DCA) to receive ARP CSFRF.

In case there is additional funding available for Sustain & Serve NJ, staff is requesting delegated authority (Chief Executive Officer, Chief Legal and Strategic Affairs Officer, or any Executive Vice President) to accept up to $50,000,000 in additional funds to expand the funding pool for this program from any 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. Additionally, staff is requesting delegated authority (Chief Executive Officer, Chief Community Development Officer or any Executive Vice President) to accept unencumbered gifts or unrestricted governmental (Federal, State, or County) funds for the purposes of expanding the funding pool of this program.

To ensure that the grant funding can be disbursed as quickly as possible to support urgent economic need, consistent with the approach taken in other COVID-19 related programs, and because multiple applications are anticipated, delegated authority is sought for staff (any Executive Vice President) to approve individual applications, upon recommendation of the reviewing officer, in accordance with the terms set forth in the attached program specifications. Because the specifications and eligibility requirements will result in nondiscretionary decisions, staff also requests the delegated authority to decline and issue final administrative decisions if any applicants appeal from a declination.

Due to financial hardship experienced by nonprofits during the pandemic, the Authority will collect no fees from the applicant for this program.

Recommendation

Approval is requested for: (1) Enhancements to the Sustain & Serve NJ Program for Phase 3 and any subsequent program phases. Sustain & Serve NJ is a program that makes grant funding available to eligible nonprofit organizations for increases in expenses associated with purchasing meals from New Jersey-based restaurants that have been negatively impacted by COVID-19 and distributing those meals at no cost; (2) Delegation to Authority staff (Chief Executive Officer or Chief Legal and Strategic Affairs Officer) to enter into a Memorandum of Understanding (MOU) with the New Jersey Department of Community Affairs (DCA) to accept and use $10 million in American Rescue Plan (ARP) Coronavirus State Fiscal Recovery Funds (CSFRF) for the purposes of funding eligible grant requests under the Sustain & Serve NJ Program, and agree to comply with federal requirements for the use of those funds; (3) Delegation to Authority staff (any Executive Vice President), upon recommendation of the reviewing officer, to approve individual applications to the Sustain & Serve NJ Program in accordance with the terms set forth in this memo and the attached program specifications. Because the specifications are streamlined and will result in non-discretionary decisions, staff requests the delegated authority to decline and issue final administrative decisions; (4) Delegation to Authority staff (Chief Executive Officer, Chief Community Development Officer, Chief Legal and Strategic Initiatives Officer, or any Executive Vice President) to set and extend the deadline for spending, if necessary, contingent upon the timeframe complying with applicable federal and Treasury requirements for the use of those funds; (5) Delegation to Authority staff (Chief Executive Officer, Chief Legal and Strategic Affairs Officer, or any Executive Vice President) to accept up to $50,000,000 in additional funds to expand the funding pool for this 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 (6) Delegation to Authority staff (Chief Executive Officer or any Executive Vice President) to accept unencumbered gifts or unrestricted governmental (Federal, State, or County) funds for the purposes of expanding the funding pool of the Sustain & Serve NJ program.

Tim Sullivan
Chief Executive Officer

Prepared by: Emily Apple

Attachments
Exhibit A – Sustain & Serve NJ Program Specifications

Exhibit A **Sustain and Serve NJ** **Revised Program Specifications** **February 9, 2022**	
Funding Source	• $10,000,000 - American Rescue Plan Coronavirus State Fiscal Recovery Funds (ARP CSFRF)
Program Purpose	A program that makes grant funding available to eligible nonprofit organizations for increases in costs associated with purchasing meals from New Jersey-based restaurants that have been negatively impacted by COVID-19 and distributing those meals at no cost.

Eligible Applicants	501(c)(3) and 501(c)(19) non-profit organizations that can demonstrate as applicable:
	
	• Must be an entity classified under one the following NAICS codes:
	    o NAICS code 611 (Educational services)
	    o NAICS code 62 (Social assistance and health care organizations [inclusive of NAICS code 624210])
	    o NAICS code 813 (Religious, grantmaking, civic, professional, and similar organizations)
	    o NAICS code 92 (Public administration)
	• Check against the Federal System for Award Management (SAM) to ensure entity is not debarred.
	• Good standing with the Department of Labor, with all decisions of good standing at the discretion of the Commissioner of the Department of Labor; and
	• A tax clearance certificate from the New Jersey Division of Taxation
	• Demonstrated capacity of bulk meal purchase and distribution from New Jersey-based restaurants (i.e., NAICS code 722 or 624210) of at least 1,500 meals costing at least $25,000 between March 9, 2020 and the date of application launch.
	• Restaurants and entities classified under NAICS code 722 may not apply for the grant.
	
	Grant applications must also demonstrate, as part of the grant application or restaurant addition period, the following requirements were met by restaurants from which the grant applicants will be bulk purchasing meals:
	
	• Restaurant is classified as “Food Services and Drinking Places” under NAICS code 722 or “Community meals, social services” under NAICS code 624210

	50 or fewer full-time equivalent (FTE) employees at time of application, based on the company's most recently filed WR-30 with NJDOL or if no WR-30 is available, IRS form 1040 verifying the restaurant has no FTE employees - Physical commercial location in New Jersey - Good standing with the Department of Labor, with all decisions of good standing at the discretion of the Commissioner of the Department of Labor - Check against the Federal System for Award Management (SAM) to ensure entity is not debarred. - If the restaurant is regulated by the Division of Alcoholic Beverage Control (ABC), then it must also be in good standing with ABC, with all decisions of good standing at the discretion of the ABC - Current and valid certification from municipal and/or county government inspection that the restaurant has received a rating of Satisfactory as per New Jersey Retail Food Establishment Rating system - Satisfaction of the requirement by the New Jersey Division of Taxation with regard to taxes, which may be through a tax clearance certification or verification from the Division of Taxation that the restaurant is in good standing and does not have tax debts due to the State - Attestation from the restaurant that they were in operation on June 4, 2021, and that they have been negatively impacted by the COVID-19 (e.g., has had a drop in revenue, has been materially impacted by employees who cannot work due to the outbreak, or has a supply chain that has materially been disrupted and therefore slowed firm-level production). Grant applicants/recipients will be responsible for providing to the Authority any necessary supporting information and documentation from on behalf of the restaurants to verify eligibility – whether that be as part of the application process, prior to grant agreement, or following execution of a grant agreement as part of an audit the Authority, U.S. Treasury, or any other relevant State or federal entity reserves the right to may conduct against the certifications provided at application. Once verified as eligible, participating restaurants information may be posted publicly on NJEDA's website. Prohibited businesses include, but are not limited to: gambling or gaming activities; 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; any activity constituting a nuisance; or any illegal purposes.
Eligible Uses	Grant funding can be used for the direct costs associated with bulk purchasing of meals up to $12 per meal that are projected to be incurred between date of grant execution and the end of the grant phase. These direct costs include: • Cost of food and ingredients • Costs incurred by the restaurant for labor, packaging, and facilities • Costs incurred by the restaurant for meal delivery • Any profit margin for the restaurant Grantees may also receive up to 10% of the total award to support the operating costs of the program including staff salaries and fringe (proportionate to the amount of staff time dedicated to the program) mileage for meal deliveries completed by the grantee organization, vendors assisting with monitoring and invoicing of meal purchases (e.g., an accounting or professional services firm), and supplies. Grantees will be required to submit documentation verifying operating expenses incurred. Grantees that do not use the full 10% of their award for operating costs may dedicate unused operating cost funds toward the purchase of more meals. Grant funds may not be used for sales tax and gratuity. Grant recipients are prohibited from reselling meals that are purchased using grant funding. Grant recipients are prohibited from distributing meals to paid staff employed by the grantee organization.
Application Process and Board Approval/ Delegated Authority	• Online application. Applications will be accepted during a defined application period, and all applications will be reviewed following the closure of the application period. • Applicants whose applications are denied will have the right to appeal. Appeals must be filed within the timeframe set in the declination letter (which must be at least 3 days but no longer than 10 days). The CEO or any Executive Vice President will designate Hearing Officers who will review the applications, the appeals, and any other relevant documents or information. The

Hearing Officer will prepare a recommended decision, which must be approved, and a Final Administration Decision issued by an Executive Vice President, Vice President, Director, or Senior Legislative Officer, upon recommendation of the Hearing Officer.

- Delegation to Authority staff (Chief Executive Officer or Chief Legal and Strategic Affairs Officer) to enter into a Memorandum of Understanding (MOU) with the New Jersey Department of Community Affairs (DCA) to accept and use $10 million in ARP CSFRF for the purposes of funding eligible grant requests under the Sustain & Serve NJ Program, and agree to comply with federal requirements for the use of those funds.

- Delegation to Authority staff (any Executive Vice President), upon recommendation of the reviewing officer, to approve individual applications to the Sustain & Serve NJ Program in accordance with the terms set forth in this memo and the attached program specifications. Because the specifications are streamlined and will result in non-discretionary decisions, staff requests the delegated authority to decline and issue final administrative decisions.

- Delegation to Authority staff (Chief Executive Officer, Chief Community Development Officer, Chief Legal and Strategic Initiatives Officer, or any Executive Vice President) to set and extend the deadline for spending, if necessary, contingent upon the timeframe complying with applicable federal and Treasury requirements for the use of those funds.

- Delegation to Authority staff (Chief Executive Officer, Chief Legal and Strategic Affairs Officer, or any Executive Vice President) to accept up to $50,000,000 in additional funds to expand the funding pool for this 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.

- Delegation to Authority staff (Chief Executive Officer or any Executive Vice President) to accept unencumbered gifts or

Exhibit A Sustain and Serve NJ Revised Program Specifications February 9, 2022	
	unrestricted governmental (Federal, State, or County) funds for the purposes of expanding the funding pool of the Sustain & Serve NJ program.
Grant Amounts	• Minimum Grant Amount: $100,000 • Maximum Grant Amount: $2,000,000 • Meal donations from restaurants may be counted toward up to 50% of the past purchase requirement (up to 750 meals and $12,500), so long as the applicant can produce invoices from restaurant donors verifying the number of meals and monetary value of the donated meals • Specific grant awards to be calculated based on the projected number of meals to be purchased, estimated cost per meal (excluding sales tax and gratuity), and up to 10% of award for operating expenses. All meal purchases must be based on and supported by a flat rate per meal up to $12.00 per meal. Award calculation may not exceed $2,000,000, inclusive of meal purchases and operating costs. • While there is no exclusion for entities purchasing meals at more than $12/meal, reimbursement will be capped at $12/meal. • Once the Authority receives all applications, if the total amount grant funding requested among all eligible applications exceeds the funding available for this program, the Authority will prorate grant awards based upon the amount determined by staff for each eligible applicant, reducing all grant awards to reflect an eligible applicant's share of the eligible pool. If the pool of available funds for Sustain and Serve NJ awards cannot be prorated such that each grantee would receive a minimum $100,000 award, the Authority will split the funds equally across all eligible applicants.
Funding Disbursement	• The total grant award will be disbursed incrementally as eligible projected expenses are incurred and disbursement is requested from the Authority by the grantee. • These disbursement requests must be evidenced by documentation supporting that the expenses were actually incurred and consistent with eligible uses of grant funding (e.g., for meal costs the quantity of meals purchased, the cost per meal, the restaurant from which the meals were purchased; for operating costs staff time and associated salary costs).
Fees	Due to financial hardship experienced by nonprofits during the pandemic, the Authority will collect no fees from the applicant for this program.

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: February 9, 2022

RE: Commuter and Transit Bus Private Carrier Pandemic Relief and Jobs Program

REQUEST

The Members of the Board are requested to approve a $25,625,000 non-recurring pandemic relief program targeted at commuter and transit bus private carriers operating in New Jersey. The Commuter and Transit Bus Private Carrier Pandemic Relief and Jobs Program ("the Program") is funded by an allocation in the State 2022 fiscal year budget from the Coronavirus State Fiscal Recovery Fund (SFRF). The Program will provide a one-time grant to eligible commuter and transit bus private carriers that operated as essential service providers in New Jersey during the COVID-19 pandemic and experienced significant revenue loss due to reduced ridership. To comply with the duplication of benefits provisions within the Stafford Act and as outlined in Executive Order No. 267, Program grants will only reimburse revenue losses that have not been addressed through any other funding sources (i.e., "unmet need").

Based on the Authority Staff's prior experience implementing COVID-19 response programs with SFRF requirements, the significant financial impact the pandemic has had on the private carrier industry, and the non-discretionary nature of the criteria of the Program, the Board is asked to approve delegated authority to:

- The Authority's Chief Executive Officer (CEO) to accept $25,625,000 in funds from the SFRF through the execution of the corresponding Memorandum of Understanding (MOU) with the Department of Community Affairs (DCA).

- The CEO or delegate(s) of the CEO to approve applicants as eligible and allocate award amounts;

- The CEO or delegate(s) of the CEO to, upon recommendation of the reviewing officer, decline grant eligibility based solely on non-discretionary reasons;

- In connection with any appeal from declination based solely on non-discretionary reasons, the CEO or delegate(s) of the CEO to designate one or more Hearing Officers who have not previously been directly involved in the eligibility determination, to prepare a Final Administrative Decision. The Final Administrative Decision must be approved by the CEO or delegate(s) of the CEO upon recommendation of the Hearing Officer

BACKGROUND

COVID-19 Pandemic and Its Impacts:

On March 9, 2020, Governor Phil Murphy issued Executive Order 103, declaring a State of Emergency and a Public Health Emergency to ramp up New Jersey's efforts to contain the spread of COVID-19. Containing the COVID-19 pandemic necessitated restrictions on public gatherings and led to mandated closing for non-essential businesses. New Jersey businesses and residents faced significant economic challenges due to these public health measures. Even essential services that maintained operations through the public health shutdown faced additional financial strain due to increased sanitation protocols and reductions in customers.

The transportation industry was among one of the industries hardest hit during the pandemic. It was defined as an essential service in P.L. 2020, c. 84, signed by Governor Murphy on September 14th, 2020. Executive Order No. 125, signed by Governor Murphy on April 11th, 2021, mandated additional mitigation requirements on NJ Transit and all private carriers to limit the spread of COVID-19, including requirements that both directly and indirectly decreased ridership, resulting in a significant loss of revenue to private transportation companies. Despite public health-related restrictions being lifted and the broader economy showing signs of recovery, ridership has still not returned to its pre-pandemic levels. As such, grant funding is necessary to help private carriers recover from their lost revenues, allowing them to retain or create jobs.

To provide financial relief to address the continued impact of COVID-19 on the economy, the Federal government passed the American Rescue Plan Act (ARP) of 2021. Within the ARP, the Coronavirus State and Local Fiscal Recovery Fund (SFRF) provided approximately $6.2 billion in funds to the State of New Jersey for a variety of recovery-specific uses. The State's Fiscal Year 2022 Appropriations Act allocated $25,000,000 of these monies to The Commuter and Transit Bus Private Carrier Pandemic Relief and Jobs Program (the Program). These funds, in alignment with Executive Order 267 and the Stafford Act, must be used only to address an unmet need to avoid duplication of benefits.

OVERVIEW

The Commuter and Transit Bus Private Carrier Pandemic Relief and Jobs Program is proposed as a non-recurring grant program to help commuter and transit bus transportation companies alleviate the revenue loss resultant from the COVID-19 pandemic, allowing them to retain or create jobs. Helping the state's private carrier industry will both benefit New Jerseyans who rely on the state's commuter bus services as well as the residents employed by the private carrier companies.

To receive funding, applicants must meet all eligibility criteria described below. The eligibility criteria are non-discretionary and program funds will be allocated based on a predefined formula to ensure the program can be efficiently administered. As authorized by the State Fiscal Year 2022 Appropriations Act, NJEDA will implement and administer this program using a 2.5% administrative fee based on the $25,000,000 program budget (fee equal to $625,000) to cover costs such as staff time, technology development, marketing, etc. Such funds will be requested within the application to and subsequent MOU with the Department of Community Affairs, which manages the SFRF funds on behalf of the State. NJEDA Staff will be responsible for reviewing applications, coordinating good standing reviews, disbursing funds, reporting on fund usage in compliance with Federal requirements, maintaining a program website, and providing educational resources, such as FAQs and webinars, to applicants when needed.

TRANSPORTATION INDUSTRY-SPECIFIC DEFINITIONS

The National Transit Database (NTD) is a publicly available repository of data about the financial, operating, and asset condition of transit systems, providing a public accounting of these services. The NTD is designed to support local, state, and regional planning efforts through the availability of multi-year data for trend analyses. Transit agencies report data on a number of key metrics including Vehicle Revenue Miles (VRM), Vehicle Revenue Hours (VRH), Passenger Miles Traveled (PMT), Unlinked Passenger Trips (UPT), and Operating Expenses (OE). This resource, as a Federally maintained and validated register, will serve as the basis for the allocation of funds within the Program.

The Program will use the definitions of the following terms as quoted from the Federal Transit Administration in the NTD Glossary:[1]

> **Vehicle Revenue Miles** are the miles that vehicles are scheduled to or actually travel while in revenue service. Vehicle revenue miles include layover and recovery time. Vehicle revenue miles exclude deadhead, operator training, vehicle maintenance testing, and other non-revenue uses of vehicles.
>
> **Fixed Route Services** are services provided on a repetitive, fixed schedule basis along a specific route with vehicles stopping to pick up and deliver passengers to specific locations; each fixed route trip serves the same origins and destinations, such as rail and bus (MB); unlike demand responsive (DR) and vanpool (VP) services.
>
> **Commuter Bus (CB)** is a local fixed-route bus transportation primarily connecting outlying areas with a central city. Characterized by a motorcoach (aka over-the-road bus), multiple trip tickets, multiple stops in outlying areas, limited stops in the central city, and at least five miles of closed-door service.
>
> **Charter Service** is a vehicle hired for exclusive use that does not operate over a regular route, on a regular schedule and is not available to the general public.

For the purposes of the Program, Vehicle Revenue Miles reported to the NTD, as recorded in Annual Data Tables 2020 Service for New Jersey, or through NJ Transit as their private carrier in 2020, will be used in the calculation for the pro-rata allocation of funding.

For the purposes of the Program, eligible applicants need to provide a fixed route service by bus (MB); other transit modes are not eligible.

[1] Federal Transit Administration (2021, December 22). *National Transit Database (NTD) Glossary*. United States Department of Transportation. Retrieved December 22, 2022 from https://www.transit.dot.gov/ntd/national-transit-database-ntd-glossary

PROPOSED PROGRAM STRUCTURE & DESIGN

The Program will be structured as a non-competitive grant. As such, the Program's application will remain open for a fixed period of time (to be set by the CEO or staff delegated by the CEO based on anticipated demand, but no less than two weeks) and all applicants that apply within this period and meet the eligibility requirements will receive a grant.

Program Eligibility:

To be eligible, an applicant must, demonstrated in a manner acceptable to the Authority:

- Have been in business prior to February 15, 2020;

- Be a for-profit business (non-profits are excluded from the Program based on other required criteria); public agencies, authorities, or government entities are not eligible;

- Be registered to do business in and operating in the state of New Jersey, as evidenced by a current New Jersey Tax Clearance Certificate;

- Provide fixed route bus service (MB) or commuter bus (CB) service as defined in the Federal Transit Administration's December 22, 2021, *National Transit Database (NTD) Glossary*. Other services, including but not limited to those provided by charter buses, school buses, municipal shuttles, vanpool, and on-demand bus services, are not eligible;

- Have reported Vehicle Revenue Miles for fixed route bus service (MB) or commuter bus service (CB) greater than 0 in New Jersey directly to the NTD, as recorded in Annual Data Tables 2020 Service, or through NJ Transit as a private carrier in 2020;

- Demonstrate revenue losses in the state of New Jersey in 2020 due to the pandemic (calculated as the difference between each applicant company's 2020 revenues reported in New Jersey and 2019 revenues reported in New Jersey) that has not been fully addressed by other public or private relief funding sources;

- Self-certify best effort not to furlough or lay off any individual from the time of application through six months after the end of the declared state of emergency. Applicants that have already furloughed or laid off workers from the time of application must make a best-effort pledge to re-hire those workers as soon as possible. Any material breach of its best effort certification may result in the NJEDA seeking repayment of the grant;

- Satisfy the Authority's debarment/disqualification review and not have any defaults or outstanding obligations to the Authority; and

- Be in good standing with the following sister agencies: New Jersey Department of Labor, New Jersey Department of Environmental Protection, New Jersey Division of Taxation, and New Jersey Transit.

Program Funding Levels:

The total Program grant budget will be $25,000,000. NJEDA will utilize a 2.5% administrative rate in addition, assessed on the Program grant budget ($625,000) for administrative costs incurred in the administration of programs.

NJEDA will charge Applicants a $1,000 fee for applying to this program.

Calculation of Awards:

Grants will be allocated to eligible applicants using a predefined formula, consisting of a flat award amount and a share of the remaining program funds proportional to the applicant's total vehicle revenue miles, capped at unmet need.

Once application period closes, Staff will review all applicants' submissions for completeness. Applicants who submit incomplete applications will be given the opportunity to remedy, per Program's standard operating procedures. All complete applications will be reviewed for eligibility, with grant award amounts determined as follows.

Each approved applicant will be eligible for a flat grant amount of $500,000. This value was determined based on an even division of a quarter of the overall Program budget ($6,250,000), using the anticipated Program applicant pool (approximately twelve eligible organizations). The flat grant amount is intended to equitably address base overhead costs that are independent of revenue miles operated, for example, the cost of vehicle maintenance, employee salaries, and garage depots for buses. However, if there are more than twenty eligible applicants with unmet needs greater than $500,000, the flat amount provided to each eligible applicant will be reduced such that all applicants receive an equal share of $10,000,000, in addition to the allocation of the remaining funds (as described below). This is to ensure that sufficient funding remains for distribution of funds proportional to vehicle revenue miles operated, as an essential service, during 2020 in New Jersey. Any amounts unused from the $10,000,000 maximum available for the flat grant amount in aggregate will be included in the allocation of the remainder of the funds.

The remainder of the funds will be allocated based on each eligible applicant's proportional share of the total vehicle revenue miles in New Jersey for 2020 for all eligible applicants, as reported in the NTD directly or through NJ Transit as a private carrier. This methodology is being used to account for additional variable revenue losses and cost increases associated with volume of service maintained during the COVID-19 pandemic.

The maximum award, inclusive of the flat amount and pro-rata allocation, will not exceed the applicant's unmet need. For this Program, as aligned with duplication of benefits requirements, unmet need is defined as 2020 New Jersey revenue losses (calculated as the difference between each applicant company's 2020 revenues reported in New Jersey and 2019 revenues reported in New Jersey), less any other public or private COVID-19 relief funds that a company received for 2020.

Public or private funds that companies may have received include, but are not limited to, Federal or State loans and grants – such as Coronavirus Economic Relief for Transportation Services (CERTS) grants, forgivable portions of Payroll Protection loans, and Economic Injury Disaster grants – and insurance payouts. As such, this funding allocation design will comply with duplication of benefits provisions within EO 267 and the Stafford Act, as required by the funding source.

Any funding, flat amount or pro-rata share, that exceeds unmet need will be re-allocated to the pool to be disbursed to other eligible applicants.

Based on data sourced from the NTD and currently available public records of relief funds (that is, without fully taking into account loss of revenue or duplication of benefits), the average award size is anticipated to be $1.65 million.

Diversity, Equity, and Inclusion:

The NJEDA believes that diversity, equity, and inclusion are inherent to creating a stronger and fairer New Jersey economy. The Program, outlined by the State legislature, has a tightly defined purpose targeted to provide support to private carrier companies. To support NJEDA's commitment to diversity, equity, and inclusion, the application will include voluntary disclosures about applicant company demographic data and request a diversity, equity, and inclusion plan, policy, or statement for their organization.

Appeals:

Applicants will have the right to appeal the Authority's determination of eligibility and award amount. Appeals must be filed within the timeframe set in the declination letter (which must be at least 3 business days but no longer than 10 business days). The CEO or delegate(s) will designate Hearing Officers, who will be a staff member who has not up until that point been directly involved, to review the applications, the appeals, and any other relevant documents or information. The Hearing Officer will prepare a Final Administrative Decision, which must be approved by the CEO or delegate(s). Due to the proportional distribution of funds, all funds will be held from assignation until all appeals are resolved, after which funds will be disbursed.

DELEGATED AUTHORITY

Beginning in July 2003 the Members of the Authority have been asked to delegate signing authority to staff on certain financing and incentive transactions, to create efficiencies for our customers and provide fluidity to our business. Delegated authority is requested, as more specifically described in the Request section, for the CEO (and in most instances for the CEO to delegate to staff) to accept $25,625,000 in SFRF funds, executed the standard form of SFRF MOU with DCA, approve applicants and award amounts, decline applicants, and make final administrative decision on appeals. The SFRF MOU will outline the program design approved within this memorandum and assign federal reporting requirements to EDA for such funds that are released – both for administration of the Program and for the grant funding pool itself. The MOU requires EDA to repay to NJ DCA (who in turn would repay to US Treasury) any funds the use of which are inconsistent with those federal requirements. Delegated authority for the administration of this program is consistent with delegated authority for other programs, based on Authority familiarity with SFRF funding requirements, experience in implementing programs associated with the on-going COVID-19 pandemic, anticipated applicant pool's significant and urgent need of funds, and the eligibility for and allocation of funds being on a fully non-discretionary basis. The average award size is anticipated to be $1.65 million.

SUMMARY

The Members of the Board are requested to approve a $25,625,000 non-recurring pandemic relief program targeted at commuter and transit bus private carriers operating in New Jersey. The Commuter and Transit Bus Private Carrier Pandemic Relief and Jobs Program ("the Program") is funded by an allocation in the State 2022 fiscal year budget from the Coronavirus State Fiscal Recovery Fund (SFRF).

Delegated authority is requested, as more specifically described in the Request section, for the CEO (and in most instances for the CEO to delegate to staff) to accept $25,625,000 in SFRF funds, executed the standard form of SFRF MOU with DCA, approve applicants and award amounts, decline applicants, and make final administrative decision on appeals.

Tim Sullivan, CEO

Prepared by: Oliva Barone, Project Officer

Exhibit A
Commuter and Transit Bus Private Carrier Pandemic Relief and Jobs Program Specifications

These specifications are provided as a summary. In the case Exhibit A does not specify details or requirements or utilizes different language from the memorandum, the memorandum takes precedence.

Funding Source	The Commuter and Transit Bus Private Carrier Pandemic Relief and Jobs Program ("the Program") is funded by an allocation in the State 2022 Fiscal Year Appropriations Act from the Coronavirus State Fiscal Recovery Fund (SFRF).
Program Budget	$25,625,000
Program Expiration	The Program will be structured as a non-competitive grant. As such, the Program's application will remain open for a fixed period of time (to be set by the CEO or staff delegated by the CEO based on anticipated demand, but no less than two weeks) and all applicants that apply within this period and meet the eligibility requirements will receive a grant. Program will expire when all approved funds are disbursed.
Program Purpose	The Commuter and Transit Bus Private Carrier Pandemic Relief and Jobs Program is a non-recurring grant program to help transportation companies alleviate the revenue loss resultant from the COVID-19 pandemic. As such, grant funding is necessary to help private carriers recover from their lost revenues, allowing them to retain or create jobs. Helping the state's private carrier industry will both benefit New Jerseyans who rely on the state's commuter bus services as well as the residents employed by the local private carrier companies.
Applicant Eligibility Requirements	To be eligible, an applicant must, demonstrated in a manner acceptable to the Authority: • Have been in business prior to February 15, 2020; • Be a for-profit business (non-profits are excluded from the Program based on other required criteria); public agencies, authorities, or government entities are not eligible; • Be registered to do business in and operating in the state of New Jersey, as evidenced by a current New Jersey Tax Clearance Certificate; • Provide fixed route bus service (MB) or commuter bus (CB) service as defined in the Federal Transit Administration's December 22, 2021, *National Transit Database (NTD) Glossary*. Other services, including but

	not limited to those provided by charter buses, school buses, municipal shuttles, vanpool, and on-demand bus services, are not eligible; • Have reported Vehicle Revenue Miles for fixed route bus service (MB) or commuter bus service (CB) greater than 0 in New Jersey directly to the NTD, as recorded in Annual Data Tables 2020 Service, or through NJ Transit as a private carrier in 2020; • Demonstrate revenue losses in the state of New Jersey in 2020 due to the pandemic (calculated as the difference between each applicant company’s 2020 revenues reported in New Jersey and 2019 revenues reported in New Jersey) that has not been fully addressed by other public or private relief funding sources; • Self certify best effort not to furlough or lay off any individual from the time of application through six months after the end of the declared state of emergency. Applicants that have already furloughed or laid off workers from the time of application must make a best-effort pledge to re-hire those workers as soon as possible. Any material breach of its best effort certification may result in the NJEDA seeking repayment of the grant; • Satisfy the Authority’s debarment/disqualification review and not have any defaults or outstanding obligations to the Authority; and • Be in good standing with the following sister agencies: New Jersey Department of Labor, New Jersey Department of Environmental Protection, New Jersey Division of Taxation, and New Jersey Transit.
Program funding levels and Calculation of Award:	Grants will be allocated to eligible applicants using a predefined formula, consisting of a flat award amount and a pro-rata share of the remaining program funds, capped at unmet need. Each approved applicant will be eligible for a flat grant amount of $500,000. This amount may be reduced on a per-applicant if the aggregate flat award amount would exceed $10,000,000. In such a case, each applicant’s flat award amount would be an equal division of the $10,000,000. The flat grant amount is intended to equitably address base overhead costs that are independent of revenue miles operated, for example, the cost of vehicle maintenance, employee salaries, and garage depots for buses. The remainder of the funds will be allocated based on each eligible applicant’s proportional share of the total vehicle

	revenue miles for 2020 for all eligible applicants, as reported in the NTD directly or through NJ Transit as a private carrier. This methodology is being used to account for additional the variable revenue losses and cost increases associated with volume of service maintained during the COVID-19 pandemic. The maximum award, inclusive of the flat amount and pro-rata allocation, will not exceed the applicant's unmet need. For this Program, as aligned with duplication of benefits requirements, unmet need is defined as 2020 New Jersey revenue losses (calculated as the difference between each applicant company's 2020 revenues reported in New Jersey and 2019 revenues reported in New Jersey) less any other public or private COVID-19 relief funds that a company received in 2020. Any funding, flat amount or pro-rata share, that is reduced by the lost revenue award cap or a duplication of benefit reduction will be re-allocated to the pro-rata pool to be disbursed to other eligible applicants
Grant Amounts	Based on data sourced from the NTD and currently available public records of relief funds (that is, without fully taking into account loss of revenue or duplication of benefits), the average award size is anticipated to be $1.65 million. Grants will be capped at an unmet need.
Funding Disbursement	Funding to be awarded and disbursed to all eligible and approved applicants in a single payment.
Fee Schedule	Applicant will be assessed an application fee of $1000 / application.
Appeals	Applicants will be able to appeal the Authority's determination of eligibility and award amount. Appeals must be filed within the timeframe set in the declination letter (which must be at least 3 business days but no longer than 10 business days). Appeals will be reviewed by a hearing officer, who will be a staff member who has not up until that point been directly involved in the eligibility determination. Due to the proportional distribution of funds, all funds will be held from assignation until all appeals are resolved.

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: February 9, 2022

SUBJECT: MOU with New Jersey Department of the Treasury for NJEDA Participation in in State Small Business Credit Initiative

Request

The Members are requested to approve a Memorandum of Understanding with the New Jersey Department of the Treasury (N.J. Treasury) regarding the Authority's participation in the U.S. Treasury's State Small Business Credit Initiative (SSBCI) as the contracted entity to implement the programs proposed in the state's application and to approve the six program concepts as outlined herein along with the proposed funding allocations.

The Members are also requested to delegate to the Chief Executive Officer the authority to:

- Apply, as contracted entity to N.J. Treasury, for SSBCI funding for the six program concepts and corresponding funding allocations outlined in this memo; and
- Accept SSBCI funding through N.J. Treasury if the SSBCI application is approved by U.S. Treasury.

Staff will return to the Board for approval of the details of the six programs, including specifications, Program Solicitation award(s), or investment, where applicable for a program.

Background on the State Small Business Credit Initiative

The State Small Business Credit Initiative is a program of the United States Treasury. The program was originally established in 2010, and NJEDA participated in that first round with a combination of small business lending and venture programs. In the original program, New Jersey was awarded $33,760,698.

The American Rescue Plan Act funded a second round of SSBCI, in the spring of 2021, with $10 billion available overall, allocated non-competitively to states, territories, and Tribal governments based upon jurisdictions' job losses in proportion to the aggregate job losses across all jurisdictions, with a guaranteed minimum allocation. New Jersey is eligible for a total of $255 million. This includes sub-allocations specifically for very small businesses ($15,689,280) and businesses owned by socially and economically disadvantaged individuals ($27,521,719) ("SEDI businesses"). There are incentive funds available for jurisdictions that demonstrate strong support for these businesses.

SSBCI is designed to cause and result in the lending and investment of private capital into small businesses. At the program level, each dollar of SSBCI capital must be matched by at least another dollar of private capital. Public funding, including NJ state funding, does not count toward that match. Across an applicant's portfolio of SSBCI programs, the applicant must articulate a plan and reasonable estimates to show that over ten years, the portfolio will reach an overall leverage ratio of 10:1 private capital to SSBCI funds.

Programs must be designed so that SSBCI funds cause and result in new lending and investment, unlocking capital for small businesses and start-ups that would otherwise not have access to it.

To date, U.S. Treasury has issued various program materials, including a November 10, 2021 Capital Program Policy Guidelines, a November 2021 Fact Sheet, and a December 15, 2021 Frequently Asked Questions. The materials include requirements with which the State as the recipient will need to comply, including requirements specific to each type of authorized SSBCI program and reporting requirements. The SSBCI program also requires compliance with standard federal requirements, such as the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. Part 200. As is standard for federal funding, U.S. Treasury may recover any funds that are not spent in compliance with program and applicable federal requirements, and the U.S. Treasury, including the U.S. Treasury Office of the Inspector General, may audit N.J. Treasury and NJEDA.

U.S. Treasury requires that state-level SSBCI applicants must be a state department or agency that can obligate the state. As determined in the first round in 2011, which was approved by U.S. Treasury, the Governor has designated N.J. Treasury as the lead applicant, with NJEDA acting as a contracted entity to implement the programs.

The application process for SSBCI consists of two phases. An initial application identifying the applicant, contacts, and basic program information was submitted to U.S. Treasury on December 11, 2021. The initial application also included a list of legal steps necessary for N.J. Treasury to receive the funds and disburse to NJEDA. The final application, with detailed information about program design, administrative processes, and compliance controls, is due February 11, 2022. After U.S. Treasury approves the application, N.J. Treasury will need to execute an Allocation Agreement with U.S. Treasury. The Allocation Agreement implements the SSBCI program materials. The SSBCI Act requires that the programs be fully positioned within 90 days of the execution of the Allocation Agreement to provide credit support as designed within 90 days. If any changes are needed to the programs or to the State's application, N.J. Treasury can submit modification requests to U.S. Treasury, and if approved, U.S. Treasury and N.J. Treasury will execute an amendment to the Allocation Agreement.

SSBCI funds are disbursed to jurisdictions in three tranches. The first is disbursed after U.S. Treasury approves the application and the New Jersey Department of Treasury signs and executes the required Allocation Agreement with U.S. Treasury. The second and third tranches will be disbursed when the NJ Treasury certifies that it has expended, transferred, or obligated at least 80% of the prior disbursement of allocated funds. The second tranche must be drawn down at the three-year anniversary of the signing of the allocation agreement, and the final tranche must be drawn down at the six-year anniversary of the signing of the allocation agreement. US Treasury has informed EDA staff that the expected deadline to disburse the funds is 10 years. SSBCI administrative costs are limited to 5% of SSBCI funds in the first tranche and 3% of SSBCI funds in the second and third tranches.

NJEDA's proposed SSBCI programs

NJEDA staff is proposing six programs to be included in the SSBCI application. Staff will return to the Board for future approval of program specifications and award of Program solicitation recipients, as applicable, after approval of the SSBCI application by U.S. Treasury. Wherever possible, staff proposes using third party entities to support the roll-out of these programs, and/or build off prior program experience as detailed below.

The six programs proposed to be included in the SSBCI application are as follows.

Small business programs:

- **Blended Capital Investment** ($50M) – This program will seek to invest the funding in a fund or other investment vehicle managed by a private party in accordance with the program criteria. The manager – and any other associated private parties -- will be solicited by EDA through a publicly advertised process. The manager shall use the moneys in the fund to purchase loans from eligible Community Development Financial Institutions (CDFIs) to allow them to do more lending. Purchased loans will be securitized and note sales would be used to fund additional lending. The manager, directly or through other private parties, would be expected to bring in additional private capital, provide technical assistance to CDFIs, and oversee movement of funds and required reporting to NJEDA.
- **Loan Loss Reserve** ($25M) – This program will be a scaled-up version of NJEDA's COVID-related loan loss reserve program. The program will provide Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs) with greater ability to leverage their resources and provide assistance to small businesses by guaranteeing 50% of the value of eligible loans in case of nonrepayment.

Clean energy programs:

- **Clean Energy Business Financing** ($80M) – Part of the New Jersey Green Fund initiatives, this program will be a loan participation program, providing $1 of SSBCI funding for every $1 of private financing for loans to small business to accelerate the deployment of clean energy technologies, resulting in the creation of new permanent jobs in New Jersey. This will include both the issuance of companion loans in parallel with private lenders and the purchasing of portions of loans issued by private lenders.

Venture programs:

- **Life Science Investment** ($60M) – This program will invest funds into one or more venture funds to support early-stage New Jersey life science businesses. NJEDA will use a public solicitation process to seek at least one professional venture capital manager to manage the venture funds, which may be existing venture funds or newly created investment vehicles.
- **Angel Matching** ($20M) – This program will replace the former CoVest pilot program, scaling up a similar intervention by matching angel investor's direct investment in early-stage, product-based technology companies. The program will offer unsecured convertible notes of up to $500,000 to match outside investment.
- **SEDI Seed Fund** ($20M) –This program will invest funds into one or more venture funds to support start-ups with SEDI owners. The SSBCI guidelines require that a State's SEDI allocation be used for SEDI-owned businesses. The guidelines say that this requirement will be incorporated into the Allocation Agreement and that U.S. Treasury may find a State as non-compliant if the SEDI allocation is not used for SEDI-owned businesses. Accordingly, this program serves to further compliance with this requirement. NJEDA will use a public solicitation process to seek at least one professional venture capital manager to manage the venture funds, which may be existing venture funds or newly created investment vehicles. The Authority has contracted with Rutgers University to complete a disparity study of investment by venture firms in minority-owned business enterprises in this State, and in order to determine whether there has been a disparity in the Authority's own investments in and support of such firms over the past five years, consistent with applicable case law. If the disparity study finds statistically significant under-funding and/or under-utilization of enterprises/angel groups/venture capital/corporate investors by race or ethnicity, and that such under-funding and or under-utilization cannot be remedied by race/ethnicity-neutral remedies alone, then it may recommend race/ethnicity-conscious remedies that are narrowly tailored to address the effects of discrimination. If the disparity study supports such remedies, in

accordance with U.S. Treasury's Title VI regulations at 21 CFR 22.4(c), the NJEDA may incorporate into this fund targets for specific groups as part of a strategy to remedy the identified disparities.

These programs have been developed in alignment with the Governor's economic plan, *The State of Innovation: Building a Stronger and Fairer Economy in New Jersey*, which identifies clean energy and life sciences as among the state's targeted industries, sets a goal of building the most diverse innovation ecosystem in the country, and emphasizes the importance of easier access to capital for small businesses. This set of programs also builds on existing strengths and experiences within NJEDA. The allocation of funding across programs is designed to allow the portfolio to reach a leverage ratio (private capital to SSBCI funds) of 10:1 over a ten-year period. As NJEDA has historically experienced, venture fund-based programs typically have higher leverage ratios than small business lending programs given the amount of private capital raised through multiple financing rounds to support these types of companies, as successful start-ups draw significant private investment in later funding rounds. The Authority's historical venture fund programs have demonstrated an investment multiple of 52x of NJEDA investment to other investment in the businesses.

Recommendation

The Members are requested to approve the Memorandum of Understanding with N.J. Treasury attached here in substantially final form (with any final changes due to the Allocation Agreement being subject to approval by the Authority's CEO and the Attorney General's Office) and to delegate to the Authority's CEO to sign and execute the MOU. The Members are also requested to approve the six program concepts as outlined herein along with the proposed funding allocations.

The Members are also requested to delegate to the Chief Executive Officer the authority to:

- Apply, as contracted entity to N.J. Treasury, for SSBCI funding for the six program concepts and corresponding funding allocation outlined in this memo; and
- Accept SSBCI funding through N.J. Treasury if the SSBCI application is approved by U.S. Treasury.

Staff will return to the Board for approval of the details of the six programs, including specifications, Program solicitation award(s), or investment, where applicable for a program.

Tim Sullivan, CEO

Prepared by: Riley Edwards

Attachment: Exhibit A – Proposed MOU with New Jersey Department of the Treasury and MOU exhibits, in substantially final form

Memorandum of Understanding Between the State of New Jersey, Department of the Treasury and the New Jersey Economic Development Authority

This Memorandum of Understanding ("MOU") made by and between the State of New Jersey, Department of the Treasury ("Treasury") and the New Jersey Economic Development Authority ("EDA"), (collectively, Treasury and EDA are the "Parties") will confirm the mutual understanding and intention of the Parties as to the following:

Recitals

WHEREAS, Congress has appropriated funds to the United States Department of the Treasury ("U.S. Treasury") pursuant to the American Rescue Plan Act of 2021 ("ARP"), which amended the State Small Business Credit Initiative Act of 2010 ("SSBCI"), to be allocated and disbursed to states that have created programs to increase the amount of capital made available for small businesses; and

WHEREAS Governor Christie on behalf of the State of New Jersey ("State") designated Treasury as the State's SSBCI applicant in 2010; and

WHEREAS on September 8, 2011, U.S. Treasury approved Treasury's SSBCI funding in the amount of $33,760,698; and

WHEREAS EDA was selected thereafter to be Treasury's contracting entity for the 2011 SSBCI funding; and

WHEREAS Treasury and EDA entered into an MOU on September 22, 2011, to confirm their mutual responsibilities regarding the use of this funding and the implementation of programs; and

WHEREAS, in 2021, Governor Murphy on behalf of the State designated Treasury as the State's applicant to implement a second program under the SSBCI; and

WHEREAS, Treasury made initial application on December 11, 2021, to the U.S. Treasury for the State to receive up to a total of $255,197,631 ("SSBCI Funds"); and

WHEREAS, U.S. Treasury has published SSBCI program information, including the November 10, 2021, SSBCI Capital Program Policy Guidelines and an FAQ, ("SSBCI Documentation") on its SSBCI website; and

WHEREAS, a final SSBCI application will be submitted to U.S. Treasury by Treasury on or before February 11, 2022; and

WHEREAS, upon approval by U.S. Treasury of Treasury's final SSBCI application, U.S. Treasury will require the execution of an agreement by Treasury consistent with and implementing the SSBCI Documentation ("Allocation Agreement") to receive SSBCI Funds to implement six small business and venture programs included in the final SSBCI application ("Approved State Programs") as listed in Exhibit A; and

WHEREAS, EDA has been selected by Treasury as its contracted entity (as described in 12 U.S.C. 5703(c) and the SSBCI Documentation) to receive SSBCI Funds to implement and administer the Approved State Programs; and

WHEREAS, this MOU evidences Treasury's designation of EDA as the contracted entity; and

WHEREAS, it is in the Parties' mutual interests, as well as in the public interest, to have the Parties' respective responsibilities concerning the implementation of the Approved State Programs memorialized in a written agreement prior to execution of the Allocation Agreement.

NOW THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

SECTION 1. ADMINISTRATION OF APPROVED STATE PROGRAMS

This MOU between Treasury and EDA is entered into to implement the Approved State Programs as required by the SSBCI Documentation and will be required in the Allocation Agreement. Pursuant to the SSBCI Documentation, the Allocation Agreement will acknowledge and accept the Governor's designation of Treasury as the implementing entity that will accept the SSBCI Funds. Treasury has designated the EDA to be the contracting entity and will disburse all SSBCI funds to EDA for the administration of the Approved State Programs.

SECTION 2. TREASURY RESPONSIBILITIES

2.1 Subject to the terms and conditions of this MOU and consistent with the SSBCI Documentation, Treasury, as Grantee, shall make available to EDA any SSBCI Funds received, without exception or deduction, for the purpose of implementing the Approved State Program, which aggregate amount is anticipated to be in the amount not to exceed Two Hundred Fifty Five Million, One Hundred Ninety Seven Thousand and Six Hundred Thirty One Dollars ($255,197,631).

2.2 EDA, as the contracted entity, shall provide to Treasury all documentation and information Treasury requires to request the second and third disbursements from U.S. Treasury. Pursuant to 12 U.S.C. 5702(c)(1) and the SSBCI Documentation, as a precondition to receipt of the second and third disbursements, the State shall submit a certification to U.S. Treasury that the State has expended, transferred, or obligated 80 percent or more of the prior disbursement of allocated funds to or for the account of one or more approved state programs that have delivered loans or investments to eligible businesses.

2.3 Treasury shall comply with all of the requirements of the SSBCI Act and the SSBCI Documentation, and as may be contained in the Allocation Agreement, to the extent necessary to fulfill its responsibilities as the designated entity under the SSBCI Act and to the extent that such responsibilities cannot be assigned or delegated to EDA as the contracted entity. The Allocation Agreement may include such responsibilities as monitoring and reviewing the work performed by EDA.

2.4 EDA, as the contracted entity, shall submit all required reports by established deadlines per current SSBCI program policy guidance and reporting requirements. Reports required per SSBCI guidance include Quarterly reports, Annual reports, SF-425 Federal Financial Reports, and the Performance Results report due with the final Annual report submission. To the extent that EDA cannot submit directly to U.S. Treasury all required reports and other filings required by the SSBCI Act and the SSBCI Documentation, and as may be required by the Allocation Agreement, Treasury shall submit to U.S. Treasury all such reports and filings received from EDA pursuant to Section 3 hereof.

2.5 Treasury shall promptly notify EDA of any modifications to the terms of the Allocation Agreement and of any communication by U.S. Treasury regarding the SSBCI program.

SECTION 3. EDA RESPONSIBILITIES

3.1 The Parties acknowledge that all EDA responsibilities in this MOU with regard to the Approved State Programs are subject to EDA Board's approval of each Approved State Program.

3.2 EDA shall implement the Approved State Programs, consistent with the SSBCI Act and the SSBCI Documentation, and as may be required by the Allocation Agreement.

3.3 All inquiries, requests for documentation and any other information or consultation required by Treasury; notices from Treasury; and any proposed amendments to the Allocation Agreement or this MOU shall be submitted to Christine Baker, Chief Legal & Strategic Affairs Officer of EDA or such other person as EDA may designate.

3.4 EDA shall provide the requisite staff and support required to implement the Approved State Programs.

3.5 EDA will comply with all federal, State and local laws and regulations, policies, guidelines and requirements, as they relate to the acceptance and use of federal ARP funds, including all applicable State and Federal Executive Orders and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 C.F.R. 200. The Parties expressly acknowledge that the matters which are the subject of this MOU are governed by the ARP Act and administered by the U.S. Treasury, and may be subject to ongoing modifications and clarifications. EDA agrees to comply with all applicable requirements and Federal cross-cutting statutes and regulations as more fully detailed in the Schedule of Assurances attached hereto as Exhibit B and made a part hereof, in addition to the SSBCI Documentation as they may be updated from time to time, and subject to any other exceptions and waivers that may be issued by U.S. Treasury. EDA will also comply with any future program notices, requirements, and/or FAQ guidance issued by U.S. Treasury for the administration of the SSBCI program.

3.6 EDA shall be responsible for requiring that all of its subrecipients, contractors and all tiers of subcontractors adhere to all applicable State and Federal laws and regulations, including the ARP Act and the SSBCI Documentation, all other applicable federal statutes, U.S. Treasury regulations, as well as the requirements set forth in this MOU, including any Exhibits, and to conduct all necessary monitoring for such compliance.

3.7 EDA shall provide Treasury with a report detailing the progress of the Approved State Programs and budgetary updates for inclusion in any Treasury reports due to U.S. Treasury as required by the SSBCI Documentation, and as may be required in the Allocation Agreement. EDA will submit such reports and updates directly to U.S. Treasury if permitted to do so by U.S. Treasury.

3.8 EDA agrees that in connection with its rights and obligations pursuant to this MOU, it shall cooperate with Treasury with regard to any audit of activities carried out pursuant to this MOU, including compliance with various operating and reporting procedures that may hereinafter be promulgated by U.S. Treasury. EDA shall provide Treasury with (read only) access to and reporting from EDA's financial records and management systems which include, but are not limited to, paper documents, worksheets, grant management systems, contract management systems, and databases.

3.9 EDA may appoint and retain an Integrity Monitor, pursuant to EO 166. Treasury may review EDA's actions in response to any Integrity Monitor concerns or findings to ensure that any concerns or findings are addressed.

3.10 To the extent that U.S. Treasury audits the use of the SSBCI Funds, EDA shall coordinate with Treasury a response to such audit(s). EDA shall also be responsible for any recoupment of the SSBCI Funds that U.S. Treasury may require as the result of audit findings.

3.11 EDA will comply with any audit requirements as outlined in 2 CFR Part 200, Subpart F, Audit Requirements, which mandates that if a non-Federal entity expends $750,000 or more in federal awards during the non-Federal entity's fiscal year, the entity must have a single or Grant-specific audit conducted by an independent auditor for that year. EDA shall submit a copy of their annual organization-wide Single Audit to the Treasury upon issuance.

3.12 In the event that the actual or committed disbursement of funds as stated in the report provided is less than the amount of the SSBCI Funds, or upon termination of the MOU, EDA shall promptly remit to Treasury the balance of the remaining SSBCI Funds.

3.13 If required for the SSBCI Funds, EDA will be responsible for ensuring the SSBCI Funds do not constitute a "Duplication of Benefits" as defined by the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 et seq. If a Duplication of Benefits analysis is required, EDA shall establish appropriate policies and procedures to prevent Duplication of Benefits and shall cooperate and coordinate with other State departments and agencies to prevent and rectify Duplication of Benefits, which may include, but is not limited to, recoupment of SSBCI Funds.

3.14 The Accountability Officer for EDA is the Chief Legal & Strategic Affairs Officer of EDA, who shall be responsible for overseeing the successful performance and completion of EDA's obligations as provided in this MOU and shall be the point of contact for Treasury, Governor's Office and the Office of the State Comptroller. The Accountability Officer is required to perform risk assessments and is responsible for overseeing EDA's Approved State Programs along with hiring an Integrity Monitor where appropriate.

3.15 EDA shall comply with the requirements on Treasury as Recipient in Exhibit C (Assurances of Compliance with Civil Rights Requirements), which Treasury is required to sign and submit as part of the SSBCI application. Such requirements include, but are not limited to, maintaining a log of and reporting to U.S. Treasury any complaints of discrimination on the grounds of race, color, or national origin, and limited English proficiency covered by Title VI of the Civil Rights Act of 1964 and implementing regulations, and provide, upon request, a list of all such reviews or proceedings based on the complaint, pending or completed, including outcome.

3.16 EDA shall maintain records for the period set forth in the State General Retention Schedule or seven (7) years for federal grants, whichever is greater. Non-federal entities not subject to State retention requirements shall maintain records for the period set forth in 2 C.F.R. § 200.334.

3.17 EDA shall consult with Treasury at any time EDA reasonably believes that an amendment(s) is required to the Allocation Agreement and thereafter prepare any proposed amendments to the Allocation Agreement to be submitted by Treasury for approval by US Treasury.

SECTION 4. GENERAL PROVISIONS

4.1 This MOU shall be effective as of the date of final execution by the Parties and, shall continue until all of the tranches of the SSBCI Funds have been expended and all post disbursement reporting and auditing requirements have been met. This MOU may be modified or extended only by prior written agreement by the Parties. This MOU may be terminated by either Treasury or EDA upon thirty (30) days' prior written notice to the other Party.

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

4.3 There are no third-party beneficiaries of this MOU.

4.4 Treasury and EDA shall retain all the powers, obligations and immunities provided by law.

4.5 The Parties acknowledge that the successful completion of each Party's duties hereunder will require cooperation between the Parties. The Parties agree to work cooperatively to achieve the goals of this MOU.

4.6 This MOU may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

IN WITNESS HEREOF, the Parties have executed this MOU on the dates below:

STATE OF NEW JERSEY, DEPARTMENT OF THE TREASURY

By: ____

Elizabeth Maher Muoio
State Treasurer

Dated: ____

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

By: ____

Tim Sullivan
Chief Executive Officer

Dated: ____

EXHIBIT A
PROPOSED SSBCI PROGRAMS

Small business programs:

- **Blended Capital Investment** ($50M) – This program will seek to invest the funding in a fund or other investment vehicle managed by a private party in accordance with the program criteria. The manager – and any other associated private parties -- will be solicited by EDA through a publicly advertised process. The manager shall use the moneys in the fund to purchase loans from eligible Community Development Financial Institutions (CDFIs) to allow them to do more lending. Purchased loans will be securitized and note sales would be used to fund additional lending. The manager, directly or through other private parties, would be expected to bring in additional private capital, provide technical assistance to CDFIs, and oversee movement of funds and required reporting to EDA.
- **Loan Loss Reserve** ($25M) – This program will be a scaled-up version of EDA's COVID-related loan loss reserve program. The program will provide CDFIs and Minority Depository Institutions (MDIs) with greater ability to leverage their resources and provide assistance to small businesses by guaranteeing 50% of the value of eligible loans in case of nonrepayment.

Clean energy programs:

- **Clean Energy Business Financing** ($80M) – Part of the New Jersey Green Fund initiatives, this program will be a loan participation program, providing $1 of SSBCI funding for every $1 of private financing for loans to small business to accelerate the deployment of clean energy technologies, resulting in the creation of new permanent jobs in New Jersey. This will include both the issuance of companion loans in parallel with private lenders and the purchasing of portions of loans issued by private lenders.

Venture programs:

- **Life Science Investment** ($60M) – This program will invest funds into one or more venture funds to support early-stage New Jersey life science businesses. NJEDA will use a public solicitation process to seek at least one professional venture capital manager to manage the venture funds, which may be existing venture funds or newly created investment vehicles.
- **Angel Matching** ($20M) – This program will replace the former CoVest pilot program, scaling up a similar intervention by matching angel investor's direct investment in early-stage, product-based technology companies. The program will offer unsecured convertible notes of up to $500,000 to match outside investment.
- **SEDI Seed Fund** ($20M) –This program will invest funds into one or more venture funds to support start-ups with SEDI owners. The SSBCI guidelines require that a State's SEDI allocation be used for SEDI-owned businesses. The guidelines say that this requirement will be incorporated into the Allocation Agreement and that U.S. Treasury may find a State as non-compliant if the SEDI allocation is not used for SEDI-owned businesses. Accordingly, this program serves to further compliance with this requirement. NJEDA will use a public solicitation process to seek at least one professional venture capital manager to manage the venture funds, which may be existing venture funds or newly created investment vehicles. The Authority has contracted with Rutgers University to complete a disparity study of investment by venture firms in minority-owned business enterprises in this State, and in order to determine whether there has been a disparity in the Authority's own investments in and support of such firms over the past five years, consistent with applicable case law. If the disparity study finds statistically significant under-funding and/or under-utilization of enterprises/angel groups/venture capital/corporate investors by race or ethnicity, and

that such under-funding and or under-utilization cannot be remedied by race/ethnicity-neutral remedies alone, then it may recommend race/ethnicity-conscious remedies that are narrowly tailored to address the effects of discrimination. If the disparity study supports such remedies, in accordance with U.S. Treasury's Title VI regulations at 21 CFR 22.4(c), the NJEDA may incorporate into this fund targets for specific groups as part of a strategy to remedy the identified disparities.

EXHIBIT B
SCHEDULE OF ASSURANCES

The New Jersey Economic Development Authority ("NJEDA") will comply with the provisions of the following federal statutes, rules, and regulations in connection with the American Rescue Plan Act – State Small Business Credit Initiative Funds ("SSCBI Funds"), as applicable:

A. Federal regulations applicable include, without limitation, the following:

1. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. Part 200, other than such provisions as U.S. Treasury may determine are inapplicable to the SSBCI Funds and subject to such exceptions as may be otherwise provided by U.S. Treasury. Subpart F – Audit Requirements of the Uniform Guidance, implementing the Single Audit Act, shall apply to this award.

2. Universal Identifier and System for Award Management (SAM), 2 C.F.R. Part 25, pursuant to which the award term set forth in Appendix A to 2 C.F.R. Part 25 is hereby incorporated by reference.

3. Reporting Subaward and Executive Compensation Information, 2 C.F.R. Part 170, pursuant to which the award term set forth in Appendix A to 2 C.F.R. Part 170 is hereby incorporated by reference.

4. OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Non-procurement), 2 C.F.R. Part 180, including the requirement to include a term or condition in all lower tier covered transactions (contracts and subcontracts described in 2 C.F.R. Part 180, subpart B) that the award is subject to 2 C.F.R. Part 180 and U.S. Treasury's implementing regulation at 31 C.F.R. Part 19.

5. Recipient Integrity and Performance Matters, pursuant to which the award term set forth in 2 C.F.R. Part 200, Appendix XII to Part 200 is hereby incorporated by reference.

6. Government-wide Requirements for Drug-Free Workplace, 31 C.F.R. Part 20.

7. New Restrictions on Lobbying, 31 C.F.R. Part 21.

8. Executive Order 13985 On Advancing Racial Equity and Support for Underserved Communities Through the Federal Government (January 20, 2021).

9. Uniform Relocation Assistance and Real Property Acquisitions Act of 1970 (42 U.S.C. §§ 4601-4655) and implementing regulations.

10. Generally applicable federal environmental laws and regulations.

B. Statutes and regulations prohibiting discrimination applicable include, without limitation, the following:

1. Title VI of the Civil Rights Act of 1964 (42 U.S.C. §§ 2000d et seq.) and U.S. Treasury's implementing regulations at 31 C.F.R. Part 22, which prohibit discrimination on the basis of race, color, or national origin under programs or activities receiving federal financial assistance. The following language must be included in every contract or agreement subject to Title VI and its regulations between the Recipient and the Recipient's sub-grantees, contractors, subcontractors, successors, transferees and assignees:

The sub-grantee, contractor, subcontractor, successor, transferee, and assignees shall comply with Title VI of the Civil Rights Act of 1964, which prohibits recipients of federal financial assistance from excluding from a program or activity, denying benefits of, or otherwise discriminating against a person on the basis of race, color, or national origin (42 U.S.C. § 2000d et seq.), as implemented by the U.S. Treasury's Title VI regulations, 31 CFR Part 22, which are herein incorporated by reference and made a part of this contract (or agreement). Title VI also includes protection to persons with "Limited English Proficiency" in any program or activity receiving federal financial assistance, 42 U.S.C. § 2000d et seq., as implemented by the U.S. Treasury's Title VI regulations, 31 CFR Part 22, and herein incorporated by reference and made a part of this contract or agreement.

2. The Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§ 3601 et seq.), which prohibits discrimination in housing on the basis of race, color, religion, national origin, sex, familial status, or disability.

3. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794), which prohibits discrimination on the basis of disability under any program or activity receiving federal financial assistance.

4. The Age Discrimination Act of 1975, as amended (42 U.S.C. §§ 6101 et seq.), and U.S. Treasury's implementing regulations at 31 C.F.R. Part 23, which prohibit discrimination on the basis of age in programs or activities receiving federal financial assistance.

5. Title II of the Americans with Disabilities Act of 1990, as amended (42 U.S.C. §§ 12101 et seq.), which prohibits discrimination on the basis of disability under programs, activities, and services provided or made available by state and local governments or instrumentalities or agencies thereto.

C. Federal Labor Standards

1. Unless U.S. Treasury provides otherwise for the SSBCI Funds, the Davis-Bacon Act, as amended (40 U.S.C. §3141 et seq.). The Davis-Bacon Act does not apply to construction contracts at or below $2,000 (arbitrarily separating a project into contracts below $2,000 is not permitted), and the prevailing wage rate provisions of the Act do not apply to rehabilitation or construction of residential property containing less than eight units;
2. The Contract Work Hours and Safety Standards Act (40 U.S.C. §3701 et seq.), requiring that mechanics and laborers (including watchmen and guards) employed on federally assisted contracts of $100,000 or greater be paid wages of not less than one and one-half times their basic wage rates for all hours worked in excess of forty in a work-week;
3. The Federal Fair Labor Standards Act (29 U.S.C. 201 et seq.), requiring that covered nonexempt employees be paid at least the minimum prescribed wage, and also that they be paid one and one-half times their basic wage rate for all hours worked in excess of the prescribed work-week;
4. The Copeland "Anti-Kickback" Act (18 U.S.C. 874), as supplemented in Department of Labor regulations (29 CFR 3), which requires payment of wages once a week and allows only permissible payroll deductions.

D. Other State and federal laws applicable include, but are not limited to, the following:

1. The Hatch Act (5 U.S.C. §§ 1501-1508 and 7324-7328), which limits certain political activities of State or local government employees whose principal employment is in connection with an activity financed in whole or in part by this federal assistance.

2. State of New Jersey Executive Order No. 215 (Kean 1989), requiring environmental assessments or environmental impact statements to the extent applicable for major construction projects.

3. (a) In accordance with 41 U.S.C. § 4712, NJEDA may not discharge, demote, or otherwise discriminate against an employee in reprisal for disclosing to any of the list of persons or entities provided below, information that the employee reasonably believes is evidence of gross mismanagement of a federal contract or grant, a gross waste of federal funds, an abuse of authority relating to a federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a federal contract (including the competition for or negotiation of a contract) or grant.

   (b) The list of persons and entities referenced in the paragraph above includes the following:
      a. A member of Congress or a representative of a committee of Congress;
      b. An Inspector General;
      c. The Government Accountability Office;
      d. A Treasury employee responsible for contract or grant oversight or management;
      e. An authorized official of the U.S. Department of Justice or other law enforcement agency;
      f. A court or grand jury; or
      g. A management official or other employee of N.J. Treasury, contractor, or subcontractor who has the responsibility to investigate, discover, or address misconduct.

   (c) NJEDA shall inform its employees in writing of the rights and remedies provided under this section, in the predominant native language of the workforce.

4. Contracting with Small, Minority-owned, Women-owned and Veteran-owned Businesses, and Labor Surplus Area Firms.

(a) NJEDA shall take all necessary affirmative steps to ensure contracting opportunities are provided to small, minority-owned, woman-owned, and veteran-owned businesses, and labor surplus area firms. As used in this contract, the terms "minority-owned business," "women-owned business," and "veteran-owned business" means a business that is at least fifty-one percent (51%) owned and controlled by minority group members, women or veterans. For purposes of this definition, "minority group members" are African-Americans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, Asian-Americans, and Native Americans. NJEDA may rely on written representations by businesses regarding their status as minority, women and veteran businesses in lieu of an independent investigation.

(b) Affirmative steps shall include:
   a. Placing qualified small and minority-, veteran- and women-owned businesses on solicitation lists;
   b. Ensuring that small and minority-, veteran- and women-owned businesses are solicited whenever they are potential sources for goods and/or services required in furtherance of the Agreement;
   c. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority-, veteran- and women-owned businesses;
   d. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority-, veteran- and women-owned businesses;
   e. Using the service and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the U.S. Department of Commerce; and
   f. Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in subparagraphs (a) through (e) of this section.

E. Increasing Seat Belt Use in the United States.

1. Pursuant to Executive Order 13043, 62 FR 19217 (Apr. 18, 1997), NJEDA should encourage its contractors to adopt and enforce on-the-job seat belt policies and programs for their employees when operating company-owned, rented or personally owned vehicles.

F. Reducing Text Messaging When Driving

1. Pursuant to Executive Order 13513, 74 FR 51225 (Oct. 6, 2009), NJEDA should encourage its employees, subrecipients, and contractors to adopt and enforce policies that ban text messaging while driving, and NJEDA should establish workplace safety policies to decrease accidents caused by distracted drivers.

G. Personally Identifiable Information

1. To the extent NJEDA receives personally identifiable information, it will comply with the Privacy Act of 1974 and U.S. Treasury rules and regulations related to the protection of personally identifiable information. The term "personally identifiable information" refers to information which can be used to distinguish or trace an individual's identity, such as their name, social security number, biometric records, etc., either alone or when combined with other personal or identifying information which is linked or linkable to a specific individual, such as date and place of birth, mother's maiden name, etc. See 2 CFR 200.79. Subrecipients shall require all persons that have access to personally identifiable information (including subcontractors/subconsultants and their employees) to sign a Non-Disclosure Agreement.

H. Conflicts of Interest.

1. NJEDA must maintain a conflict of interest policy consistent with 2 C.F.R. § 200.318(c) and must apply such conflict of interest policy to each activity funded with SSBCI Funds.

2. NJEDA and any grantees or subrecipients must disclose in writing to U.S. Treasury or N.J. Treasury, as appropriate, any potential conflict of interest affecting the SSBCI Funds in accordance with 2 C.F.R. § 200.112.

EXHIBIT C
ASSURANCES OF COMPLIANCE WITH CIVIL RIGHTS REQUIREMENTS

As a condition of receipt of federal financial assistance from the Department of the Treasury, the recipient named below (hereinafter referred to as the "Recipient") provides the assurances stated herein. The federal financial assistance may include federal grants, loans and contracts to provide assistance to the Recipient's beneficiaries, the use or rent of Federal land or property at below market value, Federal training, a loan of Federal personnel, subsidies, and other arrangements with the intention of providing assistance. Federal financial assistance does not encompass contracts of guarantee or insurance, regulated programs, licenses, procurement contracts by the Federal government at market value, or programs that provide direct benefits.

The assurances apply to all federal financial assistance from or funds made available through the Department of the Treasury, including any assistance that the Recipient may request in the future.

The Civil Rights Restoration Act of 1987 provides that the provisions of the assurances apply to all of the operations of the Recipient's program(s) and activity(ies), so long as any portion of the Recipient's program(s) or activity(ies) is federally assisted in the manner prescribed above.

1. Recipient ensures its current and future compliance with legal requirements related to nondiscrimination and nondiscriminatory use of federal funds. These requirements include ensuring that entities receiving federal financial assistance from Treasury do not deny benefits or services, or otherwise discriminate on the basis of race, color, national origin (including limited English proficiency), disability, age, or sex (including sexual orientation and gender identity), in accordance with, but not limited to, the following authorities: Title VI of the Civil Rights Act of 1964 (Title VI), 42 U.S.C. 2000d-1 et seq., and the Department's implementing regulations, 31 C.F.R. part 22, and other pertinent executive orders such as Executive Order 13166; Section 504 of the Rehabilitation Act of 1973 (Section 504), 29 U.S.C. 794; Title IX of the Education Amendments of 1972 (Title IX), 20 U.S.C. 1681 et seq., and the Department's implementing regulations, 31 C.F.R. part 28; Age Discrimination Act of 1975, 42 U.S.C. 6101 et seq., and the Department's implementing regulations at 31 C.F.R. part 23.

2. Recipient acknowledges that Executive Order 13166, "Improving Access to Services for Persons with Limited English Proficiency," seeks to improve access to federally assisted programs and activities for individuals who, because of national origin, have Limited English proficiency (LEP). Recipient understands that denying a person access to its programs, services, and activities because of LEP is a form of national origin discrimination prohibited under Title VI of the Civil Rights Act of 1964 and the Department of the Treasury's implementing regulations. Accordingly, Recipient shall initiate reasonable steps, or comply with the Department of the Treasury's directives, to ensure that LEP persons have meaningful access to its programs, services, and activities. Recipient understands and agrees that meaningful access may entail providing language assistance services, including oral interpretation and written translation where necessary, to ensure effective communication in the Recipient's programs, services, and activities.

3. Recipient agrees to consider the need for language services for LEP persons when Recipient develops applicable budgets and conducts programs, services, and activities. As a resource, the Department of the Treasury has published its LEP guidance at 70 FR 6067. For more information on taking reasonable steps to provide meaningful access for LEP persons, please visit http://www.lep.gov.

4. Recipient acknowledges and agrees that compliance with the assurances constitutes a condition of continued receipt of federal financial assistance and is binding upon Recipient and Recipient's successors, transferees, and assignees for the period in which such assistance is provided.

5. Recipient acknowledges and agrees that it must require any sub-grantees, contractors, subcontractors, successors, transferees, and assignees to comply with assurances 1-4 above. With regard to Title VI,

Recipient agrees to incorporate the following language in every contract or agreement subject to Title VI and its regulations between the Recipient and the Recipient's sub-grantees, contractors, subcontractors, successors, transferees, and assignees:

> *The sub-grantee, contractor, subcontractor, successor, transferee, and assignee shall comply with Title VI of the Civil Rights Act of 1964, which prohibits recipients of federal financial assistance from excluding from a program or activity, denying benefits of, or otherwise discriminating against a person on the basis of race, color, or national origin (42 U.S.C. § 2000d et seq.), as implemented by the Department of the Treasury's Title VI regulations, 31 CFR Part 22, which are herein incorporated by reference and made a part of this contract (or agreement). Title VI also includes protection to persons with "Limited English Proficiency" in any program or activity receiving federal financial assistance, 42 U.S.C. § 2000d et seq., as implemented by the Department of the Treasury's Title VI regulations, 31 CFR Part 22, and herein incorporated by reference and made a part of this contract or agreement.*

6. Recipient understands and agrees that if any real property or structure is provided or improved with the aid of federal financial assistance by the Department of the Treasury, this assurance obligates the Recipient, or in the case of a subsequent transfer, the transferee, for the period during which the real property or structure is used for a purpose for which the federal financial assistance is extended or for another purpose involving the provision of similar services or benefits. If any personal property is provided, this assurance obligates the Recipient for the period during which it retains ownership or possession of the property.

7. Recipient shall cooperate in any enforcement or compliance review activities by the Department of the Treasury of the aforementioned obligations. Enforcement may include investigation, arbitration, mediation, litigation, and monitoring of any settlement agreements that may result from these actions. The Recipient shall comply with information requests, on-site compliance reviews and reporting requirements.

8. Recipient shall maintain a complaint log and inform the Department of the Treasury of any complaints of discrimination on the grounds of race, color, or national origin, and limited English proficiency covered by Title VI of the Civil Rights Act of 1964 and implementing regulations and provide, upon request, a list of all such reviews or proceedings based on the complaint, pending or completed, including outcome. Recipient also must inform the Department of the Treasury if Recipient has received no complaints under Title VI.

9. Recipient must provide documentation of an administrative agency's or court's findings of non-compliance of Title VI and efforts to address the non-compliance, including any voluntary compliance or other agreements between the Recipient and the administrative agency that made the finding. If the Recipient settles a case or matter alleging such discrimination, the Recipient must provide documentation of the settlement. If Recipient has not been the subject of any court or administrative agency finding of discrimination, please so state.

10. If the Recipient makes sub-awards to other agencies or other entities, the Recipient is responsible for ensuring that sub-recipients also comply with Title VI and other applicable authorities covered in this document State agencies that make sub-awards must have in place standard grant assurances and review procedures to demonstrate that that they are effectively monitoring the civil rights compliance of subrecipients.

The United States of America has the right to seek judicial enforcement of the terms of this assurances document and nothing in this document alters or limits the federal enforcement measures that the United States may take in order to address violations of this document or applicable federal law.

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Under penalty of perjury, the undersigned official(s) certifies that official(s) has read and understood the Recipient's obligations as herein described, that any information submitted in conjunction with this assurances document is accurate and complete, and that the Recipient is in compliance with the aforementioned nondiscrimination requirements.

________________________________ _________
Recipient Date

____
Signature of Authorized Official

PAPERWORK REDUCTION ACT NOTICE
The information collected will be used for the U.S. Government to process requests for support. The estimated burden associated with this collection of information is 30 minutes per response. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Office of Privacy, Transparency and Records, Department of the Treasury, 1500 Pennsylvania Ave., N.W., Washington, D.C. 20220. DO NOT send the form to this address. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by OMB.

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: February 9, 2022

SUBJECT: Initial Funding to Support Establishment of the Salem County Office of Economic Development

Request

Members of the Board are asked to approve a Memorandum of Understanding ("MOU") between the Authority and Salem County that will enable NJEDA to provide funding in the amount of $100,000 to support the implementation of the Salem County Economic Development Vision and Action Plan ("Action Plan"). This funding, sourced from NJEDA's Wind Port development budget, will be used to facilitate the formation of the Salem County Office of Economic Development ("Office") and will contribute to costs incurred in the first year of the Office's operations, including establishing a physical location, hiring of staff, and initial steps to enact the strategies outlined in Salem County's Action Plan. Sourcing of funds from NJEDA's Wind Port development budget demonstrates that the Authority's investment is tied specifically to the Wind Port development and is designed to catalyze the economic benefits of this once-in-a-generation investment within the County.

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

Subject to Salem County's fulfillment of its obligations as described in the MOU, Staff anticipate returning to the Board in approximately one year to request the provision of further funding by the Authority to support the continued operations of the Salem County Office of Economic Development.

Background

The Authority and Salem County are actively pursuing a comprehensive economic development partnership, with an aim of maximizing and sustaining local economic benefits that will result from the development of the New Jersey Wind Port ("NJWP"). More broadly, the parties are seeking to position Salem County to support the successful growth of the offshore wind industry within the County.

The NJWP, to be located in Lower Alloways Creek Township, Salem County, is New Jersey's flagship offshore wind development and represents a once-in-a-generation investment that will catalyze the offshore wind supply chain in Salem County and neighboring regions.

Commissioning of the New Jersey Wind Port is expected to result in numerous direct and indirect economic benefits for Salem County and the entire southern New Jersey region, including:

- Co-location of offshore wind project developers and turbine component manufacturers at NJWP and creation of up to 1,500 skilled jobs across a wide array of manufacturing and technical roles related to the fabrication and marshalling of offshore wind turbine components; and
- Grounding of the offshore wind supply chain in Salem County, motivating other firms within the offshore wind supply chain to locate in Salem County and southern New Jersey, creating additional skilled jobs for working families within the region; and
- Precipitation of new economic activity across the broader South Jersey economy due to the influx of the offshore wind supply chain that will benefit existing small businesses and attract new businesses to the region.

In 2021, the Salem County Economic Development Advisory Council, comprising County Commissioners, local government officials, business leaders and educators identified a need to create a comprehensive economic development plan in advance of the establishment of the offshore wind industry within the County. The Council commissioned an Economic Development Vision and Action Plan, which was funded by CARES Act Supplementary Planning Grant ("CARES") monies and published in August 2021. The Action Plan produced two key outcomes:

- Formulation of a set of guiding principles that should inform economic development in Salem County and key economic development goals that the County should aim to accomplish; and
- A recommendation to establish the Salem County Office of Economic Development to drive implementation of the Action Plan.

Salem County has determined that the Office will be set-up as a new department within the Government of Salem County.

The Authority's provision of funding in the amount of $100,000 to partially fund the set-up and first year of operations for the Office represents a foundational investment that signals the strengthening of a long-term economic development partnership between the Authority and Salem County. Further, the sourcing of these funds from NJEDA's Wind Port development budget establishes that the Authority's support is tied directly to the Wind Port and is designed to prepare the County to take the leading role in local economic development in the context of a growing offshore wind industry within the County.

The Salem County Office of Economic Development will serve to improve the attractiveness of Salem County as a home for businesses, particularly the offshore wind supply chain, and to boost economic resilience across diverse communities in Salem County. Qualified Office staff will work hand-in-hand with localities across the County to implement the economic development strategies outlined in the Action Plan. Office Staff will also act as a local point of contact for offshore wind firms who will be based at NJWP and elsewhere within the County. The Office's positioning as a focal point for economic development activities in the County will ensure that the Authority is well-situated to efficiently direct support as needed via a centralized County-level entity, including help to identify suitable real estate opportunities for offshore wind firms to base themselves within the County.

MOU Description

Under the MOU, the Authority will provide to Salem County funding in the amount of $100,000 to support the initial set-up of the Salem County Office of Economic Development, and to partially fund its first year of operations.

Salem County commits to provide funding via its County budget that is at least as much as NJEDA's funding amount to also partially fund the first year of Office operations. The County will establish the office as a new department within the Government of Salem County and will use the NJEDA and County funding to establish a physical location, hire staff, and take steps to design and implement economic development programs and strategies outlined in the Action Plan. The County will create a detailed operating budget for year one, including the expenditures it can fund with the NJEDA and Salem County funding, as well as other expenses that could be funded via other sources of revenue, should other funding become available. The County will track and report to NJEDA on a quarterly basis the Office's use of NJEDA funding, to ensure funding is only used for the purposes of setting up the Office and implementing the Action Plan. The County will also provide to NJEDA a detailed plan outlining steps it will take to pursue other funding opportunities from Office inception onwards.

The Authority will monitor and review on a quarterly basis the Office's use of NJEDA funding and the alignment of expenditures with goals and strategies outlined in the Action Plan. The Authority will provide from time to time technical assistance and staff support to facilitate the set-up of the Office and the implementation of economic development initiatives in Salem County.

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

Recommendation

Members of the Board are asked to approve the MOU described above.

This funding is a foundational investment that signals the strength and growth of a long-term economic development partnership between the Authority and Salem County. This funding will be used to fund the formation of the Salem County Office of Economic Development and will contribute to costs incurred in the first year of the Office's operations, including establishing a physical location, hiring of staff, and initial steps to enact the economic development strategies outlined in Salem County's Action Plan.

Subject to Salem County's fulfillment of its obligations as described in the MOU, Staff anticipate returning to the Board in approximately one year to request the provision of further funding by the Authority to support the continued operations of the Salem County Office of Economic Development.

Tim Sullivan, CEO

Prepared by: Geoffrey Storr

Attachment: Exhibit A – Proposed MOU for Funding to support establishment of the Salem County Office of Economic Development

EXHIBIT A:

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING ("MOU"), made as of this ___________ day of __________ , 2022 - ("the Effective Date"), is between the NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY ("EDA") and SALEM COUNTY ("County"), (collectively the "Parties").

WHEREAS, the EDA, established pursuant to N.J.S.A. 34:lB-1 et seq., is an independent State authority, in but not 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 EDA's Economic Growth Division focuses on the growth-oriented sectors identified in the Governor's Strategic Plan for Economic Development; and

WHEREAS, offshore wind was identified as one of those growth-oriented sectors; and

WHEREAS, the EDA has a role in supporting the development of the offshore wind industry in the State of New Jersey; and

WHEREAS, the State of New Jersey and EDA recognize the importance of developing infrastructure to facilitate the growth of the offshore wind industry within the State, and are strategically pursuing these developments; and

WHEREAS, on behalf of the State, the EDA is developing the New Jersey Wind Port, the first purpose-built offshore wind port in the United States and New Jersey's flagship investment to catalyze the offshore wind industry within the State; and

WHEREAS, the New Jersey Wind Port will be located in Lower Alloways Creek Township, Salem County; and

WHEREAS, the New Jersey Wind Port will accommodate multiple offshore wind project developers and turbine component manufacturers, each of which will employ workers in high-quality, skilled jobs across a wide array of manufacturing and technical roles related to the fabrication and marshalling of offshore wind turbine components; and

WHEREAS, the New Jersey Wind Port will ground the offshore wind supply chain in South Jersey and Salem County, motivating other firms, including suppliers of turbine and transmission system sub-components and offshore wind service providers, to locate in southern New Jersey and Salem County, creating new, skilled jobs within the region; and

WHEREAS, the growth of the offshore wind industry in Salem County will induce new economic activity across the broader South Jersey economy that will benefit existing small businesses and attract new businesses to the region; and

WHEREAS, Salem County is one of New Jersey's most economically-distressed regions and has experienced decades of industrial decline, resulting in the loss of local jobs and a lack of economic opportunities for residents and small businesses, and these outcomes have been exacerbated by the onset of the COVID-19 pandemic; and

WHEREAS, both EDA and the County recognize the need to capitalize on the economic opportunities that will emerge for businesses and working families in Salem County as a result of the once-in-a-generation Wind Port investment in Lower Alloways Creek Township; and

WHEREAS, the County has developed an Economic Development Vision and Action Plan ("Action Plan") utilizing CARES Act Supplementary Planning Grant ("CARES") monies to explore methods to maximize local economic benefits arising from the development of the Wind Port and other long-term strategic infrastructure investments within Salem County; and

WHEREAS, in alignment with the State's vision to create a stronger and fairer New Jersey economy, the Action Plan seeks to ensure that anticipated future economic activity in Salem County cultivates economic resilience and prosperity in diverse local communities, fosters local entrepreneurship, prompts businesses to base their operations within the County, and suits the particular economic challenges and interests of differing areas within the County; and

WHEREAS, the effort to produce the Action Plan included the gathering of substantial feedback from businesses, business groups and local leadership within the County regarding the creation of a Salem County Office of Economic Development, and has resulted in the formulation of an economic development framework centered around the establishment of an Office of Economic Development with clearly-defined principles and goals; and

WHEREAS, the Action Plan identifies strategies to be executed by the Office of Economic Development that will drive the realization of its defined economic development goals, as well as potential public and industry partners and prospective funding sources that could support strategy execution; and

WHEREAS, implementation of the Action Plan, including the establishment of an Office of Economic Development, will facilitate the revitalization of Salem County communities and will act as a springboard for equitable and sustainable economic development in the region; and

WHEREAS, expeditious formation of the Salem County Office of Economic Development is imperative to ensure a robust and purposeful economic development framework, as outlined in the Action Plan, can be enacted well in advance of the commencement of operations at the New Jersey Wind Port; and

WHEREAS, it is in the best interests of the Parties to enter into this MOU regarding the provision of EDA support of the implementation of Salem County's Economic Development Vision and Action Plan and the creation of an Office of Economic Development.

NOW, THEREFORE, the Parties, in order to effectively support the implementation of Salem County's Economic Development Vision and Action Plan, agree to the following:

1. The County will undertake the following activities:

    a) Establish the Office of Economic Development as a new department within the Government of Salem County.
    b) Provide funding to support the implementation of the Salem County Economic Development Vision and Action Plan, in, at a minimum, the amount provided by EDA for this same purpose.
    c) Within two (2) months of establishing the Office, create a detailed annual operating budget for the Office of Economic Development for the first year of operations based on funding allocated by EDA

and Salem County, and outline other anticipated first year operating expenditures that would occur in the event that further funding becomes available The County will provide this budget to EDA for EDA's review and comment.

d) Utilize County funding, EDA funding and other miscellaneous sources of funding that may be accessible to operate the Office of Economic Development consistent with the detailed annual operating budget, which may be used for such purposes as establishing a physical location, hiring staff, and designing and implementing programs and strategies outlined in the Action Plan;
e) Track and report use of funding to EDA on a quarterly basis and ensure funding is limited in use to the implementation of the Action Plan by the Office;
f) Provide to EDA a detailed plan describing the Office's plan to pursue funding opportunities as outlined in the Action Plan, including public grant program applications and potential non-public funding streams; and
g) Ten (10) months after the formation of the Office of Economic Development, provide to EDA a budget for the subsequent year, including known and anticipated sources of funds .

2. EDA will undertake the following activities:

   a) Upon establishment of the Office, provide funding in the amount of One Hundred Thousand Dollars ($100,000) from the New Jersey Wind Port budget to be used in the operation of the Salem County Office of Economic Development.
   b) Monitor and review on a quarterly basis, the Office's use of funds and progress in the enactment of the Action Plan, using funding reports as described in section 1(e) above.
   c) Provide technical assistance and staff support as appropriate to facilitate the operations of the Salem County Office of Economic Development and to assist the Office's development of programs and strategies as outlined in the Action Plan described in section 1.

3. The MOU shall not take effect unless executed by the authorized representatives of EDA and Salem County. This MOU becomes effective immediately upon execution and shall remain in effect for one (1) year, unless terminated sooner pursuant to section 4 below. This MOU may subsequently be extended for two (2) one (1) year terms upon mutual written consent of the Parties.

4. The Parties are entering into this MOU for the sole purpose of evidencing the mutual understanding and intention of the Parties with respect to the EDA funding of the Salem County Economic Development Vision and Action Plan. It may be amended, modified, and supplemented at any time by mutual consent and in writing signed by the undersigned or their designees. This MOU may also be terminated by EDA staff or Salem County upon sixty (60) days prior written notice to the other party.

5. The Parties acknowledge that they are both public entities of the State of New Jersey. Therefore, the Parties agree that each entity shall be liable for its own conduct and any claims against it without indemnification from the other.

6. All notices, demands, or communications to any party to this MOU shall be sent to the addresses set forth below or as may be otherwise modified by writing:

NJEDA: 36 West State Street

PO Box 990

Trenton, NJ 08625

Salem County: 110 Fifth Street

Salem, NJ 08079

IN WITNESS HEREOF, EDA and SALEM COUNTY have executed this MOU on the dates below:

For Salem County:

Name: Benjamin H. Laury

Signature: ____________________

Title: County Commissioner Director

For New Jersey Economic Development Authority:

Name: Tim Sullivan

Signature: ___________________

Title: Chief Executive Officer

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: February 9, 2022

SUBJECT: 2021-RFP-129 Marketing Consulting Services

Summary

The Members are requested to approve entering into contracts with Tara Dowdell Group (Jersey City, NJ); PML Design t/a Masterpiece Design (Atlantic City, NJ); Marketsmith (Cedar Knolls, NJ); Violet Communications (Montclair, NJ); and 360 Marketing & PR (Camden, NJ) to provide marketing consulting services to the New Jersey Economic Development Authority ("Authority").

The contract award is based on an estimated annual marketing budget of up to four hundred thousand ($400,000) dollars to encompass marketing services and management of subcontractor services (if necessary), needed to complete the scope of the Marketing Consulting Services contract.

The contract provides for an initial two (2) year term, and allows for two (2), one (1) year extension options, to be exercised at the sole discretion of the Authority at the same prices, terms and conditions based on the Board-approved contract award for the respective extension year.

These services will enable the Authority to engage with Contractors through Task Order Requests (TOR) pertaining to the marketing consulting services.

Background

Prior to 2018, the Authority routinely contracted with marketing services firms to supplement in-house marketing and communications efforts, and to assist the Authority with several marketing functions including, but not limited to: campaign strategy and development, publication layout and design, creative services, media buying and planning, press outreach, social media messaging, event planning, video production, website design, and professional printing support. Following the expiration of the Authority's most recent marketing services contract in 2018, the Authority made the decision to discontinue contracting with outside marketing services firms and instead build internal marketing and communications capacity and discontinue contracting with marketing firms on a general basis, looking to bring as many of these functions fully in-house as possible.

Under the Murphy Administration, the Authority has transformed into a more comprehensive economic development organization that, in support of Governor Murphy's economic plan for building a stronger and fairer New Jersey economy, has led the development of a significant number of new products and initiatives designed to support specific economic development goals including: catalyzing New Jersey's innovation economy, building New Jersey's competitiveness across a number of key strategic sectors, providing a broader range of support to small businesses, driving community investment and revitalization, and driving New Jersey's economic growth in an equitable and sustainable manner. Additionally, the New Jersey Economic Recovery Act of 2020 was enacted as a landmark piece of legislation that tasks the Authority with creating or amending 15+ economic development programs, including major tax incentives to support job growth, smart growth, transformational redevelopment projects, and small business support programs.

Furthermore, since the onset of the COVID-19 pandemic in March 2020, the Authority has created and administered several emergency support programs designed to support business recovery from the economic impact of the pandemic. Given the overwhelming need for these emergency programs and the urgent need to make businesses across the state aware of these resources and how to access them, the Authority competitively procured several as-needed basis contracts with marketing firms to support statewide outreach related to many of these emergency programs, with a focus targeted outreach to minority, woman, veteran and LGBTQ-owned businesses. These individual engagements with marketing firms proved to be successful, as the Authority received an overwhelming number of applications, a significant portion of which were coming from businesses located in Opportunity Zone eligible census tracts, or businesses that self-identified as small, minority, woman, veteran, or LGBTQ-owned businesses.

Given the significant number of new products and initiatives being led by the Authority that require marketing efforts to make the public and key stakeholders aware of, the Authority is seeking to once again contract with several marketing firms for the purpose of having the necessary marketing capacity available to support, on a longer-term and more cost-efficient basis, to appropriately market the Authority's wide range of products.

RFP for Sales Support and Communications Tools Consulting Services

The Authority issued a Request for Qualifications/Proposals (RFP) on August 4, 2021 to engage up to five (5) marketing consulting firms on an as-needed basis via individual Task Order Request Memorandum for each assignment. Given the broad scope of work that encompasses the services these firms will be providing to the Authority under this contract (i.e. creative services, press outreach, media planning/buying, etc.), the Authority is utilizing this approach of contracting to multiple entities and assigning projects on a Task Order Request Memorandum, to provide the Authority greater flexibility to assign multiple projects at one time, as well as the flexibility to work with firms that may specialize in a certain area, rather than contracting with a singular firm that offers general services.

The RFP was duly advertised in two (2) newspapers for one (1) day on Wednesday, August 4, 2021, (Courier Post and Star Ledger), posted on the Authority's website, and on the NJ State Business Portal, under Commodity Codes: 915-22 and 918-76. The notice was sent via email to four hundred twenty-eight (428) contacts who were identified for bid notification of the posting.

No Optional Pre-Bid Conference was held for this solicitation.

The Questions & Answers period closed on Friday, August 13, 2021 at 2:00 PM (EST). Questions were received and an Addendum was posted on the Authority's website on August 19, 2021 as Addendum 1.

Proposals were due at or before 2:00 PM (EST) on Friday, September 3, 2021. Twenty-six (26) proposals were received, prior to the opening date and time. No members of the public or the proposers attended the bid opening.

The Senior Procurement Officer reviewed the proposals for procurement responsiveness. Two (2) proposals were deemed non-responsive. Dream Play failed to submit mandatory documents with its proposal, including a proposal, Fee Schedule and Ownership Disclosure. TAG, Inc. failed to submit mandatory documents including a proposal, Fee Schedule, Ownership Disclosure and signed signatory page. As such, as these submissions were found to be non-responsive, the vendors were notified of the rejection, and their respective proposals were not evaluated.

The remaining twenty-four (24) submissions were submitted to the Evaluation Committee for review and evaluation. As part of its review and evaluation of the proposals, the Evaluation Committee considered a group of pre-established evaluation criteria, published in the RFP, including personnel, experience of the entity, and ability of the entity to complete the Scope of Work based on its Technical Proposal, among other factors. In terms of evaluative criteria, a weighted average of (4) four primary categories were completed:

1. Personnel
2. Experience of Firm
3. Ability of firm to complete the Scope of Work based on firm's technical proposal
4. Pricing/Fee Schedule

Fee schedules were not provided to the Evaluation Committee, but were ranked by IPM's Senior Procurement Officer and included in the overall evaluative criteria.

IPM received each members' respective scores and in turn IPM tabulated the results of the evaluations and the firm's total score and ranking was as follows:

Firm	**Score**	**Ranking**
Tara Dowdell Group	4.19	1
PML Design v/a Masterpiece Design	4.04	2
Marketsmith	3.92	3
Violet Communications	3.49	4
360 Marketing & PR	3.48	5
EFK Group	3.38	6
R6catalyst	3.36	7
Princeton Partners	3.33	8
Medina Citi	3.14	9
Positive Solutions	3.09	10

Setroc Group	3.04	11
Brand Enchanting Media	3.01	12
Melissa Johnson Associates	2.98	13
Fuseideas	2.95	14
SGW Integrated Marketing Communications	2.89	15
Impact Consulting Enterprises	2.88	16
PSA3	2.78	17
Angry Applies Marketing	2.54	18
GenZ Publishing	2.46	19
Ohara Project	2.40	20
Black Ink Creative Partners	2.17	21
Profit Marketing Communications (PMC)	2.13	22
Expect Moore	1.91	23
ECG Group	1.59	24

All proposals and supporting documentation, including IPM's Recommendation Memo, are on file with the IPM Division.

Based on a thorough review of proposals, the Committee recommends the selection of Tara Dowdell Group (Jersey City, NJ); PML Design t/a Masterpiece Design (Atlantic City, NJ); Marketsmith (Cedar Knolls, NJ); Violet Communications (Montclair, NJ); and 360 Marketing & PR (Camden, NJ). Price and other factors considered, these five firms demonstrated the necessary personnel, experience and ability to complete the Scope of Work necessary to undertake the Marketing Consulting Services contract with stringent quality controls to ensure efforts are leveraged effectively.

Process, Budget and Payment

The up to $400,000 annual budgetary amount will be expended on a project-by-project basis. For each project the Authority requires support on, a Task Order Request Memorandum will be generated and distributed to each of the five contracted firms that outlines the scope of work associated with that project, the criteria by which the Authority will make a decision on which firm to award the task order to, including price and other project specific factors, and the deadline by which Task Order Request responses must be received. Any of the five contracted firms that wishes to respond to the Task Order Request will be asked to provide a not to exceed cost estimate (consistent with the fully-burdened hourly rates that were established in their response pursuant to this RFP) to undertake the task, a summary of how they intend to complete the task order, and potentially additional information based on the type of project.

<u>Recommendation</u>

Approval is requested for entering into a contract with Tara Dowdell Group (Jersey City, NJ); PML Design t/a Masterpiece Design (Atlantic City, NJ); Marketsmith (Cedar Knolls, NJ); Violet Communications (Montclair, NJ); and 360 Marketing & PR (Camden, NJ) to provide marketing consulting services to the New Jersey Economic Development Authority ("Authority").

Tim Sullivan
Chief Executive Officer

Prepared by: Pat Rose

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: February 9, 2022

SUBJECT: Special Adopted New Rules and Concurrent Proposed New Rules for the Historic Property Reinvestment Program (N.J.A.C. 19:31-26)

Request

The Members are asked to approve:

1. The attached special adopted new rules and concurrent proposed new rules for the new Historic Property Reinvestment 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. Delegation to Authority staff (Chief Community Development Officer, Managing Director – Community Development, or Director of Historic Preservation) to establish a date/s for the availability of the application and the date/s by when applications must be submitted on an annual basis; and

3. The creation of the Historic Property Reinvestment Program, as initially authorized by the New Jersey Economic Recovery Act of 2020 (Sections 2 through 8 of P.L. 2020, c. 156 and later amended by Sections 1 through 4 of P.L. 2021 c.160), to incentivize rehabilitation of identified historic properties in New Jersey by providing tax credits in an amount based on a percentage of the project's eligible costs.

New Jersey Economic Recovery Act

On January 7, 2021, Governor Phil Murphy signed the New Jersey Economic Recovery Act of 2020, P.L. 2020, c.156 (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 July 7, 2021, Governor Murphy signed P.L. 2021 c.160 amending P.L. 2020, c.156 and further improving the programs established under the ERA.

The program being presented for the Members' approval in this memorandum is the Historic Property Reinvestment Program – one of the 15+ programs under the ERA. The Historic Property Reinvestment Program (HPRP) is a tax credit program designed to work in conjunction with the Federal Historic Tax Credit Program to encourage and bolster smart growth investments focused on the rehabilitation of existing identified historic structures throughout New Jersey.

This memorandum provides a summary about the HPRP including program limits, eligibility criteria, specific program requirements, application process, and general details about the program. 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 HPRP focuses on historic preservation as a component of community development, encouraging long-term private investment into the State while preserving properties that are of historic significance. The program can be used to leverage the federal Historic Tax Credit program to incentivize rehabilitation of identified historic properties. The amount of tax credits a rehabilitation project receives is a percentage of the project's eligible costs, subject to a statutory cap determined by whether the project includes a qualified property or a transformative property and on project location. The overview provided here highlights key aspects of the program. Additional program details are included in the sections below, and full program details are contained in the draft rules (attached) and the statute.

To be eligible for the HPRP, a project must meet various eligibility criteria at the time of application. For example, a project must:

- Demonstrate at time of application that without the tax credit, the rehabilitation project is not economically feasible.
- Prove that a project financing gap exists, and the tax credit award being considered for the project is equal to or less than the project financing gap.
- Have not commenced any construction or rehabilitation activity at the site of the rehabilitation project prior to submitting an application and will not commence any construction or rehabilitation activity until the execution of the Rehabilitation Agreement (with certain limited exceptions).
- Include business entity contributed equity of at least 20 percent of the Total Cost of Rehabilitation, or if located in a government-restricted municipality, the equity shall be at least 10 percent of the Total Cost of Rehabilitation.
- Meet minimum cost requirements where the cost of rehabilitation for the selected rehabilitation period shall not be less than the greater of the adjusted basis of the structure or $5,000.
- For a residential project, the structure must serve a residential rental purpose and also contain at least four dwelling units.
- For a residential project or a redevelopment project consisting of newly-constructed residential units, at least 20 percent of the residential units constructed shall be reserved for occupancy by low- and moderate-income households with affordability controls as required under the "Fair Housing Act."
- Include the rehabilitation of a qualified property, or transformative property.

Projects under the HPRP are subject to an annual program cap of $50 million for a total of $300 million for a period of six years. Annual unused amounts may be carried forward each year.

The HPRP is a competitive program, under which projects must apply within a defined application window, with all applications to be considered following the closure of the application period. The Authority, on an annual basis, will establish a date for the availability of the application and a date by when applications must be submitted. The Authority may establish separate dates for transformative projects and for all other rehabilitation projects.

Applicants can utilize the program to receive tax credits to rehabilitate only "qualified" or "transformative" properties. "Qualified property" means a property located in the State of New Jersey that is an income producing property, and that is:

- Individually listed, or located in a district listed on the National Register of Historic Places, the New Jersey Register of Historic Places, or designated by the Pinelands Commission; or

- Individually identified or registered, or located in a district composed of properties or structures and such district is identified or registered, for protection as significant historic resources in accordance with criteria established by a municipality in which the property, structure or district is located if the criteria for identification or registration has been approved by the officer as suitable for substantially achieving the purpose of preserving and rehabilitating buildings of historic significance within the jurisdiction of the municipality. If located within a district, the property must be certified by the Officer as contributing to the historic significance of the district.

A "transformative property" means a property that is:

- An income producing property, not including residential, whose rehabilitation the Authority determines will generate substantial increase in State revenues through the creation of increased business activity within the surrounding areas.
- Individually listed on the New Jersey Register of Historic Places.
- Received a Determination of Eligibility from the Keeper of the National Register of Historic Places.
- Located within a one-half mile radius of the center point of a transit village, as designated by the NJDOT and within a city of the first class, OR located within a government restricted municipality.

The Historic Property Rehabilitation program awards are calculated based on a percentage of the cost of rehabilitation (eligible costs), with actual percentages dependent on the type of property (e.g., whether it is a qualified property or a transformative property) and on location of the project. Most eligible projects can receive tax credits worth up to 40% of eligible costs up to a project cap of $4 million for qualified properties. Eligible projects located within a qualified incentive tract or in government-restricted municipalities can receive tax credits worth up to 45% of eligible project costs up to a project cap of $8 million for qualified properties. Transformative projects can receive tax credits worth up to 45% of eligible project costs up to a project cap of $50 million. Awards are scored on a competitive basis.

In addition to meeting the program eligibility, the business entity and any co-applicant 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 developer or co-applicant may have an agreement with the respective Department that includes a practical corrective action plan, as applicable. The eligible business entity and any co-applicant must have no unpaid liability in excess of any threshold dollar amount(s) that may be established by each respective Department. Furthermore, the business entity 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.

The HPRP rules also require that the rehabilitation project pay prevailing wages for construction work during the duration of the project and to building service workers for a period of 10 years following project completion for single phase project, or 10 years following the completion of the first phase for multiphase rehabilitation projects.

Some of the areas described above are outlined in greater detail further in this memorandum and in the attached rule proposal.

Eligibility Criteria

The following highlights key eligibility requirements for the Historic Property Reinvestment Program. Full eligibility details are contained in the draft proposed rules in section N.J.A.C. 19:31-26.3, based on Section 4 of the ERA (P.L. 2020, c.156, amended by Section 2 of P.L. 2021 c.160). To be eligible, a project must meet the definition of a rehabilitation project and meet various eligibility criteria at application, which the Board ascertains when the project is presented to the Board, and at project completion, when the developer must submit certifications evidencing satisfaction of Program requirements and conditions.

Rehabilitation Project

A specific construction project or improvement or phase of a project or improvement undertaken by a business entity that includes the rehabilitation of a qualified property, or transformative property.

Economic Feasibility

The business entity must demonstrate at time of application that without the tax credit, the rehabilitation project is not economically feasible. Financial information of the rehabilitation project must include all phases, including, but not limited to, any State or local financial assistance for the project, proposed terms of financing, projected reasonable and appropriate return on investment based on the business entity's equity, net margin, and cash on cash yield, and a certification from the chief executive officer or equivalent officer of the business entity that additional capital cannot be raised from other sources on a non-recourse basis after making all good faith efforts to raise additional capital, and any other documentation demonstrating economic and commercial viability.

Project Financing Gap

Given that the HPRP is intended to incentivize rehabilitation projects that would not be possible without the HPRP tax credits, the statute requires that a project must demonstrate the existence of a project financing gap in order to be eligible for tax credits under this Historic Property Reinvestment Program.

This means that the project must demonstrate that there is part of the total cost of rehabilitation, including reasonable and appropriate return on investment, that remains to be financed after all other sources of capital have been accounted for. Total cost of rehabilitation is used to evaluate the return and is based upon all costs incurred by the business entity prior to completing the project, versus eligible costs as defined in the rules, which includes softs costs associated with the rehabilitation project, but excludes costs not directly connected with the rehabilitation of the qualified or transformative property such as any costs associated with an increase in total building volume.

The project financing gap analysis shall include, but not be limited to, an evaluation of the total cost of rehabilitation, amount of capital sufficient to complete the rehabilitation project, proposed rental rates, vacancy rates, reasonable and appropriate return on investment, and, in the Authority's sole discretion, a comparison to alternative financing structures for a comparable project available to the developer or its tenants. Additionally, the business entity shall demonstrate that the rehabilitation project has equity of at least 20 percent of the total cost of rehabilitation, except that if a rehabilitation project is located in a government-restricted municipality, the equity shall be at least 10 percent of the total cost of rehabilitation.

Further information regarding the gap analysis can be found in N.J.A.C. 19:31-26.3(c).

Commencement of Construction

Pursuant to the statute, and excepting situations described in this section, projects applying for assistance under the HPRP must not have commenced any construction or rehabilitation activity at the site of the rehabilitation project prior to submitting an application, and cannot commence any construction or rehabilitation activity until the execution of the rehabilitation agreement except as follows:

- If the business entity has been ordered by a building code or other official with jurisdiction over the site or the rehabilitation project to correct a health, safety, or other hazard if:
  - The business entity provides a copy of the order to the Authority;
  - The business entity documents to the Authority's satisfaction that the proposed construction or rehabilitation activity is limited to resolve the hazard; and
  - The proposed construction or rehabilitation activity complies with the Secretary of the Interior's Standards for Rehabilitation, 36 C.F.R. § 67.7, and as described by the National Park Service at: https://www.nps.gov/tps/standards/rehabilitation.htm.

- Any construction or rehabilitation activity at the site of the rehabilitation project was conducted by an entity that is not the current owner or business entity, or an affiliate of the current owner or business entity, and was not done at the direction of or under contract with the owner, business entity, or an affiliate of the owner or business entity.

Project Equity

Business entity contributed capital may consist of cash, deferred development fees, costs for project feasibility incurred within the 12 months prior to application, property or site value less any mortgages when the business entity owns the project site, and any other investment by the business entity in the project deemed acceptable by the Authority. Property or site value will be valued at the lesser of: the purchase price, provided the property or site was purchased pursuant to an arm's length transaction within 12 months of application; or the value as determined by a current appraisal acceptable to the Authority. Equity shall include Federal or local grants and proceeds from the sale of Federal or local tax credits, including, but not limited to, the Historic Rehabilitation Tax Credit, Low-Income Housing Credit, and New Market Tax Credit. Equity does not include State grants or tax credits or proceeds from redevelopment area bonds. For a residential project utilizing Low-Income Housing Tax Credits awarded by the New Jersey Housing and Mortgage Financing Agency, equity includes the portion of the developer's fee that is deferred for a minimum of five years.

Minimum Cost

Pursuant to the statute, the cost of rehabilitation during a business entity's selected rehabilitation period cannot be less than the greater of the adjusted basis of the structure of the qualified property or transformative property used for federal income tax purposes as of the beginning of the business entity's selected rehabilitation period, or $5,000.

Project Scoring

The Authority has established scoring criteria for the evaluation of proposed rehabilitation projects. These criteria can be used to set a minimum acceptable score for reviewed rehabilitation projects or to allocate tax credits in circumstances where the requests for tax credits exceeds the annual maximum cap established by the statute.

Based on the statute imposed annual cap for the HPRP, as well as data reviewed from other states with historic tax credits programs, and information on applicants to the federal historic tax credit program for New Jersey projects, staff anticipate that there is a possibility for the program to be oversubscribed. As a result, staff is recommending the utilization of preestablished scoring criteria as a means to competitively rank or compare projects. If the volume of HPRP tax credit award requests is less than currently anticipated, resulting in the program to be undersubscribed for any particular year, a minimum score approach to assess whether a proposed rehabilitation project is consistent with the objectives, goals and principles of the HPRP will be utilized.

Please refer to Appendix B for the "Historic Property Reinvestment Program Scoring Criteria" for the specific proposed criteria, and further clarification on each of the different aspects the Authority will consider in its scoring evaluation of proposed rehabilitation projects.

Post-Approval Process

After the Board has voted to approve their rehabilitation project, the business entity must sign an approval letter and subsequently a rehabilitation agreement with the terms and conditions to receive the tax credit. Upon completion of the rehabilitation project, the business entity must submit satisfactory evidence of the completion of the rehabilitation project and satisfaction of the program eligibility requirements. The rehabilitation project must demonstrate compliance with eligibility criteria including affirmative action, prevailing wage and substantial compliance with the Secretary of the Interior's Standards for Rehabilitation. The business entity must also provide certification by the architect or design consultant of record that all work was completed in accordance with the construction documents in the rehabilitation agreement.

There are several scenarios where a tax credit award may be reduced or recaptured. These include, but are not limited to, the following, where applicable:

- If during the compliance period, a business entity that has received a tax credit modifies the qualified property or transformative property so that it ceases to meet the requirements for the rehabilitation of a qualified property or transformative property as defined under the program or ceases to meet the requirements of the rehabilitation agreement. The requirements include, but are not limited to:
    - Substantial compliance with the Secretary of the Interior's Standards for Rehabilitation;
    - Remaining an income producing property;

    - Minimum number of residential units, if applicable;
    - Maintaining the rehabilitation project so that it meets the minimum score; and
    - For a transformative project, continuing to meet the definition of transformative property;

- If during the compliance period, the business entity ceases to maintain adequate climate control or fails to preserve the building envelope;

- Non-compliance with affirmative action or prevailing wage requirement; or

- A material misrepresentation on the applicant's application, project completion certification, annual report, or any related submissions. In this case, the rules also state that the Authority may recapture any and all tax credits.

Further information regarding reduction and recapture of tax credits under the HPRP can be found in N.J.A.C. 19:31-26.13.

<u>Rulemaking Process</u>

The ERA authorizes the Authority to promulgate special adoption rules for the Historic Property Reinvestment 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 Procedure Act's rulemaking procedures.

<u>Compliance with Executive Order 63</u>

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 Historic Property Reinvestment Program rules were available for review and of the opportunity to provide informal input.

The Authority staff convened two virtual public "Listening Sessions", which provided an overview of the Historic Property Reinvestment Program draft rules and the opportunity for the public feedback, on:

- Friday, December 17th, 2021 at 11:00 a.m.
- Monday, December 20th, 2021 at 11:30 a.m.

Additionally, the public were able to submit written feedback through the NJEDA's Economic Recovery Act transparency website (<u>www.njeda.com/economicrecoveryact</u>) or through the newly established email account (<u>HistoricTaxCredit@njeda.com</u>) from December 9th through December 23th 2021.

<u>Chief Compliance Officer Certification of Draft Rule Proposal</u>

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 Historic Property Reinvestment 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

The fee structure as outlined below is also included in the proposed new rules. Prior to establishing the proposed fee structure for this program as outlined in the proposed new rules, Authority staff conducted an internal review to estimate the likely administrative costs to the Authority to administer the Historic Property Reinvestment Program. This review considered areas cross-organizationally where the Historic Property Reinvestment Program may require staff time, and the estimated percentage of staff time that would be required.

Fees are determined on a tiered basis based on a project's eligible costs, with a separate tier for transformative projects, as project cost and type is a reasonable proxy for the complexity of a project and, therefore, the administrative expense to the Authority in the form of staff time required to evaluate the application. The relevant tiers, in addition to the separate tier for transformative projects, include projects with eligible costs under $10 million and those with eligible costs over $10 million. In addition to the established tiers, there will also be a reduced agreement fee for projects that have applied for Federal Historic Preservation Tax Credits and who have received prior approval of Part 1 and 2 of the federal program's application from DEP's Historic Preservation Office (HPO). Prior approval of Parts 1 and 2 of the federal program will eliminate the need for a detailed review by the Authority for substantial compliance with the Secretary of the Interior's Standards for Rehabilitation, and will therefore significantly reduce Authority's staff time needed to complete the necessary review prior to execution of the rehabilitation agreement.

An applicant for the Historic Property Reinvestment Program will be responsible for a one-time, non-refundable application fee. This fee will be $2,000 for a project with eligible costs of $10 million or less, $7,000 for a project with eligible costs of more than $10 million, and $18,000 for a transformative project.

Additionally, prior to the approval of a tax credit award by the Board, the business entity will be responsible for a one-time approval fee, which may be refunded if the project is not approved for a tax credit award. This fee will be $5,000 for a project with eligible costs of $10 million or less, $14,000 for a project with eligible costs of rehabilitation of more than $10 million, and $125,000 for a transformative project.

Prior to the execution of a rehabilitation agreement, the business entity will be responsible for an agreement fee. For projects with eligible costs under $10 million, the fee shall be $10,000, however if the business entity is applying for a Federal Historic Preservation Tax Credit and has received prior approval of applications from the HPO under Parts 1 and 2 of the Historic Preservation Certification Application the fee shall then be $5,000; for projects with eligible costs of over $10 million, the feel shall be $28,000, however if the business entity is applying for a Federal Historic Preservation Tax Credit and has received prior approval of applications from the HPO under Parts 1 and 2 of the Historic Preservation Certification Application the fee shall then be $14,000. For a transformative project, the agreement fee shall be $250,000 unless the business entity is applying for a Federal Historic Preservation Tax Credit and has received prior approval of applications from the HPO under Parts 1 and 2 of the Historic Preservation Certification Application, in such a case the fee shall be $125,000.

Prior to the receipt of a tax credit certificate, the business entity will be responsible for a certification fee which will be $5,000 for a project with eligible costs of $10 million or less, $14,000 for a project with eligible costs of more than $10 million, and $125,000 for a transformative project. For a rehabilitation project with a selected rehabilitation period of 60 months, the business entity will be responsible to pay an additional non-refundable fee prior to the approval of the project cost certification for the second phase and each subsequent phase.

Additionally, the developer may be responsible for a modification fee should the project require modifications. For a modification subject to Board approval that fee shall be $5,000 for a project with eligible costs of $10 million or less, $10,000 for a project with eligible costs of more than $10 million, and $125,000 for a transformative project. For any administrative changes, additions, or modifications the fee shall be $2,500 for a project with eligible costs of $10 million or less, $5,000 for a project with eligible costs of more than $10 million, and $50,000 for a transformative project.

If the developer elects to sell the tax credit, a transfer fee will also apply. That fee for each transfer shall be $10,000 for a project with eligible costs of $10 million or less, $14,000 for a project with eligible costs of more than $10 million, and $125,000 for a transformative project.

If a business entity requests an extension to the date by which the business entity shall submit the certification with respect to the capital investment, employment, and other eligibility requirements of the program, a non-refundable extension fee will apply.

Finally, a business entity seeking to terminate an existing rehabilitation agreement will be responsible for a termination fee.

Further information regarding program fees under the HPRP can be found in N.J.A.C. 19:31-26.5

<u>Reports on Implementation of Program</u>

On or before December 31, 2025, staff, in consultation with the HPO and the Treasury Department's Office of Taxation, will prepare a report that will include program data regarding the effectiveness of the tax credits provided in promoting the rehabilitation of historic properties. The report will include data such as: the number and total monetary amount of tax credits granted for the rehabilitation of qualified properties or transformative properties, the geographical distribution of the credits granted, a summary of the tax credit transfer, as well as recommendations for any administrative or legislative changes to increase the effectiveness of the program. As required by the statute, the report will be submitted to the Governor and the Legislature.

Recommendation

The Members are asked to approve:

1. The attached special adopted new rules and concurrent proposed new rules for the new Historic Property Reinvestment 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. Delegation to Authority staff (Chief Community Development Officer, Managing Director – Community Development, or Director of Historic Preservation) to establish a date/s for the availability of the application and the date/s by when applications must be submitted on an annual basis; and

3. The creation of the Historic Property Reinvestment Program, a tax credit program as initially authorized by the New Jersey Economic Recovery Act of 2020 (Sections 2 through 8 of P.L. 2020, c. 156 and later amended by Sections 1 through 4 of P.L. 2021 c.160), to encourage and bolster smart growth investments focused in the rehabilitation of existing identified historic structures by providing tax credits in an amount based on a percentage of the cost of rehabilitation (eligible costs).

Tim Sullivan
Chief Executive Officer

Prepared by: C. Aidita Milsted

Attachments:
Appendix A – Proposed New Rules – Historic Property Reinvestment Program
Appendix B – Historic Property Reinvestment Program Scoring Criteria
Appendix C – Reasonable and Appropriate Return on Investment

OTHER AGENCIES

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Authority Assistance Programs

Historic Property Reinvestment Program

Proposed New Rules: N.J.A.C. 19:31-26

Authority: P.L. 2020, c. 156.

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2022-___.

Submit written comments by May 20, 2022, to:

Jacob Genovay, Sr. Legislative and Regulatory Officer
New Jersey Economic Development Authority
PO Box 990
Trenton, NJ 08625-0990
jgenovay@njeda.com

The agency proposal follows:

Summary

The New Jersey Economic Development Authority ("NJEDA" or "Authority") is proposing rules to establish tax credits for part of the cost of rehabilitating historic properties in this State pursuant to the Historic Property Reinvestment Act (Act), sections 2 through 8 of the New Jersey Economic Recovery Act of 2020, P.L. 2020, c. 156 (N.J.S.A. 34:1B-270 through 34:1B-276).

The New Jersey Economic Recovery Act of 2020, P.L. 2020, c. 156, as amended by P.L. 2021, c. 160, creates a package of tax incentive, financing, and grant programs that will address the ongoing economic impacts of the COVID-19 pandemic and build a stronger, fairer New Jersey economy.

The Historic Property Reinvestment Program focuses on historic preservation as a component of community development. The program, which is capped at $300 million over six years, focuses on historic preservation as a component of community development and encourages long-term private investment into the State, while preserving properties that are of historic significance. The program can be used to leverage the federal Historic Tax Credit

Program to incentivize rehabilitation of identified historic properties. To be eligible for such awards, a rehabilitation project must:

- Demonstrate at the time of application that without the tax credit, the rehabilitation project is not economically feasible.
- Prove that a project financing gap exists, and the tax credit award being considered for the project is equal to or less than the project financing gap.
- Not have commenced any construction or rehabilitation activity at the site of the rehabilitation project prior to submitting an application and will not commence any construction or rehabilitation activity until the execution of the rehabilitation agreement (with certain limited exceptions).
- Include business entity contributed equity of at least 20 percent of the total cost of rehabilitation, or if the project is located in a government-restricted municipality, the equity shall be at least 10 percent of the total cost of rehabilitation.
- Meet minimum cost requirements such that the cost of rehabilitation for the selected rehabilitation period shall not be less than $5,000 or the adjusted basis of the structure, whichever is greater.
- For a residential project, the structure must serve a residential rental purpose and also contain at least four dwelling units.
- For a residential project or a redevelopment project consisting of newly constructed residential units, at least 20 percent of the residential units constructed shall be reserved for occupancy by low- and moderate-income households with affordability controls as required under the "Fair Housing Act."
- Include the rehabilitation of a qualified property, or a transformative property.

The Historic Property Rehabilitation Program awards are calculated based on a percentage of the cost of rehabilitation (eligible costs), with the percentage dependent on both whether the project includes a qualified property or a transformative property and on location of the project. Most eligible projects can receive tax credits worth up to 40 percent of eligible costs with a maximum project cap of $4 million for qualified properties. Eligible projects located within a qualified incentive tract or in government-restricted municipalities can receive tax credits worth up to 45 percent of eligible project costs with a maximum project cap of $8 million for qualified properties. Transformative projects can receive tax credits worth up to 45 percent of eligible project costs with a maximum project cap of $50 million. Awards are scored on a competitive basis.

Tax credits are only available for rehabilitation of "qualified" or "transformative" properties. "Qualified property" means a property located in the State of New Jersey that is an income producing property, and that is: 1. Individually listed, or located in a district listed on the National Register of Historic Places, the New Jersey Register of Historic Places, or designated by the Pinelands Commission; or 2. Individually identified or registered, or located in a district composed of properties or structures and such district is identified or registered, for protection as significant historic resources in accordance with criteria established by a municipality in which the property, structure or district is located if the criteria for identification or registration has been approved by the State Historic Preservation Officer as suitable for substantially achieving the purpose of preserving and rehabilitating buildings of historic significance within the jurisdiction of the municipality. If located within a district, the property must be certified by the Officer as contributing to the historic significance of the district.

A "transformative property" means a property that:

- Is an income producing property, not including residential, whose rehabilitation the Authority determines will generate a substantial increase in State revenues through the creation of increased business activity within the surrounding areas.
- Is individually listed on the New Jersey Register of Historic Places.
- Received a Determination of Eligibility from the Keeper of the National Register of Historic Places.
- Is located within a one-half mile radius of the center point of a transit village, as designated by the NJDOT and within a city of the first class, OR located within a government-restricted municipality.

The following paragraphs summarize the contents of each section of the new rules implementing the Historic Property Reinvestment Program:

N.J.A.C. 19:31-26.1 Applicability and scope, addresses the statutory authority for the program and summarizes the scope and purpose of the program, which is to establish tax credits for part of the cost of rehabilitating historic properties in this State, pursuant to sections 2 through 8 of P.L. 2020, c. 156.

N.J.A.C. 19:31-26.2 Definitions, incorporates terms defined at P.L. 2020, c. 156 pertaining to the program, clarifies statutory terms, and defines additional terms included in the implementation of the program.

N.J.A.C. 19:31-26.3 Eligibility criteria, outlines the criteria for a business entity to receive a tax credit award for a rehabilitation project.

N.J.A.C. 19:31-26.4 Application submission requirements, establishes the information and procedures required for submitting an application to the Authority for tax credits under the program.

N.J.A.C. 19:31-26.5 Fees, establishes non-refundable application and other fees intended to assist the Authority in recouping the administrative costs in processing applications.

N.J.A.C. 19:31-26.6 Review and approval of completed application; tax credit amounts, delineates the process for the determination of allocation of tax credits.

N.J.A.C. 19:31-26.7 Modifications, provides that certain changes in the work as detailed in the rehabilitation agreement, shall require prior and written approval by the Authority.

N.J.A.C. 19:31-26.8 Approval letter; rehabilitation agreement, requires that all applicants execute an approval letter and rehabilitation agreement with the Authority to establish the terms and conditions and requirements to retain the tax credits.

N.J.A.C. 19:31-23.9 Reporting requirements and annual report, imposes annual reporting requirements on the business entity during the term of the eligibility period and outlines the provisions for issuance of the annual certificate of compliance by the Authority.

N.J.A.C. 19:31-26.10 Application for tax credit transfer certification, allows a business entity or co-applicant that is a holder of a credit, upon application to, and approval by, the Division of Taxation in the Department of the Treasury and the Chief Executive Officer of the Authority, to sell its credit, covering one or more years, under the tax credit transfer certificate program for consideration received by the business of not less than 85 percent of the transferred credit amount, provided that in instances where the project is constructing new residential units, this consideration may be no less than 75 percent.

N.J.A.C. 19:31-26.11 Assignment of rights of rehabilitation agreement, outlines the process for a business entity or co-applicant to pledge, assign, transfer, or sell any or all of its right, title, and interest in and to the rehabilitation agreement and in the incentive awards payable, along with the rights and remedies.

N.J.A.C. 19:31-26.12 Affirmative action and prevailing wage, provides that the Authority's affirmative action requirements at P.L. 1979, c. 203 (N.J.S.A. 34:1B-5.4) and N.J.A.C. 19:30-3 shall apply to the redevelopment project.

N.J.A.C. 19:31-26.13 Reduction and recapture of tax credits, establishes provisions for the reduction, forfeiture, and recapture of tax credits.

N.J.A.C. 19:31-26.14 Appeals, outlines the requirements for an applicant to appeal an action of the NJEDA Board and the process by which the Authority shall consider each appeal in a timely manner.

N.J.A.C. 19:31-26.15 Reports on implementation of program, details the provisions of P.L. 2020, c. 156 establishing requirements for a report on or before December 31, 2025 on the implementation of the program.

N.J.A.C. 19:31-26.16 Severability, states that if any portion of this subchapter is adjudged to be unconstitutional or invalid by a court of competent jurisdiction, the remaining portions of the subchapter are severable and shall not be affected by that determination.

As the Authority has provided a 60-day comment period on this notice of proposal, this notice is excepted from the rulemaking calendar requirement pursuant to N.J.A.C. 1:30-3.3(a)5.

Social Impact

The proposed new rules, which establish the Historic Property Reinvestment Program to encourage the investment into and rehabilitation of identified historic structures across New Jersey, with a focus on low-income and under resourced communities, are intended to have a positive social impact.

The Historic Property Reinvestment Program is a key component of the State's broader economic development plan, which balances economic impact, for example, stimulating community development, with a focus on increasing equity and opportunity for all. This strategy is clearly demonstrated in the New Jersey Economic Recovery Act of 2020's overall approach, which establishes or amends 15 different programs with varying development objectives. The Historic Property Reinvestment Program is primarily focused on community development, and the rehabilitation of identified historic properties and making a positive impact on neighborhoods and communities. Other programs are primarily focused on areas such as job creation and retention, small and micro business support, and other critical social issues like food security.

Rehabilitating identified historic properties and attracting long-term private investment into the State helps bolster long-term tax revenues and revitalizes cities and downtowns into more vibrant magnets for people and investment – rich with cultural amenities and safe, vibrant, walkable, mixed-use neighborhoods, while preserving properties and structures that are of historic importance to the state and returning them to productive use.

Economic Impact

The proposed new rules are intended to bolster the State's economy by stimulating new high-quality economic development. The Historic Property Reinvestment Program, one of several community development tools in the New Jersey Economic Recovery Act of 2020, encourages smart, targeted investments in communities in the form of private capital investment that is, by definition, a durable and sustainable investment in the state's economic infrastructure. In this case, these will be smart growth investments focused into revitalizing existing identified historic structures, helping to bring these often underutilized properties back to productive use, thereby reducing the need for new development. The resulting investments will support long-term economic benefits after tax credits have been fully utilized, in the form of job creation opportunities, transit-oriented development, and affordable and workforce housing, even if a given project does not meet its full potential. Additionally, the fact that capital investment must be completed before tax credits are provided to approved projects, along with robust recapture and repayment provisions if the projects fail to meet their long-term obligations, ensures substantial economic protections within the program.

Federal Standards Statement

A Federal standards analysis is not required because the proposed new rules are not subject to any Federal requirements or standards.

Jobs Impact

With the core focus of encouraging investment in the rehabilitation of historic properties, the Historic Property Reinvestment Program will also result in job creation needed to support projects approved thereunder. This includes the creation of jobs subject to prevailing wage rates needed to perform construction services on the redevelopment project, some of which are specialized construction jobs needed to perform highly specific and technical services, as well as permanent full-time jobs tied to the completed project, particularly for commercial and mixed-use projects. The Historic Property Reinvestment Program will also require that prevailing wage rates be paid to building services workers for ten years following the completion of the redevelopment project. Prior to implementation, it is not possible to accurately forecast the number of jobs that will be supported by the Historic Property Reinvestment Program; however, the Act and the proposed new rules provide a series of transparency measures, including annual reports, to ensure regular reporting of the number of jobs created.

Agriculture Industry Impact

The proposed new rules are not expected to have an impact on the agricultural industry.

Regulatory Flexibility Analysis

The proposed new rules may impose reporting, recordkeeping, or other compliance requirements on small businesses, as defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq.; however, any costs will be minimal and fully offset by the amount of financial assistance received. The proposed fees for the program are intended to ensure a source of necessary administrative fee revenue for NJEDA to more fully cover the costs of the program. The proposed new rules provide new features that allow approved applicants to use third-party, independent certified public accounting firms to support the tax credit certification process. This change is meant to improve regulatory compliance processes for all businesses and the Authority.

Housing Affordability Impact Analysis

The proposed new rules may have an impact on the affordability of housing in the State by helping to catalyze the development of market-rate housing in distressed communities and, where appropriate, mixed-income and affordable housing. The Historic Property Reinvestment Program, which may include projects with four or more residential units, can also be combined with the federal Low-Income Housing Tax Credit Program. Twenty percent of the residential units would be constructed for occupancy by low- and moderate-income households. These residential projects supported through the Historic Property Reinvestment Program are expected to impact the amount or cost of housing units, primarily including multi-family rental housing in the State.

Smart Growth Development Impact Analysis

The proposed new rules, which authorize tax credit awards for certain residential projects, may result in an indeterminate increase in the number of housing units or result in an increase or decrease in the average cost of housing in Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan.

Racial and Ethnic Community Criminal Justice and Public Safety Impact

The proposed new rules will not have an impact on pretrial detention, sentencing, probation, or parole policies concerning juveniles and adults in the State.

Full text of the proposed new rules follows:

SUBCHAPTER 26. HISTORIC PROPERTY REINVESTMENT PROGRAM

19:31-26.1 Applicability and scope

The rules in this subchapter are promulgated by the New Jersey Economic Development Authority (Authority) to implement the provisions of the New Jersey Economic Recovery Act 2020 establishing the Historic Property Reinvestment Act (Act), sections 2 through 8 of the P.L. 2020, c. 156 (N.J.S.A. 34:1B-270 through 34:1B-276).

19:31-26.2 Definitions

The following words and terms, as used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Act" means sections 2 through 8 of P.L. 2020, c. 156, as amended (N.J.S.A. 34:1B-270 through 34:1B-276).

"Affiliate" means an entity that directly or indirectly controls, is under common control with, or is controlled by, the business entity. Control exists in all cases in which the entity is a member of a controlled group of corporations, as defined pursuant to section 1563 of the Internal Revenue Code of 1986 (26 U.S.C. § 1563), or the entity is an organization in a group of organizations under common control, as defined pursuant to subsection (c) of section 414 of the Internal Revenue Code of 1986 (26 U.S.C. § 414).

"Archeology and historic preservation standards" means the Secretary of the Interior's Standards and Guidelines for Archeology and Historic Preservation, 48 Fed. Reg. 44716, as updated and revised by the National Park Service.

"Authority" means the New Jersey Economic Development Authority established pursuant to section 4 of P.L.1974, c.80 (N.J.S.A. 34:1B-4).

"Board" means the Board of the New Jersey Economic Development Authority, established pursuant to section 4 of P.L. 1974, c. 80 (N.J.S.A. 34:1B-4).

"Building services" means any cleaning or routine building maintenance work, including, but not limited to, sweeping, vacuuming, floor cleaning, cleaning of rest rooms, collecting refuse or trash, window cleaning, securing, patrolling, or other work in connection with the care or securing of an existing building, including services typically provided by a door-attendant or concierge. "Building services" shall not include any skilled maintenance work, professional services, or other public work for which a contractor is required to pay the "prevailing wage" as defined in section 2 of P.L. 1963, c. 150 (N.J.S.A. 34:11-56.26).

"Business entity", "developer" or "applicant" means a person who enters or proposes to enter into a rehabilitation agreement pursuant to the provisions of section 4 of P.L. 2020, c. 156 (N.J.S.A. 34:1B-272) and that has or will have site control over the qualified property or transformative property, including, but not limited to, a lender that completes a rehabilitation project, operates a rehabilitation project, or completes and operates a rehabilitation project.

"Co-applicant" means an entity that is non-profit for taxation purposes under the provisions of Section 501(c)3 of the Internal Revenue Code; contributes capital, real property, or services related to the project that directly affect and serve the anticipated residents, tenants or customers of the tenants of the redevelopment project; and enters into a participation agreement with the business entity that specifies the co-applicant's participation in the redevelopment project.

"Compliance period" means a period of five years starting immediately after the conclusion of the selected rehabilitation period.

"Cost of rehabilitation" or "eligible costs" means the consideration given, valued in money, whether given in money or otherwise, for the materials and services which constitute the rehabilitation. Eligible costs shall be all costs associated with the structural components, as defined by 26 CFR 1.48-1(e)(2), within the qualified property or transformative property, and any soft costs associated with the rehabilitation project. Eligible costs shall not include any costs associated with an increase in total building volume.

"Director" means the Director of the Division of Taxation in the Department of the Treasury.

"Equity" means business entity contributed capital that may consist of cash, deferred development fees, costs for project feasibility incurred within the 12 months prior to application, property or site value less any mortgages when the business entity owns the project site, and any other investment by the business entity in the project deemed acceptable by the Authority. Property or site value shall be valued at the lesser of: the purchase price, provided the property or site was purchased pursuant to an arm's length transaction within 12 months of application; or the value as determined by a current appraisal acceptable to the Authority. Equity shall include Federal or local grants and proceeds from the sale of Federal or local tax credits, including, but not limited to, the Historic Rehabilitation Tax Credit, 26 U.S. Code § 47, Low-Income Housing Credit, 26 U.S. Code § 42, and New Market Tax Credit, 26 U.S. Code § 45D. Equity shall not include State grants or tax credits or proceeds from redevelopment area bonds. For a residential project utilizing Low-Income Housing Tax Credits awarded by the New Jersey Housing and Mortgage Financing Agency, equity includes the portion of the developer's fee that is deferred for a minimum of five years.

"Government-restricted municipality" means a municipality in this State with a municipal revitalization index distress score of at least 75, that met the criteria for designation as an urban aid municipality in the 2019 State fiscal year, and that, on the effective date of P.L.2020, c.156 (N.J.S.A. 34:1B-269 et al.), is subject to financial restrictions imposed pursuant to the "Municipal Stabilization and Recovery Act," P.L. 2016, c. 4 (N.J.S.A. 52:27BBBB-1 et seq.), or is restricted in its ability to levy property taxes on property in that municipality as a result of the

State of New Jersey owning or controlling property representing at least 25 percent of the total land area of the municipality or as a result of the federal government of the United States owning or controlling at least 50 acres of the total land area of the municipality, which is dedicated as a national natural landmark.

"Income producing property" means a property that is used in a trade or business or to produce rental income. A property is used in a trade or business if the property generates income.

"New Jersey S corporation" means the same as the term is defined in section 12 of P.L. 1993, c. 173 (N.J.S.A. 54A:5-10).

"Officer" means the State Historic Preservation Officer or the official within the State designated by the Governor or by statute in accordance with the provisions of chapter 3023 of Title 54, United States Code (54 U.S.C. s.302301 et seq.), to act as liaison for the purpose of administering historic preservation programs in the State.

"Partnership" means an entity classified as a partnership for federal income tax purposes.

"Program" means the Historic Property Reinvestment Program established by sections 2 through 8 of P.L. 2020, c. 156 (N.J.S.A. 34:1B-270 through 276).

"Project financing gap" means the part of the total cost of rehabilitation, including reasonable and appropriate return on investment, that remains to be financed after all other sources of capital have been accounted for. Sources of capital include, but not limited to, equity, which shall not be less than 20 percent of the total cost of rehabilitation, and investor or financial entity capital or loans. The business entity, after making all good faith efforts to raise additional capital, certifies that additional capital cannot be raised from other sources. For a redevelopment project located in a government-restricted municipality, the equity shall not be less than 10 percent of the total cost of rehabilitation.

"Property" means a structure, including its site improvements and landscape features, assessed as real property, and used for a commercial purpose, or residential rental of at least four dwelling units, or a combination of both. Property shall not include multiple separate rowhouses included in a single application.

"Qualified incentive tract" means a population census tract having a poverty rate of 20 percent or more, or a census tract in which the median family income for the census tract does not exceed 80 percent of the greater of the Statewide median family income or the median family income of the metropolitan statistical area in which the census tract is situated.

"Qualified property" means a property located in the State of New Jersey that is an income producing property, and that is:

1. Individually listed, or located in a district listed on the National Register of Historic Places in accordance with the provisions of chapter 3021 of Title 54, United States Code (54 U.S.C.

s.302101 et seq.), and if located within a district, certified by the Officer as contributing to the historic significance of the district; or

2. Individually listed, or located in a district listed on the New Jersey Register of Historic Places pursuant to P.L. 1970, c. 268 (N.J.S.A. 13:1B-15.128 et seq.), and if located within a district, certified by the Officer as contributing to the historic significance of the district; or

3. Individually designated, or located in a district designated, by the Pinelands Commission as a historic resource of significance to the Pinelands in accordance with the Pinelands comprehensive management plan adopted pursuant to the "Pinelands Protection Act," P.L. 1979, c. 111 (N.J.S.A. 13:18A-1 et seq.), and if located within a district, certified by the Pinelands Commission as contributing to the historic significance of the district; or

4. Individually identified or registered, or located in a district composed of properties or structures and such district is identified or registered, for protection as significant historic resources in accordance with criteria established by a municipality in which the property, structure or district is located if the criteria for identification or registration has been approved by the Officer as suitable for substantially achieving the purpose of preserving and rehabilitating buildings of historic significance within the jurisdiction of the municipality, and if located within a district, certified by the Officer as contributing to the historic significance of the district.

"Reasonable and appropriate return on investment" means the discount rate at which the present value of the future cash flows of an investment equal the cost of the investment. For purposes of the analysis of the reasonable and appropriate return on investment, an investment shall not include any federal, State, or local tax credits. For a residential project utilizing federal tax credits under the Low-Income Housing Tax Credit Program awarded by the New Jersey Housing and Mortgage Finance Agency, the reasonable and appropriate return on investment shall be based on the approval of deferred developer fees pursuant to N.J.A.C. 5:80-33. The Authority may establish a deferred developer fee analysis for rehabilitation projects utilizing other tax credits, including, but not limited to, the Federal Historic Rehabilitation Tax Credit, as equity if the reasonable and appropriate return on investment analysis is not applicable, including, but not limited to, when such tax credits are the sole or primary equity for the rehabilitation project.

"Rehabilitation" means the repair or reconstruction of the exterior or interior of a qualified property or transformative property necessary to make an efficient contemporary use possible while preserving the portions or features of the property that have significant historical, architectural, and cultural values.

"Rehabilitation agreement" means the contract executed between a business entity, any co-applicant if applicable, and the Authority pursuant to section 4 of P.L. 2020, c. 156 (N.J.S.A. 34:1B-272), which sets forth the terms and conditions under which the business entity and any co-applicant may receive the tax credit authorized pursuant to the provisions of sections 2 through 8 of P.L. 2020, c. 156 (N.J.S.A. 34:1B-270 through 34:1B-276).

"Rehabilitation project" means a specific construction project or improvement or phase of a project or improvement undertaken by a business entity that includes the rehabilitation of a qualified property, or transformative property.

"Rehabilitation of the exterior of the qualified property or transformative project" or "repair or reconstruction of the exterior of the qualified property or transformative property" means the repair or reconstruction of the building envelope, exterior historic finishes and exterior fixtures, structural or substrate components of the exterior of a qualified property or transformative property.

"Rehabilitation of the interior of the qualified property or transformative property" or "repair or reconstruction of the interior of the qualified property or transformative property" means the repair or reconstruction of the structural or substrate components and electrical, plumbing, and heating components within the interior of a qualified property or transformative property.

"Selected rehabilitation period" means the period starting on the date the rehabilitation agreement is executed during which, or parts of which, a rehabilitation is occurring. The selected rehabilitation period shall be 24 months, but a business entity may choose a selected rehabilitation period of 60 months if a rehabilitation is reasonably expected to be completed in distinct phases set forth in written architectural plans and specifications completed before or during the physical work on the rehabilitation. For purposes of this definition, a phase may be an early site package, demolition, or abatement, or a portion of a project that results in a separate certificate of occupancy or certificate of acceptance. The selected rehabilitation period shall end at the earlier of either 24 or 60 months, respectively, or the issuance of the final temporary certificate of occupancy or equivalent.

"Soft costs" means costs not directly related to construction, including capitalized interest paid to third parties, real estate taxes, utility connection fees, accounting, title/bond insurance, fixtures/equipment with a useful life of five years or less, affordable housing fees, and all costs associated with financing, design, engineering, legal, or real estate commissions, including, but not limited to, architect fees, permit fees, loan origination and closing costs, construction management, and freight and shipping delivery. The term does not include early lease termination costs, air fare, mileage, tolls, gas, meals, packing material, marketing and advertising, temporary signage, incentive consultant fees, Authority fees, loan interest payments on permanent financing, escrows, reserves, pre-opening costs, commissions and fees to the developer, project management, or other similar costs.

"Total cost of rehabilitation" means any and all costs incurred for and in connection with the rehabilitation project by the business entity and any affiliate of the business entity until the issuance of a permanent certificate of occupancy, or upon such other event evidencing project completion as set forth in the rehabilitation agreement, which shall include, but is not limited, to project costs, soft costs, and cost of acquisition of land and buildings.

"Transformative project" means a specific construction project or improvement or phase of a project or improvement undertaken by a business entity that includes the rehabilitation of a transformative property.

"Transformative property" means a property that is:

1. An income producing property, not including a residential property, whose rehabilitation the Authority determines will generate substantial increases in State revenues through the creation of increased business activity within the surrounding area;

2. Individually listed on the New Jersey Register of Historic Places pursuant to P.L. 1970, c. 268 (N.J.S.A. 13:1B-15.128 et seq.) and which, before the enactment of P.L. 2020, c. 156 (N.J.S.A. 34:1B-269 et al.), received a determination of eligibility from the Keeper of the National Register of Historic Places in accordance with the provisions of Part 60 of Title 36 of the Code of Federal Regulations; and

3. Located within a one-half mile radius of the center point of a transit village, as designated by the New Jersey Department of Transportation, and located within a city of the first class, as classified under N.J.S.A. 40A:6-4, or located within a government-restricted municipality.

19:31-26.3 Eligibility criteria

(a) A business entity shall be eligible to receive a tax credit award for a rehabilitation project only if the business entity demonstrates to the Authority at the time of application that:

1. Without the tax credit award, the rehabilitation project is not economically feasible;

2. A project financing gap exists, and the tax credit award being considered for the project is equal to or less than the project financing gap;

3. The proposed project is a rehabilitation project;

4. The business entity has not commenced any construction or rehabilitation activity at the site of the rehabilitation project prior to submitting an application, and will not commence any construction or rehabilitation activity until the execution of the rehabilitation agreement except as follows:

i. In the event the business entity has been ordered by a building code or other official with jurisdiction over the site or the rehabilitation project to correct a health, safety, or other hazard if:

(1) The business entity provides a copy of the order to the Authority;

(2) The business entity documents to the Authority's satisfaction that the proposed construction or rehabilitation activity is limited to resolve the hazard; and

(3) The proposed construction or rehabilitation activity complies with the Secretary of the Interior's Standards for Rehabilitation, 36 C.F.R. § 67.7; and

ii. Any construction or rehabilitation activity at the site of the rehabilitation project was conducted by an entity that is not the current owner or business entity, or an affiliate of the current owner or business entity, and was not done at the direction of or under contract with the owner, business entity, or an affiliate of the owner or business entity; and

6. The business entity 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 of P.L. 2007, c. 101 (N.J.S.A. 54:50-39).

(b) The following are the only costs incurred prior to application that may be eligible project costs:

1. For applications submitted on or after January 1, 2023, soft costs incurred within 12 months prior to the date of application.

2. For applications submitted prior to January 1, 2023, soft costs incurred within 24 months prior to the date of application.

(c) The Authority shall review the proposed total cost of rehabilitation and evaluate and validate the project financing gap estimated by each business entity applying for a tax credit award as follows:

1. The business entity shall demonstrate that the rehabilitation project has equity of at least 20 percent of the total cost of rehabilitation, except that if a rehabilitation project is located in a government-restricted municipality, the equity shall be at least 10 percent of the total cost of rehabilitation;

2. The Authority shall evaluate the proposed total cost of rehabilitation against reasonable costs;

3. The Authority shall determine if the business entity's submitted financial information for the rehabilitation project and, if applicable, all phases, is satisfactory. If satisfactory, the Authority shall incorporate the financial information in the project financing gap, including the reasonable and appropriate return on investment; and

4. The project financing gap analysis shall include, but not be limited to, an evaluation of the total cost of rehabilitation, amount of capital sufficient to complete the rehabilitation project, proposed rental rates, vacancy rates, reasonable and appropriate return on investment, and, in the Authority's sole discretion, a comparison to alternative financing structures for a comparable project available to the developer or its tenants.

(d) The cost of rehabilitation during a business entity's selected rehabilitation period shall not be less than the greater of the adjusted basis of the structure of the qualified property or transformative property used for federal income tax purposes as of the beginning of the business entity's selected rehabilitation period, or $5,000.

(e) In addition to the requirements set forth in (a) through (d) above, for a residential project or a redevelopment project consisting of newly-constructed residential units to qualify for a tax credit award, the developer shall reserve at least 20 percent of the residential units constructed for occupancy by low- and moderate-income households with affordability controls as required under the “Fair Housing Act,” P.L. 1985, c. 222 (N.J.S.A. 52:27D-301 et al.).

(f) The rehabilitation project shall be completed, and the business entity shall be issued a temporary certificate of occupancy for the rehabilitation project facilities by the applicable enforcing agency within the selected rehabilitation period.

(g) To the extent that a rehabilitation project is within more than one geographic area with different eligibility criteria and tax credit calculation, the more favorable shall apply to the rehabilitation project.

19:31-26.4 Application submission requirements

(a) Each application to the Authority made by a business entity shall include the following information in an application format prescribed by the Authority:

1. The name of the business entity;

2. Historic name(s) of property as used in all applicable historic designations, and the address of the property;

3. The contact information of the person identified as the primary contact for the business entity;

4. The address of the business entity and prospective future address of the business entity (if different);

5. Organizational structure of the business entity;

6. The New Jersey tax identification number;

7. The Federal tax identification number;

8. Name of historic architect or architectural historian consultant for the rehabilitation project. The historic architect or architectural historian shall meet professional qualifications for historic architecture or architectural history in the archeology and historic preservation standards;

9. The total projected number of construction employees and permanent employees at the rehabilitation project;

10. A narrative description of the rehabilitation project, including a breakdown of uses and related square footage;

11. A narrative explaining the level of experience and qualifications of the business entity and/or project team demonstrating sufficient expertise to complete the rehabilitation project, including, but not limited to, examples of successful completion of projects of similar size and scope;

12. A narrative description of rehabilitation project approach, including, but not limited to, information regarding proposed methods for protecting historic features and fabric and for addressing unforeseen issues that may be discovered during construction. For rehabilitation projects that will include ground disturbance, project approach shall also include information explaining the project approach to archeology within the site of the rehabilitation project, which must address known archaeological resources and any potential archeology discovered during the course of the rehabilitation project. A proposed approach to archeology shall be prepared by, or in consultation with, a professional meeting the professional qualifications for archeology in the archeology and historic preservation standards;

13. Construction cost estimate for the rehabilitation project, including, but not limited to, all construction costs associated with the rehabilitation project. The estimate shall include the final estimate of the total cost of rehabilitation and the cost of rehabilitation;

14. Information regarding the historic significance and current condition of the qualified property or transformative property, including but not limited to:

i. Information of any historic designations (with designation dates);

ii. A narrative description highlighting the specific historic significance of the qualified property or transformative property (including eligibility criteria for any historic designations received); and

iii. Photographs showing all exterior building facades, significant and representative interior spaces, and examples of significant historic fabric being proposed for repair and/or removal as part of the rehabilitation project;

15. A narrative description of the historic connection/significance of the property within the local community and information on how the proposed rehabilitation project will have a positive impact on the surrounding neighborhood;

16. A narrative description of any existing or potential threat to the property due to physical condition, encroachment, or other factors, including, but not limited to, supporting documentation;

17. Full set of construction documents, including drawings and specifications. Documents shall include details showing treatment of exterior and interior historic fabric throughout the building. All plans and specifications shall be prepared by, or in consultation with, a professional meeting the professional qualifications for architectural history or historic architecture in the archeology and historic preservation standards;

18. A narrative explaining how the rehabilitation project will address requirements and compliance with the Secretary of the Interior's Standards for Rehabilitation, 36 C.F.R. § 67.7. Information shall include, but not be limited to, detailed specific proposed treatment for interior and exterior historic fabric, materials, and spaces throughout the property;

19. A copy of a market and/or feasibility study for the proposed use of the property by an independent third party, which shall include their position regarding the marketability and underwriting of the revenue and expense components of the property for the duration of the commitment period;

20. Selected rehabilitation period and anticipated construction schedule showing rehabilitation project milestones and proposed phases;

21. Financial information of the rehabilitation project, which shall include all phases, including, but not limited to, any State or local financial assistance for the project, proposed terms of financing, projected reasonable and appropriate return on investment based on the business entity's equity, net margin, and cash on cash yield, and a certification from the chief executive officer or equivalent officer of the business entity that additional capital cannot be raised from other sources on a non-recourse basis after making all good faith efforts to raise additional capital, and any other documentation demonstrating economic and commercial viability pursuant to N.J.A.C. 19:31-26.3(a);

22. A list of all of the New Jersey Department of Labor and Workforce Development, the Department of Environmental Protection, and the Department of the Treasury permits and approvals or obligations and responsibilities, with which the business entity is associated or in which the business entity has an interest. The list shall identify the entity that applied for or received such permits and approvals or have such obligations and responsibilities, such as by program interest numbers or licensing numbers. The business entity shall also submit a written certification by the chief executive officer or equivalent officer of the business entity stating that the business entity applying for the program satisfies the criteria at N.J.A.C. 19:31-26.6(d) to be in substantial good standing with the Department of Labor and Workforce Development, the Department of Environmental Protection, and the Department of the Treasury;

23. A certification by the chief executive officer or equivalent officer of the business entity that the officer has reviewed the application information submitted and that the representations contained therein are accurate;

24. A completed legal questionnaire disclosing all relevant legal matters in accordance with the Authority debarment and disqualification rules at N.J.A.C. 19:30-2;

25. Submission of a tax clearance certificate, pursuant to P.L. 2007, c. 101 (N.J.S.A. 54:50-39);

26. A list of all the development subsidies, as defined at P.L. 2007, c. 200 (N.J.S.A 52:39-1), that the business entity is requesting or receiving, the name of the granting body, the value of

each development subsidy, and the aggregate value of all development subsidies requested or received;

27. The status of control of the site of the qualified property or transformative property, shown for each block and lot of the site as indicated upon the local tax map. If the business entity has not secured control of the site at time of application, the business entity must demonstrate an agreement with the current owner of the site, including, but not limited to, a right of entry or a letter of intent to purchase the site;

28. A list and status of all required local, State, and Federal government permits and local planning and zoning board approvals that have been issued for the redevelopment project or will be required to be issued pending resolution of financing;

29. The adjusted basis of the structure of the qualified property or transformative property used for federal income tax purposes as of the date of application and as of the anticipated beginning of the business entity's selected rehabilitation period;

30. In addition to information in (a)1 through 29, the business entity must demonstrate the following for a transformative project:

i. That the transformative project will generate substantial increases in State revenues through the creation of increased business activity within the surrounding area;

ii. Historic name of the property and date of historic designations required in the definition of "transformative property";

iii. That the transformative property is located within a city of the first class and within ½ miles of the center of a transit village, or government-restricted municipality by providing a map showing project site location; and

31. Any other necessary and relevant information as determined by the Authority for a specific application, including, but not limited to, information needed to complete project financial review and business entity capacity.

(b) If the business entity is applying with a co-applicant, the application shall also include the following co-applicant information:

1. The name of the co-applicant;

2. The contact information of the person identified as the primary contact for the co-applicant;

3. The address of the co-applicant and prospective future address of the co-applicant (if different);

4. The organizational structure of the co-applicant;

5. The New Jersey tax identification number;

6. The Federal tax identification number;

7. A list of all of the New Jersey Department of Labor and Workforce Development, the Department of Environmental Protection, and the Department of the Treasury permits and approvals or obligations and responsibilities, with which the co-applicant is associated or in which the co-applicant has an interest. The list shall identify the entity that applied for or received such permits and approvals or have such obligations and responsibilities, such as by program interest numbers or licensing numbers. The co-applicant shall also submit a written certification by the chief executive officer or equivalent officer of the eligible co-applicant stating that the co-applicant applying for the program satisfies the criteria at N.J.A.C. 19:31-26.6(d) to be in substantial good standing with the Department of Labor and Workforce Development, the Department of Environmental Protection, and the Department of the Treasury;

8. A certification by the chief executive officer or equivalent officer of the co-applicant that the officer has reviewed the application information submitted and that the representations contained therein are accurate;

9. A completed legal questionnaire disclosing all relevant legal matters in accordance with the Authority debarment and disqualification rules at N.J.A.C. 19:30-2;

10. Submission of a tax clearance certificate, pursuant to P.L. 2007, c. 101 (N.J.S.A. 54:50-39);

11. A list of all the development subsidies, as defined at P.L. 2007, c. 200 (N.J.S.A 52:39-1), that the co-applicant is requesting or receiving, the name of the granting body, the value of each development subsidy, and the aggregate value of all development subsidies requested or received;

12. The organizing documents of the co-applicant and a narrative regarding the activity of the co-applicant generally, and in the State and municipality;

13. A description of the long-term participation agreement between the co-applicant and the business entity illustrating how the co-applicant will take an active role in the rehabilitation project, including a description of the capital, real property or services related to the rehabilitation project that the co-applicant will provide that directly affect and serve the anticipated residents, tenants, or customers of the tenants of the rehabilitation project;

14. An explanation for the need of a co-applicant to receive the tax credits; and

15. Any other necessary and relevant information as determined by the Authority for a specific application, including, but not limited to, information needed to complete project financial review and co-applicant eligibility.

(c) The Authority may, in its sole discretion, consider two or more applications as one application for one rehabilitation project based on factors including, but not limited to, the location of the redevelopment project(s), the types of uses proposed, and the business entity's financing and operational plans.

(d) If circumstances require a business entity to amend its application to the Authority, then the business entity, or chief executive officer or equivalent officer of the business entity, shall certify to the Authority that the information provided in its amended application is true under the penalty of perjury.

19:31-26.5 Fees

(a) A business entity applying for tax credits under this program shall submit a one-time non-refundable application fee. The application fee shall be as follows:

1. For rehabilitation projects with cost of rehabilitation of $10 million or less, the fee shall be $2,000.

2. For rehabilitation projects with cost of rehabilitation greater than $10 million, the fee shall be $7,000.

3. For transformative projects, the fee shall be $18,000.

(b) A business entity shall pay to the Authority the full amount of direct costs of due diligence, including, but not limited to, debarment/disqualification reviews or other analyses by a third party retained by the Authority, if the Authority deems such retention to be necessary.

(c) The business entity shall pay to the Authority a non-refundable fee prior to the approval of the tax credit by the Authority as follows, except that the fee shall be refunded if the Authority does not approve the tax credit:

1. For rehabilitation projects with cost of rehabilitation of $10 million or less, the fee shall be $5,000.

2. For rehabilitation projects with cost of rehabilitation greater than $10 million, the fee shall be $14,000.

3. For transformative projects, the fee shall be $125,000.

(d) The business entity shall pay to the Authority a non-refundable fee prior to the execution of the rehabilitation agreement as follows:

1. If the business entity is applying for a Federal Historic Preservation Tax Credit and has received prior approval of applications from the Officer under Parts 1 and 2 of the Historic Preservation Certification Application pursuant to 36 CFR 67.3, and if the rehabilitation project's cost of rehabilitation is $10 million or less, the fee shall be $5,000.

2. For all other rehabilitation projects with cost of rehabilitation of $10 million or less that have not received prior approval of applications from the Officer as specified in subsection (d)1 above, the fee shall be $10,000.

3. If the business entity is applying for a Federal Historic Preservation Tax Credit and has received prior approval of applications from the Officer under Parts 1 and 2 of the Historic Preservation Certification Application pursuant to 36 CFR 67.3, and if the rehabilitation project's cost of rehabilitation is greater than $10 million, the fee shall be $14,000.

4. For all other rehabilitation projects with cost of rehabilitation greater than $10 million that have not received prior approval of applications from the Officer as specified in subsection (d) 3 above, the fee shall be $28,000.

5. If a business entity with a transformative project is applying for a Federal Historic Preservation Tax Credit and has received prior approval of applications from the Officer under Parts 1 and 2 of the Historic Preservation Certification Application pursuant to 36 CFR 67.3, the fee shall be $125,000.

6. For all other transformative projects that have not received prior approval of applications from the Officer as specified in subsection (d)5 above, the fee shall be $250,000.

(e) For all rehabilitation projects, including transformative projects, a business entity shall pay to the Authority a non-refundable fee prior to the receipt of the tax credit certificate. For a rehabilitation project with a selected rehabilitation period of 60 months, the business entity shall pay an additional non-refundable fee prior to the approval of the project cost certification for the second phase and each subsequent phase. The fee shall be as follows:

1. For rehabilitation projects with cost of rehabilitation of $10 million or less, the fee shall be $5,000.

2. For rehabilitation projects with cost of rehabilitation greater than $10 million, the fee shall be $14,000.

3. For transformative projects, the fee shall be $125,000.

(f) A business entity applying for a tax credit transfer certificate pursuant to N.J.A.C. 19:31-26.11 or permission to pledge a tax credit transfer certificate purchase contract as collateral shall pay to the Authority a fee, as follows:

1. For rehabilitation projects with cost of rehabilitation of $10 million or less, the fee shall be $5,000.

2. For rehabilitation projects with cost of rehabilitation greater than $10 million, the fee shall be $7,500.

3. For transformative projects, the fee shall be $25,000.

(g) Upon application to pledge, assign, transfer, or sell any or all of its right, title, and interest in and to a rehabilitation agreement and in the tax credits payable thereunder, a developer shall pay to the Authority a fee, as follows:

1. For rehabilitation projects with cost of rehabilitation of $10 million or less, the fee shall be $2,500.

2. For rehabilitation projects with cost of rehabilitation greater than $10 million, the fee shall be $5,000.

3. For transformative projects, the fee shall be $50,000.

(h) A business entity shall pay to the Authority a non-refundable fee for each request for any administrative changes, additions, or modifications to the tax credit; and a non-refundable fee shall be paid for any major changes, additions, or modifications to the tax credit, such as those requiring extensive staff time and Board approval, as follows:

1. For rehabilitation projects with cost of rehabilitation of $10 million or less, a non-refundable fee of $2,500 shall be paid for each request for any administrative change, addition, or modification to the tax credit; and a non-refundable fee of $5,000 shall be paid for any major change, addition, or modification to the tax credit, such as those requiring extensive staff time and Board approval;

2. For rehabilitation projects with cost of rehabilitation greater than $10 million, a non-refundable fee of $5,000 shall be paid for each request for any administrative changes, additions, or modifications to the tax credit; and a non-refundable fee of $10,000 shall be paid for any major changes, additions, or modifications to the tax credit, such as those requiring extensive staff time and Board approval.

3. For transformative projects, a non-refundable fee of $50,000 shall be paid for each request for any administrative changes, additions, or modifications to the tax credit; and a non-refundable fee of $125,000 shall be paid for any major changes, additions, or modifications to the tax credit, such as those requiring extensive staff time and Board approval.

(i) A non-refundable fee shall be paid for the first six-month extension to the date by which the business entity shall provide project financing and planning documentation required in the approval letter pursuant to N.J.A.C. 19:31-26.8(a); and a non-refundable fee shall be paid for each subsequent extension, as follows:

1. For rehabilitation projects with cost of rehabilitation of $10 million or less, the fee shall be $2,500.

2. For rehabilitation projects with cost of rehabilitation greater than $10 million, the fee shall be $5,000.

3. For transformative projects, the fee shall be $10,000.

(j) A non-refundable fee shall be paid for the first six-month extension to the date by which the business entity shall submit the satisfactory evidence with respect to the eligibility requirements of the program pursuant to N.J.A.C. 19:31-26.8(d) for the respective redevelopment project, or the respective phase of a rehabilitation project with a selected rehabilitation period of 60 months; and a non-refundable fee shall be paid for each subsequent extension, as follows:

1. For rehabilitation projects with cost of rehabilitation of $10 million or less, the fee shall be $2,500.

2. For rehabilitation projects with cost of rehabilitation greater than $10 million, the fee shall be $5,000.

3. For transformative projects, the fee shall be $10,000.

19:31-26.6 Review and approval of completed application; tax credit amounts

(a) In each State fiscal year for which there are tax credits available for this program, the Authority shall establish the date for the availability of the application and the date by when applications must be submitted. The Authority may establish separate dates for transformative projects and for all other rehabilitation projects, provided that the dates for transformative projects shall be before or the same as the dates for all other rehabilitation projects. The Authority shall provide prior public notice of these dates through its website.

(b) For rehabilitation projects eligible pursuant to section 4 of P.L. 2020, c. 156 (N.J.S.A. 34:1B-272), the Authority shall review applications submitted by the corresponding application deadline for eligibility. The review shall determine if the applicant:

1. Complies with the eligibility criteria;

2. Satisfies the submission requirements; and

3. Provides adequate information for the subject application.

(c) The Authority shall allocate tax credits to eligible rehabilitation projects first to transformative projects and then to other rehabilitation projects in the order determined based on the factors below. To receive a tax credit award, a business entity's application shall meet a minimum score. The Authority shall establish weights for the factors and the minimum score before applications are submitted for the State fiscal year and shall provide public notice of the weights through its website.

1. Historic significance of the qualified property or transformative property.

2. Existing or potential threat to the qualified property or transformative property due to physical condition, encroachment or other factors.

3. Project concept and team, including prior and future stewardship of the building during the business entity's control of the qualifying property or transformative property.

4. Existence of site control by the business entity or certainty of obtaining site control as demonstrated by an agreement that will provide site control.

5. Positive impact of the rehabilitation project on surrounding neighborhood.

(d) Before the Board may consider for approval a business entity's application for tax credits:

1. The Authority will confirm with the New Jersey Department of Labor and Workforce Development, the Department of Environmental Protection, and the Department of the Treasury that the business entity and any co-applicant is in compliance by being in substantial good standing with the statutes, rules, and other enforceable standards of the respective department, or, if a compliance issue exists, the business entity and any co-applicant, as applicable, has entered into an agreement with the respective department that includes a practical corrective action plan, as applicable.

i. Substantial good standing shall be determined by each department and mean, at a minimum, that the business entity and any co-applicant:

(1) As to the Department of Labor and Workforce Development and the Department of Environmental Protection:

(A) Is in substantial compliance with all material statutes, rules, and other enforceable standards of the respective department that apply to the business entity and any co-applicant; and

(B) Has no material violations of those statutes, rules, or other enforceable standards that remain substantially unresolved through entry into a corrective action plan, or other agreement with the department, with respect thereto; and

(2) As to all other departments, has no unpaid liability in excess of any threshold dollar amount(s) that may be established by each respective department.

ii. If the Department of Labor and Workforce Development, the Department of Environmental Protection, or the Department of the Treasury promulgates, or issues, its own more stringent rule or standard defining the term "substantial good standing," the respective department shall use such rule or standard to determine whether an entity is in substantial good standing.

2. The Authority may contract with an independent third party to perform a background check on the business entity and any co-applicant.

(e) The business entity shall certify that any contractors or subcontractors that will perform work at the qualified property or transformative property are registered as required by “The Public Works Contractor Registration Act,” P.L. 1999, c. 238 (N.J.S.A. 34:11-56.48 et seq.), have not been debarred by Department of Labor and Workforce Development from engaging in or bidding on Public Works Contracts in the State, and possess a tax clearance certificate issued by the Division of Taxation in the Department of the Treasury.

(f) A business entity shall be allowed a tax credit for an approved rehabilitation project that shall not exceed the following limits:

1. For the rehabilitation of a qualified property not located in a qualified incentive tract or government-restricted municipality, 40 percent of the cost of rehabilitation paid by the business entity or an affiliate for the rehabilitation of the qualified property or $4 million, whichever is less;

2. For the rehabilitation of a qualified property located in a qualified incentive tract or government-restricted municipality, 45 percent of the cost of rehabilitation paid by the business entity or an affiliate for the rehabilitation of the qualified property or $8 million, whichever is less; and

3. For the rehabilitation of a transformative property 45 percent of the cost of rehabilitation paid by the business entity or an affiliate for the rehabilitation of the transformative property or $50 million, whichever is less.

19:31-26.7 Modifications

(a) Once a rehabilitation project has been approved by the Board, changes in the work as detailed within the rehabilitation agreement, including, but not limited to, demolition or removal of historic fabric, any change in the treatment of historic finishes, any change in the layout or proposed uses of the property, a reduction in the amount of the total cost of rehabilitation or cost of the rehabilitation, or any change in the financing shall require prior review and written approval by the Authority. In considering whether to approve the modification request, the Authority shall:

1. Determine that the revised rehabilitation project continues to meet the requirements for the rehabilitation of a qualified property or transformative property as defined under the program.

2. Confirm that the any proposed change to the rehabilitation project will not undermine the basis for the tax credit award approved.

3. Determine that the revised rehabilitation project continues to meet the minimum score and would have been eligible based on the order of applications pursuant to N.J.A.C. 19:31-26.6(c) above unless the business entity demonstrates to the Authority that:

i. The modification is due to unforeseeable conditions related to the rehabilitation project beyond the business entity's control and without its fault or negligence;

ii. The business entity is using best efforts, with all due diligence, to proceed with the completion of the rehabilitation project; and

iii. The business entity has made all reasonable efforts to prevent, avoid, mitigate, and overcome the modification.

(b) If the business entity discovers an unforeseeable condition for which additional work will be required, and such work would constitute a phase as defined under “selected rehabilitation period” under N.J.A.C 19:31-26.2, the business entity may request a modification in the selected rehabilitation period from 24 months to 60 months. Notwithstanding the change in selected rehabilitation period, the amount of the tax credit award shall not be increased from the amount approved by the Board.

19:31-26.8 Approval letter; rehabilitation agreement

(a) Upon receipt of a recommendation from the Authority staff on the rehabilitation project, the Board shall determine whether or not to approve the application, the maximum amount of the tax credit award and the maximum percentage amount of allowed tax credits for its cost of rehabilitation in a rehabilitation project, and promptly notify the applicant and the Director of the Division of Taxation of the determination.

1. The Board's award of the credits will be subject to conditions subsequent that must be met in order to retain the tax credit award. An approval letter setting forth the conditions subsequent will be sent to the applicant and any co-applicant. Such conditions shall include, but not be limited to, the requirement that the project complies with the Authority's prevailing wage requirements, P.L. 2007, c. 245 (N.J.S.A. 34:1B-5.1) and affirmative action requirements, P.L. 1979, c. 303 (N.J.S.A. 34:1B-5.4), and that the rehabilitation project does not violate any environmental law requirements, including, but not limited to, the Flood Hazard Area Control Act Rules, N.J.A.C. 7:13. The approval letter shall also provide the requirements necessary for the Authority to execute the rehabilitation agreement, which shall include satisfaction of all conditions of approval.

2. The approval letter shall require documentation evidencing project financing and planning approvals, including the submittal of executed financing commitments, documents that evidence site control by the business entity or an affiliate of the business entity, a copy of the site plan approval, and a copy of all required permits and planning and zoning approvals and permits. If the Authority approval included a co-applicant, the required documents shall also include the executed participation agreement between the co-applicant and the business entity with a term that extends for the duration of the compliance period. Absent extenuating circumstances or the Authority’s determination in its sole discretion, the Authority’s approval of the tax credit award shall expire if the business entity or co-applicant as applicable does not submit the documentation required in this paragraph within a year after approval of the application.

3. The Authority shall review, and may require clarifying information regarding, the construction documents to determine if the proposed rehabilitation project is in substantial

compliance with the Secretary of the Interior's Standards for Rehabilitation, 36 C.F.R. § 67.7. The Authority's review of substantial compliance shall be a condition of approval.

4. If the terms of the financial commitment contained in the evidence required by the approval letter are materially different from the projected terms in the application, the Authority may re-evaluate the project financing gap and reduce the size of the tax credit award accordingly.

5. The approval letter shall provide an estimated date of completion of the rehabilitation project and include a requirement for periodic progress reports.

6. For a rehabilitation project with a selected rehabilitation period of 60 months, as defined under "selected rehabilitation period" under N.J.A.C 19:31-26.2, the approval letter shall identify the phases for which the business entity shall be allowed tax credits and shall state maximum cost of rehabilitation for each such phase.

(b) Following satisfaction of the requirements for the execution of a rehabilitation agreement, the Authority shall enter into a rehabilitation agreement with the business entity and any co-applicant. The Chief Executive Officer of the Authority shall negotiate the terms and conditions of the rehabilitation agreement on behalf of the State. The awarding of tax credits shall be conditioned on the business entity's and any co-applicant's compliance with the requirements of the agreement.

(c) The rehabilitation agreement shall specify and include:

1. A detailed description of the proposed rehabilitation project. For a rehabilitation project with a selected rehabilitation period of 60 months, the rehabilitation agreement may include a rehabilitation phase agreement for each phase, which shall contain a description of the phase, the expected total rehabilitation cost and cost of rehabilitation, and the commencement and completion for the respective phase;

2. The maximum amount of the cost of rehabilitation and the maximum percentage of the cost of rehabilitation that will be used to calculate the amount of the tax credit award. If the actual cost of rehabilitation is less than the cost of rehabilitation set forth in the application, the tax credit shall be calculated based on the actual cost of rehabilitation;

3. A description of the occupancy permit or other event evidencing project completion;

4. An ongoing requirement to provide the Authority with current personnel information that will enable the Authority to administer the program;

5. A requirement that the business entity shall not cease to operate the rehabilitation project during the compliance period without prior written consent of the Authority;

6. A method for the business entity to certify that it has met the minimum cost of rehabilitation and other eligibility requirements of the program;

7. Representations that the business entity and any co-applicants are in substantial good standing and that the rehabilitation project will comply with all applicable laws, including, but not limited to, prevailing wage requirements pursuant to N.J.A.C. 19:31-26.12(b) and (c), affirmative action requirements pursuant to N.J.A.C. 19:31-26.12(a), and environmental laws, including, but not limited to, the Flood Hazard Area Control Act Rules, N.J.A.C. 7:13;

8. A provision permitting an audit of evidence and documentation, of the business entity and any co-applicant, supporting the certifications pursuant to (f) below, and the annual reports pursuant to N.J.A.C. 19:31-26.9, as the Authority deems necessary;

9. Reporting requirements pursuant to N.J.A.C. 19:31-26.9;

10. A provision permitting the Authority to amend the agreement;

11. A provision establishing the conditions under which the Authority, the business entity and any co-applicant, or all parties, may terminate the agreement;

12. A provision acknowledging the Authority's right to confirm with the Department of Environmental Protection, the Department of Labor and Workforce Development, and the Department of the Treasury, as set forth in N.J.A.C. 19:31-26.6(d)1, that the business entity and any co-applicant are in substantial good standing or has entered into an agreement with the respective department that includes a practical corrective action plan, as applicable;

13. A provision providing that if the business entity or any co-applicant is not in substantial good standing with the Department of Environmental Protection, the Department of Labor and Workforce Development, and the Department of the Treasury and has not entered into an agreement with the respective department, as set forth at N.J.A.C. 19:31-26.6(d)1, and has been given written notice thereof and an opportunity to be heard or to contest the determination, by the respective department, then the business entity and any co-applicant shall forfeit the tax credits in any year in which the business entity or any co-applicant is neither in substantial good standing with each department nor has entered into a practical corrective action;

14. A requirement that the business entity shall confirm that each contractor or subcontractor performing work at the rehabilitation project: is registered as required by "The Public Works Contractor Registration Act," P.L. 1999, c. 238 (N.J.S.A. 34:11-56.48 et seq.); has not been debarred by 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;

15. The right of the Authority to conduct site inspections of the site of the rehabilitation project at any time during the course of the rehabilitation project, during the compliance period, and while the business entity and any co-applicant retains an obligation under this program;

16. Indemnification and insurance requirements from the business entity and any co-applicant;

17. Events that would trigger forfeiture, reduction or recapture of the tax credits, including, but not limited to, provisions in this subchapter; and

18. Default and remedies, including, but not limited, to a default if a business entity or any co-applicant made a material misrepresentation on its application.

(d) For a rehabilitation project with a selected rehabilitation period of 24 months, a business entity shall submit no later than 12 months following project completion, satisfactory evidence of the completion of the rehabilitation project and satisfaction of the program eligibility requirements, which shall include, but not be limited to, the documents below. For a rehabilitation project with a selected rehabilitation period of 60 months, a business entity shall submit no later than 12 months following completion of each phase identified in the rehabilitation agreement, satisfactory evidence of the completion of that phase and satisfaction of the program eligibility requirements relevant to that phase, which shall include, but not be limited to, the documents below.

1. Evidence of a temporary certificate of occupancy or other event evidencing project or phase completion indicated in the rehabilitation agreement.

2. A certification by a qualified independent certified public accountant of the cost of rehabilitation. The certification shall be made pursuant to an “agreed upon procedures” letter acceptable to the Authority. If the cost of rehabilitation is reduced below the minimum total cost of rehabilitation for eligibility, the rehabilitation project shall no longer be eligible. The Authority shall qualify certified public accountants and provide to the business entity the list of qualified certified public accountants; provided, however, the business entity may select a certified public accountant that is independent to the business entity and any co-applicant and not on the Authority's list of qualified certified public accountants for purposes of the project cost certification if the business entity demonstrates an extenuating circumstance prohibiting the business entity from retaining a qualified certified public accountant. Such circumstances include, but are not limited to, the unavailability of any of the qualified certified public accountants to timely complete the certification or a lack of independence of the qualified certified public accountants from the business entity.

3. A certification indicating whether or not the business entity is aware of any condition, event, or act that would cause the business entity or any co-applicant not to be in compliance with the approval, the rehabilitation agreement, the Act, or this subchapter.

4. For rehabilitation projects with a selected rehabilitation period of 24 months or for any phase of a rehabilitation project with a selected rehabilitation period of 60 months, documentary evidence that a deed restriction reserving units pursuant to N.J.A.C. 19:31-26.3(e) has been recorded against each residential component, if any, of the rehabilitation project or the corresponding phase.

5. For rehabilitation projects with a selected rehabilitation period of 24 months or for any phase of a rehabilitation project with a selected rehabilitation period of 60 months, documentary evidence that a deed restriction has been recorded prohibiting modifications to the qualified

property or transformative property, or the corresponding phase, during the compliance period so that it ceases to meet the requirements for the rehabilitation of a qualified property or transformative property, or corresponding phase, as defined under the program or ceases to meet the requirements of the rehabilitation agreement.

6. Documentary evidence that a deed restriction has been recorded requiring construction and building services prevailing wage at the qualified property or transformative property pursuant to N.J.A.C. 19:31-26.12(b) and (c).

7. A certification by the chief executive officer or equivalent officer of the business entity that the information provided pursuant to this subsection is true under the penalty of perjury. Claims, records, or statements submitted by a developer to the Authority in order to receive tax credits shall not be considered claims, records, or statements made in connection with State tax laws.

8. If the Authority approval included a co-applicant, a certification that the participation agreement between the business entity and the co-applicant remains in effect and is not in default.

9. Certification by the architect or design consultant of record for the rehabilitation project confirming that all work was completed in accordance with the construction documents in the rehabilitation agreement.

10. Photographs showing all exterior building facades, significant and representative interior spaces, and examples of significant historic fabric repaired and restored as part of the rehabilitation project.

11. Updated and actual capital financing information.

(e) If the Authority determines upon receipt of documentation required by (d) above that the actual capital financing approach utilized by the rehabilitation project has resulted in a project financing gap that is smaller than the project financing gap determined at Board approval, the Authority shall reduce the amount of the tax credit award. If there is no project financing gap due to the actual capital financing approach utilized by the project, then the developer shall forfeit the tax credit award.

(f) Once the Authority accepts the documentation required by (d) above and the Authority determines that other required conditions have been met, within 90 days of the Authority's acceptance of the documentation and evidence satisfactory to the Authority, the Authority shall notify the business entity and the Director, and the business entity or co-applicant shall receive its tax credit certificate and shall be allowed the use of the tax credit certificate against the tax otherwise due pursuant to section 5 of P.L.1945, c.162 (N.J.S.A. 54:10A-26 5), sections 2 and 3 of 29 P.L.1945, c.132 (N.J.S.A. 54:18A-2 and 54:18A-3), and section 1 of 30 P.L.1950, c.231 (N.J.S.A. 17:32-15), or N.J.S.A. 17B:23-5, as follows:

1. For a rehabilitation project with a selected rehabilitation period of 24 months, the business entity or co-applicant shall be issued a tax credit certification and certificate of compliance for the accounting or privilege period in which the business entity or affiliate makes the final payment for the cost of the rehabilitation and receives a temporary certificate of occupancy for the rehabilitation project, or upon any other event evidencing project completion as set forth in the rehabilitation agreement. The tax credit allowed shall be based on the information submitted in the certification pursuant to (d) above, provided it shall not exceed the maximum amount determined by the Board pursuant to N.J.A.C. 19:31-26.8(a).

2. For the first phase of a rehabilitation project with a selected rehabilitation period of 60 months, the business entity or co-applicant shall be issued a tax credit certification based on the information for the first phase submitted in the certification pursuant to (d) above and the amount approved by the Board for the subsequent phases, provided the total tax credit amount shall not exceed the maximum amount determined by the Board for the rehabilitation project pursuant to N.J.A.C. 19:31-26.8(a). No tax credit certificate will be valid without the certificate of compliance issued for the corresponding phase pursuant to paragraph 3 below.

3. For all phases of a rehabilitation project with a selected rehabilitation period of 60 months, the Authority shall issue a certificate of compliance allowing the business entity or co-applicant the use of a portion of the tax credit during the accounting or privilege period in which the phase approved by the Board for tax credit is completed and for which the business entity receives a temporary certificate of occupancy for the phase, or upon any other event evidencing phase completion as set forth in the rehabilitation agreement, provided the amount allowed in the certificate of compliance shall not exceed the maximum amount determined by the Board for the phase pursuant to N.J.A.C. 19:31-26.8(a).

(g) Credits granted to a partnership or a New Jersey S corporation shall be passed through to the corporate partners, corporate members, or corporate owners, respectively, pro-rata, or pursuant to an executed agreement among the partners, members, or owners documenting an alternate distribution method provided to the Director accompanied by any additional information as the Director may prescribe consistent with any rule, guidance, or other publication issued by the Division of Taxation.

19:31-26.9 Reporting requirements and annual report

(a) A business entity approved for a tax credit award and that enters into a rehabilitation agreement shall submit annually, commencing in the year in which the tax credit award is issued and for the remainder of the compliance period, a report indicating whether the business entity is aware of any condition, event, or act that would cause the business entity or any co-applicant not to be in compliance with the rehabilitation agreement or the provisions of this subchapter and the Act and any additional reporting requirements contained in the rehabilitation agreement or tax credit certificate. The business entity, or an authorized agent of the business entity, shall certify that the information provided pursuant to this subsection is true under the penalty of perjury. The Authority may provide any information contained in the annual report to the Officer for any rehabilitation project.

(b) The annual report shall consist of:

1. A certification indicating whether or not the business entity is aware of any condition, event, or act, which would cause the business entity or any co-applicant not to be in compliance with the approval, the Act, the rehabilitation agreement, or this subchapter;

2. A certification indicating that the rehabilitation project does not violate any environmental law requirements, including, but not limited to, the Flood Hazard Area Control Act Rules, N.J.A.C. 7:13;

3. For the two years after the first certificate of compliance is issued, evidence that the rehabilitation project remains in compliance with the Authority's affirmative action requirements pursuant to N.J.A.C. 19:31-26.12(a);

4. Evidence that the rehabilitation project remains in compliance with the Authority's prevailing wage requirements pursuant to N.J.A.C. 19:31-26.12(b) and (c);

5. A tax clearance certificate as described in section 1 of P.L. 2007, c. 101 (N.J.S.A. 54:50-39) for the business entity and any co-applicant;

6. A certification from the business entity that it has not modified the qualified property or transformative property so that it ceases to meet the requirements for the rehabilitation of a qualified property or transformative property as set forth in N.J.A.C. 19:31-26.3 or ceases to meet the requirements of the rehabilitation agreement;

7. A certification from the business entity that adequate climate control and building envelope have been maintained and that the building is secure. The business entity shall also provide a description of the climate control, and the measures to preserve and secure the building;

8. For a rehabilitation project with residential units, documentary evidence that the deed restriction required pursuant to N.J.A.C. 19:31-26.8(d)4 remains recorded, and documentation from the administrative agent that the rehabilitation project remains in compliance with the affordability controls pursuant to the "Fair Housing Act," P.L. 1985, c. 222 (N.J.S.A. 52:27D-301 et al.);

9. For the first annual report, the permanent certificate of occupancy covering the entire rehabilitation project;

10. If the Authority approval included a co-applicant, a certification that the participation agreement between the business entity and the co-applicant remains in effect and is not in default and that the co-applicant is making the contribution(s) required under the participation agreement; and

11. In conducting its annual review, the Authority may require a business entity to submit any information determined by the Authority to be necessary and relevant to its review.

(c) The annual report required by (a) above is due 120 days after the end of the business entity's tax privilege period. Failure to timely submit the report, absent extenuating circumstances and the written approval of the Authority, may result in recapture of some or all of the tax credit award. The Authority reserves the right to audit any of the representations made and documents submitted in the annual report.

(d) Upon receipt, review, and acceptance of each annual report submitted, the Authority shall provide to the business entity and any co-applicant a letter indicating acceptance.

19:31-26.10 Application for tax credit transfer certification

(a) A business entity or co-applicant holding an unused, otherwise allowable tax credit issued pursuant to sections 2 through 8 of P.L. 2020, c. 156 (N.J.S.A. 34:1B-270 through 34:1B-276) may apply to the Director and the Authority for a tax credit transfer certificate pursuant to this section. Upon receipt thereof, the business entity or co-applicant may sell or assign, in full or in part, the tax credit transfer certificate to another taxpayer in exchange for private financial assistance to be provided by the purchaser or assignee of the tax credit transfer certificate to the seller thereof. The business entity or co-applicant shall not sell a tax credit transfer certificate allowed under this section for consideration received by the business entity or co-applicant of less than 85 percent of the transferred credit amount before considering any further discounting to present value which shall be permitted, except a developer of a residential project consisting of newly-constructed residential units that has received federal low income housing tax credits under 26 U.S.C. s.42(b)(1)(B)(i) may assign a tax credit transfer certificate for consideration of no less than 75 percent subject to the submission of a plan to the Authority and the New Jersey Housing and Mortgage Finance Agency to use the proceeds derived from the assignment of tax credits to complete the residential project. The purchaser or assignee of the tax credit transfer certificate may apply the face value of the tax credit transfer certificate acquired against the purchaser's or assignee's applicable tax liability by claiming the tax credit on the purchaser's or assignee's corporation business tax or insurance premiums tax return with the corresponding tax credit transfer certificate accompanying the tax return.

(b) A purchaser or assignee of a tax credit transfer certificate pursuant to this section shall not make any subsequent transfers, assignments, or sales of the tax credit transfer certificate. If a lender that holds a tax credit certificate as collateral on a rehabilitation project forecloses on the project, the foreclosure and resulting transfer of the certificate shall not be considered a sale of the transfer certificate.

(c) A tax credit transfer certificate issued by the Director and the Authority shall include a statement waiving the rights of the business entity or co-applicant to which the tax credit has been granted to claim any amount of remaining credit against any tax liability.

(d) The tax credit transfer certificate issued to a business entity or co-applicant by the Director shall be subject to any limitations and conditions imposed on the application of State tax credits pursuant to sections 2 through 8 of P.L. 2020, c. 156 (N.J.S.A. 34:1B-270 through 34:1B-

276) and any other terms and conditions that the director may prescribe including, but not limited to, any applicable statutes of limitations for claiming a refund or credit.

(e) The Authority shall publish on its Internet website the following information concerning each tax credit transfer certificate approved by the Authority and the Director pursuant to this section:

1. Name of the transferor;

2. Name of the transferee;

3. Value of the tax credit transfer certificate;

4. State tax against which the transferee may apply the tax credit; and

5. Consideration received by the transferor.

19:31-26.11 Assignment of rights of rehabilitation agreement

(a) A business entity who has entered into a rehabilitation agreement pursuant to section N.J.A.C 19:31-26.8(b) may, upon notice to and written consent of the Authority, pledge, assign, transfer, or sell any or all of its right, title, and interest in and to the rehabilitation agreement and in the tax credit awards payable under the rehabilitation agreement, and the right to receive the tax credit awards, along with the rights and remedies provided to the business entity under the rehabilitation agreement. To decide whether to consent, the Authority will consider the purchaser's proposed use and treatment of the qualified property or transformative property. Any assignment shall be an absolute assignment for all purposes, including the federal bankruptcy code. If the Authority approval included a co-applicant, prior to requesting the consent of the Authority, the business entity shall obtain in writing the co-applicant's consent, and the business entity shall provide the co-applicant's written consent to the Authority with the business entity's notice.

(b) A co-applicant who has entered into a rehabilitation agreement pursuant to N.J.A.C. 19:31-26.8(b) may, upon notice to and written consent of the Authority, assign, transfer, or sell any or all of its right, title, and interest in and to the rehabilitation agreement and in the tax credit awards payable under the rehabilitation agreement, and the right to receive the tax credit awards, along with the rights and remedies provided to the co-applicant under the rehabilitation agreement, provided that the purchaser shall be a non-profit under Section 501(c)3 of the Internal Revenue Code. To decide whether to consent, the Authority will consider the contributions of the co-applicant and the proposed contributions by the purchaser. The new purchaser shall be the co-applicant and shall be required to receive an assignment of the co-applicant's participation agreement or to execute a new participation agreement with the business entity. Any assignment shall be an absolute assignment for all purposes, including the federal bankruptcy code. Prior to requesting the consent of the Authority, the co-applicant shall obtain in writing the business entity's consent, and the co-applicant shall provide the business entity's written consent to the Authority with the co-applicant's notice.

(c) Any pledge of a tax credit award made by the business entity shall be valid and binding from the time the pledge is made and filed in the records of the Authority. The tax credit award pledged and thereafter received by the business entity shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act, and the lien of any pledge shall be valid and binding against all parties having claims of any kind in tort, contract, or otherwise against the business entity irrespective of whether the parties have notice thereof. As a condition of any tax credit award, the grantee, assignee, pledgee or subsequent holder of the tax credit award shall immediately file notice of the same with the clerk of the county in which the project is located.

(d) The Authority shall publish on its Internet website the following information concerning each pledge, assignment, transfer, or sale approved by the Authority pursuant to this section:

1. The name of the person or entity offering the pledge, assignment, transfer, or sale of a right, title, or interest in a rehabilitation agreement;

2. The name of the person or entity receiving the pledge, assignment, transfer, or sale of a right, title, or interest in the rehabilitation agreement;

3. The value of the right, title, or interest in the rehabilitation agreement; and

4. The consideration received by the person or entity offering the pledge, assignment, transfer, or sale of the right, title, or interest in the rehabilitation agreement.

19:31-26.12 Affirmative action and prevailing wage

(a) The Authority's affirmative action requirements at P.L. 1979, c. 303 (N.J.S.A. 34:1B-5.4) and N.J.A.C. 19:30-3 shall apply to the rehabilitation project. The affirmative action requirements shall apply until the later of the completion of the rehabilitation project or two years after the first tax credit is issued.

(b) The Authority's prevailing wage requirements at P.L. 2007, c. 245 (N.J.S.A. 34:1B-5.1), and N.J.A.C. 19:30-44 shall apply to construction contracts for work performed for the rehabilitation project during the selected rehabilitation period. This prevailing wage requirements shall apply until the later of the end of the selected rehabilitation period or two years after the first tax credit is issued. Prevailing wage shall apply to all work done by tenants at the redevelopment project.

(c) Prevailing wage shall apply to building services at the qualified property or transformative property starting with the completion of the first phase of a rehabilitation project with a selected rehabilitation period of 60 months or the end of the selected rehabilitation period for a rehabilitation project with a selected rehabilitation project of 24 months. For all rehabilitation projects, this prevailing wage requirements shall continue for 10 years following the end of the selected rehabilitation period. In the event a portion of a rehabilitation project is undertaken by a tenant and the tenant has a leasehold of more than 35 percent of space in the building owned or controlled by the business entity, the requirement that each worker employed to perform building service work at the building be paid not less than the prevailing wage shall apply to the entire rehabilitation project and all tenants therein.

19:31-26.13 Reduction and recapture of tax credits

(a) If during the compliance period, a business entity that has received a tax credit modifies the qualified property or transformative property so that it ceases to meet the requirements for the rehabilitation of a qualified property or transformative property as defined under the program or ceases to meet the requirements of the rehabilitation agreement, then the Authority may recapture some or all of the tax credit allowed under the program. The requirements include, but are not limited to: substantial compliance with the Secretary of the Interior's Standards for Rehabilitation, 36 C.F.R. § 67.7; remaining an income producing property; minimum number of residential units, if applicable; maintaining the rehabilitation project so that it meets the minimum score pursuant to N.J.A.C. 19:31-26.6(c); and for a transformative project, continuing to meet the definition of transformative property.

(b) If during the compliance period, the business entity ceases to maintain adequate climate control or fails to preserve the building envelope, then the Authority may recapture some or all of the tax credit allowed under the program.

(c) If any worker employed to perform building services work at the rehabilitation project is paid less than the prevailing wage rate for the worker's craft or trade pursuant to N.J.A.C. 19:31-26.12(b) and (c) during the relevant tax period, then the Authority shall recapture a proportional amount of the tax credit.

(d) In the case of a business entity that has chosen a selected rehabilitation period of 60 months, if the architectural plans change in the course of the phased rehabilitation project so that the rehabilitation of the qualified property or transformative property would, upon the rehabilitation's completion, no longer qualify for a tax credit pursuant to the requirements of this program, then the business entity's tax liability for the accounting or privilege period in which the business entity was issued the certificate of compliance shall be increased by the full amount of the tax credit that the Authority had previously allowed by that certificate of compliance upon the completion of a distinct prior project phase that the business entity has applied against its tax liability in the prior accounting or privilege period. The Authority shall notify the business entity and the Director. The Director may take adverse action against the business entity consistent with the State Uniform Tax Procedure Law, N.J.S.A. 54:48-1 et seq., including, but not limited to, determining a deficiency with respect to payment due to the increased liability and assessing penalties and interest from the date of the accounting or privilege period. Any portion of the tax credit that the business entity has not yet used or transferred at the time of the disallowance by the Officer shall be deemed void.

(e) If, based on new information, the Authority determines that recapture should have been applicable pursuant to any of the provisions in this section, the Authority shall recapture the tax credits as if the Authority had been timely informed.

(f) If at any time, the Authority determines that the business entity or co-applicant made a material misrepresentation on the business entity's application, project completion certification, annual report, or any related submissions, the Authority shall recapture some or all of the tax credits of the business entity and any co-applicant, which shall be in addition to any other remedies in the rehabilitation agreement and any criminal or civil penalties to which the business entity, co-applicant, and the respective officer of the business entity or co-applicant may be subject.

(g) Any recapture amount pursuant to this section may include interest on the recapture amount, at a rate equal to the statutory rate for tax deficiencies, plus any statutory penalties, and all costs incurred by the Authority and the Division of Taxation in the Department of the Treasury in connection with the pursuit of the recapture, including, but not limited to, counsel fees, court costs, and other costs of collection. The Authority shall confer with the Division of Taxation to determine the recapture amount.

(h) The Authority shall notify the Officer of any reduction or recapture of tax credit awarded under this program.

(i) If all or part of a tax credit sold or assigned pursuant to section 5 of P.L. 2020, c. 156, and N.J.A.C. 19:31-26.11 is subject to recapture, then the Authority shall pursue recapture from the business entity and to the extent the co-applicant is involved with the basis for the recapture, any co-applicant, and not from the purchaser or assignee of the tax credit transfer certificate.

(j) The Authority shall notify the Director of any funds recaptured pursuant to this section. Any recaptured funds, including penalties and interest, shall be deposited into the General Fund of the State.

19:31-26.14 Appeals

(a) The Board's action shall be effective 10 business days after the Governor's receipt of the minutes, provided neither an early approval nor veto has been issued.

(b) An applicant may appeal the Board's action by submitting in writing to the Authority, within 21 calendar days from the effective date of the Board's action, an explanation as to how the applicant has met the program criteria. Such appeals are not contested cases subject to the requirements of the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., 52:14F-1 et seq., and the Uniform Administrative Procedure Rules, N.J.A.C. 1:1.

(c) Appeals that are timely submitted shall be handled by the Authority as follows:

1. The Chief Executive Officer shall designate an employee of the Authority to serve as a hearing officer for the appeal and to make a recommendation on the merits of the appeal to the Board. The hearing officer shall perform a review of the written record and may require an in-person hearing. The hearing officer has sole discretion to determine if an in-person hearing is necessary to reach an informed decision on the appeal. The Authority cannot consider any new

evidence or information about the project other than evidence or information that would demonstrate that the applicant met all of the application criteria by the application deadline.

2. Following completion of the record review and/or in-person hearing, as applicable, the hearing officer shall issue a written report to the Board containing his or her finding(s) and recommendation(s) on the merits of the appeal. The hearing officer's report shall be advisory in nature. After reviewing the report, the Chief Executive Officer of the Authority may also include a recommendation to the written report of the hearing officer. The applicant shall receive a copy of the written report of the hearing officer, which shall include the recommendation of the Chief Executive Officer, if any, and shall have the opportunity to file written comments and exceptions to the hearing officer's report within five business days from receipt of such report.

3. The Board shall consider the hearing officer's report, the recommendation of the Chief Executive Officer, if any, and any written comments and exceptions timely submitted by the applicant. Based on that review, the Board shall issue a final decision on the appeal.

4. Final decisions rendered by the Board shall be appealable to the Superior Court, Appellate Division, in accordance with the Rules Governing the Courts of the State of New Jersey.

19:31-26.15 Reports on implementation of program

On or before December 31, 2025, the Authority, in consultation with the Officer and the Director, shall prepare and submit a written report regarding the number and total monetary amount of tax credits granted for the rehabilitation of qualified properties or transformative properties pursuant to section 4 of P.L. 2020, c. 156 (N.J.S.A. 34:1B-272), the geographical distribution of the credits granted, a summary of the tax credit transfer program established pursuant to section 5 of P.L. 2020, c. 156 (N.J.S.A. 34:1B-273), an evaluation of the effectiveness of the tax credits provided pursuant to sections 2 through 8 of P.L. 2020, c. 156 (N.J.S.A. 34:1B-270 through 34:1B-276) in promoting the rehabilitation of historic properties, recommendations for administrative or legislative changes to increase the effectiveness of the program, and any other information that the Authority, the Officer, or the Director may deem useful or appropriate. This report shall be submitted to the Governor and, pursuant to section 2 of P.L. 1991, c. 164 (N.J.S.A. 52:14-19.1), to the Legislature.

19:31-26.16 Severability

If any section, subsection, provision, clause, or portion of this subchapter is adjudged to be unconstitutional or invalid by a court of competent jurisdiction, the remaining portions of this subchapter shall not be affected thereby.

Appendix B

Historic Property Reinvestment Program
Project Scoring Criteria

The Authority has established scoring criteria for the evaluation of proposed rehabilitation projects. These criteria can be used to set a required minimum score for reviewed rehabilitation projects and to allocate tax credits in circumstances where the requests for tax credits exceed the annual maximum cap established by the statute. To receive a tax credit award, a business entity's application must receive a minimum score of 50 out of 100 maximum total score.

Based on the statute's imposed annual cap for the Historic Property Reinvestment Program (HPRP), as well as data reviewed from other states with historic tax credits programs, and information on applicants to the federal historic tax credit program for New Jersey projects, staff anticipate that there is a possibility for the program to be oversubscribed (that is, more applications scoring above the minimum than can be satisfied with the amount of tax credits available). As a result, staff is recommending the utilization of preestablished scoring criteria as a means to competitively rank or compare projects against each other. If the volume of HPRP tax credit award requests is less than currently anticipated, resulting in the program being undersubscribed for any particular year, the minimum score ensures that proposed rehabilitation projects receiving tax credits are consistent with the objectives, goals and principles of the HPRP.

Applications will be reviewed and scored by a committee comprised of a multidisciplinary team of professionals. Members of the committee will include NJEDA staff, as well as professional staff from DEP's Historic Preservation Office. At a minimum, the committee will include at least one staff with experience in the fields of historic preservation, and construction/project management. Staff may seek assistance from consultants hired by the EDA to participate in or support the committee.

The recommended system will score projects with respect to five criteria:

1. Historic Significance of Resource
2. Imminent Threat to Historic Resource
3. Project Concept and Team
4. Site Control
5. Positive Impact on Surrounding Neighborhood

<u>Criterion 1: Historic Significance of Resource</u>

This criterion will look at specific aspects related to the level of historical significance and designations held by the qualified or transformative property. Specifically, projects will be scored based on the following weighted items:

- Property's Significance
  Methodology: What is the level of significance of the qualified or transformative property in its current status? Is it the only or one of a limited number of representative example(s) of a type/period/feature of historic significance, or is it the only existing known property associated with a significant historic figure, historical event, period, or historical feature? Review will be guided by the Criteria for Evaluation as outlined in 36 CFR § 60.4, and N.J.A.C. 7:4-2.3.
  Scoring: Scale of 0-15 points

- Historic Fabric/Integrity
  Methodology: Does the site retain the ability to convey its historic significance? Are the aspects of integrity (location, design, setting, materials, workmanship, feeling, association) as outlined in the original designation remain? Do the most significant historic features, finishes and materials remain in place?
  Scoring: Scale of 0-13 points

- Level of significance
  Methodology: What is the level of significance identified within the historic resource designation? National, State or Local?
  Scoring:

National Significance	3 points
State Significance	2 points
Local Significance	1 point

- Type of Designation
  Methodology: What is the highest type of designation held by the historic resource?
  Scoring:

National Register of Historic Places	4 points
New Jersey Register of Historic Places	3 points
Pinelands Commission Historic Resource Designation	2 points
Identified/Registered by a Certified Local Government	1 point

  (For Transformative projects, a property with a NJ Register listing AND a Determination of Eligibility from the Keeper of the National Register of Historic Places will equal a NR listing in score value and will therefore result in 4 points)

- National Historic Landmark
  Methodology: Has the historic resource been recognized as a National Historic Landmark by the Secretary of the Interior?
  Scoring: Yes – 6 points No – 0 points

Criterion 1 – Maximum Total Points: 41

Criterion 2: Imminent Threat to Historic Resource

This criterion evaluates potential threats to historic resources and seeks to award additional points to projects that include the rehabilitation of a qualified or transformative property that without assistance from the HPRP, face an imminent threat and may be lost due to deteriorated physical condition or encroachment from new development. Specifically, projects will be scored based on the following weighted items:

- Building Envelope
  Methodology: Is the property in danger due to issues with the Building Envelope which are causing water infiltration (roof leaks, missing or leaking windows or doors)?
  Scoring: Scale of 0-3 points, to be determined based on level of condition

- Structural Condition
  Methodology: Is there significant damage to structural components such as foundation, roof rafters, load bearing walls, columns and/or beams? Unless damage is to such a degree that it is easily noticeable (such as in the case of the partial collapse of a portion of the structure), or it already has been condemned or deemed unsafe by a building official with jurisdiction over the site or project, a structural report from a Structural Engineer must be included.
  Scoring: Scale of 0-5 points, to be determined based on level of condition

- Vacancy
  Methodology: Has the building been fully vacant for at least continuous 1 year (without utilities)?
  Scoring:

Scoring:	5+ Years Continuously Vacant	5 points
	4-5 Years Continuously Vacant	4 points
	3-4 Years Continuously Vacant	3 points
	2-3 Years Continuously Vacant	2 points
	1-2 Years Continuously Vacant	1 points

- Encroachment
  Methodology: Is there encroachment in the immediate vicinity that is believed to pose an immediate or near future threat to the historic resource?
  Scoring: Scale of 0-3 points

Criterion 2 – Maximum Total Points: 16

Criterion 3: Project Concept and Team

This criterion evaluates how well is the project conceptualized/thought-out. It takes into consideration qualification and experience of the project team, proposed project concept/approach, and consideration of historic resources, as well as whether the project schedule and budget seem realistic and follow industry standards. Specifically, projects will be scored based on the following weighted items:

- Project Reviews and Approvals
  Methodology: Have the plans and specifications been reviewed and approved by all applicable reviewing bodies (building permits, planning board, historic commission, DEP, etc.)?
  Scoring: Scale of 0-5 points

- Project Schedule
  Methodology: Is the project schedule realistic and achievable within the selected rehabilitation period?
  Scoring: Scale of 0-3 points

- Construction Cost Estimate (CCE)
  Methodology: Does the Construction Cost Estimate meet realistic and current market value/cost for a project of this size/scope/complexity? Was it prepared by a qualified professional with experience preparing CCEs for projects addressing historic structures?
  Scoring: Scale of 0-3 points

- Experience and Qualifications
  Methodology: What is the level of experience and qualifications of the applicant, any co-applicant, and any relevant team members (such as: developer, design professionals, cultural resource consultants, or specialized contractor or subcontractor), and do they have a demonstrated history of successful completion of projects of similar size/scope/complexity?
  Scoring: Scale of 0-5 points

- Proposed Project Approach
  Methodology: Does the proposed project approach include adequate consideration of historic resource(s)? If the project includes ground disturbance, does the project approach clearly define how known, or previously unidentified archeological resources will be addressed if encountered during the course of the project? Has information provided fully addressed requirements for compliance with the Secretary of the Interior's Standards for Rehabilitation and does it include detailed, specific proposed treatment for interior and exterior historic fabric, materials, and spaces throughout the property?
  Scoring: Scale of 0-15 points

Criterion 3 – Maximum Total Points: 31

Criterion 4: Site Control

This criterion evaluates status/level of applicant's site control at time of application. Specifically, projects will be scored based on the following weighted item:

- Status of Site Control

  Methodology: Has the business entity/applicant secured site control for the entire project site?

  Scoring:

Own or have lease of entire site	3 points
Own or have lease of partial site	2 points
Have agreement with current owner(s) for obtaining control of entire site	1 point

Criterion 4 – Maximum Total Points: 3

Criterion 5: Positive Impact on Surrounding Neighborhood

This criterion evaluates positive impact to the surrounding neighborhood based on the level of local community support and whether the proposed project will provide a positive impact on the surrounding neighborhood by addressing community needs and attracting business owners and/or employers to the region. Specifically, projects will be scored based on the following weighted items:

- Community Needs

  Methodology: Does the project articulate that there is an unmet neighborhood, municipal, and/or regional need that the project is going to meet?

  Scoring: Scale of 0-3 points

- Community Support

  Methodology: Is there a written letter/s of support from a community group/s from the neighborhood/area in which the property is located or the municipality for the rehabilitation of the qualified or transformative property, and for the applicant's project?

  Scoring: Scale of 0-3 points

- Impact to Area Businesses/Jobs

  Methodology: Will the redevelopment of the project site grow the number of small businesses or attract employers to the municipality/region?

  Scoring: Scale of 0-3 points

Criterion 5 – Maximum Total Points: 9

Appendix C

Historic Property Reinvestment Program
Reasonable and Appropriate Return on Investment

<u>Introduction</u>

As with its predecessor real estate development incentive, the Economic Redevelopment and Growth Program (ERG), a key statutory requirement within the Economic Recovery Act of 2020 (ERA) enacted real estate development incentives is that without the incentive award, the redevelopment project is not economically feasible. As such the applicant must demonstrate that a project financing gap exists, which requires that redevelopment project will generate a below market rate of return.

This appendix outlines the Authority's history with such analyses and present policy recommendations for administering related provisions such as determining the reasonable and appropriate rate of return on investment for the project.

<u>Authority History with Gap Financing Programs and Hurdle Rate Determinations</u>

As noted previously the Authority has experience administering gap financing real estate development incentives through the ERG program dating back to its establishment in 2012. In November of 2012 the Authority Board approved the use of a financial model developed by real estate services firm Jones Lang Lasalle (JLL) for the purpose of determining market returns that would be required for prospective real estate projects in the State to be considered economically viable, i.e., a hurdle rate. This model was subsequently modified in December of 2012 to add functionality and allow for its use more efficiently across the state. The model arrives at a project specific hurdle rate based upon three factors including the projects proposed zip code, industry class, and if it would be located in area of the state exhibiting economic distress.

The zip code factor methodology determines expected returns in a market by analyzing historical real estate investments in the same zip code as the proposed project. It does this either by looking at historical transactions in the zip code and adjusting them for current economic conditions or, when there are not sufficient historical transactions, by interpolation, whereby a set of "anchor cities" are relied upon for comparable recent transactions. Anchor cities currently include Newark, Paterson, Camden, Asbury Park, Trenton, Millville, Paramus, Morristown, Summit, Princeton, Wall, Cherry Hill, Galloway, and Cape May. These cities were selected in consultation with JLL because of the presence of readily available comparable transactions and because of their geographic and economic diversity.

Within each zip code the model has a set of hurdle rates that are dependent upon the second factor: the industry class represented by the prospective project, e.g., office, retail, industrial, hospitality, and residential. The hurdle rate will reflect the market realities for the prospective project, i.e., a reasonable and appropriate return on investment is likely to vary within a specific market depending on the type of project that is being considered.

The third factor the model assesses is evidence of economic distress in the proposed project's location, which would be a further reason that a project would warrant a return above and beyond what would be anticipated in a market without such evidence of distress. These factors are median household income below the state median, median personal income below the state median, and median housing prices below the state median. Within the model these three factors are evenly weighted to in total represent the difference between investment grade and non-investment grade debt, and the hurdle rate is increased accordingly for each factor that is exhibited i.e. if at approval the difference between market indicators for investment grade and non-investment grade debt is 250 basis points each factor of distress that is present would result in the hurdle rate being increased by 83.3 basis points.

The model is updated is typically updated quarterly to reflect current market realities and was most recently updated in September of 2021 for continued Authority use within the ERG program.

Historically there have been instances where the model has not been relied upon to determine the hurdle rate for a project by the Authority, and Staff proposes to continue this process. These are instances where either the developer is utilizing Low Income Housing Tax Credits (LIHTC) administered by the New Jersey Housing and Mortgage Finance Agency (HMFA) and where the project lacked sufficient forms of traditional equity such as cash and land to allow for the logical calculation of an IRR; or where the project is so exceptionally large, unique, and/or complex that the data in the model are not relevant or a good fit. In the event of the project utilizing LIHTC the Authority has relied upon the HMFA rules and policy detailing what is an acceptable deferred developer fee, which is widely understood within the affordable housing industry and effectively represents the extent returns are associated with an affordable housing project as they generally do not generate a profit for many years. In the event of a large, unique, and/or complex project, which could include complex projects utilizing LIHTC but having a significant commercial component, the Authority has commissioned a proposed project-specific third-party analysis performed by a real estate services firm to determine a project specific hurdle rate. As provided in the Aspire rules, the cost of these services is charged to the applicant.

Policy within ERA enacted real estate development incentives for Determining Reasonable and Appropriate Return on Investment

Staff is proposing the continued use of the JLL hurdle rate model for purposes of determining the reasonable and appropriate return on investment that projects will be evaluated upon for program eligibility and award sizing. For the purposes of utilizing this model for product specific programs within the ERA such as Historic, Brownfields, and Food Desert, staff will work with the real estate advisory services consultant to amend the model as needed to reflect nuances related to capital financing strategies and market return expectations that may exist within the relevant sub-category. This effort has already begun for the Historic program and any modifications made to the model will be communicated to the board prior to the approval of the first award(s).

Staff will continue to rely upon the HMFA deferred developer fee model as the reasonable and appropriate return on investment when the project is utilizing LIHTC. For reference the HMFA deferred developer fee can be summarized as follows:

1. The amount of the developer fee is limited to 15 percent of project costs, except the developer fee shall only include 4 percent of building acquisition but excludes land acquisition
2. Of this 15 percent, at least 7 percent of the developer fee, i.e., deferred developer fee, cannot be realized in full prior to 5 years after stabilization of the project i.e. stabilization of rents. The developer must identify a reasonable point of stabilization the project's proforma based on the characteristics of the project. The Authority will review and determine whether the point of stabilization is reasonable and the project metrics (e.g., certain lease occupancy) that identifies stabilization. For purposes of assessing excess returns, the point of stabilization will be the earlier of the time period identified in the developer's proforma (plus a short, reasonable amount of time) or when the project metrics are achieved.

Staff proposed continuing to use a third-party consultant to perform project-specific analysis for large and highly specific projects. The Aspire Program includes provisions that envision larger projects than those previously supported through ERG, both in the form of larger relative subsidy and in the creation of the Transformative Project designation. Additionally, the program allows for phased projects which would be evaluated based upon of project level return analysis potentially relying upon complex financing structurers. In these circumstances, the Authority staff will continue to rely upon real estate advisory services providers on an as needed basis to determine project specific reasonable and appropriate return on investment for large, unique, and/or highly complex projects. As previously noted, it is likely that some of the product specific programs within the ERA may result in particularly unique projects as it relates to the product and the financing that may be utilized. In these events the authority may rely upon a third-party to complete certain aspects of the return analysis as needed.

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: February 9, 2022

SUBJECT: Film and Digital Media Tax Credit Program –Certification of Unused or Unredeemed Credits in SFY2021 and Increase to SFY2022

Summary:

The Members are requested to approve:

1. The certification of $123,405,825.57 in unused or unredeemed legacy film tax credits for SFY2021 which will increase the legacy film tax credits available for SFY2022. This increase will raise the total amount of legacy film tax credits available in SFY2022 to $223,405,825.57.
2. The certification of $100,000,000 in unused or unredeemed studio partner film tax credits for SFY2021 which will increase the studio partner film tax credits available for SFY2022. This increase will raise the total amount of studio partner film tax credits available in SFY2022 to $200,000,000.
3. The certification of $100,000,000 in unused or unredeemed film-lease partner film tax credits for SFY2021 which will increase the film-lease film tax credits available for SFY2022. This increase will raise the total amount of film-lease partner tax credits available in SFY2022 to $200,000,000.
4. The certification of $32,488,438.40 in unused or unredeemed digital media tax credits for SFY2021 which will increase the digital tax credits available for SFY2022. This increase will raise the total amount of digital media tax credits available in SFY2022 to $62,488,438.40.

Background:

P.L. 2020, c.156 was enacted on January 7, 2021, amending the Garden State Film and Digital Media Jobs Act. Specifically, the amendment extends the statutory deadline for film and digital media tax credits until June 30, 2034 and removed the cap on the amount of unused or unredeemed credits that can be transferred to a subsequent fiscal year. Additionally, the law added two additional allocation categories of $100 million each for projects involving larger studio developments called studio partners and film-lease partners.

Additionally, P.L. 2021, c.367, enacted on January 12, 2022, directs the Authority, to certify any unused or unredeemed tax credits for legacy film projects, studio partner projects, film-lease partner projects and digital media projects, in a state fiscal year which then, at the discretion of the Authority, shall be used to increase the annual cap for any such category of allocation in the subsequent state fiscal year. The statute further clarifies that any unused or unredeemed tax credits for studio partners in a state fiscal year, can only be used to increase the subsequent state fiscal year's allocation for studio partners.

P.L. 2021, c.367, also increased the annual digital media tax credit cap from $10 million to $30 million beginning in SFY2019.

On October 14, 2020, the Board approved the certification of $64,321,724 in unused and unredeemed film tax credits for SFY2020 which increased the allocation for SFY2021 by $50 million to $150 million. $50 million was the maximum increase allowed by law at the time.

On May 12, 2021, the Board approved the certification of $10 million in unused and unredeemed digital media tax credits for SFY2020 to increase the total credits available in SFY2021 to $20 million.

<u>Certification of Unused or Unredeemed Tax Credits:</u>

The Authority will determine the amount of "unused" tax credits based on the difference between the total amount of available tax credits in a given state fiscal year, and the total amount approved by the Authority within a state fiscal year, should the Authority not approve the full amount of available tax credits within a given state fiscal year. The Authority will determine the amount of "unredeemed" tax credits based on projects that have been approved for some amount of tax credits, but are unable to certify the full amount of qualified film production expenses on which the tax credit award was based, and therefore unable to utilize the full amount of their estimated tax credit award. For unredeemed tax credits, the Authority will also look at projects that may have been approved for a tax credit award, but missed the deadline required for principal photography, as required by statute, and are therefore no longer eligible to receive the tax credit for which they were approved.

Pursuant to P.L. 2021, c.367, the staff's proposed certification of unused or unredeemed tax credits, for each allocation category, for State Fiscal Year 2021 is below:

<u>Certification of Unused or Unredeemed Legacy Film Tax Credits:</u>
SFY2021 Film Tax Credit Cap: $150,000,000

SFY2021 – Legacy Film Tax Credit Approvals	
Applicant	**Approved Total Award**
Bruised Film Holding, Inc	$3,180,065.00
Morning Star Films, LLC	$247,007.50

Camdrew Productions, LLC	$535,795.20
Crabs in a Bucket, LLC	$287,061.00
Listen Film, LLC	$225,887.36
Whoiskurt, LLC	$297,048.60
Shackled Film, LLC	$102,921.60
Black Friday the Film, Inc	$922,633.80
Eye on the Ball Enterprises, Inc	$559,428.00
Red Hippo Productions, Inc	$812,419.43
Metropark, LLC	$295,275.80
Survivalist the Film, LLC	$642,824.50
Universal Television, LLC	$12,911,280.32
Redo Askew, LLC	$2,928,537.42
Apple Slice Productions, LLC	$3,742,405.50
Universal Content Productions, LLC	$3,205,416.90
Total Approved SFY2021 Tax Credits	**$30,896,007.93**
Total Unused SFY2021 Tax Credits	**$119,103,992.07**

SFY2021 – Unredeemed Legacy Film Tax Credits	
Applicant	**Approved Total Award**
Eye on the Ball Enterprises, Inc	$559,428.00
Apple Slice Productions, LLC	$3,742,405.50
Total Unredeemed SFY2021 Tax Credits	**$4,301,833.50**

SFY2021 Total Unused and Unredeemed Tax Credits: $123,405,825.57

Total SFY2022 Legacy Film Tax Credit Cap: $223,405,825.57

Certification of Unused or Unredeemed Studio Partner Film Tax Credits:

SFY2021 Studio Partner Tax Credit Cap: $100,000,000

SFY2021 Studio Partner Tax Credit Approvals: $0

Total Unused or Unredeemed SFY2021 Studio Partner Tax Credit: $100,000,000

Total SFY2022 Studio Partner Tax Credit Cap: $200,000,000

Certification of Unused or Unredeemed Film-lease Partner Film Tax Credits:

SFY2021 Film-lease Partner Tax Credit Cap: $100,000,000

SFY2021 Film-lease Partner Tax Credit Approvals: $0

Total Unused or Unredeemed SFY2021 Film-lease Partner Tax Credit: $100,000,000

Total SFY2022 Film-lease Partner Tax Credit Cap: $200,000,000

<u>Certification of Unused or Unredeemed Digital Media Tax Credits</u>
SFY2021 Digital Media Tax Credit Cap: $40,000,000

SFY2021 – Digital Media Credit Approvals	
Applicant	**Approved Total Award**
CNBC, LLC	$7,511,561.60
Total Approved SFY2021 Tax Credits	**$7,511,561.60**
Total Unused SFY2021 Tax Credits	**$32,488,438.40**

SFY2021 Total Unused and Unredeemed Digital Media Tax Credits: $32,488,438.40

Total SFY2022 Digital Media Tax Credit Cap: $62,488,438.40

<u>Recommendation:</u>

The Members are requested to approve the following:

1. The certification of $123,405,825.57 in unused or unredeemed legacy film tax credits for SFY2021 which will increase the legacy film tax credits available for SFY2022. This increase will raise the total amount of film tax credits available in SFY2022 to $223,405,825.57.
2. The certification of $100,000,000 in unused or unredeemed studio partner film tax credits for SFY2021 which will increase the studio partner film tax credits available for SFY2022. This increase will raise the total amount of studio partner film tax credits available in SFY2022 to $200,000,000.
3. The certification of $100,000,000 in unused or unredeemed film-lease partner film tax credits for SFY2021 which will increase the film-lease film tax credits available for SFY2022. This increase will raise the total amount of film-lease partner tax credits available in SFY2022 to $200,000,000.
4. The certification of $32,488,438.40 in unused or unredeemed digital media tax credits for SFY2021 which will increase the digital tax credits available for SFY2022. This increase will raise the total amount of digital media tax credits available in SFY2022 to $62,488,438.40.

Tim Sullivan, CEO

Prepared by: Matt Sestrich

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

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

As amended by law on 7/2/2021, the eligible tax credit for qualified film production expenses increased from 30% to 35% for applications received after Jan 7, 2021. Additionally, for applications received after July 2, 2021, the program amendment also eliminates the targeted county bonus and specifies a tax credit of 30% for services performed and tangible personal property purchased for use at a sound stage or other location that is located in the State within a 30-mile radius of the intersection of Eighth Avenue/Central Park West, Broadway, and West 59th Street/Central Park South, New York, New, York.

APPLICANT: Lucky 8 TV LLC PROD-00276661

APPLICANT BACKGROUND:
‘FOOD THAT BUILT AMERICA’ S3 tells the unexpected stories of America's biggest food brands. Larger than life characters fight tooth and nail to build some of the largest businesses on the planet, fueling the rise of the most powerful empire on the planet.

The film content has been reviewed and recommended for approval under the Act by the New Jersey Motion Picture and Television Commission. The Commission has determined that the film shall include, at no cost to the State, marketing materials promoting the State, including the placement of a logo in the end credits of the film.

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

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

A. Total Film Production Expenses	$5,900,718
B. Total Post-Production Expenses	$0
C. Total expenses for services performed and goods purchased through vendors authorized to do business in New Jersey (excluding any post-production expenses)	$5,900,718
Percentage Calculation = C/(A-B)	100%
Criterion Met	**Yes**

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

Total Qualified Film Production Expenses incurred in NJ in two privilege periods, of which at least $1 million is incurred in a single privilege period after July 1, 2018.	$5,900,718
Criterion Met	**Yes**

AWARD CALCULATION

Base Award Criteria	Calculation	Result
35% of Qualified Film Production Expenses	$5,900,718 x 35% =	$2,065,251.30
Bonus Criteria Met		
Submission of Diversity Plan deemed satisfactory by EDA and NJ Taxation. 2% of Qualified Film Production Expenses.	$5,900,718 x 2% =	$118,014.36
Total Award		**$2,183,265.66**

APPLICATION RECEIVED DATE:	6/4/2021
DATE APPLICATION DEEMED COMPLETE:	6/23/2021
PRINCIPAL PHOTOGRAPHY COMMENCEMENT:	8/2/2021
PRINCIPAL NJ PHOTOGRAPHY LOCATION:	Little Falls, NJ
ESTIMATED DATE OF PROJECT COMPLETION:	12/31/2021
APPLICANT'S FISCAL YEAR END:	12/31/2021
TAX CREDIT VINTAGE YEAR(S):	2022
TAX FILING TYPE:	New Jersey Corporate Business Tax
ANTICIPATED CERTIFICATION DATE:	5/1/2022

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

The Garden State Film and Digital Media Jobs Act originally provided a total of $100 million in tax credits for State Fiscal Year 2022. On January 12, 2022, with approval of expansion of Film and Digital Media Tax Credit that allowed roll over of unused tax credit from prior years added additional 123,405,825.57 to fiscal year 2022. As a result, available tax credit for State Fiscal Year 2022 to $223,405825.57 After today's approvals, $89.97 million remains in the program for State Fiscal Year 2022. There are 28 additional applications in the pipeline totaling $55.92 million.

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

APPROVAL OFFICER: Dan Madden

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

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

As amended by law on 7/2/2021, the eligible tax credit for qualified film production expenses increased from 30% to 35% for applications received after Jan 7, 2021. Additionally, for applications received after July 2, 2021, the program amendment also eliminates the targeted county bonus and specifies a tax credit of 30% for services performed and tangible personal property purchased for use at a sound stage or other location that is located in the State within a 30-mile radius of the intersection of Eighth Avenue/Central Park West, Broadway, and West 59th Street/Central Park South, New York, New, York.

APPLICANT: Universal Television LLC
(FBI - Most Wanted S2) PROD-00258584

APPLICANT BACKGROUND:
From Emmy Award winner Dick Wolf and the team behind FBI and the *Law & Order* franchise, *FBI: Most Wanted* is a high stakes drama that focuses on the Fugitive Task Force, which relentlessly tracks and captures the notorious criminals on the Bureau's Most Wanted list. Seasoned agent Jess LaCroix (Julian McMahon) oversees the highly skilled team which functions as a mobile undercover unit that's always out in the field, pursuing those who are most desperate to elude justice. Dick Wolf, René Balcer, Arthur W. Forney and Peter Jankowski are executive producers for Wolf Entertainment and Universal Television in association with CBS Television Studios. Fred Berner directed the pilot from a script by Balcer.

The film content has been reviewed and recommended for approval under the Act by the New Jersey Motion Picture and Television Commission. The Commission has determined that the film shall include, at no cost to the State, marketing materials promoting the State, including the placement of a logo in the end credits of the film.

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

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

A. Total Film Production Expenses	$108,358,106.00
B. Total Post-Production Expenses	$3,383,745.00
C. Total expenses for services performed and goods purchased through vendors authorized to do business in New Jersey (excluding any post-production expenses)	$6,089,186.50
Percentage Calculation = C/(A-B)	5.8%
Criterion Met	**No**

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

Qualified Film Production Expenses incurred in NJ during a single privilege period after July 1, 2018.	$6,089,186.50
Criterion Met	**Yes**

AWARD CALCULATION

Base Award Criteria	Calculation	Result
35% of Qualified Film Production Expenses	$6,089,186.50 x 35% =	$2,131,215.28
Bonus Criteria Met		
Submission of Diversity Plan deemed satisfactory by EDA and NJ Taxation. 2% of Qualified Film Production Expenses.	$0 x 2% =	

Total Award		**$2,131,215.28**

APPLICATION RECEIVED DATE:	5/18/2021
DATE APPLICATION DEEMED COMPLETE:	6/25/2021
PRINCIPAL PHOTOGRAPHY COMMENCEMENT:	12/09/2020
PRINCIPAL NJ PHOTOGRAPHY LOCATION:	East Rutherford Borough
ESTIMATED DATE OF PROJECT COMPLETION:	05/20/2021
APPLICANT'S FISCAL YEAR END:	12/31/2021
TAX CREDIT VINTAGE YEAR(S):	2022
TAX FILING TYPE:	Corporate Business Tax
ANTICIPATED CERTIFICATION DATE:	6/15/2022

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

The Garden State Film and Digital Media Jobs Act originally provided a total of $100 million in tax credits for State Fiscal Year 2022. On January 12, 2022, with approval of expansion of Film and Digital Media Tax Credit that allowed roll over of unused tax credit from prior years added additional 123,405,825.57 to fiscal year 2022. As a result, available tax credit for State Fiscal Year 2022 to $223,405825.57 After today's approvals, $89.97 million remains in the program for State Fiscal Year 2022. There are 28 additional applications in the pipeline totaling $55.92 million.

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

APPROVAL OFFICER: M. Bhatia

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

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

As amended by law on 7/2/2021, the eligible tax credit for qualified film production expenses increased from 30% to 35% for applications received after Jan 7, 2021. Additionally, for applications received after July 2, 2021, the program amendment also eliminates the targeted county bonus and specifies a tax credit of 30% for services performed and tangible personal property purchased for use at a sound stage or other location that is located in the State within a 30-mile radius of the intersection of Eighth Avenue/Central Park West, Broadway, and West 59th Street/Central Park South, New York, New, York.

APPLICANT: The Furies Film LLC PROD-00288263

APPLICANT BACKGROUND:
A new Horror film from Travis Stevens Barbhouse / Genco Pictures called “A Wounded Fawn”.

The film content has been reviewed and recommended for approval under the Act by the New Jersey Motion Picture and Television Commission. The Commission has determined that the film shall include, at no cost to the State, marketing materials promoting the State, including the placement of a logo in the end credits of the film.

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

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

A. Total Film Production Expenses	$1,561,518.00
B. Total Post-Production Expenses	$158,853.00
C. Total expenses for services performed and goods purchased through vendors authorized to do business in New Jersey (excluding any post-production expenses)	$1,504,760

Percentage Calculation = C/(A-B)	101%
Criterion Met	**Yes**

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

Qualified Film Production Expenses incurred in NJ during a single privilege period after July 1, 2018.	$1,504,760
Criterion Met	**Yes**

AWARD CALCULATION

Base Award Criteria	**Calculation**	**Result**
35% of Qualified Film Production Expenses	$1,504,760 x 35% =	$526,666.00
Bonus Criteria Met		
Submission of Diversity Plan deemed satisfactory by EDA and NJ Taxation. 2% of Qualified Film Production Expenses.	$0 x 2% =	$0
Total Award		**526,666**

APPLICATION RECEIVED DATE:	6/12/2021
DATE APPLICATION DEEMED COMPLETE:	8/31/2021
PRINCIPAL PHOTOGRAPHY COMMENCEMENT:	2/26/2022
PRINCIPAL NJ PHOTOGRAPHY LOCATION:	Atlantic City
ESTIMATED DATE OF PROJECT COMPLETION:	10/22/2021
APPLICANT’S FISCAL YEAR END:	12/31/21
TAX CREDIT VINTAGE YEAR(S):	2022
TAX FILING TYPE:	Corporate Business Tax
ANTICIPATED CERTIFICATION DATE:	03/31/2022

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

The Garden State Film and Digital Media Jobs Act originally provided a total of $100 million in tax credits for State Fiscal Year 2022. On January 12, 2022, with approval of expansion of Film and Digital Media Tax Credit that allowed roll over of unused tax credit from prior years added additional 123,405,825.57 to fiscal year 2022. As a result, available tax credit for State Fiscal Year 2022 to $223,405825.57 After today's approvals, $89.97 million remains in the program for State Fiscal Year 2022. There are 28 additional applications in the pipeline totaling $55.92 million.

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

APPROVAL OFFICER: D Lieberman

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

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

As amended by law on 7/2/2021, the eligible tax credit for qualified film production expenses increased from 30% to 35% for applications received after Jan 7, 2021. Additionally, for applications received after July 2, 2021, the program amendment also eliminates the targeted county bonus and specifies a tax credit of 30% for services performed and tangible personal property purchased for use at a sound stage or other location that is located in the State within a 30-mile radius of the intersection of Eighth Avenue/Central Park West, Broadway, and West 59th Street/Central Park South, New York, New, York.

APPLICANT: AT Film Productions, Inc. PROD-00297277

APPLICANT BACKGROUND:
ARMAGEDDON TIME is an autobiographical drama inspired by director James Gray's coming-of-age as a child in a pre-Reagan era in America. Growing up in 1980s Queens, in a warm and rowdy family, 12-year-old Paul Graff must find his way when transferred to a private prep school and faced with an almost exclusively white, privileged and prejudiced student body.

The film content has been reviewed and recommended for approval under the Act by the New Jersey Motion Picture and Television Commission. The Commission has determined that the film shall include, at no cost to the State, marketing materials promoting the State, including the placement of a logo in the end credits of the film.

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

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

A. Total Film Production Expenses	$21,199,346
B. Total Post-Production Expenses	$1,176,816
C. Total expenses for services performed and goods purchased through vendors authorized to do business in New Jersey (excluding any post-production expenses)	$14,634,455
Percentage Calculation = C/(A-B)	73.09%
Criterion Met	**Yes**

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

Qualified Film Production Expenses incurred in NJ during a single privilege period after July 1, 2018.	$13,884,455
Criterion Met	**Yes**

AWARD CALCULATION

Base Award Criteria	Calculation	Result
30% of Estimated Qualified Film Production Expenses incurred within 30-mile radius of Columbus Circle, NYC	$3,944,677 x 30% =	$1,183,403.10
35% of Estimated Qualified Film Production Expenses incurred outside of 30-mile radius of Columbus Circle, NYC	($13,884,455 - $3,944,677) x 35% =	$3,478,922.30
Bonus Criteria Met		
Submission of Diversity Plan deemed satisfactory by EDA and NJ Taxation. 2% of Qualified Film Production Expenses.	$0 x 2% =	$0.00
Total Award		**$4,662,325.40**

APPLICATION RECEIVED DATE:	9/10/2021
DATE APPLICATION DEEMED COMPLETE:	9/14/2021
PRINCIPAL PHOTOGRAPHY COMMENCEMENT:	10/11/2021
PRINCIPAL NJ PHOTOGRAPHY LOCATION:	Bayonne City, NJ
ESTIMATED DATE OF PROJECT COMPLETION:	12/2/2021
APPLICANT'S FISCAL YEAR END:	12/31/2021
TAX CREDIT VINTAGE YEAR(S):	2022
TAX FILING TYPE:	Corporate Business Tax
ANTICIPATED CERTIFICATION DATE:	6/1/2022

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

The Garden State Film and Digital Media Jobs Act originally provided a total of $100 million in tax credits for State Fiscal Year 2022. On January 12, 2022, with approval of expansion of Film and Digital Media Tax Credit that allowed roll over of unused tax credit from prior years added additional 123,405,825.57 to fiscal year 2022. As a result, available tax credit for State Fiscal Year 2022 to $223,405825.57 After today's approvals, $89.97 million remains in the program for State Fiscal Year 2022. There are 28 additional applications in the pipeline totaling $55.92 million.

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

APPROVAL OFFICER: K. Mironova

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

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

As amended by law on 7/2/2021, the eligible tax credit for qualified film production expenses increased from 30% to 35% for applications received after Jan 7, 2021. Additionally, for applications received after July 2, 2021, the program amendment also eliminates the targeted county bonus and specifies a tax credit of 30% for services performed and tangible personal property purchased for use at a sound stage or other location that is located in the State within a 30-mile radius of the intersection of Eighth Avenue/Central Park West, Broadway, and West 59th Street/Central Park South, New York, New, York.

APPLICANT: The Bros Movie LLC PROD-00300365

APPLICANT BACKGROUND:
The Bros Movies centers on two gay men with commitment issues who attempt a relationship.

The film content has been reviewed and recommended for approval under the Act by the New Jersey Motion Picture and Television Commission. The Commission has determined that the film shall include, at no cost to the State, marketing materials promoting the State, including the placement of a logo in the end credits of the film.

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

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

A. Total Film Production Expenses	$35,471,252.00
B. Total Post-Production Expenses	$4,542,410.00
C. Total expenses for services performed and goods purchased through vendors authorized to do business in New Jersey (excluding any post-production expenses)	$22,872,059.00
Percentage Calculation = C/(A-B)	74%
Criterion Met	**Yes**

2. Qualified Film Production Expenses: During a single privilege period, the film must have more than $1 million in qualified film production expenses. "Qualified film production expenses" are expenses incurred in New Jersey after July 1, 2018 for the production of a film, including pre-production costs and post-production costs. "Qualified film production expenses" shall include, but shall not limited to:

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

Qualified Film Production Expenses incurred in NJ during a single privilege period after July 1, 2018.	$22,839,733.00
Criterion Met	**Yes**

AWARD CALCULATION

Base Award Criteria	Calculation	Result
30% of Estimated Qualified Film Production Expenses incurred within 30-mile radius of Columbus Circle, NYC	$ 7,443,301.00 x 30% =	$2,232,990.30
35% of Estimated Qualified Film Production Expenses incurred outside of 30-mile radius of Columbus Circle, NYC	($22,839,733 - $7,443,301.00) x 35% =	$5,388,751.20
Bonus Criteria Met		
Submission of Diversity Plan deemed satisfactory by EDA and NJ Taxation. 2% of Qualified Film Production Expenses.	$22,839,733 x 2% =	$456,794.66
Total Award		**$8,078,536.16**

APPLICATION RECEIVED DATE:	10/13/2021
DATE APPLICATION DEEMED COMPLETE:	10/15/2021
PRINCIPAL PHOTOGRAPHY COMMENCEMENT:	09/15/2021
PRINCIPAL NJ PHOTOGRAPHY LOCATION:	Kearny Town, NJ
ESTIMATED DATE OF PROJECT COMPLETION:	05/06/2022
APPLICANT'S FISCAL YEAR END:	12/31/2021
TAX CREDIT VINTAGE YEAR(S):	2022
TAX FILING TYPE:	Corporate Business Tax
ANTICIPATED CERTIFICATION DATE:	10/07/2022

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

The Garden State Film and Digital Media Jobs Act originally provided a total of $100 million in tax credits for State Fiscal Year 2022. On January 12, 2022, with approval of expansion of Film and Digital Media Tax Credit that allowed roll over of unused tax credit from prior years added additional 123,405,825.57 to fiscal year 2022. As a result, available tax credit for State Fiscal Year 2022 to $223,405825.57 After today's approvals, $89.97 million remains in the program for State Fiscal Year 2022. There are 28 additional applications in the pipeline totaling $55.92 million.

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

APPROVAL OFFICER: D Lieberman

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

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

As amended by law on 7/2/2021, the eligible tax credit for qualified film production expenses increased from 30% to 35% for applications received after Jan 7, 2021. Additionally, for applications received after July 2, 2021, the program amendment also eliminates the targeted county bonus and specifies a tax credit of 30% for services performed and tangible personal property purchased for use at a sound stage or other location that is located in the State within a 30-mile radius of the intersection of Eighth Avenue/Central Park West, Broadway, and West 59th Street/Central Park South, New York, New, York.

APPLICANT: Wonderlanded Production Services LLC PROD-00257901

APPLICANT BACKGROUND:
Wonderlanded Production Services LLC is the production company responsible for film 'Wonderlanded'. Wonderlanded is a contemporary interpretation and retelling of the Lewis Carroll novel, "Alice in Wonderland". Taking place in Malibu, California in 1998, the series follows the life of Alice Liddell, a senior high school student at Malibu High School. All of the major characters of the original novel interweave with the coming of age story of 17-year-old Alice.

The program content has been reviewed and recommended for approval under the Act by the New Jersey Motion Picture and Television Commission. The Commission has determined that the program shall include, at no cost to the State, marketing materials promoting the State, including the placement of a logo in the end credits of the program.

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

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

A. Total Film Production Expenses	$68,120,698.00
B. Total Post-Production Expenses	$3,680,923.00
C. Total expenses for services performed and goods purchased through vendors authorized to do business in New Jersey (excluding any post-production expenses)	$64,439,775.00
Percentage Calculation = C/(A-B)	100%
Criterion Met	**Yes**

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

Qualified Film Production Expenses incurred in NJ during a single privilege period after July 1, 2018.	$33,945,421.17
Criterion Met	**Yes**

AWARD CALCULATION

Base Award Criteria	Calculation	Result
30% of Qualified Film Production Expenses	$67,890,842.33 x 30% =	$20,367,252.70
Bonus Criteria Met		
Submission of Diversity Plan deemed satisfactory by EDA and NJ Taxation. 2% of Qualified Film Production Expenses.	$67,890,842.33 x 2% =	$1,357,816.85
5% of Qualified Film Production Expenses incurred for services performed and tangible personal property purchased through vendors whose primary place of business is located in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer or Salem County.	$47,669,544.00 x 5% =	$2,383,477.20
Total Award		**$24,108,546.75**

APPLICATION RECEIVED DATE:	12/16/2020
DATE APPLICATION DEEMED COMPLETE:	6/1/2021
PRINCIPAL PHOTOGRAPHY COMMENCEMENT:	8/15/2021
PRINCIPAL NJ PHOTOGRAPHY LOCATION:	Deerfield, NJ
ESTIMATED DATE OF PROJECT COMPLETION:	8/31/2021

APPLICANT'S FISCAL YEAR END:	12/31/2021
TAX CREDIT VINTAGE YEAR(S):	2022
TAX FILING TYPE:	Gross Income Tax
ANTICIPATED CERTIFICATION DATE:	3/31/2022

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

The Garden State Film and Digital Media Jobs Act originally provided a total of $100 million in tax credits for State Fiscal Year 2022. On January 12, 2022, with approval of expansion of Film and Digital Media Tax Credit that allowed roll over of unused tax credit from prior years added additional 123,405,825.57 to fiscal year 2022. As a result, available tax credit for State Fiscal Year 2022 to $223,405825.57 After today's approvals, $89.97 million remains in the program for State Fiscal Year 2022. There are 28 additional applications in the pipeline totaling $55.92 million.

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

APPROVAL OFFICER: M. Bhatia

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: February 9, 2022

SUBJECT: Main Street Lenders Grant Product

Summary

The Members are asked to approve:

1. Creation of the Main Street Lenders Grant product - a pilot product under the Main Street Recovery Finance Program that will offer lending grants of up to $1,000,000 to be used by eligible micro business lenders to create new or supplement existing micro business loan products; these lenders would also be eligible for an additional technical assistance grant equal to 50% of the lending grant request to better prepare micro businesses to qualify for these or other loan products. The Main Street Lenders Grant product will be available to Community Development Financial Institutions (CDFIs), Minority Depository Institutions (MDIs), and other eligible lenders, as defined in 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.

2. Main Street Recovery Fund utilization of up to $15 million to fund the Main Street Lender Grant pilot product, with delegation to the Chief Executive Officer to increase funding to $22.5 million in the event that demand exceeds the $15 million in available funding.

3. The utilization of 3% ($450,000 up to $675,000) in addition to the funding allocated to this product to be used by the Authority to support administrative costs that are needed to administer the Main Street Lenders Grant product.

4. Delegation to Authority staff (Chief Community Development Officer, Managing Director Community Development, and Director of Small Business Services) to approve individual applications to the Main Street Lenders Grant Program in accordance with the terms set forth in the attached program specifications and to decline applicants based solely on non-discretionary reasons. For final administrative decisions

based solely on non-discretionary reasons, delegated authority is requested for approval by a Chief Legal & Strategic Affairs Officer, any Vice President, or the Director Legal Affairs.

Background

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. On 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.

One of the 15+ programs under the ERA is the Main Street Recovery Finance Program, a 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. As of today, $100 million has been appropriated for the Main Street Recovery Fund, which funds products in the Main Street Recovery Finance Program. On August 11, 2021, the Members approved the creation of special adopted rules creating the Main Street Recovery Finance Program. These rules created two initial products under the Main Street Program – the Small Business Lease Assistance Grant and the Small Business Improvement Grant. On November 13, 2021, the Members approved the creation of a third pilot product, the Main Street Micro Business Loan, under the Main Street Program. At the time each of these products were approved, Members were advised that requests to create additional pilot products under the Main Street Recovery Finance Program would be forthcoming. This item represents a request to create a fourth pilot product under the Main Street Program – the Main Street Lenders Grant product.

While the other products established under Main Street by the NJEDA provide direct funding to small and micro businesses in the form of lease assistance and business improvement grants, as well as low-interest, forgivable loans, the Authority has previously provided support to other lenders, for the purpose of establishing or supplementing loan products designed for micro businesses, given that some micro businesses have difficulties accessing financing through the traditional banking sector. For example, the Authority created the Community Development Finance Institution (CDFI) Emergency Assistance Grant Program and the Micro Lender Support Grant Program – both of which were designed to provide grant funding to various micro business lending organizations to allow these organizations to scale operations, meet massive demand for financing among New Jersey micro businesses, and provide loans to micro businesses at low interest-rates.

The Main Street Recovery Finance Program under the ERA defines a host of eligible lenders to whom the Authority is authorized to provide grant funding using the Main Street Recovery Fund. Therefore, the Members approval is requested to approve the creation of the Main Street Lenders Grant pilot product to provide grant funding to CDFIs (including non-New Jersey-based CDFIs serving New Jersey micro and small businesses), Minority Depository Institutions (MDIs), and other organizations that meet the definition of “other eligible lenders” as defined under Subsection b. of Section 86 of P.L. 2020, c. 156 (NJSA 34:1B-353), which includes a zone development corporation (as defined in NJSA 52:27H-62) that is located in a municipality with a population greater than 100,000, or another nonprofit lender with at least 10 years’ experience lending to micro businesses.

Product Details

The Main Street Lenders Grant pilot product will offer two types of grants to eligible entities. The first type of grant is a lending grant – or a grant that will be used as funding for new micro business lending products or as supplemental funding for existing micro business lending products. The maximum lending grant that can be awarded to each entity is $1 million.

Recognizing that micro businesses not only need financing, but assistance with applying and qualifying for such financing, the second type of grant that will be made available through this product, as a complement to the lending grant, is a technical assistance grant. This grant will support eligible entities with the costs associated with providing technical assistance to micro businesses to best prepare and position these micro businesses to qualify for micro business loans. The maximum technical assistance grant an eligible entity can receive is 50% of their lending grant amount (not to exceed $500,000). Only lenders that receive a lending grant are eligible for the technical assistance grant.

Eligible lenders will be those as defined in 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. Beyond meeting the statutory definition, the Authority will require that any entity applying for the lending grant have a demonstrated history of 10 years’ experience serving small and micro businesses. Furthermore, any entity applying for the technical assistance grant must demonstrate two years’ experience providing technical assistance to micro businesses – either directly, or in collaboration with a technical assistance partner. The intent is for these grants to enable entities to provide micro businesses with technical assistance, and then to be able to offer a loan product to the micro business upon completion of the technical assistance.

As part of this Main Street Lenders Grant pilot product, the Authority is establishing parameters around the type of loan products the micro business lender can offer using the Main Street Lenders Grant. Loan products created by eligible entities using the Main Street Lenders Grant must meet the following specifications:

- Must be for micro businesses that have less than 10 full time employees at the time of application and have less than $1.5 million in annual revenue (based on their last federal tax return required to be filed).
- The micro business must have a commercial location in New Jersey, which can be a home-based business.
- Loans may be used by the micro business for any purpose except restructuring existing debt or financing, any construction, reconstruction, demolition, alteration, repair work, maintenance work, or construction related to installation of equipment where such activity exceeds $1,999.99. Additionally, home-based businesses are not permitted to use the working capital loans for rent/mortgage/property tax payments or utilities or for the purchase of equipment that attaches to the property. Examples of permitted uses are

equipment purchases, rolling stock, and operating expenses such as payroll, marketing, inventory, rent, mortgage/property tax payments, utilities, or any other expenses that are applicable to the daily operation of the business.

- Home-based businesses, non-profit organizations, for-profit entities, sole proprietors, and/or startups may be eligible to participate in the program that will be funded through the Main Street Lenders Grant.
- All entities will be required to collect a current NJ Business Tax Clearance Certificate from applicants unless the applicant is a non-profit that is not required to register with the Division of Taxation. The minimum credit score required of the micro business to qualify for the loan must be under 650.
- Terms of the loan to applicants can go up to a 10-year term.
- Upon loan closing, a payment moratorium period of at least 12 months must be provided to the micro businesses.
- Loan product being offered must be fully amortizing to avoid balloon payments.
- Interest rates cannot exceed 5% on each loan.
- Loan amounts must be no greater than $100,000 and no lower than $10,000.
- Must allow for a minimum Debt Service Coverage Ratio on this program of 1.0, but personal cash flow of owners who are personal guarantors may be considered
- Application fees may be charged but cannot exceed 1% of the loan amount.
- No prepayment penalty can be charged to the micro businesses.
- Collateral and personal guarantees are optional, as determined by lending entity
- Program can allow for loan modifications as determined by entity.
- Each entity must lend and disburse 40% of the total lending grant to businesses located in Opportunity Zone eligible census tracts (as explained below).
- All lending and technical assistance funds must be disbursed within 3 years from NJEDA grant closing date.
- Lenders cannot provide any financial assistance to micro businesses that are engaged in any of the following: the conduct or purveyance of “adult” (i.e., pornographic, lewd, prurient, obscene or otherwise similarly disreputable) activities, services, products or materials (including nude or seminude 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. Lenders can use any financial assistance to restructure or refinance of existing debt.

In addition to the lending grant, an entity can also apply for a technical assistance grant for up to 50% of the requested lending grant amount, not to exceed $500,000.

Technical assistance services may only be offered to micro businesses that meet the definition of a micro business and are pursuing financing. The technical assistance services offered by the lender that this grant can support may include, but are not limited to:

- Loan packaging assistance to applicants (for example, hiring new staff to directly serve those NJ-based micro businesses applying for new or existing loan products funded by the lending grant).
- Credit repair services that may be offered to help applicant repair their credit score to

be eligible for new or existing loan products funded by the lending grant.

- Business plan preparation services.
- Projection preparation assistance for entities that need such info for their loan application.
- QuickBooks and Excel training services to help business owners better track their business operations.
- Online and social media specific marketing to help a business grow their operations and customer base.
- E-commerce services to help business owners pivot into better servicing their customer through a website (either creating or updating a current website) or to set up an e- commerce platform and pay for subscription fees.

The maximum amount that any eligible entity may apply for under the Main Street Lenders Grant pilot product is $1.5 million ($1 million lending grant and $500,000 technical assistance grant). Under the Main Street Lenders Grant product, the Authority will invite CDFIs, and other entities that meet the criteria outlined in the attached program specifications, to apply for this product. As part of the evaluation of each organization's grant application, an applicant:

- Must demonstrate the applicant has 10 years of lending experience to micro and small businesses. Must provide a recap of portfolio activity in the last 10 years from date of application to demonstrated growth in capacity and lending efforts in the last year. This can be demonstrated in the financials or balance sheets.

- Must provide detailed information related to the new product that will be created with these funds, or existing loan programs that will be leveraged with these funds, and that will meet Main Street Lender Grant specifications for flexible loan products. A product term sheet must be provided as part of application and highlight eligibility criteria, loan terms, and fees and any other necessary criteria.

- Must explain the applicant's policy or plan serving communities and business segments underserved by the banking sector and other financial institutions that the applicant serves and show significant experience complying with such policy or plan.

- Must provide a detailed marketing plan on how this product will be marketed to attract new micro businesses owners. Plan should highlight what steps will be taken to ensure their product will serve all micro business owners. They must demonstrate how they will hit the target of 40% of loans being closed in eligible Opportunity Zone Census Tracts. Applicants must offer their product information in other languages and they have to identify what specific language.

- Must provide their current overall loan portfolio activity information within the last year. They must identify the percentage of micro businesses served (using NJEDA's definition of micro business) and separate small versus micro business lending. The applicant must provide a breakout of percentage of micro businesses served (using NJEDA's definition of a micro business). This percentage of micro businesses served in the last year must be at least 20% to be eligible.

- Must demonstrate experience of at least 2 years in providing technical assistance to small and micro business owners. Lender must be able to document direct technical assistance experience or document an association with a for-profit or non-profit entity that will be providing such eligible technical assistance activities to micro businesses looking to pursue the lending product. The applicant will provide the number of businesses served within the two years and direct services provided and indicate how the businesses leveraged this support.

Applicants must complete an online grant application, provide a 1-3-page narrative proposal detailing how the Authority's grant funding would be used, and disclose key financial metrics, such as availability of capital that demonstrate capacity to offer loan products. As required by the Main Street Recovery Finance Program statute, in addition to the eligibility parameters already stated above, the applicant must also be in substantial good standing with the New Jersey Department of Labor and Workforce Development (LWD), NJ Department of Environmental Protection, and the New Jersey Department of the Treasury 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 NJ Division of Taxation, unless the applicant is not required to register with the Division of Taxation.

To appropriately fund the Main Street Micro Lenders Grant, the Members are requested to approve the use of $15 million from the Main Street Recovery Fund. Additionally, the Members are asked to approve the delegation to the Chief Executive Officer to increase funding to $22.5 million in the event that demand exceeds the $15 million in available funding.

Diversity & Inclusion

The Main Street Recovery Finance Program statute requires the Authority to complete a disparity study for the purposes of establishing policies, practices, protocols, and, if appropriate, minimum percentages of Main Street Recovery Finance Program funding to be set aside for eligible small businesses and microbusinesses that are minority-owned business enterprises or women-owned business enterprises. The Authority is currently in the process of undertaking this study and does not yet have the ability to reserve a portion of funding specifically for minority or women-owned businesses. Instead, staff proposes that any loan program created by an eligible entity using the Authority's lending grant must disburse 40% of the total lending grant amount to micro businesses that meet all other applicable eligibility criteria and have a commercial business address (or home address for home-based businesses) located (fully or partially) in a census tract that was eligible to selected as New Jersey Opportunity Zone (i.e. a New Market Tax Credit census tract).

There are 715 census tracks that were eligible to be Opportunity Zones in New Jersey. Setting aside a portion of available funding under the Loan to Micro Business Lenders Program to support entities located 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. If this requirement is not met within three years from the date the Authority and lending entity execute the grant agreement, then the Authority can recapture the grant proceeds. The Authority will track the performance of any entity that is awarded a grant through the Main Street Lenders Grant pilot product by requiring the completion of quarterly reports on the utilization of the lending and technical assistance grants under the Main Street Lenders Grant pilot product.

Fees & Administrative Expenses

Staff is also requesting to use 3% for administrative costs of the total amount requested for this product. This is in addition to the amount requested for this product and would be funded from the Main Street Recovery Fund. A standard application fee of $1,000 will be collected by the applicants at time of application.

This pilot product will be available for three years from the date applications are made available to the public, or until the total funding pool is exhausted (whichever is sooner). Applications will be reviewed on a first-come, first-served basis, based on the date/time in which the Authority receives the completed application. While the Authority anticipates that most applications will provide a complete set of required information needed to evaluate the application, staff will follow up with applicants if clarity or additional support documentation is needed.

Delegated Authority

Finally, the Members are requested to approve Delegation to Authority staff (Chief Community Development Officer, Managing Director Community Development, and Director of Small Business Services) to approve individual applications to the Main Street Lenders Grant product in accordance with the terms set forth in the attached product specifications. The delegated authority requested for approval also includes the delegated authority to decline for any decisions based solely on non-discretionary reasons.

Entities whose applications are denied will have the right to appeal. Appeals must be filed within the timeframe set in the declination letter (which must be at least 10 business days). The Director of Legal Affairs will designate Hearing Officers who will review the applications, the appeals, and any other relevant documents or information. The Hearing Officer will recommend an administrative decision. For final appeal decisions on non-discretionary reasons delegated authority is issued to the following staff Chief Legal & Strategic Affairs Officer, any Vice President, and Director of Legal Affairs.

Recommendation

Approval is requested for: (1) Creation of the Main Street Lenders Grant - a pilot product under the Main Street Recovery Finance Program that will offer lending grants of up to $1,000,000 to be used by eligible micro business lenders to create new or supplement existing micro business loan products; and technical assistance grants equal to 50% of the lending grant request, for eligible micro business lenders to provide technical assistance to better prepare micro businesses to qualify for these loan products. The Main Street Lenders Grant will be available to Community Development Financial Institutions (CDFIs), Minority Depository Institutions (MDIs), and other eligible lenders, as defined in 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.; (2) Main Street Recovery Fund utilization of up to $15 million to fund the Main Street Lender Grant pilot program, with delegation to the Chief Executive Officer to increase funding to $22.5 million in the event that demand exceeds the $15 million in available funding; (3) The utilization of 3% in addition to the funding allocated to this product to be used by the Authority to support administrative costs that are needed to administer the Main Street Lenders Grant; and (4)

Delegation to Authority staff (Chief Community Development Officer, Managing Director Community Development, and Director of Small Business Services) to approve individual applications to the Main Street Lenders Grant Program in accordance with the terms set forth in the attached program specifications and to decline applications for any decisions based solely on non-discretionary reasons. For final administrative decisions based solely on non-discretionary reasons, delegated authority is requested for approval by a Chief Legal & Strategic Affairs Officer, any Vice President, or the Director Legal Affairs.

Tim Sullivan
Chief Executive Officer

Prepared by Christina Fuentse

Exhibit A – Main Street Lenders Grant – Product Specifications

Main Street Lenders Grant Product **Proposed Product Specifications**	
Funding Source	$15 million ($10 million for lending capital grants and $5 million for technical assistance grants) through the Main Street Recovery Fund – ERA. Delegation to the CEO to increase funding up to $22.5 million based on demand for this pilot product.
Product Purpose	NJEDA will provide a lending grant to eligible entities up to $1 million per entity that will administer their own micro business lending product. These entities will also be able to receive a technical assistance grant of up to 50% of their lending grant request to provide micro businesses the direct assistance they may need to qualify for these or other loans. Those services can include but are not limited to: • Loan packaging assistance to applicants (can be the addition of new staff that will directly serve these NJ based businesses applying to the product offered under this pool of funding) • Credit repair services to help applicant repair their credit score to be eligible for the loan product offered with this funding. • Business plan preparation services for their loan application. • Projection preparation assistance for entities that need such info for their loan application. • QuickBooks and Excel training services that may be needed to help the business owner better track their business operations. • Online and social media specific marketing to help a business grow their operations and customer base. • E-commerce services to help business owners pivot into better servicing their customer through a website (either creating or updating a current website), or setup of an e-commerce platform and pay for subscription fees.

Main Street Lenders Grant Product Proposed Product Specifications	
Eligible Applicants	All entities must have at least 10 years of small and micro business lending experience. These entities can be based outside of NJ but must use funds to service eligible NJ based businesses only. If applying for the technical assistance grant, entity must also demonstrate 2 years of experience providing technical assistance to micro businesses. Applicant must be one of the following: • Community Development Finance Institutions (CDFIs) • Minority Depository Institutions (MDIs) as recognized by the FDIC • Entities defined as “other eligible lenders” under Subsection b. of Section 86 of P.L. 2020, c. 156 (NJSA 34:1B-353b), which includes: a zone development corporation as defined in section 3 of P.L. 1983, c. 303 (C,52:27H-62) that is located in a municipality with a population greater than 100,000 (Paterson, Newark, Jersey City, Elizabeth, and Lakewood Twp.); or, a nonprofit lender with at least 10 years’ experience lending to micro and small businesses such as ECDs or CDCs
Eligible Uses	Entities applying to this product can only use the grant proceeds to create or supplement an existing lending product. The product must provide term working capital loans to qualified micro businesses offering the following features: • Must be for micro businesses that have less than 10 full time employees at the time of application and have less than $1.5 million in annual revenue (based on their last federal tax return required to be filed). • The micro business must have a commercial location in New Jersey, which can be a home-based business. • Loans may be used by the micro business for any purpose except restructuring existing debts or financing, any construction, reconstruction, demolition, alteration, repair work, maintenance work, or construction related to installation of equipment where such activity exceeds $1,999.99. Additionally, home-based businesses are not permitted to use the

Main Street Lenders Grant Product Proposed Product Specifications	
Eligible Uses: (continued)	working capital loans for rent/mortgage/property tax payments or utilities or for the purchase of equipment that attaches to the property. Examples of permitted uses are equipment purchases, rolling stock, and operating expenses such as payroll, marketing, inventory, rent, mortgage/property tax payments, utilities, or any other expenses that are applicable to the daily operation of the business. • Home-based businesses, non-profit organizations, for-profit entities, sole proprietors, and/or startups may be eligible to participate in the program that will be funded through the Main Street Lenders Grant pilot product. • All entities will be required to collect a current NJ Business Tax Clearance Certificate from applicants unless the applicant is a non-profit that is not required to register with the Division of Taxation. • The minimum credit score required of the micro business to qualify for the loan must be under 650. • Terms of the loan to applicants can go up to a 10-year term. • Upon loan closing, a payment moratorium period of at least 12 months must be provided to the micro businesses. • Loan product being offered must be fully amortizing to avoid balloon payments. • Interest rates cannot exceed 5% on each loan. • Loan amounts must be no greater than $100,000 and no lower than $10,000. • Must allow for a minimum Debt Service Coverage Ratio on this program of 1.0, but the personal cash flow of owners who are personal guarantors may be considered. • Application fees may be charged but cannot exceed 1% of the loan amount. • No prepayment penalty can be charged to the micro businesses. • Collateral and personal guarantees are optional, as determined by lending entity. • Program can allow for loan modifications as determined by entity.

Main Street Lenders Grant Product Proposed Product Specifications	
Eligible Uses: (continued)	• Each entity must lend and disburse 40% of the total lending grant to businesses located in Opportunity Zone eligible census tracts (as explained below). • All lending and technical assistance funds must be disbursed within 3 years from NJEDA grant closing date. Lenders cannot provide any financial assistance to micro businesses that are engaged in any of the following: the conduct or purveyance of "adult" (i.e., pornographic, lewd, prurient, obscene or otherwise similarly disreputable) activities, services, products or materials (including nude or seminude 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	Under the Main Street Lenders Grant pilot product, the Authority will invite CDFIs, and other entities that meet the eligibility criteria to apply for this product. As part of the evaluation of each organization's grant application, an applicant: • Must demonstrate the applicant has 10 years of lending experience to micro and small businesses. Must provide a recap of portfolio activity in the last 10 years from date of application to demonstrated growth in capacity and lending efforts in the last year. This can be demonstrated in the financials or balance sheets. • Must provide detailed information related to the new product that will be created with these funds, or existing loan programs that will be leveraged with these funds, and that will meet Main Street Lender Grant product specifications for flexible loan products. A product term sheet must be provided as part of application and highlight eligibility criteria, loan terms, and fees and any other necessary criteria. • Must explain the applicant's policy or plan for serving communities and business segments

Main Street Lenders Grant Product Proposed Product Specifications	
	underserved by the banking sector and other financial institutions and show significant experience complying with such policy or plan. • Must provide a detailed marketing plan on how this product will be marketed to attract new micro businesses owners. Plan should highlight what steps will be taken to ensure their product will serve all micro business owners. They must demonstrate how they will hit the target of closing 40% of loans in eligible Opportunity Zone Census Tracts. Applicants must offer their product information in other languages and they have to identify what specific language. • Must provide their current overall loan portfolio activity information within the last year. The applicant must provide a breakout of percentage of micro businesses served (using NJEDA's definition of a micro business). This percentage of micro businesses served in the last year must be at least 20% to be eligible. • Must demonstrate experience of at least 2 years in providing technical assistance to small and micro business owners. Lender must be able to document direct technical assistance experience or document an association with a for-profit or non-profit entity that will be providing such eligible technical assistance activities to micro businesses looking to pursue the lending product. The applicant will provide the number of businesses served within the two years and the direct services provided, and also indicate how the businesses leveraged this support. Applicants must complete an online grant application, provide a 1-3-page narrative proposal detailing how the Authority's grant funding would be used, and disclose key financial metrics, such as availability of capital that demonstrates capacity to offer loan products. The applicant must also be in substantial good standing with the New Jersey Department of Labor and Workforce Development (LWD), NJ Department of Environmental Protection, and the New Jersey Department of the Treasury

Main Street Lenders Grant Product **Proposed Product Specifications**	
	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 NJ Division of Taxation, unless the applicant is not required to register with the Division of Taxation.
Lending Grant and Technical Assistance Grant Award Amount	• Lending grant of up to $1 million per eligible entity to lend to eligible NJ micro businesses. • Entities that receive a grant for lending purposes are also eligible to receive a technical assistance award of up to $500,000 (or up to 50% of total grant requested) per entity.
Funding Disbursement	• Grants will be disbursed at time of Closing. • Entities have 3 years from NJEDA grant agreement closing date to fully disburse all NJEDA grant funds. • 40% of the lending grant must be used to close loans that are in OZ eligible census tracts by the end of the 3 years or the grant will be recaptured by NJEDA. • Any unused portion of the grants shall be returned to NJEDA after the 3-year deployment period. • The technical assistance grant cannot exceed 50% of the request for the entities lending grant. • If grant funds are not used for eligible reasons as identified, then the entity is responsible for repayment to NJEDA.
Fees:	• Application fee (non-refundable): $1,000.00 per application • Administrative costs fee of 3% ($450,000 up to $675,000) of total funding request from the appropriation to go to NJEDA.

Main Street Lenders Grant Product Proposed Product Specifications	
Reporting:	Quarterly portfolio reporting will be required from each entity after they receive their funds. Report may include, but not be limited to: • Micro business entity name • Owner information • Location of micro business • Identify if located in an Opportunity Zone eligible census tract as per mapping • Amount of funding disbursed • Identify uses of funding • Total full-time employment at time of application, creation, and maintenance • Identified women, minority, veteran and LBGQT owned businesses when applicable • Capture certification when applicable • Demonstration of entity direct marketing efforts • Demonstration of entity outreach efforts to underserved communities • Grant tracking will be a separate report to track who was served and how, with documentation to be provided like invoices and paid statements • A separate report for technical services would be supplied to awardees and also completed on a quarterly basis; this report will similarly document how grant funds were spent.

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

NJ Accelerate Loan

APPLICANT: Arke Aeronautics PROD-00300733

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 309 Fellowship Road, Suite 200 PMB 305 Mount Laurel Township Burlington County

APPLICANT BACKGROUND:

Arke’s technology addresses systemic unmet Public Safety challenges felt by municipal departments, and national defense. Arke’s holistic platform technology solution built on modern cloud-based and mobile edge-compute technologies leverages the physical and digital systems like (Geographic Information Systems, Meteorological Sensors & Data Services, Computer Aided Dispatch, Closed Circuit Video, IoT sensors, etc.) and delivers this information (Situational Information Platform) via a custom incident-based dashboard tailored to each responder on a mobile device.

OTHER NJEDA SERVICES:

APPROVAL REQUEST:

Approval is requested for a $49,970 NJ Accelerate loan as proposed.

FINANCING SUMMARY:

LENDER: NJEDA

AMOUNT OF LOAN: $49,970

TERMS OF LOAN: 10-Year Term. The proposed loan will have a fixed interest rate of 3% with no payments for the first 84 months. Interest during this period will accrued and capitalized. Beginning month 85 principal plus interest payments will begin for the remaining three-year term to fully amortize the loan.

PRODUCT COSTS:

Working Capital	$49,970.00
TOTAL COSTS:	**$49,970.00**

JOBS:

NJ Full Time Jobs at Application	Expected New Full Time Eligible Jobs at Project Site	Full Time Maintained Jobs at Project Site	Estimated Construction Jobs
2	5	2	0

DEVELOPMENT OFFICER: Monica Valenzuela **UNDERWRITER OFFICER:** Madhavi Bhatia

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

NJ Accelerate Loan

APPLICANT: EnvoyatHome, Inc PROD-00301187

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 146 South Lakeview Drive, Suite 400 Gibbsboro Borough Camden County

APPLICANT BACKGROUND:

envoyatHome provides digital senior care services to help seniors live independently. The Company's service is powered by patent protected intellectual property that passively collects data from sensors in the home and transforms it into clinically relevant human behaviors, actionable real-time notification to both family and professional caregivers.

OTHER NJEDA SERVICES:

APPROVAL REQUEST:

Approval is requested for a $50,000 NJ Accelerate loan as proposed.

FINANCING SUMMARY:

LENDER: NJEDA

AMOUNT OF LOAN: $50,000

TERMS OF LOAN: 10-Year Term. The proposed loan will have a fixed interest rate of 3% with no payments for the first 84 months. Interest during this period will accrued and capitalized. Beginning month 85 principal plus interest payments will begin for the remaining three-year term to fully amortize the loan.

PRODUCT COSTS:

Working Capital	$50,000.00
TOTAL COSTS:	**$50,000.00**

JOBS:

NJ Full Time Jobs at Application	Expected New Full Time Eligible Jobs at Project Site	Full Time Maintained Jobs at Project Site	Estimated Construction Jobs
3	0	3	0

DEVELOPMENT OFFICER: Monica Valenzuela **UNDERWRITER OFFICER:** Madhavi Bhatia

NJEDA

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: February 9, 2022

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

The following supplemental commercial and residential projects have been approved by the Department of Environmental Protection to perform tank removal and site remediation activities. The scope of work is described on the attached project summary:

PUST Grants:

Commercial

Product 257921	Ira Tauman	$304,534.52

Residential

Product 297443	Mary Sargent	$102,172.25

Total UST Funding – February 2022 **$601,197.52**

Tim Sullivan
Chief Executive Officer

Prepared by: Kathy Junghans

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Underground Storage Tank - Commercial

APPLICANT: Ira Tauman PROD-00257921

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 2177 Millburn Avenue Maplewood Township Essex County

APPLICANT BACKGROUND:

Between May 1998 and April 2000, Ira Tauman, owner of Garden State Gulf, LLC which is an automotive repair facility, received an initial grant in the amount of $138,400 under P10106 and a supplemental grant in the amount of $111,600 under P10106s to remove and perform groundwater remediation for the closure of the former underground storage tanks (USTs) at the project site. The tanks were decommissioned in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional groundwater remediation.

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

OTHER NJEDA SERVICES:

$138,400, 10106: $111,600, P10106s

APPROVAL REQUEST:

The applicant is requesting grant funding in the amount of $304,534.52 to perform the approved scope of work at the project site. Total grant funding including this approval is $554,534.52.

FINANCING SUMMARY:

GRANTOR: Petroleum UST Remediation, Upgrade & Closure Fund

AMOUNT OF GRANT: $304,534.52

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

UST Project: Remediation	$304,534.52
EDA Administrative Cost	$500.00
TOTAL COSTS:	**$305,034.52**

DATE: 1/21/2022

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Underground Storage Tank - Residential

APPLICANT: Mary Sargent PROD-00297443

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 14 Avery Drive Monroe Township Gloucester County

APPLICANT BACKGROUND:

Mary Sargent is a homeowner seeking to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform the required remediation. The tank will be decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the project costs are technically eligible. Financial statements provided by the applicant demonstrate that the applicant's financial condition conforms to the financial hardship test for a conditional hardship grant.

OTHER NJEDA SERVICES:

None

APPROVAL REQUEST:

The applicant is requesting grant funding in the amount of $102,172.25 to perform the approved scope of work at the project site.

FINANCING SUMMARY:

GRANTOR: Petroleum UST Remediation, Upgrade & Closure Fund

AMOUNT OF GRANT: $102,172.25

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

UST Project:Upgrade,Closure,Remediation	$102,172.25
EDA Administrative Cost	$250.00
TOTAL COSTS:	**$102,422.25**

DATE: 12/15/2021

NJEDA

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: February 9, 2022

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

The following project was approved under Delegated Authority in December 2021:

Hazardous Discharge Site Remediation Fund Program:

1) White Oak Funding Inc. (PROD-00258263) is located in Eatontown Borough, Monmouth County. The Company was formed in 1995 as a real estate holding company formed to purchase the project property. The NJEDA approved a $209,690 loan to be used to complete remedial investigation and remedial action activities at the site.

Tim Sullivan, CEO

Prepared by: G. Robins

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: February 9, 2022

SUBJECT: Economic Growth Products – Delegated Authority Approvals for Q4 2021
For Informational Purposes Only

Angel Investor Tax Credit Program

On January 31, 2013, the New Jersey Angel Investor Tax Credit Act was signed into law with Regulations approved by the Members of the Board in June 2013. The New Jersey Angel Investor Tax Credit Program (ATC) establishes credits against corporate business tax or New Jersey gross income tax. When the program was originally approved, the amount of the tax credit was 10%. In 2019, Governor Murphy approved an increase to the amount of the tax credit from 10% to 20%, with a 5% bonus for investors in either NJ certified women- or minority-owned businesses, or businesses located in a state-designated Opportunity Zone or New Markets Tax Credit census tract. Starting with the 2021 program year, the Angel Tax Credit program cap was increased from $25 million to $35 million.

Angel Tax Credit Approvals for Program Year 2021

In calendar year 2021, the Authority approved a record number of applications – 559, as compared to 142 in the prior year, for a nearly 400% increase. These approved applications totaled nearly $17 million in approved tax credits and derived from investments of more than $100 million in 39 New Jersey businesses. This constitutes a more than threefold increase from the previous year in investment and tax credit totals. Interest in the program continues to be extremely high, with several hundred applications already submitted to be processed in 2022.

Sector	Investment Amount	Tax Credit Amount	Applications	# of Companies	% of Total Invested	% of Total Applications
Life Sciences	$59,950,605	$10,901,005	461	15	56.1%	82.5%
Technology	$44,664,677	$5,353,936	86	22	41.8%	15.4%
Clean Technology	$2,250,000	$551,250	12	2	2.1%	2.1%
TOTAL	**$106,865,282**	**$16,806,191**	**559**	**39**		

As noted, program year 2021 saw significant increases in all metrics: the total investment amount (2021=$106,865,282 to 2020=$35,852,117) and tax credit amount (2021=$16,806,191 to 2020=$3,792,974), as well as number of investor applications approved (2021=559 to 2020=142) and companies that received investment dollars (2021=39 to 2020=21). As in previous program years, a significant majority of applications came from the Life Sciences sector (461, or 82.5%). However, in 2021, there was a substantial increase in the value of Technology sector investments from the previous year (41.8% of total invested, compared to 24%). The average investment in the Life Sciences sector was $130,045, and the average investment in the Technology sector was $519,357. Of note, 17 approved applications were for investments of $1 million or more.

Angel Investor Tax Credit Program – Q4 2021 Review

In the fourth quarter of 2021, staff approved 124 Angel Tax Credit applications, for a total of $2,329,304 in tax credits. These represented $11,812,531 in private investments into NJ Technology and Life Sciences companies.

Among fourth quarter 2021 approvals, 92.7% of applications came from the Life Sciences sector, while 7.3% of the total number of applications derived from Technology companies. There were approvals for two new companies participating in the program this quarter: FKAWV, Inc. and SplitByte, Inc. The 14 companies receiving these investments operate in seven counties, across a broad section of the state. Investors in Vaneltix Pharma Inc. received an additional 5% bonus in their tax credit, as the company is located in a state-designated Opportunity Zone.

Angel Investor Tax Credit Program Q4 2021 Approval Results

Sector	Investment Amount	Applications	# of Companies	% of Total Invested	% of Total Applications
Life Sciences	$9,468,780	115	9	80.2%	92.7%
Technology	$2,343,751	9	5	19.8%	7.3%
TOTAL	**$11,812,531**	**124**	**14**		

The following 14 companies were participants for the fourth quarter of 2021:

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

- Aspargo Laboratories, Inc.: Based in Englewood Cliffs, NJ. Aspargo Labs Inc. is a life science corporation that commercializes a therapeutic approach to addressing a clinical need for drugs that treat erectile dysfunction (ED).

- Covellus, LLC: Based in Belmar, NJ. Covellus is a medical device company that is developing a unique Modular Catheter System, a new paradigm to construct and use catheters in peripheral vascular percutaneous transluminal angioplasty (PTA) procedures.

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

- Elucida Oncology, Inc.: Based in Bound Brook, NJ. Elucida Oncology is a biotechnology company focused on clinical research, development and subsequent commercialization of life-changing products based on the "Target or Clear" technology of the novel, ultra-small nanoparticle delivery platform.

- Endomedix, Inc.: Based in Montclair, NJ. Endomedix, Inc is a manufacturing company that has developed a unique polysaccharide chemistry platform used to create a series of biosurgical devices. Endomedix's patented technology is intended for use in brain and spinal surgery. Their first device, "PlexiClot" Absorbable Hemistate, will help surgeons control bleeding during surgeries.

- Fidelis Pharmaceuticals: Based in North Brunswick, NJ. Fidelis Pharmaceuticals is a life sciences company that offers expertise in the acquisition, development, and marketing of unique pharmaceutical formulations to meet specialized veterinary needs. The Fidelis team applies specialized product development and manufacturing expertise to formulate reliable, cGMP-quality products. The company is based at the NJ Bioscience Center Incubator.

- FKAWV, Inc.: (New Company to ATC) Based in Lyndhurst, NJ. FKAWV (formerly Which Ventures), is an information technology company whose primary project is developing and operating HomeKeepr, a specialized online marketplace for the home services sector. Through HomeKeepr, the company has built a suite of online tools for real estate agents, home service professionals, and homeowners to connect clients with local home service professionals through a unique referral system.

- Genomic Prediction: Based in North Brunswick, NJ. Genomic Prediction, Inc provides advanced genetic testing for in-vitro fertilization. The company has developed a novel, genome-wide molecular genotyping methodology for pre-implantation genetic testing for embryos. Their Preimplantation Genetic Testing (PGT) is a clinical treatment for infertility, but is increasingly used to reduce disease risk.

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

- Leap Holdings, Inc: Based in Jersey City, NJ. Leap acts as an institutional co-signer of apartment leases, providing access to apartments to renters while guaranteeing landlords against rent default. Harnessing the power of decision automation and mobile technology, Leap's Renter Access platform is a consumer-driven, online experience that rapidly pre-qualifies renters and guarantees their rent payments to landlords, effectively opening doors to a whole new world of apartment choices.

- Shinkei Therapeutics, LLC: Based in Princeton, NJ. Shinkei is a clinical-stage, CNS (Central Nervous System) disorders-focused pharmaceutical company using the 505(b)2 regulatory strategy to repurpose existing pharmaceutical products for faster and better patient outcome. They have a diversified and robust product development pipeline focus on improving drug administration.

- SplitByte, Inc: (New Company to ATC) Based in Princeton, NJ. SplitByte is a digital "safe-harbor" platform for decentralized data protection, similar to the evolution of blockchain as the platform for decentralized data verification. SplitByte's enterprise technology randomizes and geo-disperses data, which offers a higher level of data protection than traditional encryption. The SplitByte "cyber vaccine" protects against the cyber pandemic of system breaches, ransomware, quantum attacks and insider threats.

- Vaneltix Pharma Inc.: Based in Bound Brook, NJ, Vaneltix Pharma Inc. (FKA Urigen Pharmaceuticals) is a New Jersey based biopharmaceutical company that is developing treatments for urological disorders (and qualifies for the Opportunity Zone bonus).

From program inception in 2013 through year-end 2021, the Authority has approved 2,030 applications for tax credits representing **$700 million** invested in 110 diverse New Jersey-based technology businesses, pioneering invention and ingenuity in the Garden State.

Please find a detailed list of all ATC applications that were approved under delegated authority during the fourth quarter of 2021 in Exhibit A.

NJ Ignite Program

NJ Ignite offers grants to support the rent of early stage technology and life science companies located in an NJ Ignite approved collaborative workspace. Grants vary in amount. The start-up must commit to work for a specified time at the collaborative space under established agreements in which the workspace will partner to forego an element of the rent to support the business. As of December 31st, 2021, there were 22 approved collaborative spaces in New Jersey, some of which have multiple locations.

As of January 7, 2021, the Governor signed into law the Economic Recovery Act of 2020 (ERA) which results in the creation of the NJ Ignite Statutory Program. To ensure continuous NJ Ignite program operations, specific changes were approved by the Board on May 12, 2021 so that the NJ Ignite Pilot Program conforms to the NJ Ignite Legislative Program as outlined in the ERA. These updates included moving the annual reporting deadline to the calendar year end from one year anniversary date, increasing the maximum benefit from $15,000 to $25,000, expanding the eligible industries to align with current NJEDA targeted industries, extending the earliest formation date from application date to seven years, and adding two more stackable bonuses for M/WBEs and foreign companies. Updated Regulations for the NJ Ignite Legislative Program created by the ERA are anticipated to be presented to the Board in 2022.

NJ Ignite Program – Q4 2021 Review

While many workspaces were hopeful for new tenants, demand for space from companies which could be program eligible has been low. These work managers believe the continuous uncertainty caused by spiking cases of Covid-19 throughout the region is impacting the decisions of new businesses to take on physical spaces.

In the first quarter of 2022, staff will start conducting the required annual review of all approved workspaces. The review will include verification each workspace held at least eight eco-system building events throughout the year. Each workspace will also be required to submit a current certificate of liability insurance and tax clearance.

There was one new Tenant Application Approval and no new Workspace Approvals in the fourth quarter. There were also two NJ Ignite benefit disbursements.

NJ Ignite Program Tenant Approvals

Tenant Name	Workspace Name	EDA Grant	Number of Employees	Approval Date
Sundial Foods, LLC.	Rutgers Food Innovation Center	$25,000.00	3	10/22/2021

NJ Ignite Program Disbursements

Tenant Name	Workspace Name	EDA Grant	Number of Employees	Disbursement Date
Princeton NuEnergy	Rutgers EcoComplex	$15,000.00	2	11/23/2021
MARco Technologies, LLC.	VentureLink at NJIT	$1,800.00	1	11/23/2021

<u>NJ Entrepreneur Support Program (NJESP) Covid Relief Program</u>

On March 26, 2020, the NJEDA Board approved the NJ Startup Entrepreneur Support Program (NJESP) to support New Jersey entrepreneurial businesses with limited funding navigate COVID-19 related cashflow constraints by providing financial support to their existing investors. Through NJESP, investors in NJ entrepreneurial businesses (operating in Innovation Economy sectors) could receive a guarantee (up to 80%, not to exceed $200,000 per company) for new, qualified bridge loans/convertible notes into NJ entrepreneurial business. The guarantee matures in one year having an expiration date one year from the underlying note's issue date. If certain financial conditions are met by the company within this one-year term, the note investor could submit a claim to the NJEDA for payment of the guarantee. The total program budget was $5 million.

Applications for the program opened on April 22, 2020. No applications were accepted after February 12, 2021. A total 97 applications were submitted, from which 47 applications were approved by the Authority staff under delegated authority. The guarantee amount in total was $2.036 million for $2.545 million of promissory note investment. This represents investments in 13 unique businesses with a total 85 full-time NJ employees. Additionally, 28 applications were withdrawn, and 22 applications were declined.

To date, investors in two companies (POM Partners, Inc. and Ricovr Healthcare, Inc.) converted their promissory notes into equity within the one-year term of the guarantee. The Authority has received warrants in each company for the equity conversion as specified by the NJESP. Additionally, investors in one company (Sunray Scientific LLC) have informed Staff that their promissory notes converted into equity and a warrant closing is in process. Furthermore, the guarantees to investors in six companies' one-year term expired as well as 90-day window to claim.

NJ Entrepreneur Support Program – Q4 2021 Review

For the fourth quarter of 2021, investor note guarantees for two companies that reached the one-year maturity also reached the expiration of the 90-day window to claim payment. For these two companies, only one investor in one company submitted a request for guarantee payment. The request is under review by Staff. An additional company saw investor note guarantees reach their maturity of one year in the fourth quarter. The investors of these guaranteed notes have 90 days from the maturity date to claim payment for their guarantee if certain financial conditions were met by the company within this one-year term.

NJ Accelerate Program

On February 11th, 2020, the NJEDA Board approved the pilot program NJ Accelerate. The total program budget is $2.5 million. Through NJ Accelerate, the NJEDA seeks to provide early-stage businesses access to best-in-class Accelerator programs, enabling the tools and support to grow their businesses in the Garden State. The program provides up to $250,000 of direct loan funding and up to six months of free rent to Approved Accelerator Graduates located in New Jersey. Graduates certified as women- or minority-owned can receive an additional 5% bonus to the direct loan amount, as well as one additional month of rent. Approved Accelerators may also receive sponsorship of up to $100,000 to produce events in NJ to encourage their on-the-ground engagement in the State. Also, a sponsorship bonus of 5% is available for Approved Accelerators demonstrating meaningful written policies and practices for attracting and promoting companies owned by women and minority persons.

The Authority began accepting applications to become an approved accelerator during Q4, 2020. On November 12th, 2020, Morgan Stanley Multicultural Innovation Lab became the first approved accelerator. The Authority approved Cleantech Open Northeast on April 13th, 2021 becoming the second approved accelerator, followed by VentureWell's Aspire program which was approved on May 14th, 2021. In the third quarter 2021, University City Science Center's Launch Lane Accelerator was approved to participate in the Program on September 1st, 2021.

NJ Accelerate Program Approved Accelerators

Accelerator Name	Accelerator Location
Morgan Stanley Multicultural Innovation Lab	New York City, NY
Cleantech Open Northeast	Boston, MA
VentureWell - Aspire Program	Hadley, MA
University City Science Center - Launch Lane Accelerator	Philadelphia, PA

Morgan Stanley Multicultural Innovation Lab was created in 2017 to drive positive economic outcomes for multicultural and women-led companies in the post-seed to Series B funding rounds by providing content, visibility, technical support, and connectivity with important stakeholders who can accelerate the growth of participants' businesses. The accelerator is built around tailored support and expertise entrepreneurs receive from a dedicated Morgan Stanley team. To date, 32 tech or tech-enabled companies have participated in the Lab, with many going on to successful acquisitions and additional funding rounds.

Cleantech Open Northeast is part of Cleantech Open, a cleantech accelerator managed by the Boston-based Northeast Clean Energy Council (NECEC) as the on-the-ground affiliate. Cleantech Open finds, funds, and fosters entrepreneurs with big ideas that address urgent energy, environmental, and economic challenges. Cleantech Open provides the infrastructure, expertise and strategic relationships that turn ideas into successful global cleantech companies. In 15 years, Cleantech Open Northeast has supported 414 startups. The 68% active alumni companies employ approximately 3,300 people, have generated over $279 million in revenue, and raised over $653 million in funds.

VentureWell is a Massachusetts-based nonprofit that supports early-stage science- and technology-based inventors. Its E-Team Grant Program supports early-stage innovators (science- and engineering-based student teams) from across the nation with early funding and targeted training to commercialize their high-impact innovations. During ASPIRE, VentureWell's third and final phase of the E-Team Grant Program, startup companies participate in an intensive program that prepares them for the investments and partnerships necessary to launch their ventures. Since its inception in 2015, 117 startups have participated in ASPIRE and have raised over $190 million in follow-on funding since participating in the program. The E-Team Grant program overall, with its three stages, has supported 652 teams that have raised a total of $645 million.

Launch Lane is an accelerator program powered by the University City Science Center, a Philadelphia-based nonprofit innovation hub. Launch Lane helps tech and tech-enabled startups transition from prototype to sales and customer acquisition. The accelerator utilizes an anonymous application to de-bias the selection process. In the history of the program, including the former Digital Health Accelerator, Launch Lane has supported 35 companies and invested $1.4 million. Those companies combined have gone on to raise more than $100 million in funding, generate $50 million in revenue, and create 300 jobs.

NJ Accelerate Program – Q4 2021 Review

Reviews and discussions with accelerator programs continued in the fourth quarter, but no new programs were approved to participate in NJ Accelerate. Application submissions were received for the loan benefit from two graduate companies of approved accelerator programs. These applications are under review.

New Jersey Zero-emission Incentive Program (NJ ZIP)

In January 2021, the Members of the Board approved a $15,750,000 pilot program called NJ ZIP, the New Jersey Zero-emission Incentive Program, funded from New Jersey Economic Development Authority's (NJEDA) allocation of the Regional Greenhouse Gas Initiative (RGGI) auction proceeds. Launched in April 2021, the NJ ZIP pilot 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 vehicles in the greater Newark and greater Camden areas.

The primary goals of this pilot program are to:

- Accelerate the adoption and use of medium duty zero-emission vehicles within New Jersey;
- Reduce emissions within the pilot communities, greater Newark and greater Camden; and
- Allow NJEDA to determine and stimulate market-readiness, assess effectiveness of funding levels and program design, and test methodologies for measuring economic impact of such adoption.

Based on the results of the pilot program (e.g., program uptake, efficacy, and continued market need), and assuming continued availability of RGGI funds allocated to this program, a longer-term program with expanded eligibility may be proposed after the pilot funds are fully reserved.

In addition to delegated authority to approve and decline applicants to the program, the Members of the Board also approved in January 2021 delegated authority to "the CEO to, based upon program demand reviewed at 3-month intervals, (i) shift funding allocations, (ii) adjust voucher amounts, (iii) select additional eligible communities, and (iv) expand the pilot program to a maximum of $25 million." After a program review, and as outlined in the Q3 Delegations Memorandum, the NJEDA CEO approved on September 28, 2021 the expansion of the pilot program to a total of $25,000,000 and add the greater New Brunswick area as an additional eligible community. Finally, at the November Board, a further expansion of the NJ ZIP pilot was approved, adding an additional $20,000,000 of voucher funding and expanding eligibility to the greater Shore area.

New Jersey Zero-emission Incentive Program – Q4 2021 Review

NJ ZIP is administered in sequential steps. First, a zero-emission vehicle vendor must submit an application to become an approved vendor. Once approved, a vehicle purchaser may submit an application to receive an NJ ZIP voucher to purchase a qualified vehicle from their selected approved vendor. This voucher that may be redeemed for a specific dollar amount after completion of the total vehicle purchase. The value of the voucher ranges from $25,000 to $100,000 per vehicle depending on the vehicle's weight class. Additional bonus amounts can be added to the voucher if certain conditions are met by the purchaser, such as by being a small or micro-business, or by the vendor, such as by manufacturing 25% or more of the vehicle in NJ. For the purposes of this Program, a small business is defined as having 25 or fewer full-time employees in total or less than $5M in annual revenue.

In the fourth quarter of 2021, three (3) new zero-emission vehicle vendors were approved to participate in NJ ZIP, bringing the total approved vendors to seventeen (17). In Q4 2021, one hundred forty-three (143) new purchaser applications were submitted to the Program, bringing the total submitted purchaser applications to one hundred eighty-six (186). Of these, nine (9) purchaser applications were approved in Q4 2021 for a total of $5,134,000 across 48 vouchers. These 9 purchasers' 48 vouchers support the addition of 48 zero-emission medium-duty vehicles on New Jersey roads once the vouchers are redeemed, supplied by 4 different vendors. In Q4, more than 75% of the approved purchaser applicants are small businesses (receiving a 25% funding bonus) and over 50% are minority- and/or woman-owned (receiving an additional $4,000 bonus per vehicle per qualifying certification); all applicants will operate and/or register their vehicles within the greater Camden (2 purchasers), greater Newark (6 purchasers), or greater New Brunswick (1 purchaser) areas. Three applicants withdrew from the program in Q3, either at their own request or due to non-responsiveness after the submission of an incomplete application. The remaining applications received through the end of the fourth quarter are currently under review by Staff. No approved vouchers have been redeemed as of the end of the third quarter.

The program has received continuous application flow from the eligible communities, and repeated interest for expansion to more parts of the state and for longer-term funding. In support of this, since the program opened for applications, the total value of the applications submitted by the end of the fourth quarter, excluding withdrawn applications, totaled nearly $35M in value. Based on the results of and feedback on the pilot program to-date, NJEDA pursued Board action in November to expand the pilot program voucher pool by $20,000,000, to a program voucher pool total of $44,250,000, and add one additional eligible community area (greater Shore area). For the purposes of this pilot expansion, the greater Shore area is defined as the overburdened communities within or intersected by a line set at a 10-mile distance from New Jersey's eastern Atlantic shore, spanning approximately from Sandy Hook Bay to Delaware Bay. This community area was selected based on an updated quantitative analysis to ensure less densely populated communities had access to the pilot program. All other eligibility requirements, voucher values, and funding caps remain unchanged.

New Jersey Zero-emission Incentive Program Q4 2021 Results

Purchaser Applicant	Vendor	Purchaser Location	SBE	MBE	WBE	# of Vehicles	Total Voucher $
Newark Public Library	Adomani Inc	Greater Newark				2	$150,000
Zippo Communications LLC	GreenPower Motor Company, Inc.	Greater Newark	Yes			2	$187,500
Paradise Flowers Distribution, LLC	GreenPower Motor Company, Inc.	Greater New Brunswick	Yes	Yes	Yes	3	$305,250
TJ McDermott Transportation Company	Sea Electric	Greater Newark	Yes	Yes	Yes	12	$1,447,750
Nexus Contracting and Restoration Corp.	Adomani Inc	Greater Newark	Yes			1	$93,750
ENAT DELIVERIES LLC	GreenPower Motor Company, Inc.	Greater Newark	No	Yes	Yes	1	$101,750
Supreme Green Team L.L.C.	Gabrielli Kenworth of NJ LLC	Greater Newark	Yes	Yes		3	$387,000
UPS	Sea Electric	Greater Camden				15	$1,500,000
WWL Asset Property Management LLC	Sea Electric	Greater Camden	Yes	Yes		9	$961,000
Quarterly TOTAL	**9**					**48**	**$5,134,000**

Small Business Emergency Assistance Loan Program (Phase 2)

On June 9, 2021, the NJEDA Board approved the Small Business Emergency Assistance Loan Program (Phase2) to provide low-cost capital to New Jersey businesses and not-for-profits to assist them with recovery and resiliency as a result of COVID-19. This program is funded by an $11 million USEDA award ($10 million for the revolving loan fund and $1 million for administrative support), to do the following: focus funding on entities that have started a new business and taken on new space, transitioned from a home-based business or smaller space into a larger space or acquired an owner-occupied commercial space. Applications opened on August 3, 2021 and closed on August 13, 2021. A total 1,019 applications were submitted, of which, 22 applications were approved by the Authority staff under delegated authority for $1,578,912.88 in the third quarter of 2021. In the fourth quarter of 2021, 55 applications were approved by the Authority staff under the delegated authority for $3,228,619.42. Total 77 applications were approved for combined loan amount of $4,807,532.30.

Small Business Emergency Assistance Loan Program (Phase 2) Q4 2021 Results

Total Approved Application Amount	Total Loan Amount
55	$3,228,619.42

Please find a detailed list of all applications that were approved under delegated authority during the fourth quarter of 2021 on Exhibit B.

Tim Sullivan, CEO

Angel Investor Tax Credit Prepared by:
Kerri Lack

NJ Ignite Prepared by:
Jerrel Burney

NJ Entrepreneur Support Program Prepared by:
Clark Smith

NJ Accelerate Prepared by:
Monica Valenzuela

New Jersey Zero-emission Incentive Program Prepared by:
Victoria Carey

Small Business Emergency Assistance Loan Program (Phase 2) Prepared by:
Madhavi Bhatia

Memo Prepared by:
Clark Smith

EXHIBIT A

Q4 2021 Delegated Approvals - Angel Investor Tax Credit

Investor	Employees	Company Invested In	Investment Amount	Tax Credit Amount
Stephen Sholl		Angel Medical Systems, Inc.	$50,000	$10,000
Brook Whitman		Angel Medical Systems, Inc.	$25,000	$5,000
David Ross Fischell		Angel Medical Systems, Inc.	$50,000	$10,000
3	**NJ: 21 Total: 28**	Angel Medical Systems, Inc.	$125,000	$25,000
Marc Rappaport		Aspargo Laboratories, Inc.	$20,000	$4,000
Jason Alvarez		Aspargo Laboratories, Inc.	$90,000	$18,000
Thomas Carey		Aspargo Laboratories, Inc.	$25,000	$5,000
Barbara Ann Barile		Aspargo Laboratories, Inc.	$5,000	$1,000
Patrick Michael Ambrosio		Aspargo Laboratories, Inc.	$10,000	$2,000
Igor Falkovich		Aspargo Laboratories, Inc.	$20,000	$4,000
Steven Pozza		Aspargo Laboratories, Inc.	$35,000	$7,000
Peter and Danielle Throndson		Aspargo Laboratories, Inc.	$100,000	$20,000
Steven Pozza		Aspargo Laboratories, Inc.	$15,000	$3,000
9	**NJ: 2 Total: 2**	Aspargo Laboratories, Inc.	$320,000	$64,000
Bradley L Beach and Kathryn A Beach		COVELLUS LLC	$50,000	$10,000
1	**NJ: 1 Total: 1**	COVELLUS LLC	$50,000	$10,000
Proctor Logistics LLC		Deliveright Logistics, Inc.	$1,133,250	$113,325
1	**NJ: 37 Total: 48**	Deliveright Logistics, Inc.	$1,133,250	$113,325
The Robert L Bahr Revocable Trust - 1985		Elucida Oncology, Inc.	$49,400	$9,880
Thomas N Levin Heather N Levin JT Ten		Elucida Oncology, Inc.	$50,000	$10,000
The Michael Cantacuzene Revocable Trust (u/d 11/26/2019)		Elucida Oncology, Inc.	$201,400	$40,280
Bradford Paskewitz		Elucida Oncology, Inc.	$100,000	$20,000
Balkir Zihnali		Elucida Oncology, Inc.	$50,000	$10,000
Richard Alan Graham Hiba T Graham JT TEN		Elucida Oncology, Inc.	$12,500	$2,500
Paul Ingrassia Lynn Ingrassia JT TEN		Elucida Oncology, Inc.	$100,000	$20,000
Vern Norviel Anne Norviel		Elucida Oncology, Inc.	$50,000	$10,000
Jonathan Marc Fishbein and Elana Fishbein		Elucida Oncology, Inc.	$12,500	$2,500
Munir Vora Mona Vora JT TEN		Elucida Oncology, Inc.	$25,000	$5,000
AR Properties		Elucida Oncology, Inc.	$450,000	$90,000
B. KRISTINE JOHNSON TRUST UAD 08/13/08 B. KRISTINE JOHNSON TT		Elucida Oncology, Inc.	$25,000	$5,000
Richman Trust DTD 6/2/1983 Douglas Richman & Eva Richman TTEES AMD		Elucida Oncology, Inc.	$15,000	$3,000
Lorie Mary Karnath		Elucida Oncology, Inc.	$50,000	$10,000
Zachary Handelman		Elucida Oncology, Inc.	$25,000	$5,000
A&B Capital Investments LLC		Elucida Oncology, Inc.	$50,000	$10,000
GAYLORD KENT CONRAD LUCY JEAN CALAUTTI JT TEN		Elucida Oncology, Inc.	$25,000	$5,000
Andrew Charles Lebe		Elucida Oncology, Inc.	$50,000	$10,000
Karl David Salnoske		Elucida Oncology, Inc.	$100,100	$20,020
Donald E Hinkle		Elucida Oncology, Inc.	$23,700	$4,740
Lambda IV, LLC		Elucida Oncology, Inc.	$150,000	$30,000
Biotech Mountains BV		Elucida Oncology, Inc.	$150,000	$30,000
Garfinkle Revocable Trust U/A/D 5/15/08 Morris Garfinkle & Stephanie Garfinkle,		Elucida Oncology, Inc.	$75,000	$15,000
Santuccio Ricciardi		Elucida Oncology, Inc.	$12,500	$2,500
The Christopher S. Bignell 2019 Trust UAD 10/17/19 Christopher S. Bignell &		Elucida Oncology, Inc.	$50,000	$10,000
Walter P Mullen		Elucida Oncology, Inc.	$25,000	$5,000
William Norman Strawbridge		Elucida Oncology, Inc.	$22,800	$4,560
Geoffrey Michael Williams		Elucida Oncology, Inc.	$75,000	$15,000
Christian Ray Storm		Elucida Oncology, Inc.	$250,000	$50,000
Rade B Vukmir		Elucida Oncology, Inc.	$50,000	$10,000
Evan Michael Schwartz		Elucida Oncology, Inc.	$25,000	$5,000
OSI Holdings LLC		Elucida Oncology, Inc.	$25,000	$5,000
GIBS International, LLC.		Elucida Oncology, Inc.	$36,500	$7,300
Karen Shasha		Elucida Oncology, Inc.	$12,500	$2,500

Stephen Michael Payne		Elucida Oncology, Inc.	$25,000	$5,000
Charles Bancroft		Elucida Oncology, Inc.	$500,000	$100,000
Mark Murcko		Elucida Oncology, Inc.	$500,000	$100,000
Dr. Sudarshan Hebbar		Elucida Oncology, Inc.	$50,000	$10,000
G Jan Van Heek		Elucida Oncology, Inc.	$25,000	$5,000
John Florsheim		Elucida Oncology, Inc.	$12,500	$2,500
Adamava Enterprises LLC		Elucida Oncology, Inc.	$50,000	$10,000
HOUMAN SARSHAR, TTEE OF THE HOUMAN SARSHAR TRUST UAD 5/11/20		Elucida Oncology, Inc.	$125,000	$25,000
Edward J. Ludwig Revocable Trust UAD 4/11/11		Elucida Oncology, Inc.	$200,000	$40,000
Chiung Ting Tan		Elucida Oncology, Inc.	$50,000	$10,000
Oliver Chatten		Elucida Oncology, Inc.	$76,000	$15,200
Golden Investment Co LP		Elucida Oncology, Inc.	$100,000	$20,000
Danielle Salters		Elucida Oncology, Inc.	$50,000	$10,000
Dontese Nicholson		Elucida Oncology, Inc.	$75,000	$15,000
Christopher and Lorraine Basta		Elucida Oncology, Inc.	$28,500	$5,700
Bruce A Burskey		Elucida Oncology, Inc.	$49,500	$9,900
The Melissa Cantacuzene 2007 Revocable Trust		Elucida Oncology, Inc.	$100,000	$20,000
John Golden		Elucida Oncology, Inc.	$100,000	$20,000
Mark Lester-Swindell Melanie Elizabeth Brundle JT TEN		Elucida Oncology, Inc.	$75,000	$15,000
Eldar Investments, LLC		Elucida Oncology, Inc.	$50,000	$10,000
Ronald Martin Burch		Elucida Oncology, Inc.	$50,000	$10,000
The Shand Family Trust UAD 5/7/99 AMD 9/25/14 Robert Shand & Susan Shand		Elucida Oncology, Inc.	$36,500	$7,300
John Victor Wagner		Elucida Oncology, Inc.	$11,400	$2,280
Patrick T Lee TOD DTD 10/20/2014		Elucida Oncology, Inc.	$50,000	$10,000
BES Investments LLC		Elucida Oncology, Inc.	$65,000	$13,000
B. KRISTINE JOHNSON TRUST UAD 08/13/08 B. KRISTINE JOHNSON TT		Elucida Oncology, Inc.	$25,000	$5,000
David Schneider		Elucida Oncology, Inc.	$38,000	$7,600
Anthony Gabriele		Elucida Oncology, Inc.	$50,000	$10,000
James R and Amita Hollingshead Revocable Trust U/A/D 05/30/08		Elucida Oncology, Inc.	$40,000	$8,000
Brian Thebault		Elucida Oncology, Inc.	$100,000	$20,000
BES Investments LLC		Elucida Oncology, Inc.	$40,000	$8,000
65	**NJ: 10 Total: 13**	Elucida Oncology, Inc.	$5,171,300	$1,034,260
William Mark Goldstein		Endomedix, Inc	$100,000	$20,000
1	**NJ: 3 Total: 3**	Endomedix, Inc	$100,000	$20,000
Bredon LLC		Fidelis Pharmaceuticals Inc	$165,241	$33,048
Clay Wilson		Fidelis Pharmaceuticals Inc	$50,000	$10,000
Mark Steele		Fidelis Pharmaceuticals Inc	$43,478	$8,696
Arthur P Levinson Revocable Trust, 5-2-2007		Fidelis Pharmaceuticals Inc	$75,000	$15,000
Steadman Capital LLC		Fidelis Pharmaceuticals Inc	$36,457	$7,291
Mark Steele		Fidelis Pharmaceuticals Inc	$25,000	$5,000
Princeton Biopharma Advisors LLC		Fidelis Pharmaceuticals Inc	$1,094,824	$218,965
Clay Wilson		Fidelis Pharmaceuticals Inc	$10,000	$2,000
	NJ: 2 Total: 2	Fidelis Pharmaceuticals Inc	$1,500,000	$300,000
Saro James Cutri		FKAWV Inc	$413,017	$82,603
Robert T Morelli		FKAWV Inc	$307,317	$61,463
David B Weinstein		FKAWV Inc	$310,167	$62,033
3	**NJ: 4 Total: 4**	FKAWV Inc	$1,030,501	$206,099
Thomas Luke		Genomic Prediction Inc	$100,000	$20,000
Mark Mueller 2008 Revocable Trust		Genomic Prediction Inc	$200,000	$40,000
2	**NJ: 10 Total: 13**	Genomic Prediction Inc	$300,000	$60,000
Ilona Rozwadowska Cantor		Lambent Data Inc.	$20,000	$4,000
Stephen P Ban		Lambent Data Inc.	$5,000	$1,000
2	**NJ: 2 Total: 2**	Lambent Data Inc.	$25,000	$5,000

James Thomas Washer, Jr.		Leap Insurance LLC	$30,000	$6,000
1	**NJ: 11 Total: 13**	Leap Insurance LLC	$30,000	$6,000
Avtar S. Parhar		SHINKEI THERAPEUTICS LLC	$100,000	$10,000
1	**NJ: 3 Total: 3**	SHINKEI THERAPEUTICS LLC	$100,000	$10,000
S. R. Thvar		Splitbyte Inc	$100,000	$20,000
Tarakshaya Bhatia		Splitbyte Inc	$25,000	$5,000
2	**NJ: 1 Total: 1**	Splitbyte Inc	$125,000	$25,000
Jeffrey Proctor		Vaneltix Pharma Inc	$10,000	$2,500
Robert Paul Rieker		Vaneltix Pharma Inc	$15,000	$3,750
Charles and Joellen Parsons 2000 Trust		Vaneltix Pharma Inc	$300,000	$75,000
Cheryl Vitow and Laurie MacPherson		Vaneltix Pharma Inc	$25,000	$6,250
Daniel Vickery		Vaneltix Pharma Inc	$50,000	$12,500
Matthew J. Meenan		Vaneltix Pharma Inc	$10,000	$2,500
Christopher Paul Meenan		Vaneltix Pharma Inc	$10,000	$2,500
Cynthia Ann Martin		Vaneltix Pharma Inc	$10,000	$2,500
Pamela Marrs		Vaneltix Pharma Inc	$50,000	$12,500
Charles Lowell Parsons		Vaneltix Pharma Inc	$152,500	$38,125
Dennis Castenfelt		Vaneltix Pharma Inc	$500,000	$125,000
Howard C. Peterson 2000 Trust		Vaneltix Pharma Inc	$20,000	$5,000
Jeffrey McCormack		Vaneltix Pharma Inc	$30,000	$7,500
Joel Teichman		Vaneltix Pharma Inc	$10,000	$2,500
Matthew J. Meenan		Vaneltix Pharma Inc	$10,000	$2,500
Gregg Palmer		Vaneltix Pharma Inc	$20,000	$5,000
William Garner		Vaneltix Pharma Inc	$15,000	$3,750
Christopher Paul Meenan		Vaneltix Pharma Inc	$30,000	$7,500
Jeffrey Proctor		Vaneltix Pharma Inc	$10,000	$2,500
Carlo Di Fonzo		Vaneltix Pharma Inc	$244,980	$61,245
J. Kellogg Parsons		Vaneltix Pharma Inc	$10,000	$2,500
John Petrolino		Vaneltix Pharma Inc	$10,000	$2,500
Daniel Vickery		Vaneltix Pharma Inc	$185,000	$46,250
Pensco Trust Company, Custodian FBO Richard J. Borgatti IRA		Vaneltix Pharma Inc	$50,000	$12,500
Carlo Di Fonzo		Vaneltix Pharma Inc	$25,000	$6,250
25	**NJ: 2 Total: 2**	Vaneltix Pharma Inc	$1,802,480	$450,620
TOTAL 124			**$11,812,531**	**$2,329,304**

EXHIBIT B

Q4 2021 Delegated Approvals - Small Business Emergency Assistance Loan Program (Phase 2)

Account Name (Applicant) (Account)	Amount	Approval Date
Agathos Trading LLC	$75,000.00	10/1/2021
Adrika Inc.	$95,000.00	10/1/2021
Island Scooters LLC	$73,919.50	10/1/2021
The Sundae Drive LLC	$30,556.14	10/1/2021
Fernandez Garcia LLC	$100,000.00	10/1/2021
DragonTree Reading Center	$25,109.00	10/1/2021
Hello Dental LLC	$50,000.00	10/1/2021
Excellence in Education LLC	$100,000.00	10/7/2021
Knit Knot & Natter LLC	$41,503.20	10/7/2021
Sanmar Consulting LLC	$37,221.14	10/7/2021
The Baker's Grove LLC	$50,000.00	10/7/2021
Nail Boutique II LLC	$75,000.00	10/7/2021
Holistic Goods LLC	$24,490.00	10/12/2021
Hanwool Tax & Accounting LLC	$100,000.00	10/12/2021
Tucci Agency LLC	$38,588.72	10/12/2021
The Botanical Box, LLC	$50,000.00	10/14/2021
Little Birds Speech Therapy	$50,000.00	10/14/2021
HCH Sales & Marketing LLC	$45,000.00	10/14/2021
Bhealthy Beauty LLC	$46,183.14	10/15/2021
Kreme and Krumbs LLC	$50,000.00	10/15/2021
Ellie's Academy of Monroe, LLC	$97,112.00	10/15/2021
A Little Heart2Heart Home Health Care, L.L.C.	$17,102.58	10/19/2021
Advantage Career Institute, Inc.	$100,000.00	10/20/2021
Always There To Care Home Care Services, LLC	$50,000.00	10/20/2021
Elite Tax and Bookkeeping Center Inc.	$50,000.00	10/21/2021

Account Name (Applicant) (Account)	Amount	Approval Date
SJT Creative Inc	$49,900.00	10/22/2021
FOU NJ LLC	$42,200.00	10/22/2021
Helene Miller, MD, LLC	$40,000.00	10/22/2021
Edufuture Global Incorporated	$13,800.00	10/22/2021
KAMCOR, LTD.	$75,000.00	10/22/2021
OMCAGR Incorporated	$41,283.00	10/28/2021
Estevez and Associates Vision Centers LLC	$75,000.00	11/5/2021
Med Clinical Research Partners LLC	$50,000.00	11/5/2021
FASHION MOOD LLC	$75,000.00	11/5/2021
IES Wellness Studio	$22,400.00	11/5/2021
Zakia's Creations LLC	$27,120.00	11/5/2021
BIBYS Empanadas LLC	$24,000.00	11/5/2021
Shari DeAngelo Photography, LLC	$39,321.00	11/5/2021
Sasha Acupuncture and Herbal Medicine Limited Liability Company	$72,416.00	11/5/2021
Woodhull Crossing, Inc.	$56,000.00	11/8/2021
SW3AT Sauna LLC	$95,000.00	11/9/2021
Palisades Dental Care, P.C.	$80,000.00	11/9/2021
East Side Mags Limited Liability Company	$61,297.00	11/10/2021
Kabatash Int'l. Inc.	$80,408.00	11/12/2021
TMA General Contracting Limited Liability Company	$25,000.00	11/12/2021
Village Dental Clinic P.A.	$50,000.00	11/12/2021
Ernesto Custom Clothiers, Inc	$50,000.00	11/19/2021
Tandoori Chef Corp	$70,000.00	11/19/2021
Santo Dental Group PA	$100,000.00	11/19/2021
Frenchic LLC	$75,000.00	11/19/2021
SUSHI HOUSE, INC.	$100,000.00	11/19/2021
Americas Group LLC	$50,000.00	12/10/2021
Avita Home Care LLC	$90,000.00	12/10/2021
Ambrosia Restaurants LLC	$100,000.00	12/17/2021
Ryde Spin and Fitness LLC	$26,689.00	12/17/2021

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: February 9, 2022

SUBJECT: Bond Modifications – 4th Quarter 2021

(For Informational Purposes Only)

The following Post-Closing Bond action was approved under delegated authority in the 4th quarter ending December 31, 2021:

Stand Alone and Refunding Bonds - (EDA has no Credit Exposure)

Applicant	Product Number	Modification Action	Bond Amount
810 Broad St Urban Renewal Co. LLC	PROD-00120070	Transfer and change of ownership	$4,700,000
Wyckoff Family YMCA	PROD-00172744	Consent to waive Borrower's failure to meet the required Fixed Charge Coverage Ratio set forth in the Bond Agreement.	$3,500,000
Newark City & TDAF I Springfield Avenue Holding	PROD-00122272	Consent to a Change of Ownership	$6,560,000

Tim Sullivan, CEO

Prepared by: K. Hall

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: February 9, 2022

SUBJECT: Post Closing Credit Delegated Authority Approvals for 4Q Quarter 2021
For Informational Purposes Only

The following post-closing actions were approved under delegated authority during the fourth quarter of 2021:

Name	EDA Credit Exposure	Action
EF4T, LLC	$70,298 SBF	Extend the maturity to September 1, 2026 to allow the borrower to allow time to repay the balloon maturity.
BROT Firm LLC	$293,829 SBF	Extend the loan maturity to September 1, 2026 in conjunction with a corresponding extension from senior lender First National Bank of Absecon.

Timothy Sullivan, CEO

Prepared by: Mansi Naik

MEMORANDUM

TO: Members of the Authority

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

DATE: February 9, 2022

SUBJECT: Incentives Modifications – 4th Quarter 2021

(For Informational Purposes Only)

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

Attached is a list of the Incentive Modifications that were approved in the 4th quarter ending December 31, 2021.

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Timothy Sullivan, CEO

Prepared by: F. Saturne

ACTIONS APPROVED UNDER DELEGATED AUTHORITY

FOURTH QUARTER ENDING December 31, 2021

Business Employment Incentive Grant Program

Applicant	Modification Action	Approved Award
E*TRADE Financial Corporation	1. Remove E*TRADE Global Asset Management, Inc. (“Global”) effective May 15, 2008. 2. Remove E*TRADE Brokerage Holdings, LLC (“Brokerage Holdings”) effective December 31, 2010. 3. Remove E*TRADE Brokerage Services, Inc. (“Brokerage Services”) effective April 29, 2013. 4. Remove E*TRADE Clearing, LLC (“Clearing”) effective October 1, 2016. 5. Re-designate of the Grantee from E*TRADE Financial Corporation (“Financial Corporation”) to E*TRADE Financial Holdings, LLC (“Financial Holdings”) as of December 31, 2020.	$2,710,500
Vonage Holdings Corps., Vonage America Inc., Vonage Business Inc.	Consent to the following change to amend the BEIP Agreement with an original closed date of June 20, 2006: 1.The name changes from Vonage America Inc. to Vonage America LLC with no change the FEIN number, due to an internal reorganization effective December 16, 2019.	$9,864,033

GROW NEW JERSEY ASSISTANCE PROGRAM

Applicant	Modification Action	Approved Award
Carts Mobile Food Eq. Corp.	Consent to Approve a first six-month extension of the certification deadline from October 10, 2021 to April 10, 2022.	$3,740,000
Cross River Bank	Consent to Approve a first six-month extension of the certification deadline from December 11, 2021 to June 11, 2022.	$10,928,500
Infobip LLC	Consent to the merger of Infobip LLC (“Infobip”) into OpenMarket, Inc. (“OpenMarket”). Post-merger, OpenMarket will be the surviving entity and the recipient of the Grow NJ award.	$1,443,750
Integra LifeSciences Sales LLC	Consent to add Integra LifeSciences Sales LLC to the agreement based on the applicant’s attestation that the entity meets the test of affiliates as defined in the IRS Code and that it is contributing jobs to the Grow NJ project.	$17,808,320
Integra LifeSciences Sales LLC	Consent to grant two six-month extensions of the Project Certification Deadline, extending the certification deadline from April 10, 2022, to June 4, 2022, or one year after the end of the Public Health Emergency.	$17,808,320

Mars Wrigley Confectionary US, LLC	Consent to approve the second six-month extension of the Mars Wrigley submission date to satisfy the employment and capital investment requirements and submit the accompanying certification for issuance of the tax credit certificate from May 14, 2021 to November 14, 2021.	$31,539,200
Paolo Foods LLC	Approve the first six-months certification extension from December 11, 2021 to June 11, 2022 to allow Paolo additional time to meet the certification deadline to submit jobs and capital investment.	$5,982,600
Tumi, Inc.	Consent to grant two six-month extensions of the Project Certification Deadline, extending the certification deadline from October 12, 2021, to June 4, 2022, or one year after the end of the Public Health Emergency.	$2,900,000

SALEM/UEZ ENERGY SALES TAX EXEMPTION RENEWALS

Applicant	Extend to date	Location	#/% of employees	Benefit
B & B Poultry Co., Inc.	**August 31, 2022**	**Norma, NJ**	**83/80%**	**$64,482**

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: February 9, 2022

SUBJECT: Real Estate Division Delegated Authority for Leases and Right of Entry (ROE)/ Fourth Quarter 2021 - ***For Informational Purposes Only***

The following approvals were made pursuant to Delegated Authority for Leases and ROE/ Licenses in October, November and December 2021:

LEASES

TENANT	LOCATION	TYPE	TERM	S.F.
API Pharma Tech	Bioscience Center Incubator	Month to Month	Month to Month	1,800sf
Genomic Predictions Inc.	Bioscience Center Incubator	Month to Month	Month to Month	3,200sf
Angex Pharmaceuticals	Bioscience Center Incubator	Month to Month	Month to Month	125sf
Innovera Pharmceuticals	Bioscience Center Incubator	Month to Month	Month to Month	1,000sf
SPES Pharmaceuticals	Bioscience Center Incubator	Month to Month	Month to Month	800sf
Euprotein	Bioscience Center Incubator	Month to Month	Month to Month	2,400sf
Calyputs Pharmaceuticals	Bioscience Center Incubator	Lease Extension	One Year	900sf
Mito Biophara	Bioscience Center Incubator	Lease Extension	One Year	125sf
Euprotein	Bioscience Center Incubator	Lease Amendment	4 months	2,525sf
Smirta Innovation	Bioscience Center Incubator	Lease Extension	One Year	125sf

NJEDA

RIGHT OF ENTRY/LICENSES/EXTENSIONS

ENTITY	LOCATION	TYPE	CONSIDERATION
None			

MISCELLANEOUS

ENTITY	LOCATION	TYPE	CONSIDERATION
None			

Tim Sullivan
Chief Executive Officer

Prepared by: Cyndi Costello