

Appendix B

NEW JERSEY INNOVATION FELLOWS

PROPOSED PROGRAM SPECIFICATIONS

Program Description	The New Jersey Innovation Fellows Grant Program (“NJIF”) is a \$10mm “income replacement” program that was authorized through passage of P.L.2021, c.160 (C.34:1B-370 through 34:1B-373)).
Program Purpose	Provide income-replacement funding to teams of entrepreneurs, through the disbursement of fellowship grants in the amount of \$200,000 or up to \$400,000 facilitating economic growth and job creation in eligible municipalities .
Program Expiration	Funds will be committed within an estimated 24 months from approval of first applications or until such a time as the funds are depleted.
Funding Source	Funding for NJ Innovation Fellows comes from legislative appropriation pursuant to P.L. 2021 c.160.
Applicant Eligibility Requirements	<ul style="list-style-type: none"> • Consist of a team of no less than three individuals • The applicant must submit a complete and well-written business plan for the venture available in presentation format similar to the sample template to be posted on the NJEDA website • The venture must operate within New Jersey’s “Targeted Industries” • The venture must have a registered address located within an “eligible municipality” within New Jersey that may have a commercial or residential address • The venture or proposed business must be led by a team of at-least three (3), full-time entrepreneurs • The entrepreneur leadership team must have majority equity interest (>50%) in the applicant • At least half of the entrepreneur leadership must certify as “first-time entrepreneurs” • Entrepreneur leadership must commit to working at the business on a full-time basis for two years following receipt of the fellowship grant <ul style="list-style-type: none"> ○ “Full-Time basis” is 35 hours/week; Entrepreneur leadership must not engage in part-time or outside work for more than 20 hours per week • All grant recipients to receive income from award of the Fellows Program must have paid gross-income tax to New Jersey within 60 days leading up to application • All grant recipients must commit to continue to pay gross income tax to New Jersey during the program’s two-year period • Entrepreneur leadership must commit to participate in a mentorship program for the program’s duration • Businesses must be registered with the State within 30 days of award notice in order to close on grant award, as evidenced by a valid business registration. • Current tax clearance certificate of the newly formed business • Funds must be used as income-replacement

“Applicant”	The “Applicant” is the team of entrepreneurs applying for the fellowship.
Income Replacement	<p>Award shall be used as income-replacement</p> <ul style="list-style-type: none"> • Grant must be used for payroll • Income-tax payment requirement • Applicant must provide proof of payroll management system, e.g.: <ul style="list-style-type: none"> ○ Bank payroll agreement & accounts ○ Payroll software subscription ○ Payroll service provider agreement
“First-Time Entrepreneur”	<ol style="list-style-type: none"> 1. At least 50% of the Approved Business leadership must be “first-time entrepreneurs” 2. A first-time entrepreneur must certify they have never been listed as a founder, co-founder, or owner of a business entity which operated in a targeted industry in the state of New Jersey and has received third-party funding <ol style="list-style-type: none"> a. Third-party funding includes professional Angel investment, institutional Venture (VC), or Private Equity (PE) capital
Entrepreneurs’ commitment to venture and Commitment Period	<p>All entrepreneurs on the leadership team must commit to working at the business on a full-time basis during the commitment period following receipt of the fellowship grant</p> <ul style="list-style-type: none"> • “Commitment Period” is defined as the immediate two years following initial disbursement • Entrepreneurs shall leave the workforce to commit to the approved business for two years. Entrepreneurs cannot be employed outside the business or enrolled in classes for over 20 hrs/week in any capacity <ul style="list-style-type: none"> ○ Entrepreneurs “Leaving the workforce” includes: <ul style="list-style-type: none"> ▪ Professionals who are leaving full or part-time, paid position within 60 days before application. ▪ Recent graduates who have a full or part time paid position within 60 days prior to application. • Entrepreneurs must sign a legally binding agreement (with ‘clawback’ risks) agreeing to commit to idea/venture on a Full-Time basis • EDA may claw-back disbursed grant funding of an amount up to the total previously disbursed as a consequence of non-compliance. • “Full-Time” defined as a 35 hrs/week
Reapplication	Awarded applicants are ineligible from future NJIF grant considerations and award. Ineligible or denied applications may reapply for consideration and/or award in later application rounds. Awardees deemed non-compliant are ineligible for future consideration for approval.
Declination Appeals	Denied applicants will have 10 business days from date of receipt of declination letter to appeal.
Income Tax Obligation	<p>All entrepreneurs on the leadership team must have paid income tax to New Jersey in the immediate 60 days prior to application and must provide verification.</p> <ul style="list-style-type: none"> • If any member of the original awarded team of entrepreneurs ceases to be a New Jersey taxpayer during the time in which fellowship grants are disbursed and the next following two years, the fellowship may be rescinded, and any amount

	disbursed may be recouped by the Authority
Targeted Industries	<p>Targeted Industries means any industry <i>identified from time to time by the authority</i> that shall initially include:</p> <ul style="list-style-type: none"> • Advanced Transportation and Logistics • Advanced Manufacturing • Aviation • Autonomous Vehicle and Zero-emissions research or development • Clean Energy • Clean Tech • Life Sciences • Hemp Processing • Information and High Technology • Finance and Insurance • Professional Services • Film and Digital Media • Non-retail food and beverage business (including food innovation)
Eligible Municipality	<p>Eligible municipality” means any of:</p> <ul style="list-style-type: none"> • A city of the first class • A municipality with a private research university • A municipality that is qualified to receive assistance under P.L.1978, c.14 (C.52:27D-178 et seq.) • A municipality under the supervision of the Local Finance Board pursuant to the provisions of the "Local Government Supervision Act (1947)," P.L.1947, c.151 (C.52:27BB-1 et seq.) • A municipality identified by the Director of the Division of Local Government Services in the Department of Community Affairs to be facing serious fiscal distress • A SDA municipality • A municipality in which a major rail station is located
Award Amount	<p>The base award shall be \$200,000 USD per team and shall be used as income-replacement for entrepreneurs who leave the workforce to open and operate a business in an eligible municipality</p> <ul style="list-style-type: none"> • A team may receive an additional \$50,000 bonus if one of the identified Entrepreneurs resides in an Opportunity Zone at the time of application. • A team of Entrepreneurs that includes at least one member who is a graduate of a New Jersey college or university, or is a diverse entrepreneur, and meets the eligibility requirements, may receive a \$50,000 legislated bonus for each certifying entrepreneur leader for up to three bonus awards totaling \$150,000 <ul style="list-style-type: none"> ○ “New Jersey college or University” includes 2- or 4- year colleges ○ “Diverse Entrepreneur” refers to the definition established in section 2 of P.L.1997, c.349 (C.54:10A-5.29)
Funding Disbursement	<p>The full award will be disbursed quarterly to grantees, over two years immediately following award</p> <p>Minimum disbursement requirements:</p> <ul style="list-style-type: none"> • Certified organizational chart demonstrating at least three entrepreneurs are managing the business

	<ul style="list-style-type: none"> • Quarterly management prepared financial statements <ul style="list-style-type: none"> ○ Annual accountant prepared financial statements • Verification of gross income tax withholding (for example, NJ WR-30) • Proof of regular mentor-program engagement • Certification that at-least three entrepreneurs are managing the business • Mentorship attendance record, evidenced by signed program instructor/advisor form(s) • Current Business' address •
Administration & Management Fees	There will be a 5% fee assessed on the full appropriated amount for NJEDA's administration and fund the mentorship requirement. Additionally, EDA will charge a \$250 application fee.