MEMORANDUM

TO: Members of the Authority

FROM: Timothy Sullivan
Chief Executive Officer

DATE: May 10, 2023

SUBJECT: Agenda for Board Meeting of the Authority May 10, 2023

Notice of Public Meeting

Roll Call

Approval of Previous Month's Minutes

CEO's Report to the Board

Venture

Community Development

Incentives

Loans/Grant/Guarantees

Real Estate

Off Shore Wind/NJWP

Authority Matters

Board Memoranda

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

April 12, 2023

MINUTES OF THE MEETING

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

Members of the Authority present in person: Chairman Terence O'Toole, Noreen Giblin, Executive Representative; Elizabeth Dragon representing Commissioner Shawn LaTourette of the Department of Environmental Protection; and Public Members Marcia Marley, Jewell Antoine - Johnson; and Robert Shimko, First Alternate Public Member.

Members of the Authority present via conference call: State Treasurer Elizabeth Muoio of the Department of Treasury; Commissioner Marlene Caride of the Department of Banking and Insurance; Commissioner Robert Asaro-Angelo of the Department of Labor and Workforce Development; and Public Members Charles Sarlo, Vice Chairman; Virginia Bauer, Fred Dumont, and Aisha Glover.

Also present: 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: Phil Alagia and Massiel Medina Ferrara.

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

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

MINUTES OF AUTHORITY MEETING

The next item of business was the approval of the March 8, 2023 meeting minutes. A motion was made to approve the minutes by Ms. Dragon, and seconded by Ms. Marley, and was approved by the eleven (11) voting members present.

Mr. O'Toole abstained from voting because he was not a member at the time.

FOR INFORMATION ONLY:

Chairman O'Toole stated that this was his first board meeting, and he looks forward to working with everyone.

FOR INFORMATION ONLY: The next item was the presentation of the Chief Executive Officer's Monthly Report to the Board. Mr. Sullivan welcomed Mr. Terence O'Toole, and Ms. Jewell Antoine -Johnson, to the Board.

AUTHORITY MATTERS

ITEM: Consulting Services for CHIPS and IRA Analysis – Contract Award
REQUEST: To approve the award of a contract for Consulting Services, for an Analysis of the Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act, and the Inflation Reduction Act (IRA) for a single one-year term.
MOTION TO APPROVE: Ms. Dragon **SECOND:** Ms. Marley **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

ITEM: Wind Power Ready Program Memorandum of Understanding (MOU) – NJEDA and Rowan College of South Jersey (RCSJ)
REQUEST: To approve: (1) MOU between NJEDA and RCSJ that will enable NJEDA to provide reimbursement to RCSJ as RCSJ incurs costs to support the implementation of Wind Power Ready, a 2023 wind turbine technician training program; (2) Utilization of funding from the grant agreement between NJEDA and the NJ Department of the Treasury for the Authority's Wind Institute for Innovation and Training activities; and (3) Approve delegated authority to the CEO to extend the MOU by up to twelve (12) months if needed.
MOTION TO APPROVE: Ms. Dragon **SECOND:** Ms. Bauer **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

COMMUNITY DEVELOPMENT

ITEM: Recommendation to Increase Allocation for Temporary Employees to Support the Main Street Micro Business Loan Processing
REQUEST: To approve the increase of the allocation for temporary employees from the Main Street Recovery Fund. The increased allocation will cover the costs to maintain the existing temporary employees and hire additional temporary employees to continue processing and closing loan applications for the Main Street Micro Business Loan.
MOTION TO APPROVE: Ms. Marley **SECOND:** Ms. Antoine- Johnson **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

ITEM: Supplemental Funds for New Jersey Asset Activation Planning Grants and Awards
REQUEST: To approve: (1) Allocation of funds from the FY2023 budget appropriation to supplement the New Jersey Asset Activation Planning Grant Program; (2) To approve grant awards for two current awardees to support their planning work.
MOTION TO APPROVE: Ms. Giblin **SECOND:** Ms. Dragon **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

ITEM: Recommendation for Additional Funding for the New Jersey Asset Activation Planning Grant Program
REQUEST: To approve allocation of funds from FY2023 Appropriations Act, "Planning Grant" appropriation transferred by the NJ Department of Treasury to the NJEDA, to capitalize a new round of the NJ Asset Activation Planning Grant Program, which provides rolling grant awards to public, private or non-profit entities, for early-stage planning activities for projects that activate distressed or under-utilized public assets.
MOTION TO APPROVE: Mr. Shimko **SECOND:** Ms. Antoine- Johnson **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

INNOVATION

ITEM: Updates to NJ Entrepreneur Support Program
REQUEST: To approve updates to the NJ Entrepreneur Support Pilot Program (NJESP) to support New Jersey entrepreneurs.
MOTION TO APPROVE: Ms. Marley **SECOND:** Ms. Giblin **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

INCENTIVES

FOOD DESERT

ITEM: Rules for Food Desert Relief Tax Credit Program (N.J.A.C. 19:31-28)
REQUEST: To approve: (1) Rules for the Food Desert Relief Tax Credit Program and to authorize staff to (a) submit the special adopted new rules and concurrently proposed new rules for publication in the New Jersey Register, and (b) submit the proposed program rules as final adopted rules for publication in the New Jersey Register if no formal comments are received; (2) The creation of the tax credit component of the Food Desert Relief Program; (3) Delegation of authority to the CEO to 1.) Add the Food Desert Relief Tax Credit Program to existing delegated authority for minor administrative changes and for extensions to conditions of approval; 2.) Approve up to four (4) six-month extensions for when a supermarket or grocery store must be open for business to the public, and when the project must be completed and documents evidencing completion and satisfaction of eligibility requirements must be submitted; and 3.) Decline program applications for nondiscretionary reasons.
MOTION TO APPROVE: Ms. Bauer **SECOND:** Ms. Dragon **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

ITEM: Food Desert Relief Tax Credit Sale
REQUEST: To approve: (1) The sale of tax credits in calendar year 2023 in a manner consistent with the Food Desert Relief Act, to receive funds for subsequent grant, loan, and/or technical assistance programs in line with the uses specified in the Food Desert Relief Act; (2) Delegated authority to the CEO to establish the amount of tax credits to be auctioned, up to the amount approved by the Board, based on an assessment of economic and market conditions; (3) Delegated authority to the CEO to establish start and end dates for the tax credit auction; (4) Delegated authority to the CEO to approve tax credit purchasers as long as the applicants have met all the criteria.
MOTION TO APPROVE: Ms. Dragon **SECOND:** Mr. Shimko **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

Mr. Sarlo joined the meeting at this time.

GROW NJ

ITEM: Aptapharma, Inc., Grow NJ Assistance Program Modification- P44129
REQUEST: Due to a reduction in eligible jobs, approval is being requested from the Members to: (1) affirm that the project has not otherwise materially changed to allow staff to complete its certification of project completion; and (2) delegated authority to approve a further 10% reduction from the current number of eligible jobs based upon staff review.
MOTION TO APPROVE: Ms. Dragon **SECOND:** Ms. Marley **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

ITEM: Grow NJ COVID-Related Termination Delegation
REQUEST: To approve Delegation of Authority to the CEO to approve the termination of approved Grow NJ awards in accordance with the COVID relief provisions recently enacted by amendment to the Grow New Jersey Assistance Act, N.J.S.A. 34:1B-242-250.
MOTION TO APPROVE: Ms. Dragon **SECOND:** Ms. Giblin **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

GROW NJ APPEAL

ITEM: Maestri d'Italia Inc. - Hearing Officer's Recommendation on the Appeal of the Application for Grow New Jersey Assistance Program – P44124
REQUEST: To approve the tabling of the matter until next month.
MOTION TO APPROVE: Ms. Dragon **SECOND:** Ms. Bauer **AYES: 13**

REAL ESTATE

ITEM: Recommendation for Award - #2022-RFP-070
REQUEST: To approve an Advisory Consulting Services contract award for one (1), three-year term, with two (2) one-year extension options. These services will assist the Authority to evaluate EDA programs and investments in real estate projects.
MOTION TO APPROVE: Ms. Dragon **SECOND:** Ms. Antoine-Johnson **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

Mr. O'Toole recused himself because Jones Lang LaSalle has done work for his portfolio of companies.

ITEM: Contract for Real Estate Selling Broker for Select Authority-Owned Property
REQUEST: To approve awarding a real estate selling brokerage services contract for selected Authority-owned property.
MOTION TO APPROVE: Ms. Giblin **SECOND:** Ms. Dragon **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

Mr. O'Toole recused himself because Jones Lang LaSalle has done work for his portfolio of companies.

BOARD MEMORANDA

FYI ONLY

- Credit Underwriting Projects Approved Under Delegated Authority, March 2023
- Real Estate Division Delegated Authority for Leases and Right of Entry (ROE)/Licenses, Q1 2023

PUBLIC COMMENT

There was no public comment.

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

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

Fred Cole

Fred Cole
Sr. VP Business Support
Assistant Secretary

NJEDA

MEMORANDUM

To: Members of the Authority

From: Tim Sullivan

Date: May 10, 2023

Re: May 2023 Board Meeting – CEO Report

As we celebrate New Jersey Small Business Month, the New Jersey Economic Development Authority (NJEDA) is committed to providing our small business owners with the resources needed to succeed. Small businesses are the backbone of our state's economy, and when our small businesses thrive it furthers our economic potential and uplifts entire communities.

Last week, the NJEDA was excited to celebrate National Small Business Week, which was jam-packed with announcements, webinars, and a comprehensive social media campaign. In recognition of Small Business Week, we were proud to announce that since October 2021, the NJEDA has approved $85 million in grants and loans to over 2,300 small businesses through our Main Street Recovery Program. Through the Main Street Recovery Program, small businesses across New Jersey were able to open new locations, avoid layoffs, hire additional staff, and purchase new equipment. Most importantly, they were able to position themselves for greater resilience during future economic disruptions.

In addition to this exciting announcement, the NJEDA hosted three webinars to highlight state resources available to small business owners, which were attended by several hundred business owners. Last week, I was honored to join Congressman Menendez, Senate Majority Leader Teresa Ruiz, Assemblywoman Eliana Pintor Marin, Assemblywoman Shanique Speight, U.S. SBA Regional 2 Director Marlene Cintron, and Newark Councilmen Luis Quintana and Michael Silva for a small business walk in Newark's Ironbound neighborhood, which included visiting an EDA supported business.

We hosted a roundtable discussion with Initiative for a Competitive Inner City (ICIC) CEO Steve Grossman, Governor Phil Murphy, First Lady Tammy Murphy, and business leaders from across the state. The ICIC is committed to spurring economic growth within urban communities by supporting small businesses, creating jobs, and building wealth for all residents. The NJEDA and ICIC both have a mission of creating programs, products, and initiatives that help boost small business owners by providing equitable access to capital and other tools they need to succeed.

Last month we launched Phase I of our Cannabis Equity Grant Program, which received an overwhelming amount of interest. The Joint Ventures Grant will allocate a total of $6 million in funding to 24 entities that have a conditional or annual license, have obtained site control over their real estate, and have municipal approval. The NJEDA stands committed to ensuring equitable access to the growing cannabis industry and we look forward to announcing award recipients in the coming weeks.

Also during April – in recognition of Earth Month – we launched the application for the expanded New Jersey Zero-Emission Incentive Program (NJ ZIP), which received 300 applications, and the New Jersey Clean Energy Loans (NJ CELs) program. Together, these initiatives will invest $170 million in our green economy, propelling New Jersey towards Governor Murphy's goal of achieving 100 percent clean energy by

2035. Fighting climate change will not only protect our environment but will also help create good-paying jobs, support businesses, and bolster New Jersey's growing clean energy industry.

We also issued guidelines for our Garden State Commercial Property Assessed Clean Energy (C-PACE) Program. C-PACE was established to provide financing to commercial property owners for renewable energy, water conservation, and energy efficiency projects.

Last week, we announced that the NJEDA has already approved over $8 million in vouchers to 69 New Jersey manufacturers under the New Jersey Manufacturing Voucher Program (MVP). Approved awardees can use the vouchers to purchase equipment to help New Jersey manufacturers upgrade their businesses. The program application window is now closed after being fully subscribed. NJEDA staff will continue to review applications with additional approvals expected in the coming month.

Our work in the offshore wind industry continued over the past month. We hosted a Meet the Buyers event in Atlantic City where representatives from Orsted, Jingoli Power, and Burns & McDonnell presented sub-contracting opportunities for local businesses interested in supporting the wind farm. I also joined Atlantic City Mayor Marty Small, Orsted, Rowan College of South Jersey, and Atlantic Cape Community College to announce a new offshore wind workforce development program. The program will help recruit, train, and place local residents, with a focus on women and minorities, in good-paying jobs within the growing industry.

At the end of April, we opened applications for our Food Retail Innovation in Delivery Grant (FRIDG) program, which will expand fresh, healthy food options for residents in Food Desert Communities (FDCs). FRIDG will provide grants to food retailers to purchase and place temperature-controlled lockers in FDCs, where residents can have groceries delivered to and can pick up at a convenient time. We also issued an expressions of interest form for the New Jersey Indoor Amusement Park Grant Program. Applications for the program, which will support indoor amusement parks, arcades, and entertainment facilities that were hit hard during the COVID-19 pandemic, are expected to open in the coming months.

Since we last met, NJEDA staff has worked diligently to ensure the success of our multiple program launches, events, and webinars. I am truly thankful for the entire NJEDA staff and their commitment to serving New Jerseyans. As we head into the summer months, we will continue our hard work of investing in our businesses, our communities, and our families – creating a solid economic foundation for generations to come.

Tim Sullivan, CEO

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: May 10, 2023

SUBJECT: New Jersey Black & Latino Seed Fund (BLSF) Manager Approvals

SUMMARY

Approval is requested of the Members to:

- Commit an aggregate investment amount of up to $20 million to limited partnerships, or limited liability companies managed by fund manager Conscious Venture Partners, LLC (Conscious), for an amount up to $7.5 million; fund manager, Red Bike Capital LLC (Red Bike), for an amount of up to $5 million; and accelerator manager, Tale Venture Partners LLC (Tale), for an amount up to $7.5 million to make investments into early-stage, Black and Latino owned businesses in New Jersey, subject to the final analysis based on the disparity study. Funding for the investments is provided by State Budget appropriations from Fiscal years 2021 and 2022.
- Delegate to the Chief Executive Officer the Authority to determine the fund structure (investment commingled with other funds or held in a side-car vehicle) and to finalize fees and expenses with each fund manager based on the parameters contained in this memorandum.

BACKGROUND

As provided for by New Jersey State budget, appropriations of $10 million in fiscal years 2021 and 2022 each, totaling $20 million, and signed into law by Governor Murphy, the NJEDA was authorized to pursue the creation of a seed fund to invest in Black and Latino founded and led businesses. The funding was appropriated into NJEDA's Economic Recovery Fund (ERF), from which EDA is authorized to make equity investments into small and medium-sized businesses that have new concepts or invention or expanding, transitioning to, or using a new business model. Accordingly, pending the outcome of a disparity study in NJEDA's equity investments. The object of the study was to determine if there is a disparity between the percentage of available, diverse-owned enterprises (women-, minority, veteran-owned business enterprises, also referred to as "diverse founders") and the percentage that have received direct funding from an NJEDA administered equity investment programs or indirect support from the Authority's venture fund programs.

NJEDA Equity Investment Disparity Study

In May 2021, the Authority retained Rutgers University's Public Private Community Partnerships and Supply Chain Management Department to conduct a comprehensive disparity study of the Authority's equity investment program over the five-year period between July 1, 2015, through December 31, 2020. The study's scope of work asked the Rutgers team to first determine the total number of emerging or early-stage companies in the State and the number and percentage of diverse-owned enterprises. Then, using data compiled from the five-year period studied, the team determined if there is a disparity between the percentage of available diverse enterprises in this subset, and the percentage that have received direct funding from an NJEDA administered equity investment programs or indirect support from the Authority's venture fund programs.

The Rutgers team, in its review of the utilization data, found that diverse founders received a small percentage of the overall equity investments made by the funds within the Authority's equity-investment portfolio. For example, the study found that only about 11.9% of the Authority's equity-investment portfolio were made into diverse founders. For context, about 86.9% of the portfolio equity-investments went to the State's businesses that are not diverse-owned enterprises (also referred to as "non-diverse founders").

The Rutgers team made a number of recommendations, including some that are neutral as to race, ethnicity, and gender as well as set asides and race-, ethnicity-, and gender-conscious steps "in order to remedy the effects of potential future disparities while reducing or eliminating any other marketplace barriers that adversely affect future investments in diverse-owned enterprises."

One specific recommendation is to establish race- and ethnicity-conscious equity investment programs. To determine the amount of investments necessary for such programs, staff is presently analyzing the identified disparity in light of EDA's current investment portfolio and anticipated increased short-term investment (including all SSBCI equity investment recommended by separate memoranda).

The Authority's adoption and execution of the Black and Latino Seed Fund is part of a broader strategy based on the disparity study's recommendations. Among the actions included in the strategy that are being considered or have already been taken and recent legislative changes that staff anticipates will reduce the identified disparity are:

1. Recommending that the Board set aside funds from the NJ Innovation Evergreen Fund as authorized under the Innovation Evergreen Act (to be requested at a later Board meeting)
2. Additional investment from the Innovation Evergreen Fund (up to an additional $1.25) for certified women- or minority-owned businesses
3. Including whether a venture firm has diversity, equity, and inclusion policies for internal operations and for investments as a significant scoring criteria to determine whether a venture firm qualifies for Innovation Evergreen Fund investments
4. Increase to the amount of the NJ Accelerate convertible note available to business graduating from NJEDA approved accelerators, and approval of one accelerator with a focus on early-stage technology and technology-enabled companies led by underrepresented founders
5. Recommending, by separate memorandum, the investment of $20 million in Socially and Economically Disadvantaged Individuals (SEDI) Seed Funds, using federal State Small Business Credit Initiative. The U.S. Treasury defines SEDI to include, among other things, membership in racial and ethnic groups "that ha[ve] been subjected to racial or ethnic

prejudice or cultural bias within American society"; gender; veteran status; and membership of a federally or state-recognized Indian Tribe.

Additionally, although not directly impacting NJEDA's equity investment, the following also help direct funds to diverse founders:

1. Increase to the amount of the Angel Investor Tax Credit (ATC) for an investment in a certified women- or minority-owned business
2. Increase to grant funding, up to an additional $150,000, for women and minority entrepreneurs participating in the Innovation Fellows Program

The Authority continues to strive to develop more-equitable investment portfolios and support diverse companies in compliance with relevant State laws.

Investment Details

Since 1999, the Authority has committed more than $64.5M to 20 venture capital funds. The aggregate commitments have resulted in direct-investments into 114 NJ-based, early-stage companies, yielding over 6,500 jobs in New Jersey, and a private leverage multiple in excess of 64.7x.

Strategy:
The Black and Latino Seed Fund is purposed to increase access to capital for Black and Latino owned businesses operating within the State. The Authority, for purposes of the Fund, defines these businesses as "New Jersey- businesses where at least 51% of its ownership interest is held by Black or Latino entrepreneurs." Staff proposes defining these terms consistent with the State statutory definitions for "Black" and "Hispanic" for purposes of certifying minority-owned businesses. Accordingly, a "Black Entrepreneur" is an entrepreneur with racial origins in any Black racial groups in Africa and a "Latino Entrepreneur" is an entrepreneur of Spanish or Portuguese heritage, with origins in Mexico, South or Central America, or the Caribbean Islands, regardless of race.

Additionally, while ERF allows for investment in any business with new concepts or invention or that is expanding, transitioning to, or using a new business model, staff proposes generally focusing this investment on "targeted industries" as defined in the New Jersey Economic Recovery Act of 2020, P.L. 2020, c. 156, for various new State tax credit programs, and further clarified in the Emerge Program at N.J.A.C. 19:31-22.2: to mean "any industry identified from time to time by the Authority that shall initially include advanced transportation and logistics, advanced manufacturing, aviation, autonomous vehicle and zero-emission vehicle research or development, clean energy, life sciences, hemp processing, information and high technology, finance and insurance, professional services, film and digital media, non-final point of sale retail food and beverage businesses, including food innovation, and other innovative industries that disrupt current technologies or business models." Disruption is assessed based on such factors as "whether the businesses in the industry are offering products or services that significantly improve current market offerings on the basis of price or other performance levels, whether the new industry creates opportunities for new firms to enter and redefine the supply chain or value chain of an industry, or whether the industry utilizes new technology or business processes that allow New Jersey firms to collect a share of revenues that were traditionally only available to companies in other geographies."

The recommended managers will utilize the amount determined by the Authority based on the equity investment disparity study, up to the maximum of $20 million, pending final staff analysis based on the disparity study data, to make seed-stage investments into New Jersey Black and Latino owned businesses. The allocation of dollars to the three managers identified for recommendation are specified herein.

Process:
On February 9, 2023, NJEDA issued a Notice of Investment Opportunity to gather submissions from venture capital managers that have demonstrated competency, capacity, and skill in managing early-stage investment strategies into start-up and early-stage companies in New Jersey to receive an investment and manage a possible Black and Latino Seed Fund (the "Fund") for investment into Black and Latino, New Jersey businesses. The submissions were evaluated according to a process and scoring rubric attached as **Appendix A**, as provided from the Notice of Investment Opportunity issued.

At a minimum, the following deliverables are the requirements of the fund managers' performance against the resulting investment contract:

- The selected fund managers must convene in-person office hours or engagements in New Jersey on a regular basis.
- If the interested fund manager does not currently have an office in the State, a manager may operate at a remote or satellite in-State office, co-working facility or establish a permanent facility. The office location must be provided to the Authority before closing, and evidence must be presented to verify the active and in person sourcing efforts in New Jersey.
- The selected fund manager(s) shall enter into one or more agreements with the Authority regarding the investment, which agreements shall be governed by New Jersey law.
- The selected fund manager(s) must provide quarterly financial statements and Fund updates in writing at the end of each calendar quarter after the award documents are executed. The Fund updates must include detail on companies invested into, including but not limited to industry, business specifics, location, jobs, additional funding, and highlights of portfolio business advancements. The quarterly report must also include updates on activities to support the ecosystem of Black and Latino entrepreneurs and businesses in New Jersey, including events and marketing.
- The selected fund manager(s) shall provide annual Certified Public Accountant prepared financial statements for the life of the investment. The Authority shall have a position on the Fund's advisory board.

If the selected Fund Manager(s) fails to provide the deliverables required in the investment contract with NJEDA, they will be granted a 90-day grace period in which to cure the shortfall(s), after which point management fees will be withheld until deficiencies are corrected as outlined in the award agreement.

The NJEDA received submissions from nine respondents related to the NIO. Responses were reviewed by cross-functional teams of EDA staff in two rounds and scored according to the rubric in **Appendix A**. The initial round of scoring was followed by a round of clarifying questions gathered in writing and via virtual interview sessions conducted by staff. The top scoring fund manager was Tale Venture Partners LLC (scoring 40 out of 52), the third highest scoring manager was Red Bike Capital, LLC (scoring 33 out of 52), and the fourth highest scoring manager was

Conscious Venture Partners LLC (scoring 32 out of 52). The second highest scoring manager is not proposed for investment here, as that manager applied for all three concurrently issued NIOs. To mitigate potential concentration risk at a total program level and create alignment with the capital matching requirement, the second highest scoring fund manager is being proposed only for the SSBCI Life Science Seed Fund NIO. Staff recommends that the funds be allocated to the identified, qualified, highest-scoring managers to make early-stage investments into New Jersey businesses founded and run by Black and Latino entrepreneurs. One hundred percent of the investments will be deployed into New Jersey companies. As identified at the time of investment, a NJ business is: 1. One which at least 50% of non-retail employees working or living in New Jersey, or 50% of payroll is paid to employees, living or working in NJ; or, 2. A business which has its US headquarters in New Jersey. Following the completion of reviews staff has identified Conscious Venture Partners, LLC, an accelerator manager, for an amount up to $7.5 million; fund manager, Red Bike Capital LLC, for an amount up to $5 million; and accelerator manager, Tale Venture Partners LLC, for an amount up to $7.5 million. See Non-confidential narratives under "summaries of selected managers" below.

As identified to the respondents in the Notice of Investment Opportunity, in addition to managing the State appropriated funds, the managers will be able to seek additional capital commitments from other investors to leverage the public funds as a catalyst for investment.

Executive Summaries of Selected Managers

Conscious Venture Partners, LLC Executive Summary

Conscious Venture Partners, LLC, based in Baltimore, MD, creates opportunities for new prosperity for diverse entrepreneurs, underserved or under resourced urban communities and for its investors, by using entrepreneurship as a tool for economic inclusion. Conscious launched its first fund, Conscious Venture Fund I, LP ("Fund I") in September of 2018. The Fund closed in early September 2020 after raising roughly $1.7m. Since 2014 and the launch of the first conscious Venture Lab cohort in the Spring of 2014, Fund I invested in 29 seed or pre-seed companies. Conscious launched its second fund, Conscious Venture Fund II, LP ("Fund II"), a $30 million fund, in March 2021. Conscious scored 32 out of 52. The firm was ranked highly, in part due to its experienced leadership team, who have meaningful investment records prior to founding Conscious. Additionally, despite the very early stage of the Fund I portfolio, the portfolio demonstrates a low loss ratio, or write-off rate of investments. Core to the nature of the Black and Latino Seed Fund, Conscious can specifically demonstrate the demographic metrics within its portfolio.

<u>Fund Strategy</u>

Conscious Venture Partners acts as a bridge between under-served founders and the resources they are so often denied. By providing investment capital, a world-class entrepreneurial training platform, connections to a network of corporate partners, mentors, consultants, academics and other investors, Conscious helps break down barriers and allow founders to become the protagonists in their own solutions of creating generational wealth in minority communities across the US. One of the ways Conscious continues to set itself apart from other accelerators and venture capital funds is with its focus on conscious capitalism and the theory of stakeholder management.

Conscious proposes that the fund will have a 10-year fund life term and a 5-year investment period, with the first 18 months of the fund life committed to additional capital raises. It will pursue investments through convertible notes, SAFEs, and equity holdings in its management of the Black and Latino Seed Fund. Its minimum investment would be $100,000 and its maximum at around $750,000. Conscious anticipates up to 20 investments per-year at an average size of $125,000 per startup for the initial investment. Follow-on investments would likely start at $250,000 and range to the upper level of $750,000.

Additionally, the fund will focus on making an average of $3M yearly (during the fund's investment period) into early stage (pre-seed to series B), businesses headquartered in New Jersey, with at least 51% of its ownership interest held by Black and/or Latino entrepreneurs.

Conscious considers itself acutely focused on supporting the development of businesses' soft and hard skills. The firm defines "conscious capitalism" as way of thinking about capitalism and business that better reflects where the human journey currently is, the state of the world today, and the innate potential of business to make a positive impact on the world. The firm views "conscious businesses" as galvanized by higher purposes that serve, align, and integrate the interests of all their major stakeholders; who have conscious leaders who are driven by service to the company's purpose, all the people the business touches, and the planet we all share together; have trusting, authentic, innovative and caring cultures that make working there a source of both personal growth and professional fulfillment; and endeavor to create financial, intellectual, social, cultural, emotional, spiritual, physical and ecological wealth for all their stakeholders.

Fund Management

Jeffrey Cherry is the Managing Principal of the current fund. He is a seasoned CEO, entrepreneur, corporate executive, startup advisor, venture and wall street investor, speaker, and writer with a track record of strategic execution and innovation. Over the last 37 years he has built award winning companies in engineering, design, strategic consulting, and investment management. He has been a trusted advisor to Fortune 500 executives, government agencies and startups, with a focus on helping teams understand customers and build dynamic, high-performing organizational cultures. Over his career Jeff has founded seven companies. His first company, LLD, Inc. was named one of the 500 fastest growing companies in America by Inc. Magazine in 1997.

Mr. Cherry also co-authored the book "Firms of Endearment, How World Class Companies Profit from Passion and Purpose." Mr. Cherry was also the co-founder and co-head of equity research for "The Concinnity Group," a hedge fund established to invest in stakeholder-managed, publicly traded companies. The Concinnity Group was a sub-advisor to Diamondback Advisors and Guggenheim Partners which, combined, saw Concinnity Group's allocation in excess of $600MM.

Red Bike Capital Executive Summary

Red Bike Capital is a Latino and woman-led early-stage fund, investing in startups that can significantly drive the economy and improve people's lives. Red Bike invests in US-based founders in FinTech, SAAS, and Health & Wellness. Red Bike is committed to improving equity and diversity in the Venture Capital industry, investing capital, time and network to make an impact. Red Bike's strategy expresses aims to bridge the gap for those who lack the network and wealth, but have the capacity and determination to succeed, making capital accessible to the best talent. Red Bike scored a 33 out of 52 on the basis of their leadership team's depth of experience as investors and operators, as well as, their history working together in prior capacities. The team is currently based in New York and actively working to source opportunities within New Jersey's diverse ecosystem, already.

Fund Strategy

Red Bike will invest in 10-15 New Jersey early-stage start-ups founded by Black and Latino entrepreneurs, with average initial investment of $200,000-$500,000 focusing on our core expertise of Fintech, SAAS, and Health & Wellness. The team expects to invest about one third in each of those verticals and expect to have follow-on reserves of 20-30% of the Fund to support successful portfolio companies in follow-on rounds. Additionally, they expect the fund to have a 10-year term, and plan to deploy most of the Fund within 36-48 months after the first closing of the Fund.

Red Bike strives to be value-add to founders having had the experience of scaling very early businesses. It believes that founders, particularly diverse founders that may not have the network or background, particularly benefit from Red Bike's financial support and very specific skill set around driving growth and revenue, team building and product/customer development in the early stages. One of Red Bike's main value propositions is its ability and commitment to actively support and mentor its portfolio companies and founders. The team is in constant communication with the firm's portfolio companies, helping them in many areas including strategic planning, growth and marketing, talent introductions, client introductions, financial planning, founder mentoring and capital introductions.

Fund Management

Rachel ten Brink is the General Partner and Co-Founder of Red Bike Capital. Rachel is a Founder, Investor, Board Member, and Growth Marketing expert. Prior to founding Red Bike Capital, she was Co-Founder and CMO of Scentbird, a Y-Combinator backed ecommerce startup that raised $29MM in venture funding. Leading Growth, Brand and Revenue, she scaled Scentbird to $100M in revenue, 150+ employees, and built 74 B2B partnerships with corporations including Coty, Macy's, Sephora and Glossier. Before this, she spent fifteen years building global billion-dollar brands at Procter & Gamble, Elizabeth Arden, Estee Lauder and L'Oreal. Rachel has been a board member and senior advisor for various companies and serves on the Board of Directors of AboveBoard and Dyper.

Rachel is one of 90 Latinas to have ever raised over $1M in venture funding and was named Entrepreneur Magazines' 100 Powerful Women of 2020. She has been featured in The New York Times, TechCrunch, WSJ, El Diario, Business Insider, Bloomberg and Forbes.

Rachel sits on the Board of Latinas in Tech, the largest organization of Latina tech workers in the US (over 25,000 members). She is a mentor to diverse founders at Y-Combinator, Techstars, Entrepreneurs Roundtable, 500 Startups, Black Ambition Betaworks, Columbia Business School Lang Center and NYU Entrepreneurship Center, and an active member of Top Latinx in Tech, LatinxVC, VCFamilia, Transact, and DealmakeHers. She is passionate about developing the next generation of diverse leaders and serves as Co-President of Columbia Business School Hispanic Alumni Association and Board Member of CodeAdvantage (nonprofit focused on early coding education for minorities). Additionally, through her work as a Board Member of AboveBoard (largest recruiting platform and community for diverse executives) and the Latino Corporate Directors Association, she is working to increase the number of diverse senior executives and board members.

Rachel graduated magna cum laude from Babson College and holds an M.B.A. from Columbia Business School.

Herman Goihman is an experienced investor who has deployed more than $2B, and held senior roles at Bank of America, Taconic Capital and Cygnus Asset Management. Herman started his career as an investment banker at Bear Stearns and spent more than 20 years on Wall Street. His expertise includes Fintech, the structuring and investing of high yield and distressed credit in public and private markets. He was also a member of several restructuring committees during his investing career.

As an immigrant and a minority himself, Herman is passionate about developing and supporting alternative underwriting models of credit and risk that are inclusive of underserved, creditworthy sectors of the population that are often excluded by traditional risk models and business practices. These underserved sectors of the population are disproportionately diverse, affecting the access to credit and financial services and therefore limiting the economic mobility of minorities.

Herman is a mentor at Entrepreneurs Roundtable, and Columbia Business School Lang Center where he has also served as a jury member in Venture competitions. Herman is also a member of LatinxVC and VCFamilia.

Herman graduated summa cum laude from The Wharton School of the University of Pennsylvania and holds an M.B.A. from Columbia Business School.

Tale Venture Partners Executive Summary
Tale Venture Partners (TaleVP) is a California-based early-stage venture capital firm founded in 2017 by Michael Young, a second-generation Jamaican-American, and Edward Jean-Louis, a first-generation Haitian-American. Since 2017, TaleVP has invested in and worked with exceptional entrepreneurs across their portfolio to build and scale companies to achieve a combined private market valuation of $11.6B, which has resulted in nearly 1,700 jobs created over the past five years. In addition, Tale's portfolio companies have gone on to raise more than $700M from additional investors. Tale can demonstrate that 75% of its investments have been in minority-owned and women-owned businesses. Tale seeks to build on its momentum and success by fully focusing on the needs of these groups who have been historically underrepresented, under-resourced, and under-funded. Tale scored 36 out of 52 and achieved the top score among NIO responses. Tale has committed to relocating their headquarters from California to Camden, New Jersey to launch an accelerator focused on their core sectors. Closing of the commitment will be conditional on this relocation. While an emerging institutional platform, the Tale Founders bring their own successful angel investment backgrounds and track records to bare.

Fund Strategy
Tale Venture Partners Fund II is targeting $40 million in total capital commitments and will be structured as a Limited Partnership. The Fund will have a 10-year term and a one-year option to extend. The commitment period will be three years and the investment period will be four years. The initial deposit will be 10% of the Limited Partners' (including EDA's) total committed capital and the Fund will call up to a maximum of one-third of the committed capital each year. The Fund's objective is early-stage venture capital investing.

While early-stage investing will always be risky, there are significant macroeconomic tailwinds from both the public and private sector that help reduce the risk of investment in companies developing climate-related solutions. For example, the United States is moving to eliminate fossil fuel subsidies and support renewable energy generation from sources such as wind and solar. On the consumer side, there is increased demand for electrification and decarbonization across industries including the built environment, transportation, materials, food and agriculture. Tale believes there is significant opportunity not only in final technology solutions that reduce or capture greenhouse gas emissions from the atmosphere but also in supply chain, advanced manufacturing, transportation, logistics, operations, analytics, monitoring, and more that contribute to and/or benefit from a low carbon economy.

The Fund will invest in early-stage companies (pre-seed through series A) that are Black and Latino owned businesses developing climate-related solutions across industries. The Fund will make 35-40 initial investments and target 10% initial ownership of each company. The Fund will seek to take a board or board observer seat in a majority of its investments. The Fund will have a recycling provision at the discretion of the General Partner. Company engagement is one of the firm's primary risk management tools. As such, an accelerator will be established to maximize the Fund's target rate of return.

Management Team

Michael Young has spent 12 years in the technology industry. He is a design thinking and product development expert and has built and launched technology products across various industries from consumer-focused pre-revenue startups to implementing billion-dollar enterprise technology solutions. Before leaving to pursue his MBA, Young led technology teams at Accenture. During his MBA, he co-led the development of multiple technology startups, including two eventual Y-Combinator companies. Michael graduated from UNC – Chapel Hill with a B.S. in Business Administration. Michael currently serves on the Board of the UNC Entrepreneurship Program as well as Board Director of several of Tale's portfolio companies. He also received his M.B.A. from the University of California, Berkeley-Haas School of Business where he studied finance and entrepreneurship as a Robert A. Toigo Fellow and Consortium Fellow. Currently, Michael is Founding Partner of Tale Venture Partners, an early-stage VC firm.

Edward Jean-Louis has over 10 years of professional experience in accounting, investment management, investment banking and venture capital. After graduating from UMass Amherst, Jean-Louis began his career at Brown Brothers Harriman in the company's Investor Services Division, working as a fund accountant and before leaving to pursue an MBA, he was overseeing accounting and administration for all of BBH's in-house mutual funds. While at UCLA Anderson School of Management, he worked as a research analyst at both Hawkeye Capital Management and Hypotenuse Capital Management, two deep value hedge funds in New York and Los Angeles, respectively. Additionally, Jean-Louis was selected as a Student Investment Fund Fellow where he and 11 other fellows managed ~$2M of UCLA's Endowment. After graduating from UCLA Anderson, Jean-Louis went on to work with QueensBridge Venture Partners, an early-stage venture capital fund in Los Angeles, supporting the fund's senior investment team and the fund's investments in over 100 early-stage venture backed companies. Currently, Jean-Louis is a Co-founder & Managing Director at Tale Venture Partners, an early-stage VC firm.

DELEGATED AUTHORITY:

Staff is still negotiating whether the investment will take the form of a limited partnership investment with the selected fund managers serving as general partner and the EDA serving as a limited partner, aligning with EDA's typical venture fund investment mode and process, or as a member in a limited liability company, as is typical in relation to accelerator strategies. Staff is also negotiating with the fund managers as to whether the investment will be commingled with other funding in a single fund or will be invested in a sidecar.

Fees and expenses will differ depending on the fund structure, as well as the additional services that the fund manager may provide in an accelerator-based model. Accordingly, staff requests delegated authority to the Chief Executive Officer to determine the fund structure and to negotiate the fees and expenses, provided that the fees and expenses are comparable to market fees for similar fund structures and models and do not exceed a 1.71 percent aggregate management fee cap over the life of the fund, organizational expenses of the fund do no exceed $150,000 and annual operating and audit expenses in aggregate will not exceed $25,000 annually, (comparable to side car or multi-asset fund vehicles previously established by the NJEDA based on market research). The organizational expenses and annual operating and audit expenses will be paid from the $20 million appropriation.

RECOMMENDATION:

Following from the Notice of Investment Opportunity process and depth of evaluation conducted by Authority staff, according to the criteria established, approval is requested of the Members to:

- Commit an aggregate investment amount of up to $20 million to limited partnerships, or limited liability companies managed by fund manager Conscious Venture Partners, LLC (Conscious), for an amount up to $7.5 million; fund manager, Red Bike Capital LLC (Red Bike), for an amount of up to $5 million; and accelerator manager, Tale Venture Partners LLC (Tale), for an amount up to $7.5 million to make investments into early-stage Black and Latino owned businesses in New Jersey, subject to the final analysis based on the disparity study. Funding for the investments is provided by State Budget appropriations from Fiscal years 2021 and 2022.
- Delegate to the Chief Executive Officer the Authority to determine the fund structure (investment commingled with other funds or held in a side-car vehicle) and to finalize fees and expenses with each fund manager based on the parameters contained in this memorandum.

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Tim Sullivan, CEO

Prepared by:
Emmanuel Esochaghi – Diversity Entrepreneurship and Finance Officer, Venture Programs
Michelle Martinez– Product Officer, Venture Programs
Tim Rollender – Director, Venture Programs

Attachments:

Appendix A – Scoring Rubric

Appendix B – Investment Terms

Appendix A – Scoring Rubric

1. FUND MANAGER QUALIFICATIONS & ELIGIBILITY

This Notice is a competitive opportunity. All interested fund managers must provide their submissions by 5pm ET on Thursday, March 16, 2023, in order to be considered. You must submit your submission in PDF format to BlackAndLatinoSeedFund@njeda.com. Only electronic submissions will be accepted.

Furthermore, you must adhere to the following guidelines:
a. Include a cover page with preparer's contact information.
b. Include a table of contents that lists all of the required evaluation criteria in Section 7.
c. Must address each of the evaluation criteria.
d. Must submit all requested information denoted with a "must" or "shall".

Respondents to this notice must fully answer the attached Due Diligence Questions (See Appendix A) and provide supporting exhibits as applicable (see Appendix B). Responses will be scored against the NJEDA scoring matrix. The matrix measures, among multiple factors, the respondents' experience, capacity, and skills, and will rank the respondents against those criteria. The criteria and weights are listed in Section 5.

After scoring is complete, the Authority shall determine, in its sole discretion, whether to proceed with the proposed investment and Fund with the respondent(s) with the highest-scoring submission(s). If the Authority determines to proceed, such respondent(s) shall be required to complete a NJEDA legal debarment questionnaire and other NJEDA and State compliance documentation.

The respondent(s) with the highest-scoring submission shall also be expected to draft investment agreements to reflect NJEDA's investment. Those agreements shall include provisions required by State law and policy, including, but not limited to:

- The fund manager(s) shall indemnify NJEDA (except for investment losses) and provide insurance as NJEDA may request
- NJEDA shall not indemnify the fund manager(s)
- No transfers or assignments without NJEDA consent
- All Fund assets must be transferred to NJEDA upon dissolution
- Standard New Jersey State Conflict of Interest provision
- The fund manager(s) shall be subject to applicable political contribution disclosure requirements, which may include N.J.S.A. 19:44A-20.27 (L. 2005, c. 271)
- Records must be retained the greater of 5 years after the end of the Fund or the period required by federal law, and NJEDA and the New Jersey Office of the State Comptroller shall have the right to audit all records held by the fund manager(s) related to the Fund
- All agreements are subject to the New Jersey Tort Claims Act, N.J.S.A. 59:1-1 et seq., and the New Jersey Contractual Liabilities Act, N.J.S.A. 59:13-1 et seq.

2. EVALUATION PROCESS/SCORING CRITERIA

Submissions will be evaluated by a cross-organizational Evaluation Committee composed of the Authority's staff and management, to evaluate, score, and rank submissions. Scores will be averaged to determine an overall score for each submission.

Below are the evaluation criteria. Any submission that does not meet the minimum score of 10 in total will not be scored and ranked. Achieving a score of 10 or above does not guarantee selection. Each criterion is equally weighted. Specific questions to be answered that pertain to each criterion are in Appendix A.

1. Experience of Leadership

Considers senior leadership's length of experience as fund manager and investor as detailed in their submission.

0 = No experience as fund manager and investor
1 = Minimal (2-4 years) experience as fund manager and investor
2 = Some experience (4-8 years) as fund manager and investor
3 = Exceptional experience (8-10 years) as fund manager and investor
4 = Unique experience (10+ years) as fund manager and investor

2. Depth of Resource

Considers number of investment professionals, support/back-office staff, professional network, and ability to effectuate strategy as detailed in their submission

0 = No depth of resources
1 = Internal resources are insufficient for the scope of work
2 = Internal resources are undersized relative to the scope of work
3 = Internal resources are right-sized for the scope of work
4 = Internal resources are more than sufficient to achieve the scope of work in addition to current activities

3. Consistency of Strategy

Considers whether respondent's targeted strategy is consistent with prior investment experience as detailed in their submission.

0 = Not a consistent investment strategy
1 = Minimal consistency to manager's past investment strategy
2 = Some consistency to manager's past investment strategy
3 = Exceptional consistency to manager's past investment strategy
4 = Total consistency to manager's past investment strategy

4. NJEDA Partnering

Considers respondent's ability to serve as a strategic partner to the NJEDA, including the Black and Latino entrepreneurial ecosystem as detailed in their submission.

0 = No ability to support NJ’s entrepreneurial ecosystem
1 = Minimal ability to support NJ’s entrepreneurial ecosystem, provides less than 12 hours annually to engage in NJ’s ecosystem events
2 = Some ability to support NJ’s entrepreneurial ecosystem, provides more than 12 hours annually to engage in NJ’s ecosystem events
3 = Exceptional ability to support NJ’s entrepreneurial ecosystem provides executive talent to entrepreneurs as well as over 12 hours annually engage in NJ’s ecosystem events
4 = Unique ability to support NJ’s entrepreneurial ecosystem provides at least 8 events annually for entrepreneurs and/or investors.

5. **Sourcing/Pipeline Development**

Considers respondent’s ability to source and track relevant and unique deal flow to effectuate strategy as detailed in their submission.

0 = No ability to source and track relevant deal flow
1 = Minimal ability to source and track relevant deal flow
2 = Some ability to source and track relevant deal flow
3 = Exceptional ability to source and track relevant deal flow
4 = Unique ability to source and track relevant deal flow

6. **Focus industry & Stage**

Considers respondent’s ability to focus on identifying investment opportunities into “early-stage” (Pre-seed through Series B) companies in Black and Latino-owned businesses as defined elsewhere in this document.

0 = No ability to identify NJ Black & Latino-owned investments
1 = Minimal ability to identify NJ Black & Latino-owned investments
2 = Some ability to identify NJ Black & Latino-owned investments
3 = Exceptional ability to identify NJ Black & Latino-owned investments
4 = Unique ability to identify NJ Black & Latino-owned investments

7. **Performance History**

Considers respondent’s past investment returns (realized & unrealized) on attributed investments as compared to industry and applicant peers (benchmark source: Pitchbook) as detailed in their submission.

0 = No past investment returns
1 = Low (third quartile or lower vs. peers) past investment returns
2 = Moderate (second quartile vs. peers) past investment returns
3 = High (top quartile vs. peers) past investment returns
4 = Exceptional (top 10% vs. peers) past investment returns

8. **New Jersey Investment History**

Considers respondent’s investment amount (on attributed investments) into New Jersey companies to date on an absolute basis and relative to industry and applicant peers

0 = No history of investing in NJ companies

1 = Minimal history (less than 10% of investment) of investing in NJ companies
2 = Some history of investing (10% -25% of investment) in NJ companies
3 = High investment (25% -50% of activity) history in NJ companies
4 = Exceptional investment (50% or more of activity) history in NJ companies

9. Incentive and Alignment

Considers whether respondent's carry is comparable to peers, properly aligned with objectives, and equitably spread among team. Also considers alignment of respondent's commitment as a general partner (GP) with limited partners' commitment(s).

0 = Has above market carry % (over 25%), GP's commitment <1%
1 = Has high market carry % (over 20%), GP's commitment <1%
2 = Has high carry % (over 20%), GP's commitment >3%
3 = Has carry % comparable to peers (20%), GP's commitment >3%
4 = Has carry % comparable to peers (20%), GP's commitment >5%

10. Management fees, other fees and Expenses

Considers whether fees and expenses are sufficient to effectuate strategy and comparable to industry

0 = Management fee >2.5% over the life of the fund
1 = Management fee 2.25-2.5% over the life of the fund
2 = Management fee 1.75% - 2.25% over the life of the fund
3 = Management fee 1.25% - 1.75% over the life of the fund
4 = Management fee <1.25% over the life of the fund

11. Governance

Considers whether key person clause is strong and effective

0 = No key person clause
1 = Single individual key person clause
2 = Multiple individual key person clause requiring limited partner vote to activate
3 = Multiple individual key person clause with automatic effect
4 = multi-tiered key person clause

12. Fundraising status & capability

Considers respondent's ability to raise an additional private capital to invest alongside the Authority's investment (up to $20 million).

0 = No ability or experience to meet required private matching
1 = Minimal ability or experience to meet private matching; i.e. indicates ability to match only up to 1:1 of the Authority's investment
2 = Some ability or experience to meet private matching; i.e. can match the only up to 1:1 of the Authority's investment

3 = Exceptional ability and experience to meet private matching; i.e. can meet 125% of the Authority's investment
4 = Unique ability and experience to meet private matching; i.e. can meet 200% of the Authority's investment

13. Diversity

Considers respondent's clearly articulated diversity, equity, and inclusion (DE&I) policy, specifying the collection of relevant diversity metrics internally, as well as from portfolio companies. Also considers respondent's clearly articulated Code of Conduct (CofC) addressing harassment and discrimination internally

0 = No defined DE&I and CofC policy for investment company or for portfolio companies

Appendix B – Program Terms

Use of Funds	• The prospective business must also be raising a capital round that meets the “early-stage” designation (typically rounds “pre-seed” to “Series A”). • Investment proceeds may be used to purchase any tangible or intangible asset, except goodwill. • Equipment acquisition and installation of $2,000 or more and construction are not eligible uses. • A minimum of 100% of the investments must be in New Jersey businesses. A NJ business is: 1. One which at least 50% of non-retail employees working or living in New Jersey, or 50% of payroll is paid to employees, living or working in NJ; or, 2. A business which has its headquarters in New Jersey.
Minimum Requirements	• The selected fund manager(s) must convene in-person office hours or engagements in New Jersey on a regular basis. • If the interested fund manager(s) does/do not currently have an office in the State, the manager(s) may operate at a remote or satellite in-State office, co-working facility or establish a permanent facility. The office location must be provided to the Authority before closing and evidence must be presented to verify the active and in person sourcing efforts in New Jersey. • The selected fund manager(s) shall enter into one or more agreements with the Authority regarding the investment, which agreements will be governed by New Jersey law • The selected fund manager(s) shall provide to the Authority annual Certified Public Accountant prepared financial statements for the life of the investment. • The fund manager(s) shall submit quarterly and annual reports. • The Authority shall have a position on the Fund’s advisory board.
Reporting	• The selected fund manager(s) shall provide, when requested by the Authority, any information on the Fund’s portfolio companies and jobs created.

	• The selected fund manager(s) shall provide quarterly financial statements and Fund updates in written form. The updates must include detail on companies invested into, including but not limited to industry, business specifics, location, jobs, additional funding, and highlights of portfolio business advancements. The quarterly report must also include updates on activities to support the ecosystem of Black and Latino entrepreneurs and businesses in New Jersey, including events and marketing.
Non-Compliance	If the selected Fund Manager fails to provide the deliverables required in the investment contract with NJEDA, they will be granted a 90-day grace period in which to cure the shortfall(s), after which point management fees will be withheld until deficiencies are corrected as outlined in the award agreement. Fees and carry shall be withheld if the fund manager is not in compliance with the obligations in the agreement with EDA. The fund manager shall indemnify and hold harmless NJEDA.
Notice Requirements	All terms incorporate any detailed requirement in the Notice of Investment Opportunity. Any other requirement in the Notice is also included.

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: May 10, 2023

SUBJECT: New Jersey State Small Business Credit Initiative ("SSBCI") Life Science/ Healthcare Venture Fund Manager Approvals

SUMMARY

Approval is requested of the Members to:

- Commit an aggregate investment amount of up to $25 million to limited partnerships or limited liability companies managed by fund managers, Signet Healthcare Management LLC (Signet) for an amount of up to $12.5 million, Syridex Bio LLC (Syridex) for an amount of up to $5 million and Tech Council Ventures LLC, (TCV) for an amount of up to $7.5 million to make investments into a portfolio of growing health care and life sciences sectors companies in New Jersey ("NJ" or "State") conforming to the material terms specified in the term sheet attached as **Appendix B**, with final terms approved by the Chief Executive Officer. Funding for the investments will be provided by the State Small Business Credit Initiative (SSBCI) for which NJEDA, on behalf of the State of New Jersey, Department of Treasury, was approved for a total of $255 million for both direct and fund programs.
- Delegate to the Chief Executive Officer the Authority to determine the fund structure (investment commingled with other funds or held in a side-car vehicle) and to finalize fees and expenses with each fund manager based on the parameters contained in this memorandum.

BACKGROUND

SSBCI is a federal program administered by the US Department of the Treasury to support private financing to small businesses within eligible jurisdictions. The program was first established in 2010, with a second round funded by the American Rescue Plan Act (ARP) in the spring of 2021. With $10 billion available overall, funding was allocated non-competitively to states, territories, and Tribal governments. 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, or SEDI businesses ($27,521,719). Incentive funds are available for jurisdictions that demonstrate strong support for SEDI businesses.

SSBCI is designed to increase 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. 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. Therefore, programs must be designed so that SSBCI funds increase new lending and investment, unlocking capital for small businesses and start-ups that would otherwise not have access to it.

Because U.S. Treasury requires that state-level SSBCI applicants be a state department or agency that can obligate the State, the Governor has designated New Jersey Department of Treasury as the lead applicant, with NJEDA acting as a contracted entity to implement the program. New Jersey utilized a similar structure for the SSBCI 1.0 program established in 2010. The Board of the Authority approved an MOU between the NJEDA and NJ Treasury regarding the arrangement for SSBCI 2.0. 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.

New Jersey's SSBCI application proposed six programs:

- Blended Capital Investment ($50M);
- Recovery Loan Loss Reserve ($25M);
- Clean Energy Business Financing ($80M);
- Life Science Investment ($60M);
- SEDI Seed Fund ($20M); and
- Angel Match Program ($20M) (Approved by the Authority September 14, 2022).

Announcement of approval of New Jersey's SSBCI application by US Treasury occurred on March 2, 2023. SSBCI statute requires that all proposed programs be "fully positioned, within 90 days of the State's execution of the allocation agreement with the Secretary [of the Treasury] to act on providing the kind of credit support that the State program was established to provide." The allocation agreement between US Treasury and NJ Treasury was signed March 15, 2023. The Funds must be fully positioned by June 13, 2023. SSBCI funds are disbursed to jurisdictions in three tranches. The first disbursement totals $79 million. 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.

Investment Details

Since 1999, the Authority has committed more than $64.5M to 20 venture capital funds. This includes the three fund commitments totaling $7.8 million as part of SSBCI 1.0. The aggregate commitments have resulted in direct-investments into 114 NJ-based, early-stage companies, yielding over 6,500 jobs in New Jersey, and a private leverage multiple in excess of 64.7x. The Authority aims to deepen the success of its early-stage investment strategy. Up to $25 million will be allocated to three managers identified for recommendation, herein. The EDA will seek to commit the balance of the $60 million life science seed fund program allocation through one or more future NIO processes.

New Jersey has an extensive history in the life sciences industry as evidenced by the number of life sciences businesses in the state of New Jersey—3,200[1]. Dedicated NJ life science funds will be impactful to support new and ongoing life sciences activity in the State. NJEDA's venture fund program has invested in both generalist and specialist venture capital firms in the life sciences industry. Notable among the NJEDA's venture program track record is the 2004 vintage Garden State Life Science $10M side car vehicle operated by Quaker Bio Ventures. This fund liquidated in 2016 after having a financial return of nearly $20 million (1.97x invested dollars after fees). The fund drew additional investor capital of $39.7 million directly, and other co-investor capital of $789 million, supporting a leverage multiple of 82.76x in New Jersey. Given the capital intensity of life science investing, EDA would realistically anticipate a meaningful volume of follow-on capital to the SSBCI funds.

Beyond the EDA's direct investment programs, NJEDA supports NJ life sciences companies through incentive programs, including the Angel Investor Tax Credit (AITC). New AITC program stimulated almost $60 million of investments in NJ life sciences companies in 2021. In 2021, 74% of the life sciences investors receiving the AITC were based out of state. SSBCI funds will help grow an increasing number of NJ-based life-science investors. In particular, each approved Fund Manager will be required to establish a permanent or satellite office in the State. SSBCI dollars will be a foundational commitment to Syridex, a first-time manager. SSBCI will support Signet, a firm that have invested previously in New Jersey, and will now establish an office in-state. .New Jersey is home to 14 of the top 20 pharmaceutical companies.[2] Many industry leaders have found success here, including Celgene (a trailblazer in oncology, acquired by Bristol-Myers Squibb for $74 billion in 2019) and Amicus Therapeutics (which received its first FDA approval for rare diseases in 2018). In 2020, 39% of all FDA approvals, and in 2021, 40% of FDA approvals, were to NJ based companies.[3]

The SSBCI capital is expected to lead to meaningful job creation. There is a large talent pool located in NJ. New Jersey has the largest concentration of scientists and engineers per square mile in the U.S. Also, New Jersey is ranked the third highest state for employed biochemists and biophysicists.[4] Hence, New Jersey is a fertile landscape for life sciences investments with both labor and life sciences companies supporting continued growth in this industry.

Process and Strategy:

On February 9, 2023, NJEDA issued a Notice of Investment Opportunity (NIO) to gather submissions from venture capital managers that have demonstrated competency, capacity, and skill in managing early-stage investment strategies into start-up and early-stage companies in New Jersey to receive an investment and manage a possible Life Science Seed Fund (a "Fund") for investment into life science and healthcare sector businesses. The fund manager(s) must ensure that the SSBCI investment is catalytic to private financing, based on the fund's age, size or experience. The submissions were evaluated according to process and scoring rubric in **Appendix A**, as provided from the Notice of Investment Opportunity issued.

The NJEDA received submissions from eight respondents for the life sciences opportunity. Responses were reviewed by cross-functional teams of EDA staff in two rounds and scored according to the rubric in **Appendix A**. The initial round of scoring was followed by a round of clarifying questions gathered in writing and via virtual interview sessions conducted by staff. The top scoring fund manager was Signet Healthcare Management LLC (scoring 37 out of 52), the

[1] Life Sciences Industry | Companies in NJ | Choose New Jersey (choosenj.com)
[2] 2021 Pharm Exec Top 50 Companies
[3] Drug Approvals and Databases | FDA
[4] State Comparisons for Business: California and New Jersey | Choose NJ

second highest scoring manager was Tech Council Ventures LLC (scoring 37 out of 52) and the third highest scoring manager was Syridex Bio LLC (32 out of 52). The selected respondent manager summaries and description of strategy appear below. Key fund terms are included in **Appendix B**. A key element of the diligence process is the ability of the venture capital fund manager to raise sufficient 1:1 private capital to match the targeted dollar amount of funding allocable, and the pipeline of investible opportunities meeting the strategy objective as put forward by the NJEDA and approved by US Treasury. Notably, each fund manager must operate at a permanent or satellite in-State office or at a co-working facility in New Jersey with a regular presence held by a senior or mid-level investment professional. Fund managers will be required to report, on a regular basis, efforts to expand their pipeline of deal flow in New Jersey. This may include such example efforts as hosting office hours or attending ecosystem events like NJEDA's NJ Founders & Funders. Fund managers will regularly report jobs information and will be compelled to request demographic information of portfolio companies. A $60 million SSBCI Life Science Seed Fund, plus matching private capital at the fund level and additional private investment at the portfolio company level is expected to cause $660 million of investment in 40 companies based in the State of New Jersey. The initial $25 million tranche resulting from these approvals would be expected to generate $275 million invested in 17 portfolio companies. NJEDA staff seeks to deploy $25 million of the approved $60 million concurrent with the findings from this round of manager selections. Staff anticipates running another NIO selection process at a later date but within the time prescribed by the US Treasury, which is limited to within three years of signing the allocation agreement, March 25, 2023.

The funds will be disseminated to the qualified, highest-scoring manager(s) to make *an equity investment (or convertible note)* into NJ Life Science/Healthcare businesses. In accordance with SSBCI requirements, the fund manager(s) selected must raise a private capital match of at least 1:1 at the fund level, yielding a $50 million (or greater) total funding pool, assuming deployment of $25 million from this round of SSBCI allocation. SSBCI capital must be either (1) held in a separate fund and separately accounted (side-car or fund-of-one) for, or (2) held in a fund with other investors' funds, with each investor's investment accounted for separately. The selected managers must be able to record, with a written, detailed report, each investment transaction that received SSBCI funds, in part or in whole. A minimum of 90% of the investments must be in companies with a New Jersey location. A NJ business is: 1. One which at least 50% of non-retail employees working or living in New Jersey, or 50% of payroll is paid to employees, living or working in NJ; or, 2. A business which has its headquarters in New Jersey.

The selected managers shall be responsible to comply with the required guidelines for an investment to be made with funds co-mingled with the SSBCI allocation. The selected managers must ascertain that their intended investment will be the first SSBCI investment into the prospective firm (including verification documentation). The prospective business must also be raising a capital round that meets the "early-stage" designation (typically rounds "pre-seed" to "Series A"), with a target round of $5 million or less. No investments may be made in capital rounds with total round size of $20 million or more. Multiple investment transactions into a specific company, such as follow-on investments, are permissible, if funds into any one company will not surpass $20 million.

Venture capital funds offer a variety of services to their portfolio companies (i.e., the potential SSBCI investees). These services can include, for example, financial management, operational guidance, IT consulting, and connecting portfolio companies to potential customers, investors, board members, and officers. These services vary depending on the portfolio company's stage in the venture capital ecosystem. As these services to portfolio companies are a type of equity support, SSBCI funds, out of the federal contribution, may be used to pay for such support but are included in the maximum cap equal to an annual average of 1.71 percent of the federal contribution to a venture capital fund over the life of the jurisdiction's venture capital program. In the contractual agreement between a jurisdiction and a venture capital fund, the fund must be required to identify the services to be provided to portfolio companies and annually certify that these services were provided. The agreement between the fund and the portfolio companies must include disclosure of these services offered by the fund manager. Consistent with industry standards on payments of fees to cover these services to portfolio companies, the fund will reimburse the jurisdiction for payments of such services by SSBCI funds before returns are paid to the general or limited partners.

The selected manager(s) must obtain written certifications from the investees affirming that the investment proceeds will be used for business purposes, and align with specific SSBCI program compliance requirements, partially noted, herein, and will be sufficiently documented with the selected managers. A business purpose includes, but is not limited to, start-up costs; working capital; franchise fees; and acquisition of equipment under $2,000, inventory, or services used in the production, manufacturing, or delivery of a business's goods or services, or in the purchase, renovation, or tenant improvements of an eligible place of business that is not for passive real estate investment purposes. Investment proceeds may also be used to purchase any tangible or intangible asset, except goodwill. Equipment acquisition and installation of $2,000 or more and construction are not eligible uses.

Executive Summaries of Selected Managers

Signet Healthcare Management LLC

Signet, which maintains its principal office in New York City, was founded in 1998. Signet provides growth capital to commercial-stage healthcare companies that are engaged in the pharmaceutical products, pharmaceutical services, and medical devices segments of the healthcare industry, to help accelerate their growth. Following approval by the Board of the Authority, Signet Healthcare Management LLC will establish a limited partnership that will serve as a side car investment vehicle to its primary investment vehicle, Fund V. The side car will only invest the allocated SSBCI funds into qualifying New Jersey healthcare and life science investments, pari-passu with the terms of the main fund on a basis of at least 1:1 to match SSBCI funds. Signet scored highly in several categories – notably, depth of experience and depth of resources. The firm has a long, successful track record with multiple past investments in New Jersey. Signet has raised approximately half of their target $250 million for Fund V. Signet submitted their NIO response with a request for $12.5 million. With a $12.5 million SSBCI allocation, and a private capital match of at least $12.5 million ($25 million total) the manager expects exposure within the fund to 2-3 qualifying investments. Per SSBCI guidelines, the Manager may not invest SSBCI capital where it previously has exposure to mitigate any potential conflicts of interest.

<u>Fund Strategy</u>

The Fund V's objective is to seek investments that generate attractive risk-adjusted returns. Consistent with SIGNET's investment strategy for the prior Signet funds, Fund V's investment strategy centers around making growth equity investments in commercial-stage healthcare companies, with the goal of enabling Fund V's portfolio companies to achieve their business objectives and enhance their respective growth. This investment strategy has been developed by SIGNET in the management of the prior funds over 20 years, and these objectives have served as the foundation for the positive investment results achieved by the prior funds. In certain instances, Fund V may choose to participate in transactions that involve a complete recapitalization or buyout of a portfolio company. SIGNET believes that the provision of growth equity capital to commercial-stage companies represents a highly attractive, risk-adjusted investment opportunity. By focusing on commercial-stage opportunities, SIGNET believes that Fund V can mitigate the binary risks inherent in development-stage life-science investing. Historically, most of the investments of the prior funds were made in companies that were either generating revenues at the time of investment or were expecting commercial sales within six months following the time of investment.

The Firm's objective is to pursue a venture capital strategy and to earn a high rate of return exceeding 20% to the limited partners and distribute over three times contributed capital over the life of the Fund. The investment return will be primarily capital gain oriented. The Fund will target life sciences/health care companies at early stages of development ranging from concept to $10 million in revenue.

The region is strong across many sectors from healthcare to communications and information technology as well as technology applied to life sciences/health care companies. The Firm anticipates making investments in 20-30 Portfolio Companies from the primary fund with an average initial investment of $500,000 to $2,000,000 and an average investment over the life of a deal of $3,000,000 - $4,000,000 to take advantage of investment across the sectors listed above.

History:
To date, SIGNET has managed four funds, which had combined total capital commitments of approximately $430 million. The prior funds collectively with Fund V ("Fund V") will be referred to as the Funds (the "Funds"). As September 30, 2022, the Prior Funds had invested an aggregate of over $397 million across 56 investments. In addition, Signet's NJ investments in the past five years were: Advantice Health (2019) – Cedar Knolls, New Jersey, and Ascendia Pharma (2021) – North Brunswick, New Jersey

Signet's Fund V expects to provide growth capital to commercial-stage healthcare companies that are engaged in the pharmaceutical products, pharmaceutical services, and medical devices segments of the healthcare industry, to help accelerate their growth. Fund V will predominantly seek to make investments in companies that are privately owned. Generally, companies that the Fund targets for investment will already have achieved commercial sales of their principal products or services. The Fund will generally hold minority positions in its portfolio companies, although the Fund may acquire a controlling interest in one or more portfolio companies. Many of the Fund's investments are expected to consist of purchases of convertible preferred stock of companies, with the objective of realizing substantial capital appreciation, while enhancing exit possibilities and limiting downside risk through preferential status in the event of a portfolio company's sale, initial public offering of common stock ("IPO") or liquidation. SIGNET seeks to achieve a target return of a three-times multiple of invested capital on each investment made, with the objective of having a timely exit which on average occurs within an approximate five-year timeframe.

Fund Management:
*James C. Gale***,** Managing Director & Chief Investment Officer, founded SIGNET's predecessor in 1998 in partnership with the then-principals of Sanders Morris Harris Group. Mr. Gale will serve as the Chief Investment Officer ("CIO") of the Fund, and he has served as the CIO of the Prior Funds. From 1991 to 1998, Mr. Gale headed the investment-banking department of Gruntal & Co., LLC. Mr. Gale transferred to Gruntal in 1991 from its corporate parent, Home Holdings, Inc. (Home), where starting in 1989 he was one of a small team creating and executing direct equity investments on behalf of its principal subsidiary, The Home Insurance Company. Prior to joining Home, Mr. Gale worked as an investment banker at Adams Cohen Securities (1987–1989) and E.F. Hutton & Co. (1981–1987). Mr. Gale currently serves on the Board of Directors of the following Prior Funds' portfolio companies: Juno Pharmaceuticals Corp, Chr. Olesen Synthesis A/S, Pharmaceutics International (Pii), RK Pharma, and Ascendia Pharmaceuticals (a NJ-based company). Prior portfolio company boards include Advantice Health (acquired by TA Associates), Arbor Pharmaceuticals, Amarin Corporation, eResearch Technologies Inc., Alpex Pharma S.A.,

Valera Pharmaceuticals, Pfenex, Teligent and CoreRx (acquired by NovaQuest). Additionally, Mr. Gale serves as Chairman of the Board of Knight Therapeutics (TSX: GUD) and serves on the Boards of Bionpharma Inc., Lee's Pharmaceuticals, Cerium Pharmaceuticals, and Hyloris Pharmaceuticals SA. Mr. Gale holds an MBA from the University of Chicago Graduate School of Business (1977) and a B.A. in Education from the University of Arizona (1972).

Ashley Friedman, Managing Director, joined SIGNET in 2014 to expand the Firm's professional capabilities for Fund III. Mr. Friedman is a Managing Director of the Fund and will also serve as a member of the Fund's Investment Committee. Mr. Friedman led SIGNET's efforts in completing several investments for the Prior Funds and currently serves on the Board of Directors of Altasciences, and Smart Medical Systems, and Paragonix Technologies. Mr. Friedman is also a Board Observer at Pharmaceutics International (Pii). Prior SIGNET portfolio company Boards include GI Supply (acquired by Laborie Medical Technologies), TELA Bio (NASDAQ: TELA) and Vigene Biosciences (acquired by Charles River Laboratories (NYSE: CRL)). Prior to joining SIGNET, Mr. Friedman spent over 11 years working for Investor Growth Capital, a part of Investor AB, most recently as a Vice President. Mr. Friedman was a member of Investor Growth Capital's dedicated healthcare team, which focused on development-stage and commercial-stage pharmaceutical, medical devices and diagnostics investments. While at Investor Growth Capital, Mr. Friedman was directly involved in eleven investments in both private and publicly held companies, and he was broadly responsible for sourcing and structuring new investments and managing portfolio companies. During his tenure at Investor Growth Capital, Mr. Friedman served as a Board Director or Board Observer for six portfolio companies. Mr. Friedman began his career at Lehman Brothers, where he was an Investment Banker from 2001 until 2003. While at Lehman Brothers, Mr. Friedman was an analyst in the Global Healthcare Group, where he focused on mergers and acquisitions and corporate finance transactions in the healthcare sector. Mr. Friedman holds a Bachelor of Science from Yale University (2001), where he double majored in Molecular, Cellular and Developmental Biology (MCDB) and Economics.

Nikhil Puri, Managing Director, joined SIGNET in 2016 to assist in launching and investing Fund IV. Mr. Puri is a Managing Director of the Fund and will also serve as a member of the Fund's Investment Committee. Mr. Puri led SIGNET's efforts in completing two investments on behalf of Fund IV and currently serves on the Board of Directors of the following SIGNET portfolio companies: Leading Pharma, Goodwin Biotechnology, Laxai Inc. Prior to joining SIGNET, Mr. Puri spent over 5 years working for Pfizer, Inc., most recently as Vice President and Head of Worldwide Business Development for the Essential Pharmaceuticals business. The Essential Pharmaceuticals business generated annual revenues of over $20 billion and encompassed Pfizer's off-patent specialty pharma, generics, injectables and biosimilars businesses. Mr. Puri also served on the Business Development Leadership team and the Executive Leadership team for the Essential Pharmaceuticals business. During his tenure at Pfizer, the Essential Pharmaceuticals business completed more than $15 billion of acquisitions across multiple regions and countries. Mr. Puri began his career as an investment banker in 1996 and spent the next 15 years in roles of increasing responsibility at Lehman Brothers, Bear Stearns & Co., and Ambit Corporate Finance. Mr. Puri holds a Bachelor of Commerce from the University of Mumbai (1989) and an MBA in Finance from New York University (1996). He is also a qualified Chartered Accountant (1992).

Syridex Bio LLC

Founded by a New Jersey native and headquartered in Princeton, NJ, the heart of New Jersey's life sciences research corridor, Syridex Bio is an impact-driven, life sciences-focused venture studio investing in therapies that accelerate health equity by addressing the needs of underserved communities. Generally, a venture studio does not invest in existing businesses. Venture studios create startup businesses by incubating their own business ideas or obtaining ideas. The ideas may be obtained through the purchase of intellectual property (IP) from others (for example, universities) and forming companies with the IP, the key individuals with knowledge of the IP, and a successful management team. The firm draws on its deep relationships across the global pharmaceutical and biotech industries to source innovative, best-in-class clinical stage or near-clinical stage therapies for diseases that disproportionately affect underserved communities. The firm then invests in the development required to bring to market novel drugs and treatments that might otherwise go undeveloped. Some of the disease categories of particular investment interest are high-burden and emerging infectious diseases, non-communicable diseases, autoimmune conditions, and maternal, newborn, and child health disorders addressing the needs of underserved communities. Syridex scored a 32 out of 52 possible points. Syridex requested $10 million and will be awarded $5 million to support catalyzation of matching funds for this newly launched. While Syridex is a newly formed entity, the team brings relevant investing and operating experience to the fore to launch this venture studio. The firm's presence in New Jersey will be a boon to the life science ecosystem, as the team intends to base each newly formed business in the State by bringing together unique intellectual property and highly skilled management team relationships. The firm is actively raising funding for its first fund, and EDA's SSBCI investment will be made into this fund or into a side car that will mirror the terms of the main fund.

Fund Strategy

The Syridex Bio team consists of two experienced investment and operating professionals supported by an advisory board of five experienced industry and investment professionals with deep expertise across biotech/pharma and finance. The Syridex Bio team (investment professionals and advisory board) was assembled by Managing Partner, Squire Servance, incorporating people with whom he has had professional relationships for, on average, close to a decade. The team was built to execute on the fund's two strategies that rely heavily on traditional business development and company creation expertise (including the identification, assessment and execution of potential opportunities for partnerships, acquisitions, and mergers).

History

Syridex Bio, founded in 2022, is a first-time fund being led by an emerging manager. Syridex has built a team with the relevant expertise and experience to execute on the fund's investment strategies, i.e., life sciences venture creation and private equity.

Fund Management

Squire Servance is Managing Partner of Syridex Bio and brings nearly 15 years of expertise in structuring and executing life sciences transactions - most recently as SVP, General Counsel & Corporate Secretary for Repligen Corporation (NASDAQ: RGEN), a bioprocessing-focused life sciences company. Prior to Repligen, Mr. Servance held several roles including Associate General Counsel at Baxter International, Inc. where he was the chief legal advisor for their $2B+ global pharmaceuticals business division, Director (Legal) supporting Dr. Reddy's Laboratories business development team, and Life Sciences Associate at Morgan, Lewis & Bockius, LLP. Mr. Servance received his J.D. from Duke University School of Law, M.B.A. with a concentration in corporate finance and a Certificate in Health Sector Management from Duke University, Fuqua School of Business and B.S., with honors, with a double major in biomedical engineering and cell biology and neuroscience from Rutgers University, School of Engineering.

Joshua Adeoye, MD serves as Principal at Syridex Bio LLC. He joins from Adjuvant Capital, GP for a $300M global health equity fund anchored by the Bill & Melinda Gates Foundation, where he was a key member of the investment team. He was critical to allocating ~$25M in capital across therapeutics, vaccines, and diagnostics assets. Prior to Adjuvant, Dr. Adeoye was a highly acclaimed maxillofacial surgeon and academic in West Africa, obtaining a Master's in Public Health from Harvard University and an M.B.A. from Stanford Graduate School of Business during his career as a provider.

Dr. Adeoye brings his vast technical and scientific background, knowledge of industry landscape and patient management, as well as fund and portfolio management best practices necessary to attract and manage capital from high caliber investors.

NJ Advisory Board members have a combined 125 years of relevant experience across the biopharmaceutical industry and finance, including raising and deploying capital, building and exiting portfolio companies, and thought leadership in the space. The advisory board actively assists Syridex Bio and currently, along with the Managing Partner, operates as its Investment Committee

Tech Council Ventures LLC

Tech Council Ventures will seek investments in companies with experienced and highly motivated management. The General Partner will work to build value in the Portfolio Companies as an active member of the board of directors. The General Partner believes that the investment program has the potential to provide positive returns as a result of: (i) the general growth of the targeted industries, (ii) a review of a substantial number of companies to identify the best candidates for investment, (iii) a careful Portfolio Company selection and due diligence process, (iv) the use of a conservative pricing model, (v) active participation of the General Partner at the board level, and (vi) an ability to identify and execute exit strategies. The General Partner will closely monitor Fund III's investments and actively support the management of the Portfolio Companies. Tech Council scored highly in the NIO process as a result of its deeply experienced and long-tenured management team. The Firm has been operating for nearly 25 years. NJTC Fund I, predecessor to Tech Council Ventures, is one of the top-performing funds for its vintage year. NJEDA helped launched the predecessor vehicle and continued on as the anchor limited partner in Tech Council Fund II. Staff recommends a commitment of $7.5 million versus the $12.5M request from the fund manager to mitigate portfolio concentration. The firm has also submitted applications for the NJ Innovation Evergreen Fund QVF review and for consideration in the EDA's venture fund program. Historically, life science investment totaled approximately one third of the prior funds exposure.

<u>Fund Strategy:</u>

The Firm's objective is to pursue a venture capital strategy and to earn a high rate of return exceeding 20% to the limited partners and distribute over three times contributed capital over the life of the Fund. The investment return will be primarily capital gain oriented. The total fund is expected to reach $75M with $26M currently raised. NJEDA will invest $7.5M of SSBCI funds, which will result in 2 or 3 investments.

The fund will predominantly seek to make investments in companies that are privately owned. Generally, companies that the Fund targets for investment will already have achieved commercial sales of their principal products or services. The Fund will generally hold minority positions in its portfolio companies. The Firm concentrates its investments in industries indigenous to the Mid-Atlantic region where companies possess competitive advantage such as telecommunications, pharmaceutical and financial services.

The Fund will target life sciences companies receiving investment alongside Tech Council Fund III at early stages of development ranging from concept to $10 million in revenue. Most companies will have completed initial product development or demonstrated their service. Occasionally, seed financing will be provided for unique concepts. Consequently, the Fund would invest in at the very earliest stage of funding, initially, seed and first, with potential follow-on in second, and perhaps third rounds of financing.

Tech Council Fund III will make an average initial investment of $500,000 to $2,000,000 and an average investment over the life of a deal of $3,000,000 - $4,000,000 to take advantage of investment themes across these sectors from its main fund: Healthcare IT, Life Sciences, Health Care, Tech-related Opportunities, Connected Devices & Internet of Things, Enterprise IT Applications & Security, Next Generation Data Center, Wireless Technologies & Mobile Computing, Energy & Environmental, Education Technology, Financial Technology, Media Technology. The SSBCI dollars will be committed via a side car that invests only in pharmaceuticals, including, branded, generic and specialty, biotechnology, medical devices, regenerative medicine, microbiome, technology platforms geared to assist the medical community, digital health or healthcare software, diagnostics, biomedical technologies, nutraceuticals, cosmeceuticals, and others that dedicate their efforts to creating products to improve human or animal lives.

<u>Fund Partners:</u>
The Fund will be managed by the Principals, Jim Gunton, Stephen Socolof, and Mark Kolb. Jim Gunton has invested in New Jersey and the surrounding region for 20 years, initially with Edison Venture Fund and then with Fund I. Stephen Socolof has spent the last 20 years based in New Jersey investing nationally and in Europe. From 1996 to 2001, Stephen was a leader of the Lucent New Ventures Group, which was a venture incubator for Bell Labs within Lucent Technologies. Mark Kolb is an entrepreneur and investor with extensive experience in the healthcare industry, having served as CEO, director, consultant and advisor to life sciences and healthcare companies.

Jim Gunton, Managing Partner, has invested in privately held growth technology companies for more than 25 years. Before co-founding in 2001 the $28 million Tech Council Ventures I, Jim was a partner at Edison Venture Fund and a manager at Oracle Corporation in the Silicon Valley. He served formerly as a Governor of the National Association of Small Business Investment Companies (NASBIC). Jim earned a BS from Stanford University and an MBA with distinction from Duke University. He has served on the board of numerous private and public companies including Achieve3000, Amber Road (NYSE: AMBR), CytoSorbents (NASDAQ: CTSO), InstaMed, IntegriChain, and CareGain.

Stephen J. Socolof, Managing Partner, has been a technology investor for over 25 years. Steve's interests are in enterprise software (particularly applications of AI/ML), infrastructure required to collect, store, and process data, internet of things, wireless, and environmental and materials technologies. He is currently on the board of Adrich, Kintra Fibers, and SunRay Scientific. He was a board member or observer of Data Inventions (sold to ECi Software Solution), Stratis IoT (sold to RealPage), and Vydia (sold to Gamma). In his prior firm, he served on the board of Airclic (sold to Descartes Systems), Alverix (sold to BD), Everspin Technologies (NASDAQ: MRAM), Neohapsis (sold to Cisco), Silicon Hive (sold to Intel), Sychip (sold to Murata), and Flarion Technologies (sold to Qualcomm). Steve has also been a leader in the corporate venture community and was Chair of the Corporate Venture Group within the National Venture Capital Association ("NVCA") and on the Advisory Board of Global Corporate Venturing. He is currently a board member of the NVCA. Prior to Tech Council Ventures, he created a venture incubator for Lucent's Bell Laboratories for 5 years and then formed and ran New Venture Partners for 15 years investing in commercialization of technologies spun out of corporate labs. Steve received an MBA from The Amos Tuck School at Dartmouth College where served for many years on the board of the Center for the Study of VC & PE. He received degrees in economics and mathematical sciences from Stanford University.

*Mark Kolb, Partner***,** is an entrepreneur focused on the health care industry. Before joining Tech Council Ventures, he was the CEO of Bergen Medical Products. Prior to that he was running BKHealth, where he and his partner were issued two patents for a physical therapy robot. At

Dynamic Clinical Systems, he joined as Board Chair, transitioned to CEO and then repositioned the company for a sale to Press Ganey. Earlier, he founded the life sciences consulting firm Taratec Development Corporation. There, he raised venture capital and led its significant growth before selling the company to Patni Computer Systems, one of India's largest IT firms. Serving then as a senior vice president at Patni, he led their global life science business. Along the way, Mark has consulted to early-stage technology companies, supporting them in planning, finance, operations and fund raising. He has served on many corporate and non-profit boards, including Taratec, Dynamic Clinical Systems, Moda Technology Partners, the Somerset Medical Center and the NJ Technology Council. Mark currently chairs the board of Dorsata and serves on the Optima Global Solutions Advisory Board and the NJEDA Technology Advisory Board. Mark's personal and company awards include the E&Y NJ Entrepreneur of the Year and NJTC Growth Company of the Year. He earned his bachelor's degree in electrical engineering from the University of Notre Dame and attended the OPM program at Harvard Business School.

DELEGATED AUTHORITY:

Staff is still negotiating whether the investment will take the form of a limited partnership investment with the selected fund managers serving as general partner and the EDA serving as a limited partner, aligning with EDA's typical venture fund investment mode and process, or as a member in a limited liability company, as is typical in relation to accelerator strategies. Staff is also negotiating with the fund managers as to whether the investment will be commingled with other funding in a single fund or will be invested in a side-car.

Fees and expenses will differ depending on the fund structure, as well as the additional services that the fund manager may provide in an accelerator-based model. Accordingly, staff requests delegated authority to the Chief Executive Officer to determine the fund structure and to negotiate the fees and expenses, provided that the fees and expenses are comparable to market fees for similar fund structures and models and do not exceed SSBCI's 1.71 percent aggregate management fee cap over the life of the fund, organizational expenses of the fund do no exceed $150,000 and annual operating and audit expenses in aggregate will not exceed $25,000 annually, (comparable to side car or multi-asset fund vehicles previously established by the NJEDA based on market research). The organizational expenses and annual operating and audit expenses will be paid from the administrative expense allocated to NJEDA from the SSBCI Program (for example, from the 5% of the first tranche of SSBCI capital).

RECOMMENDATION:

Following from the Notice of Investment Opportunity process and depth of evaluation conducted by Authority staff, according to the criteria established, approval is requested of the Members to:

- Commit an aggregate investment amount of up to $25 million to limited partnerships managed by fund manager Signet Healthcare Management LLC (Signet), for an amount of up to $12.5 million, fund manager Syridex Bio LLC (Syridex) for an amount of up to $5 million, and Tech Council Ventures LLC, (TCV) for an amount of up to $7.5 million to make investments into a portfolio of growing health care and life sciences sectors companies in New Jersey ("NJ" or "State") conforming to the material terms specified in the term sheet attached as **Appendix B**, with final terms approved by the Chief Executive Officer. Funding for the investments will be provided by the State Small Business Credit Initiative (SSBCI) for which NJEDA, on behalf of the State of New Jersey, Department of Treasury, was approved for a total of $255 million for both direct and fund programs.

- Delegate to the Chief Executive Officer the Authority to determine the fund structure (investment commingled with other funds or held in a side-car vehicle) and to finalize fees and expenses with each fund manager based on the parameters contained in this memorandum.

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Tim Sullivan, CEO

Prepared by:
Lexie Demirali – Senior Product Officer, Venture Programs
Michelle Martinez– Product Officer, Venture Programs
Tim Rollender – Director, Venture Programs

Attachments:

Appendix A – Scoring Rubric

Appendix B – Program Terms

Appendix A – Scoring Rubric

1. **FUND MANAGER QUALIFICATIONS & ELIGIBILITY**

On Thursday, February 9, 2023, the NJEDA issued a notice of investment opportunity (NIO) to receive interest from venture capital manager(s) that have demonstrated competency, capacity, and skill in managing start-up and early-stage investment strategies into growing health care and life sciences sectors companies in New Jersey ("NJ" or "State"). Respondent submissions include narrative responses and applicable exhibits (see Appendix B) to the program Due Diligence Questionnaire (Appendix A) ass indicated in the NIO. Only electronic submissions email sent to SSBCILifeSciFund@njeda.com were accepted. Furthermore, respondents were to adhere to the following eligibility guidelines:

a) Include a cover page with preparer's contact information.
b) Include a table of contents listing all required evaluation criteria in Section 7 of the NIO.
c) Applicable exhibits and narrative responses addressing each of the evaluation criteria in Appendix A.
d) Must submit all requested information denoted with a "must" or "shall"
e) Complete an NJEDA legal debarment questionnaire and other NJEDA and State compliance documentation.

To be eligible for evaluation and potential selection, respondents submissions must demonstrate familiarity with the compliance and reporting standards mandated by SSBCI and must demonstrate an ability to leverage the allocated public funds for additional private capital to achieve at least a public/private ratio of 1:1 at the fund level. Responses were scored against the NJEDA scoring matrix. The matrix measures, among multiple factors, the respondents' experience, capacity, and skills, and will rank the respondents against those criteria. The criteria are listed in Section 7.

The respondent(s) with the highest-scoring submission shall also be expected to draft investment agreements to reflect NJEDA's investment. Those agreements shall include provisions required by State law and policy, including, but not limited to:

- The fund manager(s) shall indemnify NJEDA (except for investment losses) and provide insurance as NJEDA may request
- NJEDA shall not indemnify the fund manager(s)
- No transfers or assignments without NJEDA consent
- All Fund assets must be transferred to NJEDA upon dissolution
- Standard New Jersey State Conflict of Interest provision
- The fund manager(s) shall be subject to applicable political contribution disclosure requirements, which may include N.J.S.A. 19:44A-20.27 (L. 2005, c. 271)
- Records must be retained the greater of 5 years after the end of the Fund or the period required by federal law, and NJEDA and the New Jersey Office of the State Comptroller shall have the right to audit all records held by the fund manager(s) related to the Fund
- All agreements are subject to the New Jersey Tort Claims Act, N.J.S.A. 59:1-1 et seq., and the New Jersey Contractual Liabilities Act, N.J.S.A. 59:13-1 et seq.

2. EVALUATION PROCESS/SCORING CRITERIA

Submissions were evaluated by a cross-organizational Evaluation Committee composed of NJEDA staff and management, to evaluate, score, and rank submissions. Scores will be averaged to determine an overall score for each submission.

Below are the evaluation criteria for the Life Science Seed Fund manager(s). Any submission that does not meet the minimum score of 10 in total were not scored and ranked. *Achieving a score of 10 or above did not guarantee selection.* Each criterion was equally weighted. Specific questions to be answered that pertain to each criterion are in Appendix A.

1. **Experience of Leadership**

   Considers senior leadership's length of experience as fund manager and investor as detailed in their submission.

   0 = No experience as fund manager and investor
   1 = Minimal (2-4 years) experience as fund manager and investor
   2 = Some experience (4-8 years) as fund manager and investor
   3 = Exceptional experience (8-10 years) as fund manager and investor
   4 = Unique experience (10+ years) as fund manager and investor

2. **Depth of Resource**

   Considers number of investment professionals, support/back-office staff, professional network, and ability to effectuate strategy and ensure SSBCI compliance as detailed in their submission.

   0 = No depth of resources
   1 = Internal resources are insufficient for the scope of work, including SSBCI compliance
   2 = Internal resources are undersized relative to the scope of work, including SSBCI compliance
   3 = Internal resources are right sized for the scope of work, including SSBCI compliance
   4 = Internal resources are more than sufficient to achieve the scope of work in addition to current activities, including SSBCI compliance

3. **Consistency of Strategy**

   Considers whether respondent's targeted strategy is consistent with prior investment experience as detailed in their submission.

   0 = Not a consistent investment strategy
   1 = Minimal consistency to manager's past investment strategy
   2 = Some consistency to manager's past investment strategy
   3 = Exceptional consistency to manager's past investment strategy
   4 = Total consistency to manager's past investment strategy

4. **NJEDA Partnering**

Considers respondent’s ability to serve as a strategic partner to the NJEDA, including the Life Science/ Healthcare entrepreneurial ecosystem as detailed in their submission.

0 = No ability to support NJ’s entrepreneurial ecosystem
1 = Minimal ability to support NJ’s entrepreneurial ecosystem, provides less than 12 hours annually to engage in NJ’s ecosystem events
2 = Some ability to support NJ’s entrepreneurial ecosystem, provides more than 12 hours annually to engage in NJ’s ecosystem events
3 = Exceptional ability to support NJ’s entrepreneurial ecosystem provides executive talent to entrepreneurs as well as over 12 hours annually engage in NJ’s ecosystem events
4 = Unique ability to support NJ’s entrepreneurial ecosystem provides at least 8 events annually for entrepreneurs and/or investors.

5. Sourcing/Pipeline Development

Considers respondent’s ability to source and track relevant and unique deal flow to effectuate strategy as detailed in their submission.

0 = No ability to source and track relevant deal flow
1 = Minimal ability to source and track relevant deal flow
2 = Some ability to source and track relevant deal flow
3 = Exceptional ability to source and track relevant deal flow
4 = Unique ability to source and track relevant deal flow

6. Focus industry & Stage

Considers respondent’s ability to focus on identifying investment opportunities into “early-stage” (Pre-seed through Series B) companies in Life Science/ Healthcare businesses as defined elsewhere in this document, as detailed in their submission.

0 = No ability to identify NJ Life Science/ Healthcare investments
1 = Minimal ability to identify NJ Life Science/ Healthcare investments
2 = Some ability to identify NJ Life Science/ Healthcare investments
3 = Exceptional ability to identify NJ Life Science/ Healthcare investments
4 = Unique ability to identify NJ Life Science/ Healthcare investments

7. Performance History

Considers respondent’s past investment returns (realized & unrealized) on attributed investments as compared to industry and applicant peers (benchmark source: Pitchbook) as detailed in their submission.

0 = No past investment returns
1 = Low (third quartile or lower vs. peers) past investment returns
2 = Moderate (second quartile vs. peers) past investment returns
3 = High (top quartile vs. peers) past investment returns
4 = Exceptional (top 10% vs. peers) past investment returns

8. New Jersey Investment History

Considers respondent’s investment amount (on attributed investments) into New Jersey companies to date on an absolute basis and relative to industry and applicant peers as detailed in their submission.

0 = No history of investing in NJ companies
1 = Minimal history (less than 10% of investment) of investing in NJ companies
2 = Some history of investing (10% -25% of investment) in NJ companies
3 = High investment (25% -50% of activity) history in NJ companies
4 = Exceptional investment (50% or more of activity) history in NJ companies

9. Incentive and Alignment

Considers whether respondent’s carry is comparable to peers, properly aligned with objectives, and equitably spread among team, as detailed in their submission. Also considers alignment of respondent’s commitment as a general partner (GP) with limited partners’ commitment(s).

0 = Has above market carry % (over 25%), GP’s commitment <1%
1 = Has high market carry % (over 20%), GP’s commitment <1%
2 = Has high carry % (over 20%), GP’s commitment >3%
3 = Has carry % comparable to peers (20%), GP’s commitment >3%
4 = Has carry % comparable to peers (20%), GP’s commitment >5%

10. Management fees, other fees and Expenses

Considers whether fees and expenses are sufficient to effectuate strategy and comparable to industry as detailed in their submission.

0 = Management fee >2.5% over the life of the fund
1 = Management fee 2.25-2.5% over the life of the fund
2 = Management fee 1.75% - 2.25% over the life of the fund
3 = Management fee 1.25% - 1.75% over the life of the fund
4 = Management fee <1.25% over the life of the fund

11. Governance

Considers whether key person clause is strong and effective

0 = No key person clause
1 = Single individual key person clause
2 = Multiple individual key person clause requiring limited partner vote to activate
3 = Multiple individual key person clause with automatic effect
4 = Multi-tiered key person clause

12. Fundraising status & capability

Considers respondent’s ability to match or raise an additional private capital to meet the SSBCI 1:1, fund-level matching requirement, as detailed in their submission.

0 = No ability or experience to meet required private matching
1 = Minimal ability or experience to meet required private matching; i.e. indicates ability to match less than the SSBCI 1:1 requirement

2 = Some ability or experience to meet required private matching; i.e. can match the SSBCI 1:1 requirement
3 = Exceptional ability and experience to meet required private matching; i.e. can meet 125% of the 1:1 match
4 = Unique ability and experience to meet required private matching; i.e. can meet 200% of the required SSBCI match

13. Diversity

Considers respondent's clearly articulated diversity, equity, and inclusion (DE&I) policy, specifying the collection of relevant diversity metrics internally, as well as from portfolio companies. Also considers respondent's clearly articulated Code of Conduct (CofC) addressing harassment and discrimination internally

0 = No defined DE&I and CofC policy for investment company or for portfolio companies
1 = Defined DE&I and CofC policy for investment company or for portfolio companies
2 = Defined DE&I and CofC policy for investment company and for portfolio companies
3 = Defined DE&I and CofC policy for investment company and for portfolio companies with a demonstration of success towards either policy through metrics
4 = Defined DE&I and CofC policy for investment company and for portfolio companies with a demonstration of success towards both policies through metrics

Appendix B – Program Terms

Use of Funds	• The fund manager(s) shall be responsible for complying with SSBCI rules and requirements as issued by the U.S. Treasury. • The Fund's ability to invest is conditional upon the Fund first meeting or exceeding the 1:1 private financing ratio. • In addition to regular reporting provided for in the Fund agreements (which may include Limited Partnership Agreement (LPA) and NJEDA side letter agreement), the selected fund manager(s) shall provide transaction details and federally-required certifications to NJEDA before each investment. • The selected manager(s) shall be responsible to comply with the required guidelines for an investment to be made with funds co-mingled with the SSBCI allocation. • The selected manager(s) must ascertain that their intended investment will be the first SSBCI investment into the prospective firm (including verification documentation). • The prospective business must also be raising a capital round that meets the "early-stage" designation (typically rounds "pre-seed" to "Series A"). • No investments may be made in capital rounds with total round size of $20 million or more. Multiple investment transactions into a specific company, such as follow-on investments, are permissible, provided that funds into any one company will not surpass $20 million • Investment proceeds may also be used to purchase any tangible or intangible asset, except goodwill. • Equipment acquisition and installation of $2,000 or more and construction are not eligible uses.

	A minimum of 90% of the investments must be in companies with a New Jersey location. A NJ business is: 1. One which at least 50% of non-retail employees working or living in New Jersey, or 50% of payroll is paid to employees, living or working in NJ; or, 2. A business which has its headquarters in New Jersey.
Minimum Requirements	- The selected fund manager(s) must convene in-person office hours or engagements in New Jersey on a regular basis. - If the interested fund manager(s) does/do not currently have an office in the State, the manager(s) may operate at a remote or satellite in-State office, co-working facility or establish a permanent facility. The office location must be provided to the Authority before closing and evidence must be presented to verify the active and in person sourcing efforts in New Jersey. - The selected fund manager(s) shall enter into one or more agreements with the Authority regarding the investment, which agreements will be governed by New Jersey law and shall include the minimum 1:1 private capital matching requirement. - The selected fund manager(s) shall provide to the Authority annual Certified Public Accountant prepared financial statements for the life of the investment. - The fund manager(s) shall submit quarterly and annual reports as described below. - The Authority shall have a position on the Fund's advisory board.
Certifications	The selected fund manager(s) shall supply certifications to the Authority relative to award and receipt of funds, and such certifications shall be supplied to the U.S. Treasury by NJEDA. Preliminary form documents will be provided by NJEDA as soon as possible after signing of the allocation agreement.

	- The selected fund manager(s) must also certify that no principal of the selected fund manager(s) has been convicted of a sex offense against a minor (as such terms are defined in section 111 of the Sex Offender Registration and Notification Act (34 U.S.C. § 20911, formerly 42 U.S.C. § 16911)). - The selected manager(s) must obtain a written certification from the investee affirming that the investee is not: o A business engaged in speculative activities that profit from fluctuations in price, such as wildcatting for oil and dealing in commodities futures, unless those activities are incidental to the regular activities of the business and part of a legitimate risk management strategy to guard against price fluctuations related to the regular activities of the business or through the normal course of trade; o A business that earns more than half of its annual net revenue from lending activities, unless the business is (1) a CDFI that is not a depository institution or a bank holding company, or (2) a Tribal enterprise lender that is not a depository institution or a bank holding company; o A business engaged in pyramid sales, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants; o A business engaged in activities that are prohibited by federal law or, if permitted by federal law, applicable law in the jurisdiction where the business is located or conducted (this includes businesses that make, sell, service, or distribute products or services used in connection with illegal activity, unless such use can be shown to be completely outside of the business's intended market); this category of businesses includes direct and indirect marijuana businesses, as defined in SBA Standard Operating Procedure 50 10 6; o A business deriving more than one-third of gross annual revenue from legal gambling activities; - The Authority will require a certification from the selected

	manager(s) on the use of funds and prohibited use of funds before funding any and all capital calls. The selected manager(s) must specify that the intended use of called capital is compliant with use of funds and reporting requirements. In the event of non-compliance, NJEDA may not fulfill capital call funding for the transaction. • In the contractual agreement between a jurisdiction and a venture capital fund, the fund must be required to identify the services to be provided to portfolio companies and annually certify that these services were provided. The agreement between the fund and the portfolio companies must include disclosure of these services offered by the fund manager. Consistent with industry standards on payments of fees to cover these services to portfolio companies, the fund will reimburse the jurisdiction for payments of such services by SSBCI funds before returns are paid to the general or limited partners as will be recorded in the distribution of funds section of the LPA. • The selected manager(s) must obtain written certifications from the investees affirming that the investment proceeds will be used for business purposes. A business purpose includes, but is not limited to, start-up costs; working capital; franchise fees; and acquisition of equipment under $2,000, inventory, or services used in the production, manufacturing, or delivery of a business's goods or services, or in the purchase, renovation, or tenant improvements of an eligible place of business that is not for passive real estate investment purposes. • The selected fund manager(s) shall collect certifications from the portfolio companies relative to company name, jobs, and receipt of benefits. Preliminary form documents will be provided by NJEDA as soon as

	possible after signing of the allocation agreement.
Reporting	• In addition to industry-standard reporting provided for in the Fund agreements (which may include Limited Partnership Agreement (LPA) and NJEDA side letter agreement), the selected fund manager(s) shall provide transaction details and federally-required certifications to NJEDA before each investment. • The selected fund manager(s) shall provide, when requested by the Authority, any information on the Fund's portfolio companies and jobs created, as such information will be requested by the federal government. • The selected fund manager(s) shall provide quarterly financial statements and Fund updates in written form within 15 days of the end of each calendar quarter after the award documents are executed. The updates must include detail on companies invested into, including but not limited to industry, business specifics, location, jobs, additional funding, and highlights of portfolio business advancements. The quarterly report must also include updates on activities to support the ecosystem of SEDI entrepreneurs and businesses in New Jersey, including events and marketing. • In addition to the report items listed above, the report shall also include the total amount of SSBCI funds deployed to eligible small businesses on a quarterly and cumulative basis, the aggregate amount of SSBCI funds deployed for very small businesses (VSBs) and businesses owned by socially and economically disadvantaged individuals (SEDI-owned businesses), the amount of program income generated, and the amount of SSBCI funds deployed for administrative costs. • The Fund Manager(s) shall also submit quarterly reporting with transaction detail to NJEDA.

	• The fund manager(s) shall submit SSBCI annual reports and certifications by March 15 of each year, the details of which will be captured in the LPA, LLC agreement or side letter.
Non-Compliance	If the selected Fund Manager fails to provide the deliverables required in the investment contract with NJEDA, they will be granted a 90-day grace period in which to cure the shortfall(s), after which point management fees will be withheld until deficiencies are corrected as outlined in the award agreement. Fees and carry shall be withheld if the fund manager is not in compliance with the obligations in the agreement with EDA, including, but not limited to, compliance with SSBCI law, regulations, and policy. The fund manager shall indemnify and hold harmless NJEDA, including, but not limited to, any re-payment of the Investment that the U.S. Treasury requires except as arising from the Investor's gross negligence or willful misconduct.
Notice Requirements	All terms incorporate any detailed requirement in the Notice of Investment Opportunity. Any other requirement in the Notice is also included.

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: May 10, 2023

SUBJECT: State Small Business Credit Initiative (SSBCI) Socially & Economically Disadvantaged Individuals (SEDI) Manager Approvals

SUMMARY

Approval is requested of the Members to:

- Commit an aggregate investment amount of up to $20 million to limited partnerships or limited liability companies managed by accelerator and fund manager Gener8tor Management, LLC (Gener8tor), for an amount of up to $5 million, and fund manager Include Venture Partners, LLC (Include), for an amount of up to $15 million, to make investments into a portfolio of businesses led by Socially and Economically Disadvantaged Individuals (SEDI) in New Jersey conforming to the material terms specified in the term sheet attached as **Appendix B**, with final terms approved by the Chief Executive Officer. Funding for the investments will be provided by the State Small Business Credit Initiative (SSBCI) for which NJEDA, on behalf of the State of New Jersey, Department of Treasury, was approved for a total of $255 million for both direct and fund programs.
- Delegate to the Chief Executive Officer the Authority to determine the fund structure (investment commingled with other funds or held in a side-car vehicle) and to finalize fees and expenses with each fund manager based on the parameters contained in this memorandum.

BACKGROUND

SSBCI is a federal program administered by the US Department of the Treasury to support private financing to small businesses within eligible jurisdictions. The program was first established in 2010, with a second round funded by the American Rescue Plan Act (ARP) in the spring of 2021. With $10 billion available overall, funding was allocated non-competitively to states, territories, and Tribal governments. 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, or SEDI businesses ($27,521,719). Incentive funds are available for jurisdictions that demonstrate strong support for SEDI 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. The allocation of funding across programs is designed to allow the EDA SSBCI portfolio to reach a leverage ratio (private capital to SSBCI funds) of 10:1 over a ten-year period. Therefore, 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.

Because U.S. Treasury requires that state-level SSBCI applicants be a state department or agency that can obligate the State, the Governor has designated New Jersey Department of Treasury as the lead applicant, with NJEDA acting as a contracted entity to implement the program. New Jersey utilized a similar structure for the SSBCI 1.0 program established in 2010. The Board of the Authority approved an MOU between the NJEDA and NJ Treasury regarding the arrangement for SSBCI 2.0. 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.

New Jersey's SSBCI application proposed six programs:
- Blended Capital Investment ($50M);
- Recovery Loan Loss Reserve ($25M);
- Clean Energy Business Financing ($80M);
- Life Science Investment ($60M);
- SEDI Seed Fund ($20M); and
- Angel Match Program ($20M) (Approved by the Authority September 14, 2022).

Announcement of approval of New Jersey's SSBCI application by US Treasury occurred on March 2, 2023. SSBCI statute requires that all proposed programs be "fully positioned, within 90 days of the State's execution of the allocation agreement with the Secretary [of the Treasury] to act on providing the kind of credit support that the State program was established to provide." The allocation agreement between US Treasury and NJ Treasury was signed March 15, 2023. The Funds must be fully positioned by June 13, 2023. SSBCI funds are disbursed to jurisdictions in three tranches. The first disbursement totals $79 million. 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.

Investment Details

Since 1999, the Authority has committed more than $64.5M to 20 venture capital funds. This includes the three fund commitments totaling $7.8 million as part of SSBCI 1.0. The aggregate commitments have resulted in direct-investments into 114 NJ-based, early-stage companies, yielding over 6,500 jobs in New Jersey, and a private leverage multiple in excess of 64.7x. The Authority aims to deepen the success of its early-stage investment strategy and expand its investments into SEDI businesses through the 2021 iteration of SSBCI. The requested allocation of dollars to the two fund managers recommended herein will use the $20 million that New Jersey committed to create SEDI Seed Funds.

Diversity, Equity and Inclusion:
The federal SSBCI program supports the expansion of businesses owned by socially- and economically- disadvantaged individuals by mandating a portion of a State's allocation be directed to SEDI businesses. From New Jersey's total allocation of $255,197,631, New Jersey must expend at least $27,521,719 to benefit SEDI businesses. Over time, U.S. Treasury may reduce New Jersey's total SSBCI allocation if the State is not on track to meet this minimum threshold. The SSBCI program also includes a SEDI incentive. New Jersey is eligible for incentive funds of up to $14,678,250 based on the share of the $255 million allocation that is deployed to support SEDI businesses, with the maximum incentive reached if New Jersey expends 31.01% of the $255 million allocation to benefit SEDI business. The NJEDA defined and articulated a strategy to do outreach to and deploy funds into SEDI businesses as part of the NJEDA's SSBCI application.

The December 2022 edition of the U.S. Treasury Capital Program Policy Guidelines provides a definition of which small businesses qualify as a SEDI business. The basis for eligibility can be geographic, demographic, or socioeconomic. A small business may qualify as a SEDI business if it meets at least one of the four criteria below:

- Business enterprises that certify that they are owned and controlled* by individuals who have had their access to credit on reasonable terms diminished as compared to others in comparable economic circumstances, due to their: (1) membership of a group that has been subjected to racial or ethnic prejudice or cultural bias within American society; (2) gender; (3) veteran status; (4) limited English proficiency; (5) physical handicap; (6) long-term residence in an environment isolated from the mainstream of American society; (7) membership of a federally or state-recognized Indian Tribe; (8) long-term residence in a rural community; (9) residence in a U.S. territory; (10) residence in a community undergoing economic transitions (including communities impacted by the shift towards a net-zero economy or deindustrialization); or (11) membership of another "underserved community" as defined in Executive Order 13985.
- Business enterprises that certify that they are owned and controlled* by individuals whose residences are in Community Development Finance Institution ("CDFI") Investment Areas.
- Business enterprises that certify that they will operate a location in a CDFI Investment Area.
- Business enterprises located in a CDFI Investment Area.

*The term "owned and controlled" means, if privately owned, 51 percent is owned by such individuals; if publicly owned, 51 percent of the stock is owned by such individuals; and in the case of a mutual institution, a majority of the board of directors, account holders, and the community which the institution services is predominantly comprised of such individuals.

Process and Strategy:
On February 9, 2023, NJEDA issued a Notice of Investment Opportunity (NIO) to gather submissions from venture capital managers that have demonstrated competency, capacity, and skill in managing early-stage investment strategies into start-up and early-stage companies in New Jersey to receive an investment and manage a possible SEDI Seed Fund (a "Fund") for investment into SEDI businesses. The fund manager(s) must ensure that the SSBCI investment is catalytic to private financing, based on the fund's age, size or experience. The submissions were evaluated according to process and scoring rubric in **Appendix A**, as provided from the Notice of Investment Opportunity issued.

The NJEDA received submissions from seven respondents related to this NIO. Responses were reviewed by cross-functional teams of EDA staff in two rounds and scored according to the rubric in **Appendix A**. The initial round of scoring was followed by a round of clarifying questions gathered in writing and via virtual interview sessions conducted by staff. The top scoring fund manager was Gener8tor Management, LLC (scoring 40 out of 52) and the third highest scoring manager was Include Venture Partners, LLC (scoring 37 out of 52). The second highest scoring manager is not proposed for investment, as that manager applied for all three concurrently issued NIOs. To mitigate potential concentration risk at a total program level and create alignment with the capital matching requirement, the second fund manager is being proposed only for the SSBCI Life Science Seed Fund NIO. The selected respondent manager summaries and description of strategy appear below. Key fund terms are included in **Appendix B**. A key element of the diligence process, among the eligibility criteria is the ability of the venture capital fund manager to raise and readily deploy sufficient 1:1 private capital to match the targeted dollar amount of funding allocable, and the opportunity set, or pipeline, of investible opportunities meeting the strategy objective as put forward by the NJEDA and approved by US Treasury. Notably, each fund manager must operate at a permanent or satellite in-State office or at a co-working facility in New Jersey with a regular presence held by a senior or mid-level investment professional. Fund managers will be required to report, on a regular basis, efforts to expand their pipeline of deal flow in New Jersey. This may include such example efforts as hosting office hours or attending ecosystem events like NJEDA's NJ Founders & Funders. Fund managers will regularly report jobs information and will be compelled to request demographic information of portfolio companies. Combined, these entities are expected to cause $506 million of investment in 32 companies based in the State of New Jersey.

The requested amount will be disseminated to the two recommended managers to make "seed" to "Series A" investments into early-stage, New Jersey companies owned by SEDI entrepreneurs. In accordance with SSBCI requirements, the fund managers must raise a private capital match of at least 1:1 at the fund level, which would yield a $40 million (or greater) total funding pool based on the full deployment of $20 million from SSBCI. SSBCI capital must be either (1) held in a separate fund and separately accounted (side-car or fund-of-one) for, or (2) held in a fund with other investors' funds, with each investor's investment accounted for separately. The selected managers must be able to record, with a written, detailed report, each investment transaction that received SSBCI funds, in part or in whole. A minimum of 90% of the investments must be in companies with a New Jersey location. A NJ business is: 1. One which at least 50% of non-retail employees working or living in New Jersey, or 50% of payroll is paid to employees, living or working in NJ; or, 2. A business which has its headquarters in New Jersey.

The selected managers shall be responsible to comply with the SSBCI law, regulations, and guidelines for an investment to be made with funds co-mingled with the SSBCI allocation. The selected managers must ascertain that their intended investment will be the first SSBCI investment into the prospective firm (including verification documentation). The prospective business must also be raising a capital round that meets the "early-stage" designation (typically rounds "pre-seed" to "Series A"), with a target round of $5 million or less. No investments may be made in capital rounds with total round size of $20 million or more. Multiple investment transactions into a specific company, such as follow-on investments, are permissible, provided that funds into any one company will not surpass $20 million.

Venture capital funds offer a variety of services to their portfolio companies (i.e., the potential SSBCI investees). These services can include, for example, financial management, operational guidance, IT consulting, and connecting portfolio companies to potential customers, investors, board members, and officers. These services vary depending on the portfolio company's stage in the venture capital ecosystem. As these services to portfolio companies are a type of equity support, SSBCI funds, out of the federal contribution, may be used to pay for such support but are included in the maximum cap equal to an annual average of 1.71 percent of the federal contribution to a venture capital fund over the life of the jurisdiction's venture capital program. In the contractual agreement between a jurisdiction and a venture capital fund, the fund must be required to identify the services to be provided to portfolio companies and annually certify that these services were provided. The agreement between the fund and the portfolio companies must include disclosure of these services offered by the fund manager. Consistent with industry standards on payments of fees to cover these services to portfolio companies, the fund will reimburse the jurisdiction for payments of such services by SSBCI funds before returns are paid to the general or limited partners.

The selected manager(s) must obtain written certifications from the investees affirming that the investment proceeds will be used for business purposes, and align with specific SSBCI program compliance requirements, partially noted, herein, and will be sufficiently documented with the selected managers. A business purpose includes, but is not limited to, start-up costs; working capital; franchise fees; and acquisition of equipment under $2,000, inventory, or services used in the production, manufacturing, or delivery of a business's goods or services, or in the purchase, renovation, or tenant improvements of an eligible place of business that is not for passive real estate investment purposes. Investment proceeds may also be used to purchase any tangible or intangible asset, except goodwill. Equipment acquisition and installation of $2,000 or more and construction are not eligible uses.

Selected Manager Strategies:
Gener8tor Management, LLC Executive Summary
The Gener8tor team presently manages several funds across the country ($75M AUM). These include industry-agnostic funds, sector-specific funds, place-based funds and DEI-focused funds. A common thread across Gener8tor's investments is a focus on race, place and gender. Since its inception in 2012, Gener8tor has expanded its successful startup and small business venture funds and accelerators across 41 cities, 20 states and two countries. Gener8tor's key advantage is their national and international network to support portfolio companies. In their application, Gener8tor scored highly in multiple categories. In particular, this long-established firm is able to speak to substantial international resources to identify target opportunities, provide meaningful support to its portfolio companies and to administer their funds with a high degree of acumen that will be important given the meaningful compliance obligations associated with this SSBCI funded commitment. The group will stand-up the investment program in New Jersey for SEDI entrepreneurs in New Jersey, specifically, as a result of EDA's funding here. Staff proposes an investment with Gener8tor of $5 million on the basis they do not, yet, have the matching funds, but will be able to demonstrate matching funds on a 1:1 basis at the fund level before investing program capital. Gener8tor earned a score of 40 out of a possible 52 points and was the highest scoring applicant for this program.

Following approval by the Board of the Authority, Gener8tor will establish a New Jersey limited liability company that will serve as investment vehicle to manage the NJ SEDI Seed Fund. Gener8tor has not, yet, raised the required matching funds to deploy SSBCI capital. They have projected a 5–6-month timeline to achieve the match from potential institutional or individual investors. If the group fails to secure a dollar-for-dollar match from new outside investors, they will confirm the match from their primary fund vehicle. The key terms such as management fee and carry distribution are expected to align with the terms of the primary fund vehicle. Generator will establish a New Jersey office and Fund Principal.

<u>Fund Strategy:</u>
Gener8tor proposes a $10 million or greater New Jersey-based and New Jersey company-exclusive seed venture capital fund. Consistent with Gener8tor's past successes, this fund will be industry-

agnostic and sector-agnostic investing in pre-seed and seed rounds of New Jersey companies. Target investments will all be scalable, venture-backable companies, with a majority being tech-enabled. The strategy will target initial investments from the fund that range in amount from $100K to $500K with an average investment of $250K into companies with post-money valuations ranging up to $20M. Gener8tor will manage this fund with a 100% SEDI requirement. They anticipate a 10-year fund life. The respondent expects to make 30 pre-seed or seed investments. Consistent with the proposed strategy, Gener8tor has always and exclusively managed funds investing in pre-seed and seed rounds.

In the last ten years, Gener8tor has worked diligently to build its international network of thousands of mentors, financiers, corporate partners and companies to benefit program participants during as well as far beyond each program. To date, this global network includes 3,711 Investors, 2,749 Mentors, 3,391 Corporate Connections and 1,076 Alumni Companies. Historically, for every dollar invested into a Gener8tor venture capital fund, startups receiving investment from Gener8tor have gone on to raise $50 in follow-on venture capital (50:1 leverage). Gener8tor's list of institutional limited partners includes Allianz Life, Securian Financial, ECMC Group, Northwestern Mutual, Assurity, Nelnet, Ameritas, Union Bank & Trust, Madison Gas & Electric, Wisconsin Alumni Research Foundation and more. Gener8tor is currently under contract with the states of Nevada, Wisconsin, Indiana, Alabama and Oklahoma and the cities of Houston and Anchorage to operate either venture capital funds or startup accelerators.

Gener8tor's application clearly articulated a focus, understanding and readiness to deploy the proposed fund strategy:
a. 62.23% of Gener8tor's portfolio companies are owned by SEDI entrepreneurs.
b. Gener8tor has three New Jersey-based alumni or portfolio companies, offering some experience investing in SEDI entrepreneurs in NJ.
c. Successfully recruiting Very Small Businesses and SEDI-owned businesses is a very grassroots and manual process. The Gener8tor team creates a roadmap outlining the various places to recruit from, and builds relationships with local partners to refer applicants and get in front of startups and small businesses.

Gener8tor has created an Applicant Evaluation Rubric to assist in the screening process and selecting optimal candidates for a proposed investment.

- Team
- Idea & Technology
- Race & Gender
- Additionally, the rubric looks at the startup's traction, funding received, product, social proof, and pitch deck.

History:
Gener8tor has over 50 years of combined fund management experience across their leadership team and has successfully managed venture capital funds over the last 10 years with top-quartile returns. Gener8tor is most proud of the fact that its 10-year investment history and the demographics of its team reflect the diversity of the communities they serve.
- 52% of Gener8tor employees are women
- 32% of Gener8tor employees are people of color

Since 2016 Gener8tor has been tracking and publishing its portfolio demographic statistics, a strong differentiator in the venture capital industry. Below are the percentages reported in their NIO response; Gener8tor publishes these percentages at Gener8tor.com/dei (which percentages may have changed since their response):

● 43% of Gener8tor companies have at least one founder of color
● 40% of Gener8tor companies have at least one woman founder
● 67% of Gener8tor companies have a founder from a minority group

Fund Management:
Specific to, and as a result of, the to-be-formed New Jersey Fund, Gener8tor would create a new GP entity, Gener8tor Management, LLC, which will hire a New Jersey-based Fund Principal from a historically underserved background. In essence, Gener8tor would be "warehousing" this GP while providing the full faith and credit of Gener8tor's back office, network and institutional knowledge. The Fund Principal will receive 50% of the fund carry – the balance of the carry to be shared up to Gener8tor. The executive and back-office support of Gener8tor will ensure continuity of Gener8tor's strategy and resources as an established firm are effectively applied alongside dedicated in-State resources that are familiar with the landscape and innovation ecosystem in NJ. In addition to the support from Gener8tor Management, LLC, the Fund Principal would be supported by:

● New Jersey Advisory Board - A group of experienced operators, venture capitalists and entrepreneurs who provide guidance and an expanded network to the fund manager. These would be individuals based in New Jersey or with a strong New Jersey affinity.

Key individuals at the firm include:
Troy Vosseller, Co-Founder at Gener8tor
Vosseller came to Gener8tor from the University of Wisconsin Law School's Law & Entrepreneurship Clinic, a program providing free legal services to startup businesses and entrepreneurs, where he worked as an Assistant Clinical Professor/Supervising Attorney. As an undergraduate at the University of Wisconsin-Madison, Vosseller founded the most cliché student startup imaginable–a t-shirt company. It was a success, and today Sconnie Nation continues to market a line of apparel that focuses on celebrating the Wisconsin lifestyle. Before discovering his love of startups, Vosseller held brief stints at Qualcomm and Intuit. He holds a BA, MBA and JD from the University of Wisconsin-Madison.

Joe Kirgues, Co-Founder at Gener8tor
Kirgues attended Marquette University where he earned his Bachelor Degree in Finance. He went on to attend the University of Wisconsin Law School, graduating in 2008. He then served as a Clerk to the Honorable Judge William E. Callahan, Jr. in the Eastern District of Wisconsin. Kirgues became an Associate for Quarles & Brady LLP in 2011. He met Gener8tor co-founder Troy Vosseller in 2011 through that position and has been growing the Gener8tor brand since the company was founded in 2012.

Include Venture Partners, LLC Executive Summary
Include Venture Partners is a U.S. based fund of funds and direct investment vehicle focused on investing in diverse-led undervalued, outperforming funds and founders, with a focus on ESG and Sustainability. With professionals operating remotely from California, New York and Washington DC, Include will open an office, likely in northern New Jersey with members of the team consistently located in the office or rotating through on a monthly or weekly basis. Include's management team demonstrates a significant degree of experience and depth of resources to source investments and provide engagement to support the growth of portfolio companies through a holistic platform of education (VCInclude), advisory (Include Global) and investment (Include Ventures). Their NIO response to secure SSBCI SEDI Seed Fund capital is commensurate with the group's fourth fundraise, which exhibits this depth of experience and consistency to their strategy. The firm's expertise extends beyond the pure search for capital gains with the group also demonstrating their acumen with regard to DE&I reporting and administrative sophistication – a

strong need relevant to management of SSBCI funding. Staff proposes a $15 million investment on the basis that Include currently demonstrate the ability to deploy matching funds at the fund level on a 1:1 basis and will continue to raise towards a target $100 million fund target. Include earned a score of 37 out of a possible 52 points for this program.

Fund Strategy:

Include's investment thesis is: "Access to unique talent and ecosystems enables Include to identify undervalued product generating above market rate returns. The Include team has worked with over 1,000 Black, LatinX, Indigenous and women fund managers and founders. Include is investing in funds + founders positively impacting: +How we live +How we work +How we thrive." The Fund intends to pursue a venture capital and growth equity strategy. The Fund's primary investment objective is to realize significant long-term capital appreciation by constructing a portfolio of direct, privately negotiated venture capital and growth equity investments in early-stage companies led by underrepresented founders.

Include works in partnership with VC Include - a diverse fund manager platform and program designed to support the growth of best in class Venture Capital and Impact Fund Managers to drive alpha and positive impact. Includes sectors of focus are: cleantech, fintech, healthtech, edtech and media. VCI was founded by Include's General Partner as a WMBE initiative. The Firm will concentrate its direct investments towards SEDI startups raising Seed through Series B capital rounds, investing $2-3 million per company, inclusive of follow-on capital. The fund manager targets investment returns of S&P 500 plus 500 basis points.

Fund Management:

Bahiyah Yasmeen Robinson serves as the founder of VC Include ("VCI"), a platform for policy, advocacy and leadership launched in 2018. VCI is the first Woman of Color owned platform supporting diverse and women-led fund managers in the U.S., Europe, and Africa. Prior to VCI, Ms. Robinson advised corporations on their strategies to support WOC founders in the US/Africa, and in 2012 was a co-investor in African startups with the U.S. Department of State + World Bank.

Keith Malcolm Spears is an alternative asset professional with a particular expertise in impact investing, private equity, mergers & acquisitions, and real estate. Over a 35-year career, Mr. Spears has worked on over 150 transactions, investments over $10 billion in size, and advised on over $47 billion in transactions at firm such as Goldman Sachs, Credit Suisse + Hamilton Lane. Mr. Spears investments have supported approximately over 120,000 jobs for the State of California.

Dr. Taj Ahmad Eldridge is an investment advisor and a former Sr. Director of Investments at the Los Angeles Clean Tech Incubator (LACI). Previously, Dr. Eldridge served as the Accelerator Director and Fund Manager at the University of California, Riverside, making the ecosystem the #4 city for minority founders by Entrepreneur Magazine. Dr. Eldridge started his career as a 2X exit operator investor + worked for TRW, UBS, and Wells Fargo Bank.

DELEGATED AUTHORITY:

Staff is still negotiating whether the investment will take the form of a limited partnership investment with the selected fund managers serving as general partner and the EDA serving as a limited partner, aligning with EDA's typical venture fund investment mode and process, or as a member in a limited liability company, as is typical in relation to accelerator strategies. Staff is also negotiating with the fund managers as to whether the investment will be commingled with other funding in a single fund or will be invested in a side-car.

Fees and expenses will differ depending on the fund structure, as well as the additional services that the fund manager may provide in an accelerator-based model. Accordingly, staff requests delegated authority to the Chief Executive Officer to determine the fund structure and to negotiate the fees and expenses, provided that the fees and expenses are comparable to market fees for similar fund structures and models and do not exceed SSBCI's 1.71 percent aggregate management fee cap over the life of the fund, organizational expenses of the fund do no exceed $150,000 and annual operating and audit expenses in aggregate will not exceed $25,000 annually, (comparable to side car or multi-asset fund vehicles previously established by the NJEDA based on market research). The organizational expenses and annual operating and audit expenses will be paid from the administrative expense allocated to NJEDA from the SSBCI Program (for example, from the 5% of the first tranche of SSBCI capital).

RECOMMENDATION:

Following from the Notice of Investment Opportunity process and depth of evaluation conducted by Authority staff, according to the criteria established, approval is requested of the Members to:

- Commit an aggregate investment amount of up to $20 million to limited partnerships managed by accelerator and fund manager Gener8tor Management, LLC (Gener8tor), for an amount of up to $5 million, and fund manager Include Venture Partners, LLC (Include), for an amount of up to $15 million, to make investments into a portfolio of businesses led by Socially and Economically Disadvantaged Individuals (SEDI) in New Jersey conforming to the material terms specified in the term sheet attached as **Appendix B**, with final terms approved by the Chief Executive Officer. Funding for the investments will be provided by the State Small Business Credit Initiative (SSBCI) for which NJEDA, on behalf of the State of New Jersey, Department of Treasury, was approved for a total of $255 million for both direct and fund programs.
- Delegate to the Chief Executive Officer the Authority to determine the fund structure (investment commingled with other funds or held in a side-car vehicle) and to finalize fees and expenses with each fund manager based on the parameters contained in this memorandum.

____
Tim Sullivan, CEO

Prepared by:
Emmanuel Esochaghi – Diversity Entrepreneurship and Finance Officer, Venture Programs
Michelle Martinez– Product Officer, Venture Programs
Tim Rollender – Director, Venture Programs

Attachments:
Appendix A – Scoring Rubric
Appendix B – Program Terms

Appendix A – Eligibility & Scoring Rubric

1. FUND MANAGER QUALIFICATIONS & ELIGIBILITY

This Notice is a competitive opportunity. All interested fund managers must provide their submissions by 5pm ET on Thursday, March 16, 2023, in order to be considered. You must submit your submission in PDF format to SSBCISediFund@njeda.com. Only electronic submissions will be accepted.

Furthermore, you must adhere to the following guidelines:
a. Include a cover page with preparer's contact information.
b. Include a table of contents that lists all of the required evaluation criteria in Section 7.
c. Must address each of the evaluation criteria.
d. Must submit all requested information denoted with a "must" or "shall".

Respondents to this notice must fully answer the attached Due Diligence Questions (See Appendix A) and provide supporting exhibits as applicable (see Appendix B). To be eligible for evaluation and potential selection, respondents must demonstrate familiarity with the compliance and reporting standards mandated by SSBCI, and must demonstrate an ability to leverage the allocated public funds for additional private capital to achieve at least a public/private ratio of 1:1 at the fund level. Responses will be scored against the NJEDA scoring matrix. The matrix measures, among multiple factors, the respondents' experience, capacity, and skills, and will rank the respondents against those criteria. The criteria and weights are listed in Section 7.

After scoring is complete, the Authority shall determine, in its sole discretion, whether to proceed with the proposed investment and Fund with the respondent(s) with the highest-scoring submission(s). If the Authority determines to proceed, such respondent(s) shall be required to complete a NJEDA legal debarment questionnaire and other NJEDA and State compliance documentation.

The respondent(s) with the highest-scoring submission shall also be expected to draft investment agreements to reflect NJEDA's investment. Those agreements shall include provisions required by State law and policy, including, but not limited to:

- The fund manager(s) shall indemnify NJEDA (except for investment losses) and provide insurance as NJEDA may request
- NJEDA shall not indemnify the fund manager(s)
- No transfers or assignments without NJEDA consent
- All Fund assets must be transferred to NJEDA upon dissolution
- Standard New Jersey State Conflict of Interest provision
- The fund manager(s) shall be subject to applicable political contribution disclosure requirements, which may include N.J.S.A. 19:44A-20.27 (L. 2005, c. 271)
- Records must be retained the greater of 5 years after the end of the Fund or the period required by federal law, and NJEDA and the New Jersey Office of the State Comptroller shall have the right to audit all records held by the fund manager(s) related to the Fund

- All agreements are subject to the New Jersey Tort Claims Act, N.J.S.A. 59:1-1 et seq., and the New Jersey Contractual Liabilities Act, N.J.S.A. 59:13-1 et seq.

2. EVALUATION PROCESS/SCORING CRITERIA

Submissions will be evaluated by a cross-organizational Evaluation Committee composed of NJEDA staff and management, to evaluate, score, and rank submissions. Scores will be averaged to determine an overall score for each submission.

Below are the evaluation criteria for the SEDI Seed Fund manager(s). Any submission that does not meet the minimum score of 10 in total will not be scored and ranked. Achieving a score of 10 or above does not guarantee selection. Each criterion is equally weighted. Specific questions to be answered that pertain to each criterion are in Appendix A.

1. Experience of Leadership

Considers senior leadership's length of experience as fund manager and investor as detailed in their submission.

0 = No experience as fund manager and investor
1 = Minimal (2-4 years) experience as fund manager and investor
2 = Some experience (4-8 years) as fund manager and investor
3 = Exceptional experience (8-10 years) as fund manager and investor
4 = Unique experience (10+ years) as fund manager and investor

2. Depth of Resource

Considers number of investment professionals, support/back-office staff, professional network, and ability to effectuate strategy and ensure SSBCI compliance as detailed in their submission.

0 = No depth of resources
1 = Internal resources are insufficient for the scope of work, including SSBCI compliance
2 = Internal resources are undersized relative to the scope of work, including SSBCI compliance
3 = Internal resources are right-sized for the scope of work, including SSBCI compliance
4 = Internal resources are more than sufficient to achieve the scope of work in addition to current activities, including SSBCI compliance

3. Consistency of Strategy

Considers whether respondent's targeted strategy is consistent with prior investment experience as detailed in their submission.

0 = Not a consistent investment strategy
1 = Minimal consistency to manager's past investment strategy
2 = Some consistency to manager's past investment strategy
3 = Exceptional consistency to manager's past investment strategy
4 = Total consistency to manager's past investment strategy

4. NJEDA Partnering

Considers respondent's ability to serve as a strategic partner to the NJEDA, including the SEDI entrepreneurial ecosystem as detailed in their submission.

0 = No ability to support NJ's entrepreneurial ecosystem
1 = Minimal ability to support NJ's entrepreneurial ecosystem, provides less than 12 hours annually to engage in NJ's ecosystem events
2 = Some ability to support NJ's entrepreneurial ecosystem, provides more than 12 hours annually to engage in NJ's ecosystem events
3 = Exceptional ability to support NJ's entrepreneurial ecosystem provides executive talent to entrepreneurs as well as over 12 hours annually engage in NJ's ecosystem events
4 = Unique ability to support NJ's entrepreneurial ecosystem provides at least 8 events annually for entrepreneurs and/or investors.

5. Sourcing/Pipeline Development

Considers respondent's ability to source and track relevant and unique deal flow to effectuate strategy as detailed in their submission.

0 = No ability to source and track relevant deal flow
1 = Minimal ability to source and track relevant deal flow
2 = Some ability to source and track relevant deal flow
3 = Exceptional ability to source and track relevant deal flow
4 = Unique ability to source and track relevant deal flow

6. Focus industry & Stage

Considers respondent's ability to focus on identifying investment opportunities into "early-stage" (Pre-seed through Series B) companies in SEDI-owned businesses as defined elsewhere in this document, as detailed in their submission.

0 = No ability to identify NJ SEDI investments
1 = Minimal ability to identify NJ SEDI investments
2 = Some ability to identify NJ SEDI investments
3 = Exceptional ability to identify NJ SEDI investments
4 = Unique ability to identify NJ SEDI investments

7. Performance History

Considers respondent's past investment returns (realized & unrealized) on attributed investments as compared to industry and applicant peers (benchmark source: Pitchbook) as detailed in their submission.

0 = No past investment returns
1 = Low (third quartile or lower vs. peers) past investment returns
2 = Moderate (second quartile vs. peers) past investment returns
3 = High (top quartile vs. peers) past investment returns
4 = Exceptional (top 10% vs. peers) past investment returns

8. New Jersey Investment History

Considers respondent's investment amount (on attributed investments) into New Jersey companies to date on an absolute basis and relative to industry and applicant peers as detailed in their submission.

0 = No history of investing in NJ companies
1 = Minimal history (less than 10% of investment) of investing in NJ companies
2 = Some history of investing (10% -25% of investment) in NJ companies
3 = High investment (25% -50% of activity) history in NJ companies
4 = Exceptional investment (50% or more of activity) history in NJ companies

9. Incentive and Alignment

Considers whether respondent's carry is comparable to peers, properly aligned with objectives, and equitably spread among team, as detailed in their submission. Also considers alignment of respondent's commitment as a general partner (GP) with limited partners' commitment(s).

0 = Has above market carry % (over 25%), GP's commitment <1%
1 = Has high market carry % (over 20%), GP's commitment <1%
2 = Has high carry % (over 20%), GP's commitment >3%
3 = Has carry % comparable to peers (20%), GP's commitment >3%
4 = Has carry % comparable to peers (20%), GP's commitment >5%

10. Management fees, other fees and Expenses

Considers whether fees and expenses are sufficient to effectuate strategy and comparable to industry as detailed in their submission.

0 = Management fee >2.5% over the life of the fund
1 = Management fee 2.25-2.5% over the life of the fund
2 = Management fee 1.75% - 2.25% over the life of the fund
3 = Management fee 1.25% - 1.75% over the life of the fund
4 = Management fee <1.25% over the life of the fund

11. Governance

Considers whether key person clause is strong and effective

0 = No key person clause
1 = Single individual key person clause
2 = Multiple individual key person clause requiring limited partner vote to activate
3 = Multiple individual key person clause with automatic effect
4 = Multi-tiered key person clause

12. Fundraising status & capability

Considers respondent's ability to match or raise an additional private capital to meet the SSBCI 1:1, fund-level matching requirement, as detailed in their submission.

0 = No ability or experience to meet required private matching
1 = Minimal ability or experience to meet required private matching; i.e. indicates ability to match less than the SSBCI 1:1 requirement

2 = Some ability or experience to meet required private matching; i.e. can match the SSBCI 1:1 requirement
3 = Exceptional ability and experience to meet required private matching; i.e. can meet 125% of the 1:1 match
4 = Unique ability and experience to meet required private matching; i.e. can meet 200% of the required SSBCI match

13. Diversity

Considers respondent's clearly articulated diversity, equity, and inclusion (DE&I) policy, specifying the collection of relevant diversity metrics internally, as well as from portfolio companies. Also considers respondent's clearly articulated Code of Conduct (CofC) addressing harassment and discrimination internally

0 = No defined DE&I and CofC policy for investment company or for portfolio companies
1 = Defined DE&I and CofC policy for investment company or for portfolio companies
2 = Defined DE&I and CofC policy for investment company and for portfolio companies
3 = Defined DE&I and CofC policy for investment company and for portfolio companies with a demonstration of success towards either policy through metrics
4 = Defined DE&I and CofC policy for investment company and for portfolio companies with a demonstration of success towards both policies through metrics

Appendix B – Program Terms

Use of Funds	• The fund manager(s) shall be responsible for complying with SSBCI rules and requirements as issued by the U.S. Treasury. • The Fund's ability to invest is conditional upon the Fund first meeting or exceeding the 1:1 private financing ratio. • In addition to regular reporting provided for in the Fund agreements (which may include Limited Partnership Agreement (LPA) and NJEDA side letter agreement), the selected fund manager(s) shall provide transaction details and federally-required certifications to NJEDA before each investment. • The selected manager(s) shall be responsible to comply with the required guidelines for an investment to be made with funds co-mingled with the SSBCI allocation. • The selected manager(s) must ascertain that their intended investment will be the first SSBCI investment into the prospective firm (including verification documentation). • The prospective business must also be raising a capital round that meets the "early-stage" designation (typically rounds "pre-seed" to "Series A"). • No investments may be made in capital rounds with total round size of $20 million or more. Multiple investment transactions into a specific company, such as follow-on investments, are permissible, provided that funds into any one company will not surpass $20 million

	• Investment proceeds may also be used to purchase any tangible or intangible asset, except goodwill. • Equipment acquisition and installation of $2,000 or more and construction are not eligible uses. • A minimum of 90% of the investments must be in companies with a New Jersey location. A NJ business is: 1. One which at least 50% of non-retail employees working or living in New Jersey, or 50% of payroll is paid to employees, living or working in NJ; or, 2. A business which has its headquarters in New Jersey.
Minimum Requirements	• The selected fund manager(s) must convene in-person office hours or engagements in New Jersey on a regular basis. • If the interested fund manager(s) does/do not currently have an office in the State, the manager(s) may operate at a remote or satellite in-State office, co-working facility or establish a permanent facility. The office location must be provided to the Authority before closing and evidence must be presented to verify the active and in person sourcing efforts in New Jersey. • The selected fund manager(s) shall enter into one or more agreements with the Authority regarding the investment, which agreements will be governed by New Jersey law and shall include the minimum 1:1 private capital matching requirement. • The selected fund manager(s) shall provide to the Authority annual Certified Public Accountant prepared financial statements for the life of the investment. • The fund manager(s) shall submit quarterly and annual reports as described below.

	• The Authority shall have a position on the Fund's advisory board.
Certifications	• The selected fund manager(s) shall supply certifications to the Authority relative to award and receipt of funds, and such certifications shall be supplied to the U.S. Treasury by NJEDA. Preliminary form documents will be provided by NJEDA as soon as possible after signing of the allocation agreement. • The selected fund manager(s) must also certify that no principal of the selected fund manager(s) has been convicted of a sex offense against a minor (as such terms are defined in section 111 of the Sex Offender Registration and Notification Act (34 U.S.C. § 20911, formerly 42 U.S.C. § 16911)). • The selected manager(s) must obtain a written certification from the investee affirming that the investee is not: o A business engaged in speculative activities that profit from fluctuations in price, such as wildcatting for oil and dealing in commodities futures, unless those activities are incidental to the regular activities of the business and part of a legitimate risk management strategy to guard against price fluctuations related to the regular activities of the business or through the normal course of trade; o A business that earns more than half of its annual net revenue from lending activities, unless the business is (1) a CDFI that is not a depository institution or a bank holding company, or (2) a Tribal enterprise lender that is not a depository institution or a bank holding company; o A business engaged in pyramid sales, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants; o A business engaged in activities that are prohibited by federal law or, if permitted

	by federal law, applicable law in the jurisdiction where the business is located or conducted (this includes businesses that make, sell, service, or distribute products or services used in connection with illegal activity, unless such use can be shown to be completely outside of the business's intended market); this category of businesses includes direct and indirect marijuana businesses, as defined in SBA Standard Operating Procedure 50 10 6; o A business deriving more than one-third of gross annual revenue from legal gambling activities; • The Authority will require a certification from the selected manager(s) on the use of funds and prohibited use of funds before funding any and all capital calls. The selected manager(s) must specify that the intended use of called capital is compliant with use of funds and reporting requirements. In the event of non-compliance, NJEDA may not fulfill capital call funding for the transaction. • In the contractual agreement between a jurisdiction and a venture capital fund, the fund must be required to identify the services to be provided to portfolio companies and annually certify that these services were provided. The agreement between the fund and the portfolio companies must include disclosure of these services offered by the fund manager. Consistent with industry standards on payments of fees to cover these services to portfolio companies, the fund will reimburse the jurisdiction for payments of such services by SSBCI funds before returns are paid to the general or limited partners as will be recorded in the distribution of funds section of the LPA.

	• The selected manager(s) must obtain written certifications from the investees affirming that the investment proceeds will be used for business purposes. A business purpose includes, but is not limited to, start-up costs; working capital; franchise fees; and acquisition of equipment under \$2,000, inventory, or services used in the production, manufacturing, or delivery of a business's goods or services, or in the purchase, renovation, or tenant improvements of an eligible place of business that is not for passive real estate investment purposes. • The selected fund manager(s) shall collect certifications from the portfolio companies relative to company name, jobs, and receipt of benefits. Preliminary form documents will be provided by NJEDA as soon as possible after signing of the allocation agreement.
Reporting	• In addition to industry-standard reporting provided for in the Fund agreements (which may include Limited Partnership Agreement (LPA) and NJEDA side letter agreement), the selected fund manager(s) shall provide transaction details and federally-required certifications to NJEDA before each investment. • The selected fund manager(s) shall provide, when requested by the Authority, any information on the Fund's portfolio companies and jobs created, as such information will be requested by the federal government. • The selected fund manager(s) shall provide quarterly financial statements and Fund updates in written form within 15 days of the end of each calendar quarter after the award documents are executed. The updates must include detail on companies

	invested into, including but not limited to industry, business specifics, location, jobs, additional funding, and highlights of portfolio business advancements. The quarterly report must also include updates on activities to support the ecosystem of SEDI entrepreneurs and businesses in New Jersey, including events and marketing. • In addition to the report items listed above, the report shall also include the total amount of SSBCI funds deployed to eligible small businesses on a quarterly and cumulative basis, the aggregate amount of SSBCI funds deployed for very small businesses (VSBs) and businesses owned by socially and economically disadvantaged individuals (SEDI-owned businesses), the amount of program income generated, and the amount of SSBCI funds deployed for administrative costs. • The Fund Manager(s) shall also submit quarterly reporting with transaction detail to NJEDA. • The fund manager(s) shall submit SSBCI annual reports and certifications by March 15 of each year, the details of which will be captured in the LPA, LLC agreement or side letter.
Non-Compliance	If the selected Fund Manager fails to provide the deliverables required in the investment contract with NJEDA, they will be granted a 90-day grace period in which to cure the shortfall(s), after which point management fees will be withheld until deficiencies are corrected as outlined in the award agreement. Fees and carry shall be withheld if the fund manager is not in compliance with the obligations in the agreement with EDA, including, but not limited to, compliance with SSBCI law, regulations, and policy.

	The fund manager shall indemnify and hold harmless NJEDA, including, but not limited to, any re-payment of the Investment that the U.S. Treasury requires except as arising from the Investor's gross negligence or willful misconduct.
Notice Requirements	All terms incorporate any detailed requirement in the Notice of Investment Opportunity. Any other requirement in the Notice is also included

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: May 10, 2023

SUBJECT: State Small Business Credit Initiative (SSBCI) Blended Capital Fund Manager Approval

SUMMARY

Approval is requested of the Members for:

- Committing an investment in the amount of $50 million to a Blended Capital Fund subject to agreements conforming to the material terms specified in the term sheet attached as Appendix B, with final terms approved by the Chief Executive Officer. Funding for the investment will be provided by the State Small Business Credit Initiative (SSBCI), through which New Jersey was approved for $255 million by U.S. Treasury.
- Designating Calvert Impact, or its affiliates, as the approved fund manager of the Blended Capital Fund. Calvert Impact will leverage and utilize the investment by NJEDA in the Blended Capital Fund to create and administer a NJ Loan Participation program to support NJ based small businesses with working capital loans. The Fund will operate consistent with SSBCI and NJEDA requirements.
- Spending up to $850,000 in upfront expenses from the NJEDA SSBCI administrative fund.

BACKGROUND

SSBCI is a federal program administered by the US Department of the Treasury to strengthen programs of eligible jurisdictions that support private financing to small businesses. The program was first established in 2010, and a second round was funded by the American Rescue Plan Act (ARP) in the spring of 2021, with $10 billion available overall, allocated non-competitively to states, territories, and Tribal governments. Of the $10 billion of SSBCI funding, the State of New Jersey ("NJ" or "State") was allocated $255 million as per the allocation agreement signed on March 15, 2023. This includes sub-allocations specifically for very small businesses ($15,689,280) and businesses owned by socially and economically disadvantaged individuals, or SEDI businesses ($27,521,719). Incentive funds are available for jurisdictions that demonstrate strong support for SEDI businesses. Fifty million dollars of the State's total SSBCI allocation will be committed to administering the Blended Capital Fund.

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. The allocation of funding across programs is designed to allow the EDA SSBCI portfolio to reach a leverage ratio (private capital to SSBCI funds) of at least 10:1 over a ten-year period. Therefore, 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.

Because U.S. Treasury requires that state-level SSBCI applicants be a state department or agency that can obligate the State, Governor Murphy designated N.J. Department of the Treasury as the lead applicant, with NJEDA acting as a contracted entity to implement the program for purposes of the federal SSBCI application. New Jersey utilized a similar structure for the SSBCI 1.0 program established in 2010. The final application for SSBCI 1.0 was submitted by NJ in 2011 which was accepted and approved by the U.S. Treasury. The Board of the Authority approved an MOU between the NJEDA and NJ Treasury regarding the arrangement for SSBCI 2.0. 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.

New Jersey's SSBCI application proposed six programs:
• Blended Capital Investment ($50M);
• Recovery Loan Loss Reserve ($25M) (Approved by the Authority September 14, 2022);
• Clean Energy Business Financing ($80M) (Approved by the Authority November 16, 2022 and amended February 8, 2023);
• Life Science Investment ($60M;)
• SEDI Seed Fund ($20M); and
• Angel Match Program ($20M) (Approved by the Authority September 14, 2022).

Announcement of approval of New Jersey's SSBCI application by US Treasury occurred on March 2, 2023. SSBCI statute requires that all proposed programs be "fully positioned, within 90 days of the State's execution of the allocation agreement with the Secretary [of the Treasury] to act on providing the kind of credit support that the State program was established to provide." The allocation agreement between US Treasury and NJ Treasury was signed March 15, 2023. The Funds must be fully positioned by June 13, 2023. SSBCI funds are disbursed to jurisdictions in three tranches. The first disbursement totals $79 million. 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.

Program Details

NJEDA has a long history of lending to small businesses as well as supporting CDFIs through grants and access to capital. The economic impact of COVID-19 has been unprecedented, and the state of the economy has created uncertainty for many small businesses that are still struggling to recover. One of the hardest hit segments of the US economy has been the small business community. While the overall economy will rebound, without appropriate access to capital and tailored support, small businesses will face a longer recovery and struggle to pick up the pieces. It takes tailored resources – capital, information, services – from trusted partners to reach them. The creation of this Fund is a way to accomplish servicing a broader pool of NJ-based small businesses in a more effective and efficient manner all while utilizing the SSBCI resources provided to NJ from US Treasury. Calvert Impact, or an affiliate, will be the Fund Manager identified for this fund to utilize and leverage the initial investment in the Blended Capital Fund and will administer a NJ loan participation program that will be named, marketed, and rolled out shortly if this investment is approved. Specifically, Calvert Impact proposes the following:

- The Fund will be managed by a Board whose members must be employees of Calvert Impact Capital, Inc.,
- The other member of the Fund and the warehouse loan borrower will be Calvert Impact Small Business, LLC (an affiliate of Calvert Impact)
- The lead servicer responsible for the program will be Calvert Impact Lead Servicer, LLC (an affiliate of Calvert Impact)
- The entity responsible for loan purchase and performance, technical services (such as the portal), and as a backup servicer will be Community Reinvestment Fund, USA (a national nonprofit with a stated focus on financial programs to address social and economic inequity).

Calvert Impact, or an affiliate, as the Fund Manager, with the oversight of NJEDA staff, will also be responsible for recruiting CDFIs and MDIs to participate. Participating CDFIs and MDIs will directly offer a specific loan product designed by NJEDA to meet the needs of the smallest of small businesses and nonprofits throughout NJ that struggle to have access to capital with attractive terms – those with no more than $10 million in revenue and less than 50 full time employees.

The guiding principles of the Fund and the loan participation product design are:

- To provide a streamlined path for small businesses in need of loans for working capital and other eligible uses, including standardized and easy to understand loan terms and access to experienced CDFIs and MDIs;
- To bolster community lending infrastructure by increasing the capacity of CDFIs and MDIs that lend to NJ businesses, allowing them to increase their reach and lending volume;
- To use public SSBCI capital to catalyze the creation of a loan participation fund that includes matching private capital; and
- To create a long term and flexible solution to address demand for community lending to small businesses through the current economic recovery and beyond.

Calvert Impact, or an affiliate, will create and manage the Blended Capital Fund as a Special Purpose Vehicle (SPV) that will be funded by the $50 million investment from NJEDA from SSBCI funds that will be provided in three tranches per the SSBCI allocation agreement. The Fund Manager will be responsible for administering this Fund, with oversight by NJEDA. In accordance with SSBCI requirements, the Fund Manager must raise a private capital match of at least 1:1 at the fund level, yielding a $100 million (or greater) total fund. The Fund will purchase participations in loans that meet standardized, affordable loan product criteria that NJEDA has identified in the term sheet and are originated by CDFIs or MDIs serving New Jersey businesses. The Fund, as directed by the Fund Manager, will purchase up to 80% (with a cap of $250,000) of every eligible loan originated by these lenders through the loan participation program, subject to availability of funds and loans meeting eligibility requirements. The funds used to purchase the loan participation will be a blend of SSBCI funds and private capital. The Fund Manager will ensure all purchased loans meet the necessary state and federal eligibility criteria. Prior to the purchase of any specific loans, the Fund Manager will be required to obtain pre-approval from NJEDA on the SSBCI program compliance of that loan.

Alongside participating CFIs and MDIs, Calvert Impact will brand and market the program to the small businesses that often struggle with access to credit from traditional lending sources. This program will allow NJ small businesses to directly connect with CDFI/MDI lenders through a technology platform, streamlining access to credit.

After purchasing loan participations, the Fund Manager will sell securitized notes backed by the loan participations, allowing for the replenishment of the Fund's capital and the ability to purchase additional eligible loan participations from CDFIs and MDIs. The selected Fund Manager will set up, manage, and maintain the Fund for upfront fees and a share of loan originations and/or loan balance(s). The Fund Manager is required to be positioned to accept NJEDA's investment and to deploy this model in NJ shortly after the award of the SSBCI funds and is responsible for complying with all SSBCI rules and requirements applicable to the Fund when and as issued by the U.S. Treasury. All reporting and compliance will be the responsibility of the Fund Manager as they were selected for this specific experience.

Process and Strategy

Selection of the Blended Capital Fund Manager was based on the responses to the Notice of Investment Opportunity posted on Thursday, February 9th, 2023. The objective of the Notice was to identify a Fund Manager that has demonstrated competency, capacity, and skills to handle an investment from a state, has demonstrated previous capacity to create and manage a Special Purpose Vehicle ("SPV"), and can demonstrate familiarity with the Federal SSBCI program. The funds will be distributed to the qualified, highest-scoring Fund Manager that will manage the Blended Capital Fund as a SPV to support New Jersey-based small businesses. Respondents to the Notice were required to respond to a due diligence questionnaire.

To be eligible for evaluation and potential selection, respondents had to demonstrate:

- Experience implementing a similar model for or in partnership with at least one other state,
- Experience and/or familiarity with the compliance and reporting standards mandated by SSBCI; and
- An ability to leverage the allocated public funds for additional private capital to achieve at least a public/private ratio of 1:1 at the fund level.

Responses were scored against a scoring rubric with the following categories:

- Experience of Leadership
- Depth of Resource
- Sourcing/Pipeline Development

- State Partnership Experience
- Management Fees, Other Fees and Expenses
- Leveraging Private Capital
- Private Capital Match
- Diversity

The full scoring rubric is attached as Appendix A. The respondent with the highest-scoring submission is required to draft investment agreements to reflect NJEDA's investment. Those agreements shall include provisions required by State law and policy. The agreements shall conform to the term sheet attached as Appendix B.

The NJEDA received submissions from three respondents to the Blended Capital Notice of Investment Opportunity. Calvert Impact Inc. was the highest scored entity, at 24.67 out of 32, and staff is recommending proceeding with Calvert Impact, or an affiliate, as the fund manager. A non-confidential narrative on Calvert Impact, history and structure, fees, and how it meets the eligibility and evaluation criteria is provided in Appendix C. NJEDA will pay upfront fees to Calvert for services and documentation will be provided to support costs associated to Calvert for Programming Setup and Capital Raising $300,000, Fund Admin $300,000, Marketing $150,000, and Legal and closing costs $100,000.

RECOMMENDATION:

Approval is requested of the Members for:

- Committing an investment in the amount of $50 million to the Blended Capital Fund subject to agreements conforming to the material terms specified in the term sheet attached as Appendix B, with final terms approved by the Chief Executive Officer. Funding for the investment will be provided by the State Small Business Credit Initiative (SSBCI), through which New Jersey was approved for $255 million by U.S. Treasury.
- Designating Calvert Impact, or an affiliate, as the approved fund manager of the Blended Capital Fund. Calvert Impact will leverage and utilize the investment by NJEDA in the Blended Capital Fund to create and administer a NJ Loan Participation program to support NJ based small businesses with working capital loans. The Fund will operate consistent with SSBCI and NJEDA requirements.
- Spending up to $850,000 in upfront expenses from the NJEDA SSBCI administrative fund.

____
Tim Sullivan, CEO

Prepared by: Christina Fuentes, VP of Community and Business Development
Attachments:
Appendix A – Scoring Rubric
Appendix B – Fund Manager Term Sheet
Appendix C – Fund Manager Summary

Appendix A – Eligibility & Scoring Rubric

1. FUND MANAGER QUALIFICATIONS & ELIGIBILITY

This Notice is a competitive opportunity. All interested fund managers **must** provide their submissions by 5pm ET on Thursday, March 16, 2023 in order to be considered. You **must** submit your submission in PDF format to SSBCI_info@njeda.com. Only electronic submissions will be accepted.

Furthermore, you **must** adhere to the following guidelines:

a. Include a cover page with preparer's contact information.
b. Include a table of contents that lists all of the required evaluation criteria in Section 7.
c. **Must** address each of the evaluation criteria.
d. **Must** submit all requested information denoted with a **"must"** or **"shall".**

Respondents to this notice must fully answer the attached Due Diligence Questions (See Appendix A). To be eligible for evaluation and potential selection, respondents must demonstrate:

- experience implementing a similar model for or in partnership with at least one other state,
- experience and/or familiarity with the compliance and reporting standards mandated by SSBCI; and
- an ability to leverage the allocated public funds for additional private capital to achieve at least a public/private ratio of 1:1 at the fund level.

Responses will be scored against the NJEDA scoring matrix. The matrix measures, among multiple factors, the respondents' experience, capacity, and skills, and will rank the respondents against those criteria. The criteria and weights are listed in Section 7.

After scoring is complete, the Authority shall determine, in its sole discretion, whether to proceed with the proposed investment and Fund with the respondent with the highest-scoring submission. If the Authority determines to proceed, such respondent shall be required to complete a NJEDA legal debarment questionnaire and other NJEDA and State compliance documentation.

The respondent with the highest-scoring submission shall also be expected to draft investment agreements to reflect NJEDA's investment. Those agreements shall include provisions required by State law and policy, including, but not limited to:

- The Fund Manager shall indemnify NJEDA (except for investment losses) and provide insurance as NJEDA may request
- NJEDA shall not indemnify the Fund Manager
- No transfers or assignments without NJEDA consent
- All Fund assets must be transferred to NJEDA upon dissolution
- Standard New Jersey State Conflict of Interest provision
- The Fund Manager shall be subject to applicable political contribution disclosure requirements, which may include N.J.S.A. 19:44A-20.27 (L. 2005, c. 271)
- Records must be retained the greater of 5 years after the end of the Fund or the period required by federal law, and NJEDA and the New Jersey Office of the State Comptroller shall have the right to audit all records held by the Fund Manager related to the Fund
- All agreements are subject to the New Jersey Tort Claims Act, N.J.S.A. 59:1-1 et seq., and the New Jersey Contractual Liabilities Act, N.J.S.A. 59:13-1 et seq.

2. **EVALUATION PROCESS/SCORING CRITERIA**

Submissions will be evaluated by a cross-organizational Evaluation Committee composed of NJEDA staff and management, to evaluate, score, and rank submissions. Scores will be averaged to determine an overall score for each submission.

Below are the evaluation criteria for the Blended Capital Fund manager. Evaluation will also consider any named third-party entities with which the Fund Manager will contract. Any submission that does not meet the minimum for each criterion will not be scored and ranked. Each criterion is equally weighted. Specific questions to be answered that pertain to each criterion are in Appendix A.

1. **Experience of Leadership**
   Considers senior leadership's length of experience as fund manager working with CDFIs and MDIs leveraging private capital as detailed in their submission.

   0 = 0-2 years of experience as fund manager working with CDFIs/MDIs
   1 = Minimal (2-4 years) experience as fund manager working with CDFIs/MDIs
   2 = Some (4-8 years) experience as fund manager working with CDFIs/MDIs
   3 = Exceptional (8-10 years) experience as fund manager working with CDFIs/MDIs
   4 = Unique (10+ years) experience as fund manager working with CDFIs/MDIs
2. **Depth of Resource**
   Considers number of fund management professionals, support/back-office staff, professional network, ability to effectuate strategy and ensure SSBCI compliance as detailed in their submission.

   0 = Fund manager is still in formation with unspecified resources
   1 = Internal resources are insufficient for the scope of work, including SSBCI compliance
   2 = Internal resources are undersized relative to the scope of work, including SSBCI compliance
   3 = Internal resources are right sized for the scope of work, including SSBCI compliance
   4 = Internal resources are more than sufficient to achieve the scope of work in addition to current activities, including SSBCI compliance

3. **Sourcing/Pipeline Development**
   Considers fund manager's ability to source and screen eligible borrowers and connect them with participating CDFIs/MDIs as detailed in their submission.

   0 = No demonstrated ability to set up and maintain a technology platform to screen potential borrowers and connect them with participating CDFIs/MDIs
   1 = Minimal demonstrated ability to set up and maintain a technology platform to screen potential borrowers and connect them with participating CDFIs/MDIs
   2 = Some demonstrated ability to set up and maintain a technology platform to screen a moderate volume of potential borrowers and connect them with participating CDFIs/MDIs
   3 = Exceptional ability to set up and maintain a technology platform to screen potential borrowers and connect them with participating CDFIs/MDIs
   4 = Unique ability to set up and maintain a technology platform to screen potential borrowers and connect them with participating CDFIs/MDIs

4. **State Partnership Experience**
   Considers Fund Manager's past experience working on similar state models as detailed in their submission.

0 = Minimal state partnership experience, i.e., fund manager has worked with 1 state
1 = Low state partnership experience, i.e., fund manager has worked with 2 states
2 = Moderate state partnership experience, i.e., fund manager has worked with 3 states
3 = High state partnership experience, i.e., fund manager has worked with 4 states
4 = Exceptional state partnership experience, i.e., fund manager has worked with 5 or more states

5. **Management Fees, Other Fees and Expenses**
   Considers whether fees charged are comparable to industry and appropriately matched to fund manager's ability to effectuate strategy.

   0 = No ability to effectuate strategy with high fees and expenses
   1 = Minimal ability to effectuate strategy with high fees and expenses
   2 = Moderate ability to effectuate strategy with reasonable fees and expenses
   3 = High ability to effectuate strategy with reasonable fees and expenses
   4 = Exceptional ability to effectuate strategy with reasonable fees and expenses

6. **Leveraging Private Capital**

   Considers fund manager's ability to raise and contribute funds from private capital (from private individuals and institutions) to meet or exceed the SSBCI 1:1 matching requirement at the fund level as detailed in their submission.

   0 = Experience leveraging at least $100 million in private capital across one or more funds
   1 = Experience leveraging at least $125 million in private capital across one or more funds
   2 = Experience leveraging at least $150 million in private capital across one or more funds
   3 = Experience leveraging at least $175 million in private capital across one or more funds
   4 = Experience leveraging at least $200 million in private capital across one or more funds

7. **Private Capital Match**
   Considers the private capital matching ratio that the fund manager commits to raise as detailed in their submission.

   0 = Fund manager commits to 1:1 match of private capital to SSBCI capital, for total fund size of $100 million
   1 = Fund manager commits to 1.125:1 match of private capital to SSBCI capital, for total fund size of $106.25 million
   2 = Fund manager commits to 1.25:1 match of private capital to SSBCI capital, for total fund size of $112.5 million
   3 = Fund manager commits to 1.375:1 match of private capital to SSBCI capital, for total fund size of $118.75 million
   4 = Fund manager commits to 1.5:1 match of private capital to SSBCI capital, for total fund size of $125 million

8. **Diversity**
   Considers availability of fund manager's clearly articulated Diversity Equity & Inclusion policy, specifying the collection of relevant diversity metrics internally, and Code of Conduct addressing harassment and discrimination, as detailed in their submission. Also considers engagement with organizations that promote the attraction and retention of women and minorities within community lending.

0 = No defined DE&I policy or Code of Conduct
1 = Minimal defined DE&I policy and/or Code of Conduct
2 = Some defined DE&I policy, specifying the collection of some internal diversity metrics, and defined Code of Conduct
3 = Exceptional defined DE&I policy, specifying the collection of relevant internal diversity metrics, and defined Code of Conduct
4 = Uniquely defined DE&I policy, specifying the collection of relevant internal diversity metrics, defined Code of Conduct, and engagement with organizations that promote the attraction and retention of women and minorities within community lending

Summary of Proposed Terms

This term sheet (the "Term Sheet") summarizes for discussion purposes only and outlines the principal terms of the proposed Investment (as defined below) in CI Small Business NJ, LLC, a New Jersey limited liability company (the "Company"), by the New Jersey Economic Development Authority (the "Investor"), and does not contain all matters that must be agreed upon by the parties in order to complete such Investment. This term sheet does not constitute either an offer to sell or an offer to purchase securities and is subject to satisfactory completion of confirmatory due diligence and documentation. Except as expressly set forth herein, none of the terms set forth herein are intended to be binding and this Term Sheet does not impose any legally binding obligations on Calvert Impact, Inc. or any of its affiliates. No party may rely on any oral or written statement to the contrary by any person. The Investment has not yet been approved by any of the parties described in this Term Sheet. Accordingly, the terms described below are subject to change and/or may not be approved by the parties. Any commitment will, if made, be issued in separate, definitive and mutually acceptable documentation signed by the parties.

Preferred Equity in CI Small Business NJ, LLC

Company	CI Small Business NJ, LLC (the "Company"), which has been established as a New Jersey limited liability company. The Company will be a wholly owned subsidiary of Warehouse Borrower.
Warehouse Borrower	Calvert Impact Small Business, LLC (the "Warehouse Borrower"), a Delaware limited liability company and wholly-owned subsidiary of Calvert Impact, Inc. An organizational structure chart for the Company, the Warehouse Borrower, Calvert Impact, Inc. and their affiliates is attached hereto as Appendix A.
Investor	New Jersey Economic Development Authority
Lead Servicer	Calvert Impact Lead Servicer, LLC (the "Lead Servicer"), a Delaware limited liability company and wholly-owned subsidiary of the Warehouse Borrower. The Lead Servicer shall have the following responsibilities with respect to the Company: • Overall Program strategy and execution • Structuring and fundraising for private capital commitments • Coordination between the core organizations • Managing relationships with various stakeholders, including the Investor • Overall documentation for Program execution between all parties • Overseeing compliance with Program requirements • Implementation of systems, policies, and procedures across the Program • Selection and monitoring of, and communication with, Originating Lender partners • Reporting to various stakeholders, including the Investor • Oversee ESG and impact framework for the Company
Fund Administrator	Community Reinvestment Fund, USA (the "Fund Administrator"), a Minnesota non-profit corporation The Fund Administrator shall have the following responsibilities with respect to the Company: • Management of the loan purchase and loan performance files

	• Completing a quality control review process for every loan proposed for purchase by the Company • Coordination and communication with, and monitoring of, Originating Lender partners • Coordination with municipalities and other interested and aligned stakeholders
Technical Services Provider	Community Reinvestment Fund, USA The Technical Services Provider shall create a centralized online portal to support loan sourcing and loan participation pipeline development for the Company, including submission of a pre-application by potential borrowers and the capability to determine basic eligibility and to match eligible borrowers with participating Originating Lenders (as defined below).
Backup Servicer	Community Reinvestment Fund, USA The Backup Servicer shall perform subservicing duties with respect to the Qualifying Loans of any Originating Lender who is replaced pursuant to the terms of the Loan Purchase Agreement and/or Subservicing Agreement.
Total Investment Amount	$50,000,000 in cash from the Investor (the "Investment"), to be funded to an account or accounts specified by the Company as set forth under "Preferred Equity Account" below.
Price Per Unit	The price per unit of the Preferred Equity shall be $1,000.
Pro Forma Capital Structure	The pro forma capital structure of the Company will consist of: (i) the Preferred Equity, held by the Investor, (ii) subordinated debt in an amount equal to 0.01% of the Investment, held by the Warehouse Borrower and (iii) a nominal amount of common units of the Company (the "Common Equity"), held by the Warehouse Borrower.
Schedule of Commitments	$16,667,000 in cash (the "Phase 1 Disbursement") within 30 days of the later of (i) the date the Investor signs an allocation agreement with the U.S. Department of Treasury and (ii) the date the Investor and the Company have executed a definitive agreement with respect to the Investment, consistent with this Term Sheet in all material respects (except as otherwise may be mutually agreed). $16,667,000 in cash (the "Phase 2 Disbursement") within 30 days of the later of (i) the date the Company has expended, transferred or obligated at least eighty percent (80%) of the Phase 1 Disbursement and (ii) the Investor has received its second tranche of SSBCI funds from the U.S. Treasury. $16,666,000 in cash within 30 days of the later of (i) the date the Company has expended, transferred or obligated at least eighty percent (80%) of the Phase 2 Disbursement and (ii) the Investor has received its third tranche of SSBCI funds from the U.S. Treasury.
Closing Date	The parties shall execute the definitive documentation with respect to the Investment by June 13, 2023.
General	The core objective of the program (the "Program") is to create at least one warehouse line (each, a "Warehouse") that will purchase and warehouse

80 percent of loans originated by certified Community Development Financial Institutions or a Minority Depository Institution recognized by the Federal Deposit Insurance Corporation ("Originating Lenders") to qualifying small businesses that meet the criteria set forth in Appendix B hereto (such portion purchased by the Company, the "Qualifying Loans") as collateral to later support multiple securitization programs (each, a "Securitization"). In accordance with the Warehouse, one or more banks will lend money to the Company (and other similar special purpose vehicles formed for other states that are also providing support for a Warehouse (the "Other State SPVs")), together with cash from the Preferred Equity Account, to finance the Company's purchase of the Qualifying Loans (provided that funds from Other State SPVs shall not be used to finance Qualifying Loans or as the private capital for the 1:1 match). Qualifying Loans will periodically be sold to a Securitization issuer and pledged to secure asset-backed securities to be sold to qualified investors in a private Rule 144A offering.

The Investor will hold preferred equity in the Company ("Preferred Equity"). As further described below, Preferred Equity will not be entitled to any dividends or other payments or distributions, and will not be entitled to redemption until the maturity of the last Securitization established with loans originally warehoused by the Company (see "Redemption and Liquidation" below).

The assets of the Company will initially consist of Qualifying Loans. All Qualifying Loans will be originated in compliance with Appendix B, the State Small Business Credit Initiative ("SSBCI") law, regulations, and Capital Program Policy Guidelines (each as may be updated from time to time) from the U.S. Department of Treasury governing SSBCI. In connection with the execution of a Securitization, the Company will acquire interests in the Securitization that represent a residual claim on the securitized Qualified Loans once the debt issued by the Securitization is paid in full (such interests, "Residual Securitization Interests"). The Program is designed to comply with the requirements of a Loan Participation Program, an "Other Credit Support Program" as defined by the SSBCI guidance.

Dividends	There will be no dividends or other distributions paid to the Investor in respect of the Preferred Equity.
Redemption and Liquidation	The Preferred Equity shall be redeemed following the maturity of the last Securitization. The Company will continue to operate until all of the Securitizations have matured and all of the Warehouses have been repaid. The Investor will not have any option to cause a redemption of the Preferred Equity prior to such time.

In the event that upon the liquidation, dissolution or winding up of the Company after the maturity of the last Securitization, any proceeds remaining after the liquidation of the Qualifying Loans and the Residual Securitization Interests will be released as provided in the definitive documentation with respect to the Investment. No payments will be made to the Investor prior to such time. The Investor should note, however, that there is a high likelihood that there will not be any proceeds left to distribute to the Investor at the liquidation of the Company after the maturity of the last Securitization.

Voting Rights	The Preferred Equity shall not be entitled to any voting rights.
Use of Proceeds	The proceeds from this investment, with any additional proceeds from the Warehouse, will be used: • To pay fees and expenses of the Company • To pay the fees of the Lead Servicer, the Fund Administrator and the Technical Services Provider • To pay the origination and subservicing fees of the Originating Lenders • To purchase Qualifying Loans that had been originated by Originating Lenders in and out of the State of New Jersey that are participating in the Program Notwithstanding the foregoing, (i) the fees set forth in the section entitled "Upfront Fees" below shall be payable directly by the Investor and (ii) the fees set forth in the section entitled "Program Fees" below shall be paid solely out of the proceeds of the Warehouse and/or repayments of Qualifying Loans.
Qualifying Loan Purchases	Before any loan purchase transaction, the Lead Servicer must submit to the Investor a report containing details in respect of every Qualifying Loan proposed for purchase. The report shall be in substantially the same form as set forth in Appendix C hereto. Designated staff of the Investor will review this report and determine whether the Company may proceed with the purchase as soon as reasonably practicable, but in any event upon the timing set forth in the definitive documentation with respect to the Investment. The Company may not purchase any portion of the Qualifying Loan until such approval is granted. This can be done in batches several times a month or as necessary. On an ongoing basis, the Lead Servicer shall spot audit various loans to ensure compliance with required documentation and criteria. If any Qualifying Loan is at any time determined to have not been a Qualifying Loan at the time it was purchased by the Company, the Lead Servicer shall require the Originating Lender to re-purchase the loan. Subject to the foregoing repurchase right, as well as its reliance on the representation by the applicable Originating Lender that the Qualifying Loan meets the criteria set forth in Appendix B hereto, the Company shall be responsible for compliance with Appendix B, SSBCI law, regulations, and guidance from the U.S. Department of Treasury governing SSBCI.
Leverage	The proceeds from this investment will be matched at least one to one (1:1) with private capital from the Warehouse line(s) of credit to meet SSBCI private capital leverage requirements. The Company's ability to begin purchasing Qualifying Loans is conditional upon the Company first meeting or exceeding the 1:1 private capital ratio.
Geographic restrictions	The Company shall use the Investment and matching private capital to purchase Qualifying Loans made solely to borrowers who have a State of New Jersey business location and satisfy the requirements of Appendix B. For the avoidance of doubt, Qualifying Loans may be made to borrowers operating in other states in addition to the State of New Jersey so long as

the proceeds of such Qualifying Loans are used exclusively in the State of New Jersey.

Governance

The Company's sole member holding Common Equity is the Warehouse Borrower. The Company will be managed by a Board of Managers, initially comprised of Jennifer Pryce, Derek Strocher, and Emmeline Liu.

Upfront Fees

The Investor agrees to pay to the Lead Servicer the following non-refundable upfront fees:

1. A one-time, upfront program set-up and capital raising fee of $300,000;
2. A one-time, upfront marketing and communications fee of $150,000; and
3. A one-time, upfront legal and closing cost reimbursement of $100,000.

The Investor agrees to pay to the Fund Administrator the following non-refundable upfront fees:

1. A one-time, upfront program administration fee of $300,000.

The Lead Servicer and the Fund Administrator shall provide all documentation as reasonably required by the Investor to substantiate the use of SSBCI funds to pay these fees.

Program Fees

The following Program fees shall be paid by the Company:

- the Company shall be permitted to pay to the Lead Servicer a monthly servicing fee equal to 0.0417% (0.50% per annum) of the total outstanding balance on all Qualifying Loans as of the end of each calendar month; provided, however, that if as of the end of a calendar year the aggregate servicing fee paid or payable to the Lead Servicer is less than $100,000 (prorated on a monthly basis for partial years), then the servicing fee for such year shall equal $100,000 (or such prorated amount for partial years).
- the Company shall be permitted to pay to the Fund Administrator a monthly fund administration fee equal to 0.0417% (0.50% per annum) of the total outstanding balance on all Qualifying Loans as of the end of each calendar month; provided, however, that if as of the end of a calendar year the aggregate servicing fee paid or payable to the Fund Administrator is less than $100,000 (prorated on a monthly basis for partial years), then the servicing fee for such year shall equal $100,000 (or such prorated amount for partial years).
- The Company shall be permitted to pay an origination fee to each Originating Lender up to an amount equal to the greater of (a) the product of 3.50% and the full (100%), original principal amount of the Qualifying Loan being sold to the Company, and (b) $1,000.
- each Originating Lender, in its capacity as subservicer, shall be permitted to retain out of collections a subservicing fee on Qualifying Loans that such Originating Lender is servicing, which subservicing fee shall equal to the greater of (a) the product of (i)

1.25% per annum, paid monthly, and (ii) the outstanding principal balance of the corresponding Qualifying Loan, and (b) $40 per month per Qualifying Loan.

- The Company shall be permitted to pay any fees due and payable to the Backup Servicer as set forth in the Backup Servicing Agreement; provided, that such compensation shall only become due to the Backup Servicer in the event the Backup Servicer is required to act as subservicer in place of the Originating Lender with respect to the Qualifying Loans. For the avoidance of doubt, in the event the Backup Servicer is required to act as a subservicer, the Originating Lender shall no longer receive the fee in the prior bullet.
- The Company shall be permitted to pay any fees due and payable to the Technical Services Provider and/or its Affiliates as set forth in the Master Subscription Agreement, Order Form and Statement of Work (collectively), by and between the Company and the Technical Services Provider. These fees are anticipated to be approximately $50,000 per year in the aggregate.

Reporting

The Company agrees to provide the following to the Investor, so long as the Investor holds the Preferred Equity:

- Quarterly reporting on the performance of Qualifying Loans within 15 days after the end of each calendar quarter
- Quarterly unaudited financial statements for the Company within 60 days after the end of each calendar quarter
- Quarterly impact reporting on the industry, demographics, location, and size of the small businesses who have accessed Qualifying Loans, within 15 days after the end of each calendar quarter
- Quarterly and annual reporting, including but not limited to annual transaction-level reporting and reporting on additional financing received by borrower businesses, as required by the U.S. Department of Treasury for compliance with the State Small Business Credit Initiative reporting guidelines
- Annual IRS Schedule K-1s
- For the duration of the definitive agreement relating to the Investment, the Company shall provide to the Investor annual Certified Public Accountant prepared financial statements for the Company within 120 days of each calendar year end.

The Lead Servicer shall use commercially reasonable efforts to provide impact reporting to the Investor from time to time as reasonably requested by the Investor.

Transfer Restrictions

The Investor may not transfer the Preferred Equity. The Warehouse Borrower may not transfer its Common Equity other than to any of its affiliates that is a wholly owned direct or indirect subsidiary of Calvert Impact, Inc.

Preferred Equity Account

The Investment will be initially deposited into a preferred equity account at Citibank, N.A. (the "Preferred Equity Account"), which will not be subject to a pledge to secure the Warehouse. Cash in this account may only be used, with any advances from the warehouse lenders, to purchase Qualifying Loans. Once purchased into a Warehouse, the Qualifying Loans are subject to a pledge in favor of the administrative agent for the benefit of the warehouse lenders.

Compliance

The definitive documentation with respect to the Investment shall include:

- A standard New Jersey State Conflict of Interest provision
- Applicable political contribution disclosure requirements, which may include N.J.S.A. 19:44A-20.27 (L. 2005, c. 271)
- Records must be retained the greater of five years after the winding down of the Company or the period required by federal law, the Investor and the New Jersey Office of the State Comptroller shall have the right to electronic copies of all books and records held by the Warehouse Borrower related to the Company.

Indemnification

The Company and Warehouse Borrower shall indemnify the Investor as provided in the definitive documentation with respect to the Investment and obtain insurance customarily obtained by similarly situated companies as the Investor may reasonably request.

The Investor shall not indemnify the Company or its Affiliates.

Other Requirements

Such other mandatory requirements included in the Notice of Investment Opportunity as set forth in the definitive documentation with respect to the Investment.

Transfers and Assignments

The Company shall not sell, lease, assign, transfer or otherwise dispose of any of its now owned or hereafter acquired assets, including the Qualifying Loans, except in connection with a permitted securitization or similar transaction or in connection with the Warehouse. Neither party to this Term Sheet or the definitive documentation with respect to the Investment may sell, assign, participate or transfer its interests in such documents without the prior written consent of the other.

Governing Law

This Term Sheet and the definitive documentation with respect to the Investment shall be governed by the laws of the State of New Jersey without regard to the conflicts of law provisions thereof, with exclusive venue in the state or federal courts seated in the State of New Jersey. The Parties consent to the exclusive jurisdiction of the courts of the State of New Jersey with respect to the Preferred Equity investment.

The definitive documentation with respect to the Investment shall be subject to the New Jersey Tort Claims Act, N.J.S.A. 59:1-1 et seq., and the New Jersey Contractual Liabilities Act, N.J.S.A. 59:13-1 et seq.

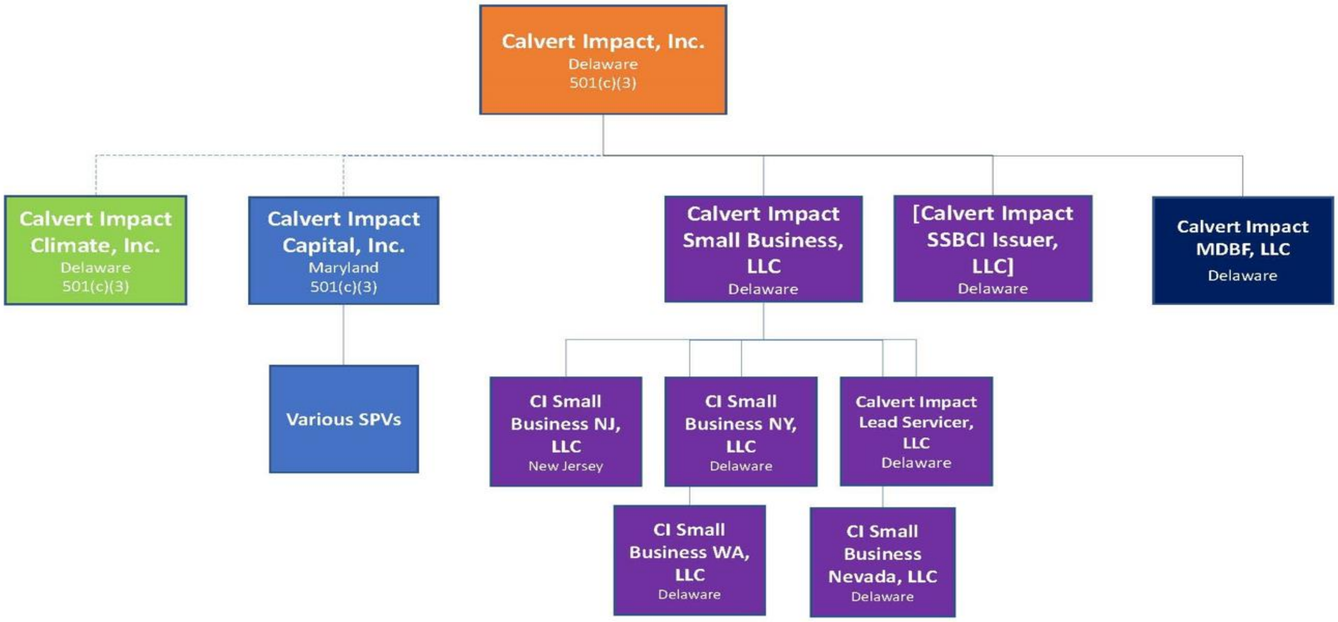
Expenses

Each party will bear its own costs and expenses (including legal and advisory fees) arising in connection with the negotiation or performance of this term sheet and the preparation, execution, delivery and performance of the definitive documentation with respect to the Investment.

Non-Binding	Except as provided in the sections titled "Governing Law," "Expenses," and this section titled "Non-Binding," this Term Sheet is not a binding agreement. Any agreement between the parties is subject to the negotiation and execution of definitive agreements with respect to the Investment (and no oral agreements will be deemed to exist).

Appendix A

Calvert Organizational Chart



Appendix B

Qualifying Loan Parameters

Non-discrimination	The Company will 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 Treasury's implementing regulations, 31 C.F.R. part 22; 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 Treasury's implementing regulations, 31 C.F.R. part 28; Age Discrimination Act of 1975, 42 U.S.C. § 6101 et seq., and Treasury's implementing regulations at 31 C.F.R. part 23.
Single Program	The Company shall use reasonable efforts to ensure that a Program loan is not enrolled in more than one approved SSBCI program at the same time.
No SBA Loans	Loans guaranteed by the U.S. Small Business Administration, and any other unguaranteed federal loan, may not be purchased by the Company or used by the loan recipient for the same purposes as their Program loan.
Interest Rate Cap	The interest rate for each Program loan, at the time of closing, may not exceed the lower of (a) the National Credit Union Administration's ("**NCUA**") interest rate ceiling for loans made by federal credit unions as described in 12 U.S.C. § 1757(5)(A)(vi)(I) and set by the NCUA board and (b) 12.0%
Fee Caps	Program loans may not include any of the following: (1) confessions of judgment; (2) prepayment or "double-dipping" fees; or (3) upfront fees or charges paid by the loan applicant, excluding fees to the Program, that exceed 2.0% for Qualifying Loans greater than $25,000 or $500 for loans under $25,000.
Maximum Loan Size	The Company shall (1) target Program loans with an average principal amount of $5 million or less, and (2) not make Program loans in a principal amount in excess of $20 million. The portion of Program loans purchased will be capped at the lesser of $250,000 or 80% of the loan amount. Notwithstanding the foregoing, upon mutual agreement between the Investor and the Company, and approval by U.S. Treasury of any modifications requested by the State of New Jersey as required, the foregoing program parameters can be updated based on market feedback and experience.
Borrower Size	The Company shall not extend credit support to borrowers that have more than 50 employees as calculated using the methodology under 13 C.F.R. § 121.106 or that have annual revenues of more than $10 million. Notwithstanding the foregoing, upon mutual agreement between the Investor and the Company, and approval by U.S. Treasury of any modifications requested by the State of New Jersey as required, the foregoing program parameters can be updated based on market feedback and experience.

Borrower Restrictions	The Company shall obtain an assurance from each small business borrower stating that: • Such borrower does not have an active application with any other participating financial institution lender through the Program • Such borrower does not have an active application for and is not receiving a loan through another SSBCI-funded program, in or outside of New Jersey, for the same purpose • Such borrower is not an executive officer, director or principal shareholder of the financial institution lender • Such borrower is not a member of the immediate family of an executive officer, director or principal shareholder of the financial institution lender • Such borrower is not a related interest or immediate family member of such an executive officer, director, or principal shareholder of the financial institution lender • No principal of such borrower has been convicted of a sex offense against a minor (as such terms are defined in section 111 of the Sex Offender Registration and Notification Act (34 U.S.C. § 20911, formerly 42 U.S.C. § 16911)). For purposes of this certification, "principal" is defined as if a sole proprietorship, the proprietor; if a partnership, each partner; if a corporation, limited liability company, association, development company, or other entity, each director, each of the five most highly compensated executives, officers, or employees of the entity, and each direct or indirect holder of 20 percent or more of the ownership stock or stock equivalent of the entity.
Use of Proceeds	The Company shall obtain an assurance from each small business borrower stating that the loan proceeds will be used for a business purpose which may include, but shall not be limited to, start-up costs; working capital; franchise fees; purchase of tangible or intangible assets except goodwill; and acquisition of inventory, or services used in the production, manufacturing, or delivery of a business's goods or services. Proceeds may not be used for construction, renovation, or tenant improvements of an eligible place of business.
Charitable permissible borrowers	Loan applicants may include state-designated charitable, religious, or other nonprofit or philanthropic institutions; government-owned corporations; consumer and marketing cooperatives; and faith-based organizations, provided the loan is for a "business purpose" as defined above. Permissible borrowers may also include sole proprietors, independent contractors, worker cooperatives, and other employee-owned entities, as well as Tribal enterprises, provided that all applicable program requirements are satisfied.

Ineligible industries	The Company shall obtain an assurance from each small business borrower stating that the loan proceeds will not be used for the following impermissible purposes: • Engaging in activities that are prohibited by federal law or applicable law in the jurisdiction where the business is located or conducted • Construction, renovation, or tenant improvements of an eligible place of business • Engaging in securities trading • Engaging in speculative activities that develop profits from fluctuations in price, such as wildcatting for oil and dealing in commodities futures, unless those activities are incidental to the regular activities of the business and part of a legitimate risk management strategy to guard against price fluctuations related to the regular activities of the business or through the normal course of trade • Facilities primarily used for gambling or to facilitate gambling • Engaging in lobbying activities • Engaging in pyramid sales schemes • Passive real estate investments Repaying delinquent federal or state income taxes, unless the small business borrower has a payment plan in place with the relevant taxing authority • Repaying taxes held in trust or escrow (e.g., payroll or sales taxes) • Reimbursing funds owed to any owner, including any equity investment or investment of capital for the business's continuance • Purchasing any portion of the ownership interest of any owner of the business, except for the purchase of an interest in an employee stock ownership plan qualifying under section 401 of Internal Revenue Code, worker cooperative, or related vehicle, provided that the transaction results in the employee stock ownership plan or other employee-owned entity holding a majority interest (on a fully diluted basis) in the business • Funding a business that earns more than half of its annual net revenue from lending activities, unless the business is (1) a community development financial institution that is not a depository institution or a bank holding company, or (2) a Tribal enterprise lender that is not a depository institution or a bank holding company • The conduct or purveyance of "adult" (that is, 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, bankruptcy, fire, "lost-our-lease," "going-out-of-business," or similar sale; sales by transient merchants, Christmas tree sales, or other outdoor storage; or any activity constituting a nuisance.

Lender Assurances	Each Originating Lender from which the Company purchases Qualifying Loans shall certify to the Company that: • The Originator Loan is not being made in order to place under the protection of the Program prior debt that is not covered under the Program and that is or was owed by the small business borrower to the Originating Lender or to an affiliate of the Originating Lender. • If a refinancing, the Originator Loan (1) is at least 150% of the previous outstanding balance; (2) results in a 30% reduction in the fee-adjusted annual percentage rate contracted for the term of the new debt; and (3) shall not be used to finance an extraordinary dividend or other distribution. • No principal of the Originating Lender has been convicted of a sex offense against a minor (as such terms are defined in section 111 of the Sex Offender Registration and Notification Act (34 U.S.C. § 20911, formerly 42 U.S.C. § 16911)). For the purposes of this certification, "principal" is defined as if a sole proprietorship, the proprietor; if a partnership, each partner; if a corporation, limited liability company, association, development company, or other entity, each director, each of the five most highly compensated executives, officers, or employees of the entity, and each direct or indirect holder of 20 percent or more of the ownership stock or stock equivalent of the entity.
State of New Jersey Requirements	• Time in business: The Company shall not extend credit support to borrowers that have been in business for less than a year prior to the time of application. • Revenue test: The Company shall not extend credit support to borrowers that do not demonstrate ability to repay the loan through previous and/or projected revenues. • Debt eligibility test: The Company shall not extend credit support to borrowers that do not have either: a) monthly business debt service divided by revenues of under 25% where debt service includes existing and new debt and revenues refers to average monthly sales from a prior period or b) a debt service coverage ratio (OCF/DS) equal to or greater than 1.15 on a historical or projected basis. Debt service is defined as the future required principal and interest payments on all business debt inclusive of new loan. • Applicant has to provide current NJ Tax Clearance Certificate printed in NJ Economic Development Authority's name • The borrower and the relevant Originating Lender have submitted all transaction-level and business-level data required by the Company pursuant to applicable SSBCI requirements. • Loan proceeds may not be used for construction, renovation, or tenant improvements of an eligible place of business. • Additional requirements to be determined.

Appendix C

Form of Loan Submission Report

[See attached.]

Listing Tag: ABC

CDFI/Seller Partner: Lender 1

Loan Number	Opened Date	Total Loan Amount
88020686-9bf1-4ee1-9c68-070b63ecb6f6|4790-R-N	12/31/2022	$50,000.00
Lender 1 Totals		**$50,000.00**

CDFI/Seller Partner: Lender 2

Loan Number	Opened Date	Total Loan Amount
02583412-1469-4d16-8bca-b8d8c1d9d93c|LAI-00014297	1/24/2023	$249,910.00
02583412-1469-4d16-8bca-b8d8c1d9d93c|LAI-00014251	1/6/2023	$20,110.00
02583412-1469-4d16-8bca-b8d8c1d9d93c|LAI-00014252	1/25/2023	$130,110.00
02583412-1469-4d16-8bca-b8d8c1d9d93c|LAI-00014257	1/26/2023	$44,110.00
02583412-1469-4d16-8bca-b8d8c1d9d93c|LAI-00014272	1/23/2023	$30,110.00
02583412-1469-4d16-8bca-b8d8c1d9d93c|LAI-00014277	1/23/2023	$130,170.00
02583412-1469-4d16-8bca-b8d8c1d9d93c|LAI-00014279	1/23/2023	$75,110.00
02583412-1469-4d16-8bca-b8d8c1d9d93c|LAI-00014287	1/25/2023	$30,110.00
Lender 2 Totals		**$709,740.00**

CDFI/Seller Partner: Lender 3

Loan Number	Opened Date	Total Loan Amount
d2a034a9-a844-4485-a3c1-181023b98861|NYCBO1002	1/28/2023	$75,000.00
d2a034a9-a844-4485-a3c1-181023b98861|NYCBO1001	1/27/2023	$225,000.00
d2a034a9-a844-4485-a3c1-181023b98861|NYCBO1005	2/4/2023	$100,000.00
d2a034a9-a844-4485-a3c1-181023b98861|NYCBO1003	2/1/2023	$100,000.00
Lender 3 Totals		**$500,000.00**

CDFI/Seller Partner: Lender 4

Loan Number	Opened Date	Total Loan Amount
ce4b262d-6eb4-4c46-9e77-86fbbdda0c69|PCF-OPP-002	1/27/2023	$100,000.00
ce4b262d-6eb4-4c46-9e77-86fbbdda0c69|PCF-OPP-032	1/26/2023	$100,000.00
ce4b262d-6eb4-4c46-9e77-86fbbdda0c69|PCF-OPP-003	1/25/2023	$250,000.00
ce4b262d-6eb4-4c46-9e77-86fbbdda0c69|PCF-OPP-004	1/25/2023	$250,000.00
ce4b262d-6eb4-4c46-9e77-86fbbdda0c69|PCF-OPP-008	1/26/2023	$75,000.00
ce4b262d-6eb4-4c46-9e77-86fbbdda0c69|PCF-OPP-017	1/27/2023	$100,000.00
ce4b262d-6eb4-4c46-9e77-86fbbdda0c69|PCF-OPP-015	1/23/2023	$100,000.00
ce4b262d-6eb4-4c46-9e77-86fbbdda0c69|PCF-OPP-023	2/2/2023	$100,000.00
ce4b262d-6eb4-4c46-9e77-86fbbdda0c69|PCF-OPP-067	1/26/2023	$100,000.00
ce4b262d-6eb4-4c46-9e77-86fbbdda0c69|PFC-OPP-005	1/25/2023	$100,000.00
Lender 4 Totals		**$1,275,000.00**

Program Total	**$2,534,740.00**

Loan Purchase Report / Applicat

Interest Rate	Term	Loan Funded Date	Reason for Loan	First Payment Date
4%	60	2/13/2023	Equipment Purchase	4/1/2023

Interest Rate	Term	Loan Funded Date	Reason for Loan	First Payment Date
4%	72	2/9/2023	Working Capital	4/1/2023
4%	60	1/31/2023	Equipment Purchase	3/1/2023
4%	72	1/31/2023	Working Capital	3/1/2023
4%	60	2/1/2023	Working Capital	3/1/2023
4%	60	2/7/2023	Equipment Purchase	4/1/2023
4%	72	2/6/2023	Working Capital	4/1/2023
4%	60	2/9/2023	Working Capital	4/1/2023
4%	60	2/10/2023	Working Capital	4/1/2023

Interest Rate	Term	Loan Funded Date	Reason for Loan	First Payment Date
4%	60	2/3/2023	Working Capital	3/1/2023
4%	72	2/3/2023	Working Capital	3/1/2023
4%	60	2/7/2023	Working Capital	3/1/2023
4%	60	2/6/2023	Working Capital	3/1/2023

Interest Rate	Term	Loan Funded Date	Reason for Loan	First Payment Date
4%	60	2/13/2023	Working Capital	3/1/2023
4%	60	2/9/2023	Working Capital	3/1/2023
4%	72	2/8/2023	Working Capital	4/1/2023
4%	72	2/8/2023	Working Capital	3/1/2023
4%	60	2/8/2023	Working Capital	3/1/2023
4%	60	2/10/2023	Working Capital	3/1/2023
4%	60	2/8/2023	Working Capital	3/1/2023
4%	60	2/14/2023	Working Capital	3/1/2023
4%	60	2/10/2023	Working Capital	3/1/2023
4%	60	2/8/2023	Working Capital	3/1/2023

tion Submission Report

Principal and Interest Payment Amount	Interest Only Payment Amount	Payment Type Conversion Date	Amount Requested	Origination Fee
$920.83			$50,000.00	$2,000.00
$920.83			**$50,000.00**	**$2,000.00**

Principal and Interest Payment Amount	Interest Only Payment Amount	Payment Type Conversion Date	Amount Requested	Origination Fee
$3,918.87			$250,000.00	$9,996.40
$370.34			$20,250.00	$804.40
$2,035.51			$100,000.00	$5,204.40
$812.84			$60,000.00	$1,764.40
$555.92			$30,110.00	$1,204.40
$2,041.88			$130,000.00	$5,206.80
$1,386.59			$75,000.00	$3,004.40
$555.74			$30,000.00	$1,204.40
$11,677.69			**$695,360.00**	**$28,389.60**

Principal and Interest Payment Amount	Interest Only Payment Amount	Payment Type Conversion Date	Amount Requested	Origination Fee
$1,402.00	$213.70	4/1/2023	$150,000.00	$3,000.00
$3,564.00	$641.10	4/1/2023	$150,000.00	$9,000.00
$1,870.00	$266.67	4/1/2023	$250,000.00	$4,000.00
$1,870.00	$252.05	4/1/2023	$100,000.00	$4,000.00
$8,706.00	**$1,373.52**		**$650,000.00**	**$20,000.00**

Principal and Interest Payment Amount	Interest Only Payment Amount	Payment Type Conversion Date	Amount Requested	Origination Fee
$1,844.16			$100,000.00	$4,000.00
$1,844.16			$100,000.00	$4,000.00
$3,917.63			$250,000.00	$10,000.00
$3,917.63			$250,000.00	$10,000.00
$1,383.12			$75,000.00	$3,000.00
$1,844.16			$100,000.00	$4,000.00
$1,844.16			$100,000.00	$4,000.00
$1,844.16			$246,000.00	$4,000.00
$1,844.16			$100,000.00	$4,000.00
$1,844.16			$100,000.00	$4,000.00
$22,127.50			**$1,421,000.00**	**$51,000.00**
$43,432.02	**$1,373.52**		**$2,816,360.00**	**$101,389.60**

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Business Name	Business DBA
ABC Inc	

Business Name	Business DBA
ABC LLC	
DEF Inc	
GHI Corp	
JKL LLC	
ABC LLC	
DEF Inc	
GHI Corp	
JKL LLC	

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Business Name	Business DBA
ABC LLC	
DEF Inc	
GHI Corp	
JKL LLC	

Business Name	Business DBA
ABC LLC	
DEF Inc	
GHI Corp	
JKL LLC	
ABC LLC	
DEF Inc	
ABC LLC	
DEF Inc	
GHI Corp	
JKL LLC	

Business Address 1	Business Address 2
123 Main St	

Business Address 1	Business Address 2
123 Main St	
123 Elm St	
123 Oak St	
123 Maple St	
123 Main St	
123 Elm St	
123 Oak St	
123 Maple St	

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Business Address 1	Business Address 2
123 Main St	
123 Elm St	
123 Oak St	
123 Maple St	

Business Address 1	Business Address 2
123 Main St	Apt 2B
123 Elm St	9th Floor
123 Oak St	
123 Maple St	2nd Floor
123 Main St	
123 Elm St	Apt 507
123 Main St	
123 Elm St	Suite 502B
123 Oak St	
123 Maple St	

Business Address City	Business Borough	Business State	Business Zip Postal Code
Queens	Queens	New York	11377

Business Address City	Business Borough	Business State	Business Zip Postal Code
Brooklyn	Brooklyn	New York	11230
Far Rockaway	Queens	New York	11691
Brooklyn	Brooklyn	New York	11218
New york	Manhattan	New York	10031
Brooklyn	Brooklyn	New York	11216
Brooklyn	Brooklyn	New York	11218
New york	New York	New York	10003
Bronx	Bronx	New York	10474

Business Address City	Business Borough	Business State	Business Zip Postal Code
OZONE PARK	Queens	New York	11417
New york	Manhattan	New York	10009
Brooklyn	Brooklyn	New York	11220
Bronx	Bronx	New York	10471

Business Address City	Business Borough	Business State	Business Zip Postal Code
Brooklyn	Brooklyn	New York	11222
New york	Manhattan	New York	10174
Bronx	Bronx	New York	10471
New york	Manhattan	New York	10016
New york	Manhattan	New York	10013
Brooklyn	Brooklyn	New York	11249
Brooklyn	Brooklyn	New York	11203
Brooklyn	Brooklyn	New York	11230
Brooklyn	Brooklyn	New York	11215
New york	Manhattan	New York	10004

Census Tract	Business County	# of Employees	Began Operation Date	Credit Score
	Queens	3	7/24/2015	679

Census Tract	Business County	# of Employees	Began Operation Date	Credit Score
36047042000	Kings	1	3/12/2020	793
36081103201	Queens	1	10/21/2020	631
36047048800	Kings	6	11/13/2015	723
36005012101	New York	1	1/1/2018	683
36047031702	Bronx	4	3/28/2019	586
36047023600	Kings	3	3/15/2011	803
36061004200	New York	4	2/16/2017	800
36005009300	Bronx	1	2/1/2021	622

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Census Tract	Business County	# of Employees	Began Operation Date	Credit Score
36081005400	Queens	5	9/22/2020	761
36061002602	New York	7	3/30/2007	758
36047007400	Kings	6	5/9/2013	766
36005028500	Bronx	9	4/13/2017	659

Census Tract	Business County	# of Employees	Began Operation Date	Credit Score
36047056900	Kings	2	3/3/2018	775
36061009200	New York	4	8/10/2015	709
36005033500	Bronx	8	11/13/2017	738
36061008000	New York	1	6/1/2016	673
36061003300	New York	3	7/11/2017	716
36047054900	Kings	16	4/3/2017	762
36047081400	Kings	5	5/22/2018	701
36047045400	Kings	1	6/26/2019	784
36047011700	Kings	6	6/8/2011	732
36061000900	New York	3	2/18/2009	774

Business EIN	Location Type	Business Stage
12-1234567	Office	Operating Businesses

Business EIN	Location Type	Business Stage
12-1234567	Home Based	Operating Businesses
12-1234567	Home Based	Operating Businesses
12-1234567	Home Based	Operating Businesses
12-1234567	Home Based	Operating Businesses
12-1234567	Storefront	Operating Businesses
12-1234567	Storefront	Operating Businesses
12-1234567	Storefront	Operating Businesses
12-1234567	Storefront	Operating Businesses

Business EIN	Location Type	Business Stage
12-1234567	Home Based	Operating Businesses
12-1234567	Storefront	Operating Businesses
12-1234567	Storefront	Operating Businesses
12-1234567	Storefront	Operating Businesses

Business EIN	Location Type	Business Stage
12-1234567	Office	Operating Businesses
12-1234567	Office	Operating Businesses
12-1234567	Home Based	Operating Businesses
12-1234567	Office	Operating Businesses
12-1234567	Storefront	Operating Businesses
12-1234567	Storefront	Operating Businesses
12-1234567	Home Based	Operating Businesses
12-1234567	Office	Operating Businesses
12-1234567	Storefront	Operating Businesses
12-1234567	Home Based	Operating Businesses

Business Structure	Industry
Corporation (C-Corp or S-Corp)	72251

Business Structure	Industry
Limited Liability Company (LLC)	45399
Limited Liability Company (LLC)	71141
Corporation (C-Corp or S-Corp)	23899
Limited Liability Company (LLC)	48421
Corporation (C-Corp or S-Corp)	72251
Corporation (C-Corp or S-Corp)	56172
Limited Liability Company (LLC)	72251
Limited Liability Company (LLC)	45399

Business Structure	Industry
Corporation (C-Corp or S-Corp)	23611
Corporation (C-Corp or S-Corp)	44531
Limited Liability Company (LLC)	62441
Limited Liability Company (LLC)	53121

Business Structure	Industry
Corporation (C-Corp or S-Corp)	42399
Limited Liability Company (LLC)	54143
Corporation (C-Corp or S-Corp)	54199
Corporation (C-Corp or S-Corp)	42421
Limited Liability Company (LLC)	44819
Limited Liability Company (LLC)	51211
Limited Liability Company (LLC)	56172
Limited Liability Company (LLC)	45411
Limited Liability Company (LLC)	33993
Limited Liability Company (LLC)	54199

Sub Sector Code
Restaurants and Other Eating Places

Sub Sector Code
Other Miscellaneous Store Retailers
Agents and Managers for Artists, Athletes, Entertainers, and Other Public Figures
Other Specialty Trade Contractors
Specialized Freight Trucking
Restaurants and Other Eating Places
Services to Buildings and Dwellings
Restaurants and Other Eating Places
Other Miscellaneous Store Retailers

Sub Sector Code
Residential Building Construction
Beer, Wine, and Liquor Stores
Child Day Care Services
Offices of Real Estate Agents and Brokers

Sub Sector Code
Miscellaneous Durable Goods Merchant Wholesalers
Specialized Design Services
Other Professional, Scientific, and Technical Services
Drugs and Druggists' Sundries Merchant Wholesalers
Clothing Stores
Motion Picture and Video Industries
Services to Buildings and Dwellings
Electronic Shopping and Mail-Order Houses
Other Miscellaneous Manufacturing
Other Professional, Scientific, and Technical Services

NAICS Title	Previous Year Revenue	Bankruptcy Status
Accommodation and Food Services	$240,000.00	0

NAICS Title	Previous Year Revenue	Bankruptcy Status
Retail Trade	$568,668.00	0
Arts, Entertainment, and Recreation	$40,512.00	0
Construction	$1,014,765.00	0
Transportation and Warehousing	$88,359.96	0
Accommodation and Food Services	$423,211.00	0
Administrative and Support and Waste Management and Remediation Services	$398,412.00	0
Accommodation and Food Services	$669,144.00	0
Retail Trade	$78,876.00	0

NAICS Title	Previous Year Revenue	Bankruptcy Status
Construction	$220,000.00	0
Retail Trade	$1,156,252.00	0
Health Care and Social Assistance	$534,490.00	0
Real Estate and Rental and Leasing	$2,135,583.00	0

NAICS Title	Previous Year Revenue	Bankruptcy Status
Wholesale Trade	$290,742.00	0
Professional, Scientific, and Technical Services	$509,130.00	0
Professional, Scientific, and Technical Services	$116,667.00	0
Wholesale Trade	$3,932,173.00	0
Retail Trade	$341,904.00	0
Information	$638,740.00	0
Administrative and Support and Waste Management and Remediation Services	$131,245.00	0
Retail Trade	$1,352,449.00	0
Manufacturing	$2,352,132.00	0
Professional, Scientific, and Technical Services	$808,964.00	0

Is Refinance?	Is Profitable Business?	Contact Email	Contact First Name
FALSE	Yes	Tom@gmail.com	Tom

Is Refinance?	Is Profitable Business?	Contact Email	Contact First Name
FALSE	Yes	Tom@gmail.com	Tom
FALSE	Yes	Terry@gmail.com	Terry
FALSE	Yes	Tom@gmail.com	Tom
FALSE	Yes	Terry@gmail.com	Terry
TRUE	Yes	Tom@gmail.com	Tom
FALSE	Yes	Terry@gmail.com	Terry
FALSE	No	Tom@gmail.com	Tom
FALSE	Yes	Terry@gmail.com	Terry

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Is Refinance?	Is Profitable Business?	Contact Email	Contact First Name
FALSE	Yes	Tom@gmail.com	Tom
FALSE	Yes	Terry@gmail.com	Terry
FALSE	Yes	Tom@gmail.com	Tom
FALSE	Yes	Terry@gmail.com	Terry

Is Refinance?	Is Profitable Business?	Contact Email	Contact First Name
FALSE	Yes	Tom@gmail.com	Tom
FALSE	Yes	Terry@gmail.com	Terry
FALSE	Yes	Tom@gmail.com	Tom
FALSE	Yes	Terry@gmail.com	Terry
FALSE	Yes	Tom@gmail.com	Tom
FALSE	Yes	Terry@gmail.com	Terry
FALSE	Yes	Tom@gmail.com	Tom
FALSE	Yes	Terry@gmail.com	Terry
FALSE	Yes	Tom@gmail.com	Tom
FALSE	No	Terry@gmail.com	Terry

Contact Last Name	Contact Business Phone	Contact Preferred Language
Smith	123-123-1234	English

Contact Last Name	Contact Business Phone	Contact Preferred Language
Smith	123-123-1234	English
Jones	123-123-1233	English
Smith	123-123-1234	English
Jones	123-123-1233	French - France
Smith	123-123-1234	Spanish (Traditional Sort) - Spain
Jones	123-123-1233	English
Smith	123-123-1234	English
Jones	123-123-1233	English

Contact Last Name	Contact Business Phone	Contact Preferred Language
Smith	123-123-1234	English
Jones	123-123-1233	English
Smith	123-123-1234	English
Jones	123-123-1233	English

Contact Last Name	Contact Business Phone	Contact Preferred Language
Smith	123-123-1234	English
Jones	123-123-1233	English
Smith	123-123-1234	English
Jones	123-123-1233	English
Smith	123-123-1234	English
Jones	123-123-1233	English
Smith	123-123-1234	English
Jones	123-123-1233	English
Smith	123-123-1234	English
Jones	123-123-1233	English

Is/Will Be Minority Owned?	Is/Will Be Service Disabled?	Is/Will Be Veteran Owned?
Yes	No	No

Is/Will Be Minority Owned?	Is/Will Be Service Disabled?	Is/Will Be Veteran Owned?
No		Prefer Not to Answer
No		Prefer Not to Answer
No		Prefer Not to Answer
No		Prefer Not to Answer
No		Prefer Not to Answer
No		Prefer Not to Answer
No		Prefer Not to Answer
No		Prefer Not to Answer

Is/Will Be Minority Owned?	Is/Will Be Service Disabled?	Is/Will Be Veteran Owned?
No	No	No
No	No	No
Yes	No	No
Yes	Prefer Not to Answer	Yes

Is/Will Be Minority Owned?	Is/Will Be Service Disabled?	Is/Will Be Veteran Owned?
No	No	No
Yes	No	No
Yes	No	No
Yes	No	No
Yes	No	No
No	No	No
Yes	No	No
No	No	No
No	No	No
Yes	No	No

Is/Will Be Woman Owned?	LMI as defined by CDFI	Business Ethnicity
No	Yes	Asian-Indian

Is/Will Be Woman Owned?	LMI as defined by CDFI	Business Ethnicity
No	No	N/A
No	Yes	N/A
Yes	No	Black
No	No	Black
Yes	Yes	Hispanic
No	No	N/A
Yes	Yes	Hispanic
No	Yes	N/A

Is/Will Be Woman Owned?	LMI as defined by CDFI	Business Ethnicity
No	Yes	N/A
No	No	White
Yes	Yes	Hispanic
No	No	Hispanic

Is/Will Be Woman Owned?	LMI as defined by CDFI	Business Ethnicity
No	Yes	White
Yes	No	Hispanic
No	No	Hispanic
Yes	No	Asian-Pacific
Yes	No	Black
No	Yes	White
No	Yes	Black
No	Yes	White
Yes	Yes	White
No	No	Asian-Pacific

Is your business immigrant owned?	Do you need assistance with your application?	How Did You Hear About Us?	Additional Details (How Did You Hear About Us?)
Yes	Yes	OTH	referred by partner, CPA

Is your business immigrant owned?	Do you need assistance with your application?	How Did You Hear About Us?	Additional Details (How Did You Hear About Us?)
Prefer Not to Answer	Yes	AD	News or other media (Radio, Television, Billboard, etc.)
Prefer Not to Answer	Yes	BCUL	Bank or Credit Union
Prefer Not to Answer	Yes	AD	News or other media (Radio, Television, Billboard, etc.)
Yes	No	OTH	Ascendus Client/ Return Client
Prefer Not to Answer	No	CBO	SBA, SBDC, SCORE
Prefer Not to Answer	Yes	DM	Direct Mail
Prefer Not to Answer	Yes	GA	SBA, SBDC, SCORE
Prefer Not to Answer	Yes	DM	Direct Mail

Is your business immigrant owned?	Do you need assistance with your application?	How Did You Hear About Us?	Additional Details (How Did You Hear About Us?)
No	Yes	DM	NYC Business Solutions Brooklyn Center
No	Yes	FFC	My old CPA forwarded me the funding opportunity.
No	Yes	DM	NYC Business Solutions Brooklyn Center
No	Yes	WEB	NYC Business Solutions Bronx Center

Is your business immigrant owned?	Do you need assistance with your application?	How Did You Hear About Us?	Additional Details (How Did You Hear About Us?)
No	Yes	OTH	Existing Customer Relationship
Yes	Yes	WEB	
Yes	Yes	OTH	Existing Customer Relationship
No	Yes	OTH	Existing Customer Relationship
No	Yes	OTH	Existing Customer Relationship
No	Yes	WEB	
No	Yes	OTH	Existing Customer Relationship
No	Yes	WEB	
No	Yes	OTH	Existing Customer Relationship
Yes	Yes	OTH	Existing Customer Relationship

APPENDIX C – Selected Fund Manager Summary

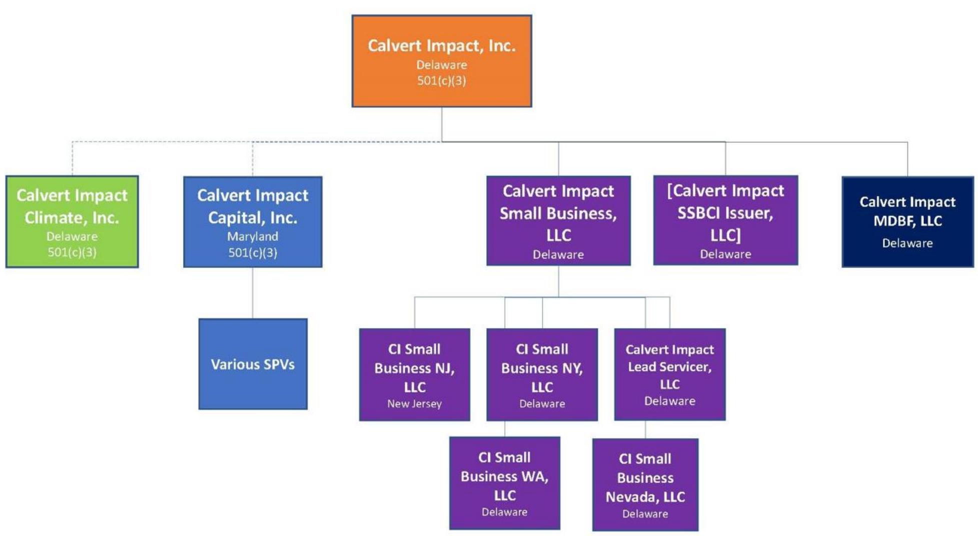
This Appendix provides additional detail on the history and structure of Calvert Impact Capital and information relevant to the eligibility and evaluation criteria used to assess responses to the NIO.

History and Organizational Structure of Calvert Impact

Calvert Impact, Inc. ("Calvert Impact") a Delaware 501(c)(3) was formed in 2021 to serve as the parent organization of Calvert Impact Capital, Inc. (CIC) and subsequently formed several subsidiaries of Calvert Impact to allow the CIC team to expand its products and services. Related activities under the Blended Capital Fund program will be contracted with subsidiaries of Calvert Impact and Calvert Impact Small Business, LLC. Their corporate structure allows for the ability to offer multiple impact products and services to effectively execute upon their mission.

Calvert Impact has a demonstrated history of raising capital from individual and institutional investors to finance intermediaries and funds that are investing in underserved and underbanked communities. Since its inception, Calvert Impact has mobilized more than $5 billion of investor capital to organizations in under-resourced communities to address various social and economic issues like climate change and to improve access to quality affordable housing, healthcare, education, income and wealth-building opportunities, and other critical community services. Calvert Impact's long-standing commitment to supporting small businesses has resulted in the generation of more than $600 million in loans to CDFIs and other small business lenders. Furthermore, Calvert Impact has supported 227,985 small businesses who have created or maintained more than 780,000 jobs through their lending activity.

Please reference Calvert Impact's simplified organizational chart that shows the SSBCI related entities only.



Experience of Leadership & Depth of Resource

Calvert Impact's management team consists of 10 professionals that have been in their respective roles for at least seven years and have more than 100 combined years of experience in community development lending and investment. The Board of Directors of Calvert Impact and CIC are responsible for the overall governance and management of CIC, including overall impact and investment activity oversight. An Impact & Equity Committee of Calvert Impact oversees the impact measurement and management activities and justice, equity, diversity, and inclusion initiatives of Calvert Impact and all its subsidiaries.

In total, Calvert Impact Capital has 41 FTEs with seven departments including a Strategy Team responsible for providing oversight on Calvert's SSBCI Loan Participation program.

- **Risk Management and IT:** Credit Risk, Enterprise Risk, Internal Systems, IT

- **Investments and Loan Administration:** Lending, Portfolio Management, Servicing and Administration
- **Strategy:** Corporate Strategy, Syndications, New Product Development, Impact Measurement and Management, Marketing and Communications
- **Legal and Compliance:** Legal and Compliance
- **Accounting:** Accounting, Treasury, Audit and Finance
- **Investor Relations:** Capital Raising, Investor Administration, Investor Relations
- **HR:** HR, Talent and Culture, Internal Operations

NJ would have dedicated team members to work with through the management of this fund and NJEDA staff would be actively involve ensuring partners are identified and small businesses are being served. The creation and rollout of this program will be managed by Calvert Impact, with NJEDA as an active partner.

State Partnership Experience

Recovery Programs

Due to COVID-19 and its devastating impact on small businesses, Calvert Impact and its non-profit CDFI partners began structuring loan participation programs to support various states that wanted to leverage appropriations or federal funding sources in an effective and efficient manner but had limited access to liquidity as CDFIs. Calvert Impact structured and arranged 5 COVID Recovery Programs including the New York Forward Loan Fund, the California Rebuilding Fund, the Southern Opportunity and Resilience Fund, the Washington Small Business Flex Fund, and the Connecticut Small Business Boost Fund.

The Recovery Programs were created in response to the COVID-19 pandemic and provided customized resources and access to capital in support of small businesses with limited access to reserves and credit throughout the pandemic. The Recovery Programs model was designed to provide targeted tools for small businesses allowing for income generation, recovery, and stability. Together, these programs raised nearly $500 million in commitments from public and private capital sources and closed on $350 million in loans to more than 5,500 small businesses. These programs and their experience paved the way for the utilization of SSBCI funds to continue supporting CDFIs and small businesses in recovery efforts through loan participations.

Loan Participation Programs

In addition to the 5 Recovery Programs, CIC is currently managing or structuring Loan Participation Programs with SSBCI dollars for the States of Nevada, New York, and Washington. Since April 2020, CIC and its partners began structuring such loan participation programs to support access to liquidity for non-profit CDFIs who serve small businesses and entrepreneurs traditionally excluded from the banking system. In Calvert Impact's Loan Participation Programs, the funds from private, public, and philanthropic investors are blended in a centralized loan purchase facility (the "Fund") that buys a percent of every eligible loan originated by a participating CDFI. The loan product offered by the CDFIs to small businesses is standardized (with respect to product design and eligibility criteria) and follows the lender's underwriting criteria and guidelines.

The Loan Participation Programs and Recovery Programs together have raised nearly $500 million in commitments from public and private capital sources and, to date, have made more than $350 million in loans to more than 5,500 small businesses. The businesses that are gaining access to credit through these programs make up the critical neighborhood infrastructure in communities across the country including early childcare centers, restaurants, retail stores, healthcare providers, construction companies and more.

Experience with SSBCI

While engaging with the States of Nevada, New York, and Washington, CIC and its partners worked with the U.S. Treasury Department's SSBCI team to create a model that was consistent with the policy objectives of the program and was compliant with all aspects of current SSBCI program guidance. Calvert Impact has an experienced management team ready to manage operational compliance for a swift program roll-out.

Calvert Impact has partnered with the Community Reinvestment Fund (CRF) a 501(c)(3) certified CDFI for the utilization of CRF's technology platforms for SSBCI reporting and as a portal for potential borrowers to determine their eligibility and be connected with a participating lender. The software used (Connect2Capital) was specifically built to ensure all data fields required for SSBCI reporting (e.g., SEDI and VSB eligibility) are included in the loan sales process and is captured by the software system. For compliance, all legal documents prepared for the Blended Capital Fund would include all attestations and requirements of SSBCI. These documents have been reviewed and evaluated by other states utilizing Calvert Impact for SSBCI programs to ensure compliance with all program requirements and can be leveraged for use in the Blended Capital Fund program.

Calvert has built its SSBCI program around a comprehensive set of resources and tools for small-business-focused CDFIs and other community-based lenders to support their growth. These resources and tools are tailored to the lenders' unique strengths and challenges. Calvert is currently running an SSBCI Loan Participation Program in Nevada (the Battleborn Growth Microloan Program) and is in the process of setting up LPPs in New York and Washington.

Calvert's approach to SSBCI Loan Participation Programs includes:

- An accessible and efficient liquidity solution structured by Calvert Impact that leverages public funds from SSBCI with a streamlined source of private capital to bring institutional scale investment and financial products to meet the 1:1 match requirement and 10:1 leverage targets.

- A set of marketplace lending technologies created by Community Reinvestment Fund, USA (CRF) that drive traffic and create savings in marketing budgets at individual CDFIs, lower customer acquisition costs, and create a seamless, user-friendly experience for small businesses seeking access to credit. These platforms, subject to contract with CRF and the Blended Capital Fund vehicle, will also enable accurate and complete data capture on every loan for the purposes of reporting back to NJEDA and U.S. Treasury;

- A collaborative process and approach to engage a network of place-based business support organizations, in coordination with the state, to educate business owners about available opportunities and support them as they get credit ready;

- Direct financial, technical, and advisory support to CDFIs to strengthen and expand their capacity to participate in these programs (operations, technology, systems, and talent) and fuel their on- and off-balance sheet growth.

Sourcing & Pipeline Development

Calvert Impact has a long history of working with and supporting CDFIs and other mission-driven lenders focused on supporting small businesses. Calvert Impact made its first loan to a US small business lender in 1996 and has since deployed $134 million to the balance sheets of community-based small business lenders across the country. In the last 10 years, Calvert Impact's CDFI partners have made $4.5 billion in loans to more than 220,000 small businesses, creating or retaining 780,000 jobs. Calvert is committed to working with a coalition of community lenders – local and regional – to ensure that there is the ability to do higher volume lending while also providing the necessary technical assistance support and services to NJ help small businesses thrive.

Calvert Impact will work closely with existing and new lenders (CDFI and MDI partners) located in and outside of New Jersey. For example, Calvert Impact has in the past provided flexible unsecured financing to support the CDFI lending activities of the Community Loan Fund of New Jersey (rebranded New Jersey Community Capital), helping demonstrate their creditworthiness to a broader array of bank and other lenders. Over the years Calvert Impact also supported regional and national CDFIs, affordable housing developers, and other intermediaries who had lending activities in the state, including Reinvestment Fund, NeighborWorks Community Capital, Community Housing Capital, Enterprise Community Loan Fund, LISC, Nonprofit Finance Fund, Jonathan Rose Development, Pursuit Lending, and Grameen America, among others.

Through the Recovery Programs, Calvert Impact has partnered with nearly 40 non-profit CDFI small business lenders across the country and has grown their relationships with their CDFI partners. Similarly, Calvert Impact's

SSBCI LPP program will work with a range of local, regional, and/or national CDFIs as Originating Lenders and loan servicers. Each CDFI participating will have proven experience lending to small businesses and internal controls to manage originations, underwriting, closing, and servicing of loans in accordance with the program's guidelines, criteria, and operations manual and each CDFI has participated in at least one of the existing recovery programs.

Calvert Impact would be engaging with more CDFIs and MDIs to get a variety of participation throughout the tri-state area. The participation of partners will be vital to the success of this program. Before including a CDFI or MDI in this NJ program, Calvert Impact will assess a CDFI's capacity to originate and underwrite small business loans, their ability to maintain performance of a pool of loans, and their ability to provide hands-on technical assistance and support to small businesses. Calvert Impact and Community Reinvestment Fund will work closely with CDFIs to train them on the process, operations, economics, and structure to facilitate their active participation.

Leverage Private Capital & Private Capital Match

Calvert Impact has a long history of raising private capital to support community and economic development.

- Calvert Impact has run other state supported programs similar to the proposed Blended Capital Fund in New York, Connecticut, Washington, and California with the support of the respective state governments. A total of $282M in private capital was raised to leverage $124M of public funds.

- Community Investment Note: CIC issues a Community Investment Note, a fixed income security available to retail investors across the U.S. CIC has raised more than $3 billion through the Note from more than 20,000 individual and institutional investors.

- Syndication and Arranging Services: CIC has structured and arranged 26 credit facilities on behalf of mission-based organizations, of which 15 have directly supported CDFIs. In total, Calvert Impact has raised $850 million across these facilities, of which $680 million is from private lenders (banks, foundations, family offices, etc.).

For the Blended Capital Fund, Calvert Impact will be committed to leveraging the investment of NJEDA's funds of $50 million at least 1:1 with private capital, as per the SSBCI model. NJ will receive from US Treasury through the State Small Business Credit Initiative (SSBCI) in three tranches. The private capital will be secured through a committed warehouse line of credit, allowing Calvert to warehouse loans in a state specific SPV. This model is being utilized by other states and has been approved by US Treasury.

Management Fees, Other Fees and Expenses

Summary of upfront fees

Cost Category	**Paid to**	**Amount**
Program set-up and capital raising	Calvert Impact	$300,000
Fund admin up-front fee	Fund Admin, through Calvert Impact	$300,000
Marketing and communications	Calvert Impact or direct to vendor	$150,000
Legal and closing costs	Calvert Impact or direct to vendor	$100,000
TOTAL		**$850,000**

The main program development costs to support the set-up of the Blended Capital Fund are:

• Program set-up and capital raising: The Calvert Impact Capital staff time and expense includes predevelopment work with the private capital providers to structure, underwrite, and secure the private financing as well as oversee the legal and documentation requirements, operational set-up, and coordination between partners for the program.

• Fund admin up-front fee: CDFI training, diligence, and support includes the work of the Fund Administrator and Technical Services Provider in getting the Originating Lenders prepared as originators, including diligence with the private capital providers, Connect2Capital training and technology integration support, and operational onboarding.

• Marketing and communications: Communications support reflects the initial and ongoing engagement and work with an external communications agency to continue outreach, education, and strategic partnership with grassroots business support organizations across the state to drive awareness of the program for small business owners, particularly those that lack access to traditional credit and are often harder to reach.

• Legal and closing costs: The legal documentation and entity set-up includes the creation of the new SPV, its relevant registrations and licenses, and the drafting of the various documents with the Fund Administrator, Technical Services Provider and Originating Lenders.

Calvert will be responsible for providing documentation and invoices to NJEDA that support work done to request upfront payments. There will be backup to support each request and costs won't exceed the total of $850,000.

Ongoing costs

All ongoing costs are covered by either the private capital or the spread between the income on the loans and the cost of capital. In total, the ongoing costs of the program are the 3.5% origination fee paid to the CDFI originator at the sale of each loan and a total of approximately 2.25% annual servicing fees paid to the CDFI originator, Fund Administrator, and Lead Servicer.

Ongoing costs include:

• **Origination Fees**. Each CDFI will be paid an origination fee for each loan purchased by the Fund equal to the greater of: (a) 3.50%, calculated on the full principal value of the loan at the time of each loan sale, and (b) $1,000 per loan. The origination fee will be paid by the Fund to the CDFI one-time upon the sale of each loan to the Fund. This will be an allowable use of proceeds of the private financing and will not be paid out of pocket by NJEDA.

• **Subservicing Fees**. Once an eligible loan is purchased by the Fund, a subservicing fee will be paid to each CDFI (and netted from each CDFI's monthly remittance to the Fund) on a per loan basis equal to the greater of: (a) 0.1042% (1.25% per year), calculated on 80 percent (80%) of the total outstanding balance of such loan (i.e., the portion of such loan held by the Fund), and (b) $40 per month. Subservicing fees will accrue to the CDFI from the date of sale to the Fund. This will be paid from the spread on the loans and will not be paid out of pocket by NJEDA.

• **Lead Servicing Fee**: Calvert Impact Lead Servicer, LLC will be paid a monthly lead servicing fee equal to 0.0417% (0.50% per year) of the total outstanding balance of the loans held by the Fund as of the end of each calendar month; provided, however, that if as of the end of a calendar year the aggregate lead servicing fee paid or payable is less than $100,000 (prorated on a monthly basis for partial years), then the lead servicing fee for such year will equal $100,000 (or such prorated amount for partial years). This will be paid from the spread on the loans and will not be paid out of pocket by NJEDA.

• **Fund Administration Fee**: The Fund Administrator will be paid a monthly administration fee equal to 0.0417% (0.50% per year) of the total outstanding balance of the loans held by the Fund as of the end of each calendar month; provided, however, that if as of the end of a calendar year the aggregate administration fee paid or payable is less than $100,000 (prorated on a monthly basis for partial years), then the administration fee for such year will equal $100,000 (or such prorated amount for partial years). This will be paid from the spread on the loans and will not be paid out of pocket by NJEDA.

Diversity

Calvert Impact maintains a Justice, Equity, Diversity, and Inclusion (JEDI) Values Statement, and expects that their partner organizations and sub-contractors also comply with and maintain similar policies and values that prioritize access, inclusion, and equity in the management and policies of each organization. Calvert's JEDI value statement states that their goal is to "codify our internal commitment to diversity, equity, and inclusion, in alignment with its mission to maximize the flow of capital to community development and environmental organizations for the benefit of underserved communities and individuals to achieve a more equitable and sustainable society."

Calvert's work is focused on addressing underbanked and under-resourced communities. Calvert uses investment as the tool to create that change and is committed to creating a flow of access to capital to communities traditionally excluded from our financial system including low-income communities, women, and communities of color. Results from Calvert's previously ran Loan Participation and COVID Recovery Programs are as follows:

- 90% of loans have been made to businesses with 10 or fewer employees (i.e., Very Small Businesses under SSBCI definitions)
- 45% of loans to businesses address located in a CDFI Investment Area
- 67% of loans to businesses owned by women and/or Black, Hispanic, Asian, or Native-owned businesses
- 82% of loans to businesses that would qualify as SEDI under the SSBCI guidance definition
- 98% of loans meet either the SEDI or VSB definition

Overall, Calvert's staff is 71% women and 41% people of color. Fifty three percent of CIC's staff are first- or second-generation immigrants, 8% identify as LGBTQ, 32% were not born in the U.S., and 58% speak more than one language. An Impact & Equity Committee of Calvert Impact oversees the justice, equity, diversity, and inclusion initiatives of Calvert Impact and all of Calvert Impact's subsidiaries.

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: May 10, 2023

SUBJECT: Request for Additional Funds for the Child Care Facilities Improvement Program Phase 1

Request:

The Members are asked to approve:

1. Approval to execute an amendment to the existing Memorandum of Understanding with the New Jersey Department of Community Affairs (DCA) whereby the Authority will accept up to an additional $20,000,000 in American Rescue Plan (ARP) Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) appropriated to the Authority pursuant to P.L. 2021, c. 144, to provide additional funds for the Child Care Facilities Improvement Pilot Program – Phase 1.

2. Approval to enter into a Memorandum of Understanding with the New Jersey Department of Community Affairs (DCA) whereby the Authority will accept up to $30,000,000 in American Rescue Plan (ARP) Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) appropriated to the Authority for the "Child Care Facilities Fund" through the Fiscal Year 2023 Appropriations Act, P.L. 2022, c. 49, to provide additional funds for the Child Care Facilities Improvement Pilot Program – Phase 1.

3. Approval to use a portion of administrative costs allocated to this program to issue a purchase order to Temporary Employment Services in accordance with State Blanket PO# 23-GNSV1-35293 not to exceed $250,000.

Background:

As part of the State's commitment to supporting the child care sector, in June 2021 the New Jersey State Legislature passed and Governor Phil Murphy signed into law (P.L. 2021, c.144) a bill appropriating $100 million of ARP CSLFRF to DCA to support child care providers and the child care workforce through a number of initiatives, including making $54.5 million available to the Authority for facilities improvements to licensed child care providers (i.e., child care centers serving 6 or more children) and registered family child care homes (i.e., home-based child care businesses registered with DHS serving 5 or fewer children), as well as to provide technical assistance to the child care sector.

Additionally, the Fiscal Year 2023 Appropriations Act, P.L. 2022, c. 49, ("FY23 Appropriations Act") makes available an additional $30 million in ARP CSLFRF to the Authority for the "Child Care Facilities Fund" to further invest in facility improvements for the child care sector.

In May 2022, the Board approved the use of up to $20 million of the $54.5 million available to the Authority through P.L. 2021, c.144, as well as an additional $4.45 million in state funds, to capitalize Phase 1 of the Child Care Facilities Improvement Pilot Program ("Program"). The Program provides grants for total project costs between $50,000 and $200,000 to licensed child care providers (also referred to as "centers" or "providers") to make improvements to their child care facility.

The Program application opened on November 15, 2022. Since opening the application 450 applications have been submitted requesting over $76 million—far exceeding the $24.45 million in available funds approved by the Board in May 2022. If all applications were approved, these facility improvements would have the potential to impact the learning environments of more than 36,000 children and nearly 9,000 child care workers across New Jersey.

As of April 27, 2023, the Authority has issued 19 approvals totaling over $3.5 million. Approved projects have included funding for new playgrounds to prevent injuries on current broken equipment, replacing roofs that are leaking into classrooms, installing new windows to increase energy efficiency, among other projects.

Prior to approval, all applications undergo a multi-step review process that includes review of: (1) the applicant's eligibility; (2) the contractor's eligibility; (3) the proposed facility improvement project's eligibility; (4) alignment with federal cost reasonableness standards. Based on current reviews, the Authority anticipates the majority of applications will ultimately be eligible, making the program vastly oversubscribed based on the funding approved by the Board in May 2022.

Program Funding

The Members are requested to approve the utilization of the following sources to further capitalize the Child Care Facilities Improvement Pilot Program – Phase 1:

- $20,000,000 of ARP CLSFRF funding allocated to the Authority by P.L. 2021, c.144, up to 2.5% of which may be used for Authority administrative expenses.

- $30,000,000 of ARP CLSFRF funding allocated to the Authority through the FY23 Appropriations Act, up to 5% of which may be used for Authority administrative expenses.

All ARP CSLFRF allocations are managed on behalf of the State by the New Jersey Department of Community Affairs (DCA). The members are also being asked to approve permission to enter into Memoranda of Understanding (MOU) to transfer the funds to the Authority for each of these allocations. The differential amount of administrative funding is based on the caps provided in the legislation allocating each of the funding—P.L 2021, c. 144 capped allowable administrative expenses at 2.5% of funding; the FY23 Appropriations Act capped allowable administrative expenses at 5% of funding.

The Authority already has an existing MOU for the funds allocated through P.L. 2021, c.144 for $20 million of the $54.5 million. The amendment to the MOU would be to utilize an additional $20 million, leaving a remaining balance of $14.5 million for future uses, including facility improvement grants for registered family child care homes and future technical assistance services for the child care sector.

The additional $50 million in funding will enable the Authority to fulfill all current requests projected to be eligible. All additional funds will be governed by the same program specifications approved by the board in May 2022, and similarly up to 40% of grant funding will be set aside for child care providers located in Opportunity Zone eligible census tracts.

EDA intends to use a portion of administrative costs allocated to this program (not to exceed $250,000) to issue a purchase order to Temporary Employment Services in accordance with State Blanket PO# 23-GNSV1-35293. The intent of the State's Blanket P.O. is to provide the State and its Cooperative Purchasing Program participants (the Authority is one of the State's Cooperative Purchasing Program participants) staffing for administrative support functions, which will be needed for this program due to limited staff capacity to review and close applications.

Recommendation:

The Members are requested to approve:

1. Approval to execute an amendment to the existing Memorandum of Understanding with the New Jersey Department of Community Affairs (DCA) whereby the Authority will accept up to an additional $20,000,000 in American Rescue Plan (ARP) Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) appropriated to the Authority pursuant to P.L. 2021, c. 144, to provide additional funds for the Child Care Facilities Improvement Pilot Program – Phase 1.

2. Approval to enter into a Memorandum of Understanding with the New Jersey Department of Community Affairs (DCA) whereby the Authority will accept up to $30,000,000 in American Rescue Plan (ARP) Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) appropriated to the Authority for the "Child Care Facilities Fund" through the Fiscal Year 2023 Appropriations Act, P.L. 2022, c. 49, to provide additional funds for the Child Care Facilities Improvement Pilot Program – Phase 1.

3. Approval to use a portion of administrative costs allocated to this program to issue a purchase order to Temporary Employment Services in accordance with State Blanket PO# 23-GNSV1-35293 not to exceed $250,000.

Tim Sullivan, CEO

Prepared by: Alex Himmel, Senior Advisor, Child Care
Emily Apple, Director, Economic Security

The following summary is provided for information only. Full eligibility and review criteria can be found in the program's rules.

ASPIRE

Program Overview:

Aspire is one of New Jersey's most powerful tools to catalyze investment in commercial, residential and mixed-use development, particularly in areas of high economic distress. Aspire provides tax credits to address financing gaps in commercial, mixed use, and residential real estate development projects. Aspire is one of many programs established under the New Jersey Economic Recovery Act.

Eligibility:

To be eligible for Aspire support, a project must:

- Demonstrate through NJEDA analysis that without the incentive award, the redevelopment project is not economically feasible.
- Demonstrate that a project financing gap exists and/or the redevelopment project will generate a below market rate of return.
- Be located in a designated "Incentive Area."
- Include developer who has an equity participation of at least 20 percent of the total cost.
- Result in a net positive benefit to the State.
- Meet specific cost thresholds, depending on where the project is located.

Award Amounts:

Aspire provides tax credits equal to 45 percent of project costs. Most Aspire projects will be subject to a total award cap of $42 million, but residential projects also receiving Low Income Housing Tax Credits (LIHTC) or projects located in certain economically disadvantaged locations may receive up to $60 million based on applicable bonuses.

Transformative Aspire Projects:

Projects that meet certain criteria can be designated as "Transformative Projects." These projects can receive awards up to $350 million or 40 percent of project costs, up to a total program cap of $2.5 billion. No more than two Transformative Project awards can be made within a single municipality.

To be designated as a Transformative Project, a project must involve a minimum investment of $100 million and include renovation or construction of more than 500,000 square feet of office or industrial space; 250,000 square feet of film production space; or 1,000 residential units if it does not include any commercial component.

If a project includes a minimum of 100,000 square of commercial space, it may also qualify as a transformative project if it includes:

- At least 250 units in a GRM
- At least 350 units in an Enhanced Area
- At least 600 units in any other eligible Incentive Area

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: May 10, 2023

RE: Aspire Program- Product #304877
OAHS Manahan Village, LLC ("Applicant") and Morristown Family Aspire LLC ("Co-applicant")

Request

The Members are asked to approve the application of OAHS Manahan Village LLC ("Applicant") and Morristown Family Aspire LLC (the "Co-applicant") for the Project located in Morristown, New Jersey, Morris County (the "Project"), for the issuance of tax credits to the Aspire Program ("Program") of the Authority as set forth in the New Jersey Economic Recovery Act of 2020, N.J.S.A. 34:1B-322 et seq. ("Act").

As further detailed herein, the recommended approval is to award up to 35.21% of actual eligible costs, not to exceed $24,673,846 in Aspire tax credits based upon the financing gap illustrated by the Project's capital stack.

Aspire Program Background

As created by the New Jersey Economic Recovery Act of 2020, N.J.S.A. 34:1B-322 et seq., the Act provides that the "authority shall administer the program to encourage redevelopment projects through the provision of incentive awards to reimburse developers for certain project financing gap costs." N.J.S.A. 34:1B-324. The Authority has established program rules at N.J.A.C. 19:31-23.1 et seq. (the "Rules"). Applications to the Program are evaluated to determine eligibility in accordance with the Act and the Rules. To meet basic eligibility requirements, a developer must demonstrate (1) that without the incentive award, the redevelopment project is not economically feasible, (2) that a project financing gap exists after the developer has contributed an equity participation of at least 20 percent of the total development cost, and (3) the project meets specific cost thresholds, depending on where the project is located.

Project Description

This Project involves the substantial rehabilitation and long-term preservation of 200 existing units of affordable housing in Morristown. It is currently 100% occupied. Known as "Manahan Village," this complex consists of 26 low-rise garden style apartment buildings spread across four parcels totaling 8.35 acres. It is located at 33 Clyde Potts Drive, 6-10 Flagler Street, 14 Flagler Street, and 9-21 Flagler Street in Morristown, New Jersey. The project was built in the 1940's and, as a result, there is a significant need for updating and improvement.

Once rehabilitated, the unit mix of the property will remain the same: 27 one-bedroom units, measuring 497 square feet each; 75 two-bedroom units, measuring 701 square feet each; 74 three-bedroom units, measuring at 905 square feet each; 19 four-bedroom units, measuring at 1,153 square feet each; and 5 five-bedroom units, measuring at 1,258 square feet each.

Project Ownership

The Housing Authority of the Township of Morristown (HAM) currently owns the site and on December 14, 2022 they executed a Ground Lease (for land and improvements) with OAHS Manahan Village LLC in the amount of $20,000,000. At the same time the Applicant closed a bond transaction with NJHMFA as well as an allocation of four-percent Low-Income Housing Tax Credits.

At the time of this financial closing, PNC Bank, NA joined the partnership as an investor member assuming a 99.98% ownership of OAHS Manahan Village LLC and a special member, Columbia Housing SLP Corp, joined assuming a 0.01% ownership. The previous sole member, OAHS Manahan Village SM LLC, also assumed 0.01% ownership and became the managing member. Concurrently, Morristown Family Village LLC, a wholly owned subsidiary of HAM, entered OAHS Manahan Village MM LLC, the sole member of OAHS Manahan Village SM LLC, assuming a 15% interest with the former sole member, OAHS Manahan Village Member LLC, reverting to an 85% interest. OAHS Manahan Village Member LLC is wholly owned by Orbach Affordable Housing Solutions by way of a pass-through entity.

Co-applicant:

The Co-applicant is Morristown Family Aspire LLC (MFA), an entity wholly owned by the Morristown Community Development Corporation (MCDC) which is a Title 15A New Jersey Nonprofit Corporation and an instrumentality of HAM. MFA will participate in the project financing. MCDC has applied to qualify as a non-profit for taxation purposes under the provisions of Section 501(c)(3) of the Internal Revenue Code and Authority staff is in receipt of documentation of this application. MFA is a disregarded entity for tax purposes and thus takes on the characteristics of its parent and therefore would be a non-profit for taxation purposes under the provisions of Section 501(c)3 of the Internal Revenue Code upon determination that MCDC is a 501(c)3 non-profit. Receipt of this documentation will be a condition of this award.

HAM is the owner and operator of a community center adjacent to the project and has committed to providing the following services by way of MFA at the community center that will directly impact residents of the redevelopment project.

- Continued community access to the Community Center which offers a range of programs and services to meet the needs of the adjacent and wider Morristown community households including entertainment, fitness, tutoring, employment training, business meetings, functions/conferences, children’s activities, or private family gatherings. Partnerships are created with area social service providers to utilize the space for their programs and services.
- Ongoing social service programs at the Community Center, such as:
    i. Health and Fitness Classes
    ii. Youth Programs
    iii. Economic Development Resources
    iv. Social Engagement Activities for Families
- While services are available to the public at cost, for the tax credit eligibility period the services will be offered either at no charge or a discounted charge to residents of the Redevelopment Project and they will also have priority with respect to enrollment in the Services.

- The Co-applicant will also hire, retain, manage and oversee the duties and responsibilities of a Services Specialist at the Community Center primary responsibilities include, but are not limited to, locating and securing a variety of social, recreational, health, employment training and community activities at the Community Center. The salary of the Services Specialist is expected to be paid by the Applicant.

The applicant and co-applicant have entered into a participation agreement that specifies the co-applicant's participation in the redevelopment project and evidences a commitment to providing the services previously described. The commitment encompasses the duration of the Aspire eligibility period.

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

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

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

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

The MCDC is organized exclusively for charitable purposes under Section 501(c)(3) of the Internal Revenue Code of 1986. The purposes of the MCDC are the development and redevelopment of housing and neighborhoods in the Town of Morristown and throughout the County of Morris, to develop economic opportunities for low and moderate-income individuals in need of assistance in the area, and to consult, finance, develop, redevelop, plan, own and create housing opportunities for low to moderate income individuals and families in the area. The Co-Applicant is wholly owned and controlled by the MCDC

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

Authority staff has reviewed financial statements provided by HAM substantially evidencing the ability to provide the proposed services.

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

The co-applicant submitted for an allocation of tax credits under the Aspire Program to mitigate an increasing funding gap for the rehabilitation of the project. The tax credit certificates will be allocated to the non-profit which will sell the credits annually to a tax credit investor and provide those sale proceeds back into the partnership. This allows the project to obtain the Aspire credit sales proceeds without tax consequences putting critically important capital into the project.

Lead Development Entity: Orbach Affordable Housing Solutions LLC (OAHS), was established in 2009 and is based out of Englewood Cliffs, New Jersey. An organization of experienced real estate professionals specializing in Affordable Housing it has a background in utilizing industry financing and tax credit syndication programs to implement project renovations for a range of real estate asset classes. With more than a decade of experience in successful acquisitions, rehabilitation, management services, development planning and construction programs, OAHS currently operates a portfolio of approximately 4,000 residential multifamily units, with plans to add over 1,000 units through upcoming acquisitions.

General Contractor: Sage Affordable Construction LLC, of Englewood Cliffs New Jersey will serve as the GC for the project. This contractor has successfully completed the substantial rehabilitation of over 1,000 units in multiple projects across the United States, such as Arlington House in East Orange, and Morristown Senior Village in Morristown.

Project Details

Manahan Village requires substantial upgrades for long-term preservation. Given the date of original building construction, there are serious asbestos issues that require immediate remediation. The interior scope of work includes new Energy Star appliances, the overhauling of heating systems with energy saving furnaces, sustainable fixtures, replacement of all fire protection devices, high efficiency washers and dryers, upgrade of plumbing systems and fixtures, ADA required reconfiguration, kitchen and bathroom furniture and fixture upgrades. Also included will be the renovation of the laundry room facility.

The exterior scope of work includes all new asphalt shingle roofing, gutter, and downspouts, hung windows, storefront window system stairwell, unit and building entry doors, canopy structure, cement lap siding, fiber cement panel bump-out walls, fire escapes, lighting and signage, and a new intercom system for the three-story buildings. The work will include power washing and repair of brickwork, as needed.

During the construction period for this rehabilitation, no residents will be permanently displaced and temporary relocations during construction will be limited, mitigating the disturbance to tenants. The majority of unit renovations will be done trade by trade, building by building. This allows for unit renovations to occur during the day, thereby requiring residents only to vacate their units during weekday, daytime hours. These residents will be accommodated in a hospitality unit on-site, minimizing the disturbance to their everyday lives.

Orbach's plan also includes adding additional handicapped parking spaces and additional curb cuts above the ADA requirements, additional shade tree planting, and community room and management office renovations. The project will comply with the Energy Star Homes Program as per NJHMFA's Green Standard Requirements.

The Applicant expects rehabilitation to commence immediately and finish in later 2024 or early 2025.

Project Uses and Sources

The Applicant proposes the following uses for the Project:

Uses	Total Development Costs	Total Eligible Project Costs
Acquisition of land and building rights*	$ 20,000,000	$ 17,200,000
Hard construction costs	$ 39,906,885	$ 39,906,885
Hard cost contingency	$ 4,107,689	$ 4,107,689
Professional services	$ 2,872,578	$ 2,872,578
Financing and other costs	$ 10,002,274	$ 5,478,010
Soft cost contingency	$ 494,078	$ 494,078

Developer fee	$ 8,908,000	$ 0
Total	**$ 86,291,504**	**$ 70,059,240**

Project costs are the costs included in total development costs that are used for sizing the tax credit. By statute, eligible project costs exclude the acquisition value of the land and developer fee(s). Additionally, various reserves to fund interest and operating expenses during lease-up are excluded by rules. Thus, the eligible project costs total $70,059,240.

The Applicant proposes the following sources for the Project:

Permanent Loan	1st Mortgage	$35,079,000
Equity	LIHTC equity	$30,978,176
Equity	Proceeds from Aspire tax credits	$16,038,000
Equity	Deferred Developer Fee	$4,196,238
	Total	**$86,291,504**

Developer Contributed Equity

Based on the equity requirement in the Aspire Rules of 20% of total development (N.J.A.C. 19:31-23.3) costs for a project not in a government-restricted municipality, the required equity in this project equates to $17,258,301. Equity consists of LIHTC proceeds of $30,978,176 and the deferred developer fee of $4,196,328. These two components exceed the minimum program requirement.

Statutory Aspire Award Cap

Residential projects that are rehabilitations are subject to an Aspire tax credit cap of 45% of project costs not to exceed $60 million for projects located in a qualified incentive tract. Total development costs of the project ("TDC") are estimated to be $ 86,291,504 with project costs per the Aspire Program Rules estimated to be $ 70,059,249. As such, the Project is eligible for an Aspire tax credit not to exceed $31,526,658 which is the lesser of $60 million and 45 percent of the project costs.

Concurrently, the Aspire award is also capped by the Aspire Rules dictating that the sum of the Aspire tax credit and the LIHTC cannot exceed 90 percent of project costs, or $63,053,316. As such with a LIHTC allocation of $36,664,350 the project would only be eligible for an Aspire award of $26,388,966 which is 37.67% of project costs.

The applicant has requested an award of $24,673,846 which is 35.21% of project costs and this is the maximum potential award.

Financing Gap Analysis

NJEDA staff has reviewed the application to determine if there is a shortfall in the project development economics pertaining to the return on the investment for the developer and their ability to attract the required investment for this Project. Because the Project is receiving low-income housing tax credits from NJHMFA and there is no private equity contribution, HMFA's deferred fee model was used to measure the appropriate and reasonable rate of return. The total developer fee is $8,908,000 with $4,196,328 deferred and not fully realized until the 10th year of operations which conforms to the HMFA's model.

In December of 2022 due to a delay in the Authority recommending projects for Board approval resulting from uncertainty in proposed Rule amendments to the program, the project closed an HMFA financing structure that did not include any Aspire tax credit award. The project included a Seller's note provided by HAM which was intended to ultimately be supplanted by the Aspire tax credits when applicable. HAM has represented to the Authority in a formal letter that the Seller's note was a stop gap measure entered into to meet a deadline imposed by the Rental Assistance Demonstration program (RAD) made available by the U.S. Department of Housing and Urban Development (HUD) to address public housing authorities' needs and goals. The RAD program is in extraordinarily high demand by public housing authorities nationally. The RAD Conversion Commitment issued by HUD for Manahan Village required closing by January 22, 2023, and failure to meet this deadline would have resulted in the loss of more than $2.5 million in annual rental assistance to HAM. Presently the partnership between Orbach and HAM is incurring $54,000 a month in interest expenses with the Seller's Note in place of the Aspire tax credit proceeds.

As such, Authority staff has determined that a financing gap exists although the permanent sources currently being in place appear to be sufficient. The current financing structure is the result of a local government instrumentality providing an unanticipated financial commitment to preserve financial resources that, outside of their control, would have no longer been available while the Aspire application was pending (that is, only after having applied for Aspire tax credits).

<u>Aspire Tax Credit Sale Price:</u>
The Aspire Statute dictates that for projects that do not represent the new construction of residential units the consideration for the sale or assignment of the Aspire tax credits can be no less than 85 percent of the transferred credit amount before considering any further discounting to present value. The Applicant has provided documentation to the Authority that the consideration contemplated in the current financing structure is 85 percent of the transferred credit amount before considering any further discounting to present value. The current consideration anticipated for the project represents 65 percent of the transferred credit amount, which represents a present value after applying a discount rate of 4.332%. Staff finds that discount rate is reasonable. The ultimate financing structure and any changes in the future will be subject to this requirement and the Applicant will need to evidence this prior to any assignment or transfer of Aspire tax credits.

<u>Net Positive Benefit Analysis:</u>
As directed by the Aspire statute the NJEDA shall conduct a fiscal impact analysis to determine and ensure that the overall public assistance provided to an Aspire awarded project will result in a net positive economic benefit to the State. Exceptions to the requirement are capital investment for a residential project, a capital investment for a food delivery source, or a health care or health services center with a minimum of 10,000 square feet of space devoted to health care or health services that is located in a municipality with a Municipal Revitalization Index distress score of at least 50 lacking adequate access. N.J.S.A. 34:1B-333. This is a residential project and therefore not subject to a net benefit test.

<u>Other Statutory Criteria</u>

Scoring:
As established by the Aspire Rules at N.J.A.C. 19:31-23.7 (Approval of completed application; tax credit amounts) and further detailed in the memo provided to the Board at time of approval, the applicant is required to achieve a minimum score to be eligible for an Aspire award. The Project was scored in the areas of Equitable Development, Housing Opportunity, Smart Growth, Environmental Justice, and Climate Resilience. The applicant has satisfactorily evidenced to staff that the Project is consistent with the policy objectives represented by this scoring criteria.

Community Benefit Agreement:

The Aspire statute indicates that for a redevelopment project whose total project cost equals or exceeds $10 million, a community benefit agreement is required to be entered into by the chief executive of the municipality and the applicant. N.J.S.A. 34:1B-328 (Incentive award agreement). As required by Aspire Rules at N.J.A.C. 19:31-23.8 (Approval letter; incentive award agreement), the applicant has provided a letter of support from the chief executive of the municipality acknowledging this requirement and affirming that the municipality shall proceed to negotiate a community benefits agreement in good faith with the developer and will execute the community benefits agreement within the time required by the program rules (six months, with two possible three-months extensions, after this approval).

Labor Harmony Agreement:
The Aspire statute indicates that NJEDA shall not enter into an incentive award agreement for a redevelopment project that includes at least one retail establishment which will have more than 10 full-time employees, at least one distribution center that will have more than 20 full-time employees, or at least one hospitality establishment which will have more than 10 full-time employees, unless the incentive award agreement includes a precondition that any business that serves as the owner or operator of the retail establishment, distribution center, or hospitality establishment enters into a labor harmony agreement with a labor organization or cooperating labor organizations that represent retail or distribution center employees in the State. Under the Aspire statute, a labor harmony agreement shall be required only if the State has a proprietary interest in the redevelopment project and shall remain in effect for as long as the State acts as a market participant in the redevelopment project. N.J.S.A. 34:1B-328. This project does not have a State proprietary interest and therefore is not subject to this requirement.

Prevailing Wage Obligations:
The Aspire statute and rules require that for any project awarded Aspire tax credits all workers employed to perform construction work or building services work at the redevelopment project shall be paid prevailing wages, which continue through the end of the eligibility period. N.J.S.A. 34:1B-325. The applicant has acknowledged this requirement and that in any year where this is found not to be the case the Applicant shall forfeit the tax credit for that year.

Substantial Good Standing/Subcontractor and Contractor Requirements:
The Aspire statute and rules require that, for the duration of the eligibility period, the developer must be in substantial good standing (or have entered into an agreement) with the Departments of Labor and Workforce Development, Environmental Protection, and the Treasury for any project awarded Aspire tax credits and that each contractors and subcontractors performing work at the redevelopment project: is registered as required by the Public Works Contractor Registration Act, has not been debarred by the Department of Labor and Workforce Development from engaging in or bidding on Public Works Contracts in the State, and possesses a tax clearance certificate issued by the Division of Taxation in the Department of the Treasury.

<u>Availability of Emerge/Aspire Resources</u>
At the time of this recommendation, there are $2,022,183,425 in unallocated tax credit resources available to Aspire projects located in the northern-most counties in the State for the fiscal year.

Recommendation

Authority staff has reviewed the application for OAHS Manahan Village LLC and Morristown Family Aspire LLC and finds that it satisfies the eligibility requirements of the Aspire statute and rules. It is recommended that the Members approve and authorize the Authority to issue a commitment letter to the Applicant. Tax credit award would be credited towards the total available North Jersey award authority.

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

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

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

The approval is also conditioned upon the Applicant providing to the Authority within six months after approval satisfactory evidence that the Co-Applicant has received the necessary 501(c)3 determination from the Internal Revenue Service previously detailed in this recommendation.

The recommended approval is to award up to 35.21% of project costs, not to exceed $24,673,846 in Aspire tax credits based upon the applicant's request.

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Tim Sullivan, CEO

MEMORANDUM

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: May 10, 2023

RE: Aspire Program - Product #304879
260 Washington St Urban Renewal LLC

Request
Residential Project located in Newark, New Jersey, Essex County for the issuance of tax credits to the Aspire Program up to 45% of total project (eligible) costs, not to exceed $49,836,119.

Aspire Program Background
As created by the New Jersey Economic Recovery Act of 2020, N.J.S.A. 34:1B-322, et seq, the Act provides that the "authority shall administer the program to encourage redevelopment projects through the provision of incentive awards to reimburse developers for certain project financing gap costs." N.J.S.A. 34:1B-324. The Authority has established program rules at N.J.A.C. 19:31-23.1, et seq. (the "Rules"). Applications to the Program are evaluated to determine eligibility in accordance with the Act and the Rules To meet basic eligibility requirements, developers of residential projects must demonstrate (1) that without the incentive award, the Redevelopment Project is not economically feasible, (2) that a project financing gap exists after the developer has contributed an equity participation of at least 20 percent of the total development cost, and (3) the project meets specific cost thresholds, depending on where the project is located.

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

Project Description
The proposed Project named "The Metropolitan" will be a 23-story high-rise predominantly residential, mixed-use building located in the Central Business District of downtown Newark. The Project will have a gross building area of 230,698 square feet. The building will consist of 207 residential units, 67 of which will be affordable. The market affordability level is fifty (50%) percent of the Area Median Income (AMI). There will be a ground-floor retail component of approximately 4,000 square feet. The project site address is 260 - 272 Washington Street, consisting of Block 60: Lot; 2, 3, 4, 5, and 6 with a total acreage of 0.25 acres. The Project received both Preliminary and Final Site Plan Approval prior to this application.

Project Ownership
The ownership entity is 260 Washington St Urban Renewal LLC, which consists of a partnership between BN Property LLC with a 75% stake and Shift Catalyst with a 25% stake.

Lead Development Entity
BN Property LLC is jointly owned by Thafer Hanini and Samer Hanini and is a direct affiliate of the Hanini Group LLC. The Hanini Group has more than 20 years of experience and completed more than $700M of development projects. With 30 employees, it is a full-service development firm with in-house architecture, construction, and property management staff. Its portfolio consists of 30 properties that have been developed or are under management. The group and its affiliates have been a significant player in Downtown Newark, especially in the rehabilitation of historic buildings in the area. Some of its notable projects include Hahne's & Co., Hotel Indigo, and The Peoples Bank Building in Passaic, New Jersey.

Project Details
The Metropolitan, the Project is a 23-story high-rise predominantly residential, mixed-use building located in downtown Newark, NJ. This .25-acre site is located at 260 - 272 Washington Street in the Central Ward and Central Business District of Newark, New Jersey. The building will consist of 207 residential units, 67 of which will be set aside at 50 percent of AMI. There will be ground floor retail of approximately 4,000 square feet. The location is within walking distance of Newark Penn Station, the Newark Light Rail, and several bus stops. The Applicant will demolish the site's existing buildings but will retain the historic façade on the 260-266 Washington Street new development. The market rate units target market are residents earning 80-120 percent of AMI and the affordable rate units target market is 50 percent of AMI. The retail component target market will be specifically toward BIPOC businesses and would further aim to spur economic activity in this area. The Project intends to incorporate the Good Neighbor Program created and administered by development partner Shift Capital which will allow tenants to receive credits toward their rent in exchange for volunteering at a local nonprofit organization in Newark.

Project Uses and Sources
The Applicant proposes the following uses for the Project:

	Total Development Costs	Project Costs
Acquisition	$ 9,000,000	0
Hard Construction Costs	$ 91,287,680	$91,287,680
Professional Services	$ 4,640,379	$4,310,179
Other Soft and Financing Costs	$ 17,397,825	$15,149,074
Developer Fee (Non-Deferred Total)	$ 1,875,000	0
TOTAL	**$ 124,200,884**	**$110,746,933**

Project costs are the costs included in total development costs that are used for sizing the tax credit. By statute, eligible project costs exclude developer fee(s) and land acquisition. Additionally, various reserves to fund interest and operating expenses during lease-up are excluded by rules.

The Applicant proposes the following Sources for the Project:

Sources	Type	Amount
Permanent Loan	1st Mortgage	$42,292,000
Bridge Loan	Loan Secured by Aspire Proceeds	$32,803,000
Equity	Shift Capital Syndicated Equity	$23,406,366
Equity	LIHTC Equity	$ 18,847,366
Equity	Developer Contributed Equity	$5,851,591
	Total	**$124,200,884**

Developer Contributed Equity

Based on the equity requirement in the Rules of 20% of total development costs for a residential project not in a government-restricted municipality (N.J.A.C. 19:31-23.3), the required equity in this Project equates to $24,840,177. Equity consists of $5,851,591 in cash; $18,847,927 in Low-Income Housing Tax Credits; and pledged developer fees totaling $1,875,000 deferred until after stabilization and not being realized fully until 5 years after stabilization.

Statutory Aspire Award Cap

This residential Project is financed with a Nine-Percent Low-Income Housing Tax Credit allocation. Thus, it is eligible for an Aspire tax credit of 45 percent of Project cost. As a result of being located in a qualified incentive tract, the award cannot exceed $60 million (N.J.A.C. 19:31-23.7). Total project (eligible) costs per the Program Rules are estimated to be $110,746,933. As such, the Project is eligible for an Aspire tax credit not to exceed $49,836,120, which is the lesser of $60 million and 45 percent of total project costs.

Financing Gap Analysis

Because the Project is receiving low-income housing tax credits from NJHMFA, HMFA's deferred fee rules was also used to measure the appropriate and reasonable rate of return. The total developer fee is $3,750,000 with $1,875,000 deferred and not fully realized until the 5th year of operations which conforms to the HMFA rules.

Additionally, for informational purposes, NJEDA staff analyzed the pro forma and projections and compared the returns with and without the Aspire award over 13 years. The Applicant will utilize a 36-month timeframe to build and stabilize the Project. The analysis assumes a 10-year cash flow with an assumed exit through the sale of the Project in year 14 for purposes of calculating the Project IRR.

IRR without Aspire tax credit	5.44%
IRR with Aspire tax credit	6.10%

Without the benefit of the Aspire tax credit, the Equity IRR is 5.44%, which is below the Hurdle Rate of 16.2% contained in the hurdle rate model provided by EDA's contracted consultant Jones Lang LaSalle ("JLL") for comparable multi-family residential developments in Newark, NJ. As indicated in the chart above, a developer would not generally complete the project. The Applicant has elected to move forward with the Project even though the IRR with the award is still below the market hurdle rate.

Aspire Tax Credit Sale Price:

The Rules dictates that for projects that represent the new construction of residential units utilizing Federal Low-Income Housing Tax Credits, based upon a plan submitted to the Authority and NJHMFA to use the proceeds derived from the assignment of tax credits to complete the residential project, the consideration for the sale or assignment of the Aspire tax credits can be no less than 65 percent of the transferred credit amount before considering any further discounting to present value. The Applicant has provided documentation of this plan to the Authority that the consideration contemplated in the current financing structure is 89 percent of the transferred credit amount before considering any further discounting to present value. This plan indicates that a bridge loan will be secured by the future sale proceeds from the tax credits sales, and the present value of these loan proceeds received during construction implies a discount rate of 4.21% from the 89 percent consideration of the transferred credit amount. Staff finds that discount rate is reasonable. The ultimate financing structure and any changes in the future will be subject to this requirement and the Applicant will need to evidence this prior to any assignment or transfer of Aspire tax credits.

Net Positive Benefit Analysis:

As directed by the Act the NJEDA shall conduct a fiscal impact analysis to determine and ensure that the overall public assistance provided to an Aspire awarded project will result in a net positive economic benefit to the State. Exceptions to the requirement are capital investment for a residential project, a capital investment for a food delivery source, or a health care or health services center with a minimum of 10,000 square feet of space devoted to health care or health services that is located in a municipality with a Municipal Revitalization Index distress score of at least 50 lacking adequate access. N.J.S.A. 34:1B-333. The Project is a residential project and, therefore, the entire award and capital investment are not subject to the net positive economic benefit analysis.

<u>Other Statutory Criteria</u>

Scoring:

As established by the Rules at N.J.A.C. 19:31-23.7 (Approval of completed application; tax credit amounts) and further detailed in the memo provided to the Board at time of approval, the Applicant is required to achieve a minimum score to be eligible for an Aspire award. The Project was scored in the areas of Equitable Development, Smart Growth, Environmental Justice, and Climate Resilience. The Applicant has satisfactorily evidenced to staff that the Project is consistent with the policy objectives represented by this scoring criteria.

Community Benefit Agreement:

The Aspire statute indicates that for a Redevelopment Project whose total project cost equals or exceeds $10 million, a community benefit agreement is required to be entered into by the Authority, chief executive of the municipality and the applicant. N.J.S.A. 34:1B-328 (Incentive award agreement). As required by the Rules at N.J.A.C. 19:31-23.4 (Application Submission Requirements), the Applicant has provided a letter of support from the chief executive of the municipality acknowledging this requirement and affirming that the municipality shall proceed to negotiate a community benefits agreement in good faith with the developer and will execute the community benefits agreement within the time required by the Rules.

Labor Harmony Agreement:

The Aspire statute indicates that NJEDA shall not enter into an incentive award agreement for a Redevelopment Project that includes at least one retail establishment which will have more than 10 full-time employees, at least one distribution center that will have more than 20 full-time employees, or at least one hospitality establishment which will have more than 10 full-time employees, unless the incentive award agreement includes a precondition that any business that serves as the owner or operator of the retail establishment, distribution center, or hospitality establishment enters into a labor harmony agreement with a labor organization or cooperating labor organizations that represent retail or distribution center employees in the State. Under the Act, a labor harmony agreement shall be required only if the State has a proprietary interest in the Redevelopment Project and shall remain in effect for as long as the State acts as a market participant in the Redevelopment Project. N.J.S.A. 34:1B-328. This project does not have a State proprietary interest and therefore is not subject to this requirement.

Prevailing Wage Obligations:

The Aspire Act and Rules require that for any project awarded Aspire tax credits all workers employed to perform construction work or building services work at the Redevelopment Project shall be paid prevailing wages, which continue through the end of the eligibility period. N.J.S.A. 34:1B-325. The Applicant has acknowledged this requirement and that in any year where this is found not to be the case, the Applicant shall forfeit the tax credit for that year.

Substantial Good Standing/Subcontractor and Contractor Requirements:

The Aspire Act and Rules require that, for the duration of the Eligibility Period, the developer must be in substantial good standing (or have entered into an agreement) with the Department of Labor and Workforce Development, Environmental Protection, and the Treasury for any project awarded Aspire tax credits and that each contractor and subcontractor performing work at the Redevelopment Project: is registered as required by the Public Works Contractor Registration Act, has not been debarred by the

Department of Labor and Workforce Development from engaging in or bidding on Public Works Contracts in the State, and possesses a tax clearance certificate issued by the Division of Taxation in the Department of the Treasury.

Availability of Emerge/Aspire Resources

At the time of this recommendation, there are $2,022,183,425 in unallocated tax credit resources available to Aspire projects located in the northern-most counties in the State for the fiscal year.

Recommendation

Authority staff has reviewed the application for 260 Washington St Urban Renewal LLC and finds that it satisfies the eligibility requirements of the Act and Rules. It is recommended that the Members approve and authorize the Authority to execute an incentive award agreement. The tax credit award would be credited against the total available North Jersey award authority.

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

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

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

The recommendation is approval of an award of up to 45% of total project (eligible) costs, not to exceed $49,836,119 in Aspire tax credits based upon the financing gap illustrated by the Project's actual capital stack at time of commitment.

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Tim Sullivan, CEO

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: May 10, 2023

RE: Aspire Program- Product #306332
Northgate Preservation Urban Renewal LLC ("Applicant") and Hearthstone HVPG Northgate, LLC ("Co-applicant")

Request

The Members are asked to approve the application of Northgate Preservation Urban Renewal, LLC, ("Applicant") and Hearthstone HVPG Northgate, LLC ("Co-applicant") for the Project located in Camden, New Jersey, Camden County (the "Project"), for the issuance of tax credits to the Aspire Program ("Program") of the Authority as set forth in the New Jersey Economic Recovery Act of 2020 ("ERA"), N.J.S.A. 34:1B-322, et seq. ("Act").

As further detailed herein, the recommended approval is to award up to 45% of total project (eligible) costs, not to exceed $46,593,356 in Aspire tax credits based upon the financing gap illustrated by the Project's capital stack.

Aspire Program Background

As created by the New Jersey Economic Recovery Act of 2020, N.J.S.A. 34:1B-322, et seq, the Act provides that the "authority shall administer the program to encourage redevelopment projects through the provision of incentive awards to reimburse developers for certain project financing gap costs." N.J.S.A. 34:1B-324. The Authority has established program rules at N.J.A.C. 19:31-23.1, et seq. (the "Rules"). Applications to the Program are evaluated to determine eligibility in accordance with the Act and the Rules. To meet basic eligibility requirements, developers of residential projects must demonstrate (1) that without the incentive award, the Redevelopment Project is not economically feasible, (2) that a project financing gap exists after the developer has contributed an equity participation of at least 20 percent of the total development cost, and (3) the project meets specific cost thresholds, depending on where the project is located.

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

Project Description
The Project, known as "Northgate I Apartments", is a 21-story high-rise building with 321 units that is currently 100% occupied. It sits on a 2.09-acre site that is situated at 433 North 7th Street in Camden, New Jersey. The project was built in the 1960's, and there is a significant need for updating and improvement on account of both the building's age and deferred maintenance on account of previous owners.

Camden 7 Realty LLC currently owns the property. On September 20, 2022, the Amended and Reinstated Option Agreement was executed between the current owner, Camden 7 Realty LLC and Northgate Preservation Urban Renewal LLC, the purchaser and Applicant. The Applicant is proposing significant upgrades to each unit, the building and the grounds that will allow for the needed rehabilitation of the building while also preserving the long-term affordability of this asset.

Project Ownership
The Applicant and Co-applicant for the project are Northgate Preservation Urban Renewal LLC and Hearthstone HVPG Northgate LLC, and the Applicant will be the owner through a purchase of the property. The entities were created by Hudson Valley Property Group and Hearthstone Housing Foundation respectively.

The Applicant, Northgate Preservation Urban Renewal LLC is a wholly owned subsidiary of HVPG Northgate Apartments LLC. In turn, HVPG Northgate Apartments LLC is owned by Hudson Valley Property Group LLC (95% owner and the managing member) and HVPF II Northgate Apartments LLC (5%, as an investor member).

As is the case with many transactions that contain an allocation of Low-Income Tax Credits there will be an investor member assuming a 99.99% ownership at the financial closing with HVPG Northgate Apartments LLC becoming the managing member, assuming 0.01% ownership. Presently it is anticipated that Enterprise Housing Credit Investments, LLC will be the investor member of the partnership.

Lead Development Entity:
Hudson Valley Property Group, LLC, ("HVPG") was founded in 2010 based out of New York City, New York. Their goal is to address some of the challenges facing our communities' existing affordable housing stock. HVPG used the financial and real estate industry background of the founders to build a solution-oriented organization that would enhance the vitality of properties and have a lasting impact on the communities they serve. Since its inception, the team's unique backgrounds, and mission-driven business approach have expanded their portfolio across multiple states including more than 8,000 units and growing including senior, family, and mixed-resident properties.

Co-Applicant
The co-applicant is Hearthstone HVPG Northgate LLC ("Hearthstone HVPG"), an entity wholly owned by the Hearthstone Housing Foundation ("Hearthstone") which is a 501(c)3 and that will participate as a nonprofit in the Project financing. Authority staff is in receipt of an IRS 501(c)3 Determination Letter for Hearthstone. Hearthstone HVPG is a disregarded entity for tax purposes and thus takes on the characteristics of its parent and therefore is a non-profit for taxation purposes under the provisions of Section 501(c)3 of the Internal Revenue Code.

Hearthstone HVPG will be contributing services related to the Project that directly affect and serve residents of the Redevelopment Project. These services will broadly take the following form:

- Aid in researching and referring services for the Resident Services Program
- Evaluate potential additional service providers
- Aid in evaluating staff at the property with resident service responsibilities as needed
- Provide free backpacks and supplies at commencement of school term
- Provide access to Hearthstone's scholarship fund for qualifying residents of Northgate I Apartments
- Meet regularly to ensure the building is running to HVPG's standards

Additionally, Hearthstone HVPG will provide services tailored to the Northgate I Apartments resident population that will provide a safe environment which empowers the community toward the following outcomes:

- Housing Stability: Ensuring all residents have the ability to live within the community
- Economic Mobility: Through innovative programs and partners, encouraging the use of sustainable financial planning techniques
- Employment: Strengthening partnerships with local and state employers and educational institutions to support income growth for individuals and families
- Community Engagement: Creating and encouraging opportunities for a better quality of life.
- Education: Growing access to quality, affordable education programs
- Health: Growing and sustaining access to high-quality healthcare services to increase the well-being of the community

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

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

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

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

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

Hearthstone Housing Foundation has been providing service-enriched affordable housing for low-income families, the elderly and disabled since 1992 with a portfolio of nearly 200 properties. Their mission has been carried out by partnering with private developers to build quality housing in areas of need.

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

Authority staff has reviewed financial statements provided by Hearthstone Housing Foundation substantially evidencing the ability to provide the proposed services.

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

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

Architect:
Design for the Project has been undertaken by Kramer Marks, a full -service design firm providing architecture, master planning, historical analysis, feasibility studies, schematic design, design development, cost estimating and budget control, interior design, and site analysis. The firm was founded in 1977 by William E. Kramer.

Kramer Marks has experience in a wide range of industries with a portfolio of completed work including 1] 810 Arch Street, Philadelphia, P.A. a residential, affordable housing apartment complex; 2] Cooper Plaza, Camden, N.J. a residential, affordable housing apartment complex; 3] Villa Victoria, Newark, N.J. a residential, affordable housing apartment complex; and 4] Arbor Terrace Shrewsbury, Tinton Falls, N.J. a residential, senior apartment complex.

General Contractor:
The general contractor for the Project is ETC Companies LLC, a full-service general contracting company providing services in the area of design and construction. ETC has successfully completed over 100 projects representing $1 billion in completed work encompassing over 30,000 units and all involving the rehabilitation or construction of large multifamily affordable housing complexes.

<u>Project Details</u>
The Project needs modern amenities as well as upgrades. The improvements will include unit modernization, energy efficient systems and appliances. Additionally, remediation work is needed due to environmental conditions regarding lead-based paint, water lead, PCE in groundwater, underground storge tanks, asbestos containing material and water intrusions. Once rehabilitated, the unit mix of the property will stand at 135 studio units, measuring 558 square feet each; 147 one-bedroom units, measuring 837 square feet each; and 39 two-bedroom units, measuring 1,128 square feet. The gross rents range from $798 to $2,006.

The Applicant has agreed to comply with the Energy Star Homes Program as per NJMHFA's Green Standard Requirements which also complies with the NJEDA's Green Building Standards.

The Applicant expects rehabilitation to begin in June 2023 with an anticipated completion date of February 2025.

During the construction period for this rehabilitation, no residents will be permanently displaced and temporary relocations during construction will be limited, mitigating the disturbance to tenants. The majority of unit renovations will be done trade by trade, building by building. This allows for unit renovations to occur during the day, thereby requiring residents only to vacate their units during weekday, daytime hours. These residents will be accommodated in a hospitality unit on-site, minimizing the disturbance to their everyday lives.

The interior scope of work includes new Energy Star appliances, elevator system modernization, kitchen fire extinguishers, light fixtures, plumbing repairs, smoke and carbon monoxide detectors, thermostats, boilers, cooling units, electrical vehicle charges in garage areas, parking garage ventilation system, building generator, and wireless internet installation. New common areas to be constructed include a kitchenette, bathrooms, laundry room, management office, fitness center and security camera systems.

The exterior scope of work includes façade brickwork, main and rear entrance canopy upgrades,
new roofing, brickwork painting, installation of energy efficient windows, replacement of entrance and vestibule doors, replacement of parking garage doors, underground parking garage structure and waterproofing repairs, upgrade balcony railings and repair slabs.

Site work will include repair of concrete trip hazards, retaining wall, walking accessibility route from parking to building entrance, landscaping, parking lot striping, bike racks, signage and playground area.

Project Uses and Sources

The Applicant proposes the following Uses for the project:

	Total Development Costs	Project Costs
Acquisition	$40,897,837	$37,197,837
Hard construction costs	$46,529,433	$46,529,433
Professional services	$2,754,569	$2,204,569
Financing and other soft costs	$25,527,008	$17,608,951
Developer Fee (Non-Deferred Total)	$11,752,000	$0
Total	**$127,460,847**	**$103,540,790**

Project costs are the costs included in total development costs that are used for sizing the tax credit. By statute, eligible project costs exclude the acquisition value of the land and developer fee(s). Additionally, various reserves to fund interest and operating expenses during lease-up are excluded by rules. Thus, the eligible project costs total $103,540,790.

The Applicant proposes the following Sources for the Project:

Sources	Type	Amount
Permanent Loan	1st Mortgage	38,441,000
Equity	LIHTC Proceeds	$45,160,088
Bridge Loan	Aspire	$27,976,159
Sellers Note	Sellers Note	$5,000,000
Project net operating income (NOI)	Project NOI	$831,071
Bond Reinvestment Income	Bond Proceeds	$4,516,050
Developer Contributed Equity	Deferred Developer Fee	$5,536,479
	Total	**$127,460,847**

Developer Contributed Equity
Based on the equity requirement in the Rules of 20% of total development costs for a residential project not in a government-restricted municipality (N.J.A.C. 19:31-23.3), the required equity in this Project equates to $25,492,169. Equity consists of LIHTC proceeds in the amount of $45,160,088 and the deferred developer fee of $5,536,479.

Statutory Aspire Award Cap
Residential projects that are rehabilitations are subject to an Aspire tax credit cap of 45% of project costs not to exceed $60 million for projects located in a qualified incentive tract. N.J.A.C. 19:31-23.7. Total development costs of the project ("TDC") are estimated to be $127,460,847 with project costs per the Rules estimated to be $103,540,790. As such, the Project is eligible for an Aspire tax credit not to exceed $46,593,356 which is the lesser of $60 million and 45 percent of the project costs. This is the maximum potential award.

Financing Gap Analysis
NJEDA staff has reviewed the application to determine if there is a shortfall in the project development economics pertaining to the return on the investment for the developer and their ability to attract the required investment for this Project. Because the Project is receiving Low-Income Housing Tax Credits from NJHMFA, HMFA's deferred fee model was used to measure the appropriate and reasonable rate of return. The total developer fee is $11,752,000 with $5,535,479 deferred and not fully realized until the 10th year of operations which conforms to the HMFA rules.

Aspire Tax Credit Sale Price:
The Aspire Statute dictates that for projects that do not represent the new construction of residential units the consideration for the sale or assignment of the Aspire tax credits can be no less than 85 percent of the transferred credit amount before considering any further discounting to present value. The Applicant has provided documentation to the Authority that the consideration contemplated in the current financing structure is 89 percent of the transferred credit amount before considering any further discounting to present value. Currently it is anticipated that a bridge loan will be secured by the future sale proceeds from the tax credit sales, and the present value of these loan proceeds received during construction implies a discount rate of 5.02% from the 89 percent consideration of the transferred credit amount. Staff finds that discount rate is reasonable. The ultimate financing structure and any changes in the future will be subject to this requirement and the Applicant will need to evidence this prior to any assignment or transfer of Aspire tax credits.

Net Positive Benefit Analysis:
As directed by the Act, the NJEDA shall conduct a fiscal impact analysis to determine and ensure that the overall public assistance provided to an Aspire awarded project will result in a net positive economic benefit to the State. Exceptions to the requirement are capital investment for a residential project, a capital investment for a food delivery source, or a health care or health services center with a minimum of 10,000 square feet of space devoted to health care or health services that is located in a municipality with a Municipal Revitalization Index distress score of at least 50 lacking adequate access. N.J.S.A. 34:1B-333. The Project is a residential project and, therefore, the entire award and capital investment are not subject to the net positive economic benefit analysis.

Other Statutory Criteria

Scoring:

As established by the Rules at N.J.A.C. 19:31-23.7 (Approval of completed application; tax credit amounts) and further detailed in the memo provided to the Board at time of approval, the Applicant is required to achieve a minimum score to be eligible for an Aspire award. The Project was scored in the areas of Equitable Development, Smart Growth, Environmental Justice, and Climate Resilience. The Applicant has satisfactorily evidenced to staff that the Project is consistent with the policy objectives represented by this scoring criteria.

Community Benefit Agreement:

The Act indicates that for a Redevelopment Project whose total project cost equals or exceeds $10 million, a community benefit agreement is required to be entered into by the Authority, chief executive of the municipality and the applicant. N.J.S.A. 34:1B-328 (Incentive Award Agreement). As required by the Rules at N.J.A.C. 19:31-23.4 (Application Submission Requirements), the Applicant has provided a letter of support from the chief executive of the municipality acknowledging this requirement and affirming that the municipality shall proceed to negotiate a community benefits agreement in good faith with the developer and will execute the community benefits agreement within the time required by the Rules (six months, with two possible three-months extensions, after this approval).

Labor Harmony Agreement:

The Act indicates that NJEDA shall not enter into an incentive award agreement for a Redevelopment Project that includes at least one retail establishment which will have more than 10 full-time employees, at least one distribution center that will have more than 20 full-time employees, or at least one hospitality establishment which will have more than 10 full-time employees, unless the incentive award agreement includes a precondition that any business that serves as the owner or operator of the retail establishment, distribution center, or hospitality establishment enters into a labor harmony agreement with a labor organization or cooperating labor organizations that represent retail or distribution center employees in the State. Under the Act, a labor harmony agreement shall be required only if the State has a proprietary interest in the Redevelopment Project and shall remain in effect for as long as the State acts as a market participant in the Redevelopment Project. N.J.S.A. 34:1B-328. This Project does not have a State proprietary interest and therefore is not subject to this requirement.

Prevailing Wage Obligations:

The Act and Rules require that for any project awarded Aspire tax credits all workers employed to perform construction work or building services work at the Redevelopment Project shall be paid prevailing wages, which continue through the end of the Eligibility Period. N.J.S.A. 34:1B-325. The Applicant has acknowledged this requirement and that in any year where this is found not to be the case the Applicant shall forfeit the tax credit for that year.

Substantial Good Standing/Subcontractor and Contractor Requirements:

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

Division of Taxation in the Department of the Treasury.

Availability of Emerge/Aspire Resources

At the time of this recommendation, there are $1,155,000,000 billion in unallocated tax credit resources available to Aspire projects located in the southern-most counties in the State for the fiscal year.

Recommendation

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

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

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

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

The recommendation is approval of an award of up to 45% of total project (eligible) costs, not to exceed $46,593,356 in Aspire tax credits based upon the financing gap illustrated by the Project's actual capital stack at time of commitment.

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Tim Sullivan, CEO

NJEDA

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: May 10, 2023

SUBJECT: New Jersey Evergreen Innovation Fund: May 2023 Qualified Venture Firm Approvals

SUMMARY

Staff requests the Members approve the inaugural cohort of venture firms, described in **Table 1** of this memorandum, as Qualified Venture Firms under the New Jersey Innovation Evergreen Program. The designation will allow the Qualified Venture Firms to apply for program Qualified Investment co-investment capital to invest in eligible high-growth New Jersey-based companies. Any Qualified Investments, the application for which is expected to open in Q2 2023, will be presented to the Members for consideration following eligibility review conducted by NJEDA staff.

BACKGROUND

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

The Act authorizes the NJEDA to sell up to $300 million of Corporation Business Tax (CBT) credits through a series of competitive auctions, proceeds of which are to be deposited in the Evergreen Fund to be used for Program investments. The Board approved the sale of $50 million in tax credits through the inaugural Program auction in December 2022. Based on the outcome of the inaugural auction, participants were approved to purchase the $50 million of tax credits for an aggregate amount of $41.1 million. This represents an average purchase price of 82% of tax credit face value, 7% higher than the statutory requisite of 75%. In addition, when considering the $3.8 million cost of proposed strategic commitments that will benefit the innovation ecosystem in the State of New Jersey, the average benefit to the State further increases to 90% of tax credit face value. The proceeds of the auction are added to the $5 million of Program funds received through a FY2023 State budget appropriation to fund initial Evergreen Fund investments and expenses.

To invest the Evergreen Fund monies, the Program establishes an application process through which venture firms first apply for designation as a Qualified Venture Firm. Venture firms, which do not need to be located in the State, may apply for designations on a rolling basis, and applications are reviewed in order of submission. This memo seeks Board approval to designate three applicant venture capital firms as Qualified Venture Firms.

To access Program co-investment capital, Qualified Venture Firms may then apply for Qualified Investments on a rolling basis. The Program application for Qualified Investments is expected to open in 2Q 2023. Qualified Venture Firms will be able to apply to the Authority to access capital in the Evergreen Fund to make up to two initial Qualified Investments per year into eligible New Jersey-based high-growth businesses. Each request for a Qualified Investment may be for up the Program investment limit of $5 million, or up to $6.25 million for businesses that meet any of the following criteria: i) certified by the State as a “minority business” or “women’s business” pursuant to P.L. 1986, c. 195 (N.J.S.A. 52:27H-21.17 et seq.), ii) considered a NJ university spin-off business, or iii) utilizes intellectual property that is core to its business model and was developed at a NJ-based college or university. All Qualified Investments from the Fund must be a co-investment that is matched by the Qualified Venture Firm at least 1:1. The Authority will reserve Fund capital for follow-on investments in Qualified Businesses in an amount based on the same ratio used by the Qualified Venture Firm, up to the Program investment limits noted above in any twelve-month period. The terms of each eligible Qualified Investment will be presented to the Board of the Authority, along with the recommendation for approval of each Qualified Investment.

The application for designation as a Qualified Venture Firm opened on December 16, 2022. Applications are made on a rolling basis, and applications are reviewed in the order in which they are received. Since December 16, 2022, the NJEDA has received eleven (11) applications; seven incomplete applications are in-process, and three completed applicant submissions are presented here for approval.

QUALIFIED VENTURE FIRM CERTIFICATION REQUIREMENTS

Venture firm applicants can apply for designation either before identifying a potential Qualified Investment, or in conjunction with an application for a Qualified Investment.

Venture firm applicants that meet all Program eligibility requirements (detailed in N.J.A.C. 19:31-25.7) and that have submitted all required documentation will be scored based on the Program’s weighted criteria evaluation model for venture firms. The primary eligibility requirements, which are detailed below, must be met both at the time of application for initial certification and at the time of application for investment.

1) Number of Investors Employed by the Firm: Qualified Venture Firms must have least two full-time persons employed to direct investment capital with at least five years of professional money management experience (each) at the time of application.

2) Minimum Assets Under Management: Qualified Venture Firms must demonstrate at least $10,000,000 in assets under management at the time of application, which will be measured as the sum of a firm's net assets of the funds managed by the qualified venture firm, equity capitalization of the funds managed by the qualified venture firm, and written commitments of cash or cash equivalents committed by investors.

Applications that meet all Program eligibility requirements must also meet or exceed the minimum acceptable score through an objective weighted criteria scoring model, which is made publicly available on the Program's website. Only venture firm applicants that meet or exceed the minimum acceptable score, which was approved by the Board in April 2022, may be considered for a Qualified Venture Firm designation.

The evaluation methodology places a material emphasis on venture firm applicants' diversity, equity, and inclusion policies and implementation thereof. Diversity, equity, and inclusion are foundational elements of building a stronger and fairer State economy. Based on the 2023 Program's weighted criteria scoring model, venture firm applicants must demonstrate robust diversity, equity, and inclusion policies to meet the Program minimum acceptable score. For firms with policies that have been in place for at least a year, the weighted criteria scoring model also places material emphasis on each firm's track record of progress against that firm's diversity, equity, and inclusion policy goals. Applicant responses to diversity, equity, and inclusion policy categories are evaluated independently by the Authority's Diversity, Equity, and Inclusion Department using an objective policy demonstration framework tool made publicly available on the Program website to test applicant policies' conformity with industry best practices.

Appendix A provides a brief summary of each the three venture firms that have been selected for Board approval. Please refer to **Appendix B** for an overview of specific 2023 Program weighted criteria evaluation model and minimum acceptable score.

QUALIFIED VENTURE FIRM COMPLIANCE REQUIREMENTS

Qualified Venture Firms must submit an annual report to the Authority demonstrating they remain in compliance with program requirements. For example, firms must continue to maintain $10,000,000 in assets under management and have two full-time people employed to direct investment capital with at least five years of professional money management experience. Firms that fall out of compliance with program requirements risk decertification. The annual reports will also include documentation demonstrating Qualified Venture Firm's efforts to identify New Jersey-based investment opportunities.

Additionally, Qualified Venture Firms that receive points through the Program's weighted criteria evaluation model for maintaining robust diversity, equity, and inclusion or New Jersey Incentive

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

RECOMMENDATION:

Based on the evaluation conducted by Authority staff, according to the criteria established by the legislation, and clarified through Program regulations and the April 2022 Program Board memorandum, designation as a Qualified Venture Firm is recommended for the venture firm applicants listed in **Table 1**, conditioned on execution of Qualified Venture Firm Agreement. Applications are reviewed by Staff on a rolling basis and presented to the Board in order of completed application received.

Table 1: May 2023 Proposed Qualified Venture Firms

Firm Name	Assets Under Management	HQ Location	Score	Minimum Acceptable Score*
Fin Venture Capital Management LLC	$1.1B	CA	19.0	17.0
Tech Council Ventures LLC	$56M	NJ	22.0	17.0
Signet Healthcare Management LLC	$328M	NY	20.0	17.0

*The minimum acceptable score and total possible points increases by 7 points for applicants with a DE&I policy in place for at least one year to ensure applicants made demonstrable progress towards their policy goals.

Tim Sullivan, CEO

Prepared by:
Curtis Lee – Senior Product Officer, Venture Programs
Alexander Pachman – Manager, Venture Programs
Grace Warner – Product Officer, Venture Programs

Attachments:

Appendix A – May 2023 Proposed Qualified Venture Firm Designations
Appendix B – Qualified Venture Firm Weighted Criteria Evaluation Model
Appendix C – Confidential Detailed Scoring of May 2023 Qualified Venture Firm Applicants

Appendix A – May 2023 Proposed Qualified Venture Firm Overviews

Fin Venture Capital Management LLC

Overview
Fin Venture Capital Management LLC ("Fin Capital") was founded in 2018 by leading entrepreneurs and investors who have built, invested in, and successfully scaled financial technology ("FinTech") companies on a global basis. The firm's vision is to serve as fiduciaries in stewarding transformative enterprise FinTech companies from seed-stage to realization, while driving consistent alpha for its limited partners, and building a tremendous reputation and legacy in the financial services and venture capital industries. Fin Capital manages over $1B in assets under management, has offices in San Francisco, New York, Los Angeles, Miami, and London, and currently has over 100 portfolio companies globally. Fin Capital is backed by significant global institutional and family office investors.

Strategy
Fin Capital is focused on enterprise FinTech software. The firm principally focuses on the US and the EU/UK, and selectively in Latin America, Israel, and Canada. As former corporate and start-up operators, the Fin Capital team takes an active value-added approach, leveraging its operating playbook to steward its portfolio companies through business development, capital formation, corporate development, board advisory and talent sourcing.

Fin Capital seeks out B2B companies with superior SaaS metrics that are capital light, with global technology portability and TAMs (total addressable market), sticky/predictable revenues, defensible margins (70-80%) and strong exit multiples (approximately 3x B2C multiples).

Fin Capital has built a global asset management platform across its early-stage (Regatta & Flagship funds), growth equity (Horizons funds) and public markets (Constellation) strategies. Fin Capital expects the New Jersey Innovation Evergreen Fund to invest alongside its early-stage (Flagship) and/or growth equity fund (Horizons) funds.

Investment and Management Team
The firm is headed by Founder/Managing Partner, Logan Allin, General Partners, Ren Riley and Christian Ostberg, Investment Partner, Henry Cashin, Partner and Chief Capital Officer, Kevin Nee, and Partner/CFO/CCO Marcella McColl, along with a team of seasoned investment professionals and platform operating value support. The management team has a combined investing and operational experience of greater than 50 years.

Mr. Allin was most recently Vice President of SoFi Ventures, where he was tasked with investing in and working hands-on with FinTech companies, as well as running SoFi's accelerator and corporate development efforts. Prior to Sofi, Mr. Allin focused on entrepreneurial advisory and operating roles at Light Street Capital, Formation 8/Group, Zanbato, Addepar, Point Finance, Price, BridgeAthletic and ONEHOPE. Mr. Riley has over 20 years of venture capital industry experience. Before joining Fin Capital, Mr. Riley was co-founder and managing director of

Enclave Liquidity Partners, a venture firm he co-founded in 2019. Mr. Ostberg most recently was an investor at Thomvest Ventures, a $500 million multi-stage venture capital fund. Prior to joining Fin Capital, Mr. Cashin was the US Corporate Strategy Lead at Klarna, Europe's most valuable privately held FinTech company. Mr. Nee was most recently Head of Capital Formation for Fifth Wall and previously held several leadership positions in the private markets and broader financial services industry since the early-1990s.

New Jersey Investment History

Over the past five years the firm has invested in the following New Jersey-based businesses: Banyan (2022), Holmdel, New Jersey; Certificial (2022), Jersey City, New Jersey.

Tech Council Ventures LLC

Overview

Founded in 2000, Tech Council Ventures LLC ("Tech Council Ventures") is a New Jersey-based early-stage venture capital firm. The firm has been a leader in investing and supporting New Jersey-based entrepreneurs and companies. The firm has raised capital from public, corporate, and individual business leaders, many with an affinity for the local community. Tech Council Ventures invests in startups across industry sectors such as healthcare, enterprise technology, and cleantech. The firm's first fund performed in the top 5% of benchmarks. Tech Council Ventures II LP, its current fund, is in the final year of its investment period. The firm has started raising its next fund, with a target capital raise of $75M. Current assets under management are $56M. The Authority is a Limited Partner investor in Tech Council Ventures II LP and invested in the firm's predecessor fund, NJTC Venture Fund, L.P. The firm also serves on the Authority's Technology Advisory Board, has participated in New Jersey Founders and Funders events, and utilized the Angel Investor Tax Credit program.

Strategy

Tech Council Ventures makes venture capital investments in early-stage companies operating in the advanced materials, clean energy, technology, and healthcare sectors. The firm's second fund, Tech Council Ventures II LP is committed to invest 50% of its capital, on a best-efforts basis, in New Jersey, with the rest in surrounding states making up the Mid-Atlantic region, defined as NJ, NY, PA, CT, MD, DE, and DC. Unlike the San Francisco Bay Area and Boston, the firm believes that the local market has more reasonable valuations and that New Jersey has been underserved by investors with a decline in funds under management and invested over the last years, resulting in less competition for investment.

The firm has a unique affiliation with TechUnited:NJ (formerly New Jersey Technology Council), which is the leading association in the region supporting entrepreneurs, innovators, technology companies, universities, and service providers to this community. This relationship provides Tech Council Ventures enhanced access to deal flow in the region and a strong network to assist initial due diligence and later growth in the companies in which the firm invest.

The TechUnited:NJ network and the firm's extensive experience and historical relationships with the corporate venture capital ecosystem enables Tech Council Ventures to source and diligence new investments, and to assist its portfolio companies with entrepreneurial resources and business acceleration.

Investment and Management Team

The Managing Partners of the firm, Jim Gunton and Stephen Socolof, have each been investing in this asset class and regional market for over 20 years. Jim Gunton was one of the Founders and a key investor at the firm when it was formed in 2000. He previously invested in the region as a partner with Edison Venture Fund. Stephen Socolof joined Mr. Gunton for Fund II after leading another firm based in the region, New Venture Partners. Mark Kolb, with a background in operating successful healthcare technology companies, is an Entrepreneur-in-Residence for Fund II. He will join the firm as a partner for Fund III.

New Jersey Investment History

Over the past five years the firm has invested in the following New Jersey-based businesses: Forefront Telecare (April 2019), Hamilton, New Jersey; Princeton Identity (December 2019), Hamilton, New Jersey; Regenosine (March 2021), Princeton, New Jersey; SunRay Scientific (March 2019), Eatontown, New Jersey; Vitalief, (December 2021), New Brunswick, New Jersey; Vydia (April 2018), Holmdel, New Jersey.

Signet Healthcare Management LLC

(DBA Signet Healthcare Partners)

Overview

Founded in 1998, Signet Healthcare Partners ("Signet") is a New York City-based investment firm that is a leading provider of growth capital to innovative healthcare companies around the world. Signet invests in commercial-stage healthcare companies that are revenue generating or preparing for commercial launch. The firm focuses primarily on the pharmaceutical and medical devices sectors. Signet is an active investor and partners closely with management teams to support growth and build successful businesses.

During the firm's 24-year history, Signet has developed a strong reputation and track record of successful investments. Since inception, Signet has raised funds, with aggregate capital commitments in excess of $500 million, and has invested in more than 55 companies. These investments have generated strong returns for the firm's investors through capital market transactions and M&A exits. Signet is currently making new investments out of its fifth fund ("Fund V'). The Fund V team is led by the three senior investment professionals described below and a network of venture partners and operating advisors.

Throughout Signet's history, the firm has remained focused on growth-stage healthcare investing. The team of investment professionals and network of advisors have decades of experience investing in and building successful businesses across capital market cycles. Signet serves the role of domain experts and strategic partners to their portfolio companies and their management teams. The firm maintains a concentrated portfolio which enables Signet to play an active role in building value by working closely with portfolio companies. The firm is also an applicant for the Authority's Angel Investor Tax Credit and SSBCI Life Sciences Fund programs.

Strategy

Signet seeks to be value-added partners to portfolio companies and focuses investments on industries in which the team has expertise. The firm's investments have consistently been concentrated in the following market segments: 1) Specialty pharmaceuticals (including Generics), 2) Pharmaceutical services, 3) Medical devices, and 4) Diagnostics.

Signet invests in commercial stage companies within sector focus areas that are generating revenues or gearing up for commercial launch and does not typically invest in earlier stage development companies. Target portfolio companies are typically based in North America and Europe, but the firm has a history of investing in other geographies, albeit usually with a local partner. Signet's investments have included several New Jersey-based companies in recent years.

The firm typically leads investment rounds in which it participates, with investment sizes ranging between $10-50 million. Post investment, Signet collaborates with management teams through active involvement on Boards to drive revenue growth and operating leverage. The firm adds value to its portfolio companies by granting access to the firm's broad networks of strategic partners and operators, supplementing management teams with talented individuals, and by providing strategic insights, corporate finance advice, and business development assistance.

Investment and Management Team

Signet's Managing Directors, who sit on the firm's investment committee, James Gale, Nikhil Puri, and Ashley Friedman, have each been investing in their target asset class for over 20 years, and have been investing together at Signet since 2016. Mr. Gale founded Signet's predecessor firm in 1998 in partnership with the then-principals of Sanders Morris Harris Group. Mr. Puri joined Signet in 2016 to assist in launching and investing Fund IV. Prior to joining Signet, Mr. Puri spent over 5 years working for Pfizer, Inc., most recently as Vice President and Head of Worldwide Business Development for the Essential Pharmaceuticals business. Mr. Friedman joined Signet in 2014 to expand the Firm's professional capabilities for Fund III. Prior to joining Signet, Mr. Friedman spent over 11 years working for Investor Growth Capital's dedicated healthcare team, which focused on development-stage and commercial-stage pharmaceutical, medical devices, and diagnostics investments.

New Jersey Investment History

Over the past five years the firm has invested in the following New Jersey-based businesses: Advantice Health (2019) – Cedar Knolls, New Jersey, and Ascendia Pharma (2021) – North Brunswick, New Jersey.

Appendix B – Qualified Venture Firm Weighted Criteria Evaluation Model

The New Jersey Innovation Evergreen Fund venture firm weighted criteria evaluation model and scoring methodology was approved by the Board of the Authority in April 2022 and is publicly available on the program website.

Qualified Venture Firms must meet all program eligibility requirements and meet or exceed the Program minimum acceptable score on the weighted criteria evaluation model. Section 28 of the NJIEF statute, P.L. 2020, c. 156 (amended by P.L. 2021, c. 160) outlines the required categories to be included (further clarified in N.J.A.C. 19:31-25.7 of the Program's regulations). The scoring criteria and weights will be evaluated on a continual basis by Authority staff for potential annual adjustments, to be approved by the Members.

Dynamic Scoring

The weighted criteria model uses dynamic scoring to increase the total possible points and total acceptable score by 7 points for firms that have had a diversity, equity, and inclusion policy in place for at least one year. These firms will be required to demonstrate a track record of making progress towards achieving their policy goals to receive the additional 7 points. Firms unable to do so will be able to earn 5 points if they are able to demonstrate a track record of best efforts towards achieving their policy goals. Venture firm applicants with a newly created diversity, equity, inclusion policy will not be penalized for a failure to demonstrate a track record of achieving policy goals. For those firms, criteria #3a and #3b are removed from the scoring model, reducing the maximum achievable score and the minimum acceptable score by 7 points. This dynamic approach to the Program's total possible score and minimum acceptable score will enable the NJIEF to serve as a catalyst within the venture capital ecosystem, requiring firms that lack diversity, equity, and inclusion policies to establish such policies, while also requiring firms with preexisting policies to demonstrate progress made towards achieving policy goals.

Minimum Acceptable Scores

Venture firm applicants with diversity, equity, and inclusion policies that have been in place for at least one year must receive a score of at least 24 out of a possible 37 points on the Program's weighted criteria scoring model to be certified as a qualified venture firm. Firms with a newly created diversity, equity, and inclusion policy, including firms that may be creating a policy in conjunction with their Program application, must receive a score of at least 17 points out of a possible 30 points. In both cases, it will not be possible for firms to achieve the minimum acceptable score without robust diversity, equity, and inclusion policies.

Table 2: Venture Firm Weighted Criteria

Criteria Number	Scoring Criteria	Score Weight
1	Does the firm have a clearly articulated internal policy promoting diversity, equity, and inclusion within the venture firm/management company, specifying relevant evaluation metrics when applicable?	8.5
2	Does the firm have a clearly articulated investment policy promoting diversity, equity, and inclusion within their portfolios, specifying relevant evaluation metrics when applicable?	5.0
	Have any of the firm's diversity, equity, and inclusion policies been in place for at least one year?	
3a	Does the firm have a demonstrable track record of making progress against its diversity, equity, and inclusion policy goals?	7.0/0.0
3b	If not, does the firm have a demonstrable track record of making best efforts towards achieving its diversity, equity, and inclusion policy goals?	5.0/0.0
4	Has the NJEDA been an investor in a current or prior fund with the firm?	0.5
5	Has the firm worked with other NJEDA programs or participated in NJEDA organized functions to support targeted industries and the innovation ecosystem?	0.5
6	Does the firm have a New Jersey office?	0.5
7	Has the firm made at least two investments into NJ startups from funds raised in the past five years?	0.5
8	Does at least one member of the firm's senior management team have at least 2 years of relevant experience working for a business in a targeted industry?	1.0
9	Does at least one member of the firm's senior management team have at least 5 years of relevant experience working for a business in a targeted industry?	1.0
10	Does the senior management team have at least 2 years of experience working together?	1.0
11	Does the senior management team have at least 5 years of experience working together?	1.0

12	Does the firm control sufficient assets under management such that a $5M investment would represent less than 15% of the firm's total assets under management?	1.0
13	Does the firm control sufficient assets under management such that a $10M investment would represent less than 15% of the firm's total assets under management?	1.0
14	Has the firm formally raised capital for the fund that will co-invest alongside the NJIEF in the coming year?	1.0
15	Regarding the fund that would co-invest alongside the NJIEF in the coming year, does the fund have an annual management fee less than or equal to 2.5% of capital committed by investors?	1.0
16	Regarding the fund that would co-invest alongside the NJIEF in the coming year, is the fund's incentive compensation rate (commonly referred to as carried interest rate) at or below 20% of investment profits?	1.0
17	Has the firm previously raised and invested an institutional fund?	1.0
18	Does the firm have a regional investment policy, directing at least 25% of invested capital to New Jersey or surrounding geographic areas, not to encompass more than the Mid-Atlantic region?	0.5
19	Does the firm have at least one fund, raised within the past 10 years, that has performed better than the median relative to its peer group of investors with the same strategy for the same vintage year?	1.0
20	Have all the firm's funds, raised within the past 10 years, performed better than the median relative to peer group investors with the same strategy for the same vintage years?	1.0
21	Have any of the firm's institutional funds distributed more capital back to its investors than they have invested, including fees.	1.0
22	Does the firm have an office in an incentive area in New Jersey?	0.5
23	Does the firm's senior management team agree to create policy certifying that the firm will dedicate a greater portion of Evergreen funding into businesses located in New Jersey incentive areas?	0.5
	Total Possible Points	**37.0/30.0**
	Minimum Acceptable Score	**24.0/17.0**

Applicant responses to diversity equity and inclusion policy categories will be evaluated by the Authority's Diversity, Equity, and Inclusion Department using a policy demonstration framework tool made publicly available on the Program's website, to test conformity with industry best practices. Only firms that demonstrate internal or investment diversity, equity, and inclusion policies sufficiently robust such that they meet the requirements of at least 4 out of the 10 categories included in the policy demonstration framework tool presented in Tables 3 and 4 will be rewarded the related criteria points for categories #1 and #2 outlined in Table 2. If needed, applicants may strengthen their diversity, equity, & inclusion policies and submit additional supporting documentation throughout the application process, which enables the Program to catalyze increased focus on diversity, equity, and inclusion in the innovation ecosystem.

Table 3: Venture Firm Internal DE&I Policy Demonstration Framework Tool

Criteria Number	Scoring Criteria	Score Weight
1	Does the firm track diversity metrics for the Firm/Management Company, including Ownership, Investment Committee and Professionals?	1.0
2	Does the firm have a diversity, equity, and inclusion policy that addresses recruitment and retention?	1.0
3	Does the firm have Code of Conduct/Code of Ethics, that covers harassment, discrimination, or workplace violence?	1.0
4	Does the firm have an equitable pay policy?	1.0
5	Does the firm track diversity metrics for carried interest distributions across the firm?	1.0
6	Does the firm have a formal employee engagement policy, to further the retention and advancement programs for diverse staff?	1.0
7	Does the firm have a performance appraisal policy that incorporates individuals' contributions to advancing DE&I?	1.0
8	Are the firms internal DE&I policies codified in a formal policy document available to be shared with the Limited Partners?	1.0
9	Is a member of the firm's senior management team responsible for the firm's internal DE&I policy?	1.0
10	Were the firm's internal DE&I policies in place prior to the events of June 2020?	1.0
	Total Possible Points	**10.0**
	Minimum Acceptable Score	**4.0**

Note: Applicants that demonstrate supporting documentation to satisfy 4 of the 10 categories in the internal DE&I policy demonstration framework tool will receive 8.5 points on the weighted criteria scoring awarded model through category #1 in Table 2.

Table 4: Venture Firm Investment DE&I Policy Demonstration Framework Tool

Criteria Number	Scoring Criteria	Score Weight
1	Does the firm track diversity metrics of portfolio company Senior Management?	1.0
2	Does the firm track diversity metrics of its investment pipeline?	1.0
3	Does the firm have an investment target to invest in underrepresented founders?	1.0
4	Does the firm track diversity metrics of portfolio company Board of Directors?	1.0
5	Does the firm have a DE&I target in place to improve the diversity of the Board of Directors of portfolio companies?	1.0
6	Does the firm have a policy in place to encourage portfolio companies to implement DE&I hiring and/or retention within portfolio companies?	1.0
7	Does the firm have a policy in place to encourage portfolio companies to implement DE&I policies, programs, or processes among suppliers?	1.0
8	Are the firm's investment DE&I policies codified in a formal policy document available to be shared with the Limited Partners?	1.0
9	Is a member of the firm's senior management team responsible for the firm's investment DE&I policy?	1.0
10	Were the firm's investment DE&I policies in place prior to the events of June 2020?	1.0
	Total Possible Points	**10.0**
	Minimum Acceptable Score	**4.0**

Note: Applicants that demonstrate supporting documentation to satisfy 4 of the 10 categories in the investment DE&I policy demonstration framework tool will receive 5 points on the weighted criteria scoring model awarded through category #2 in Table 2.

The following summary is provided for information only. Full eligibility and review criteria can be found in the [program's rules](#).

DIGITAL MEDIA TAX CREDIT PROGRAM

Program Overview:

New Jersey's primary tool for incentivizing production companies to produce digital media content in New Jersey. The program provides a transferable tax credit against the corporate business tax and the gross income tax based on a percentage of certain digital media production expenses incurred in New Jersey.

What is Digital Media?

Statute defines digital media as any data or information that is produced in digital form, including data or information created in analog form but reformatted in digital form, text, graphics, photographs, animation, sound, and video content.

Digital media is not content offerings generated by the end user (including postings on electronic bulletin boards and chat rooms); content offerings comprised primarily of local news, events, weather, or local market reports; public service content; electronic commerce platforms (such as retail and wholesale websites); websites or content offerings that contain obscene material; websites or content that are produced or maintained primarily for private, industrial, corporate, or institutional purposes; or digital media content acquired or licensed by the taxpayer for distribution or incorporation into the taxpayer's digital media content.

Eligibility:

- Production must meet statutory definition of digital media.
- At least $2 million of the total digital media production expenses must be incurred for services performed and goods purchased through vendors authorized to do business in New Jersey, and;
- At least 50 percent of the qualified digital media content production expenses must be for wages and salaries paid to full-time employees in New Jersey.

Award Amounts:

- 30 percent of qualified digital media production expenses
- 35 percent of qualified digital media production expenses incurred for services performed and tangible personal property purchased through vendors located in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer or Salem counties

Diversity Bonus:

New Jersey is one of the only states in the country that offer a bonus to incentivize digital media productions to recruit and hire women and minorities in the film production. Projects that include an NJEDA approved diversity plan with a goal for the recruitment and hiring of women and minority persons, and can demonstrate good faith efforts towards achieving the goals of the plan, may qualify for an additional 2 percent bonus on their tax credit award.

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – DIGITAL MEDIA TAX CREDIT PROGRAM

As created under the Garden State Film and Digital Media Jobs Act, P.L. 2018, c. 56, and amended and expanded under P.L.2019, c.506, P.L.2020, c.156 and P.L.2021, c.367, 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 Digital Media Tax Credit Program, applicants are eligible for a tax credit equal to 30% of qualified digital media content expenses, or 35% of qualified digital media content expenses incurred for services performed and tangible personal property purchased through vendors whose primary place of business is located in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer or Salem County.

APPLICANT: CNBC LLC PROD-00301706

APPLICANT BACKGROUND:
CNBC LLC is the company responsible for “CNBC”, a provider of business news that offers real-time financial market coverage and business information.

CNBC is the recognized world leader in business news and provides real-time financial market coverage and business information. CNBC produces live business programming during the day. CNBC Prime features a mix of reality series produced exclusively for CNBC, and a number of distinctive in-house documentaries. CNBC Digital provides real-time financial market news and information to CNBC's investor audience. CNBC Make It is a digital destination focused on making you smarter about how you earn, save and spend your money. CNBC has a vast portfolio of digital products, offering CNBC content to a variety of platforms such as: CNBC.com; CNBC PRO, a premium service that provides in-depth access to Wall Street; a suite of CNBC mobile apps for iOS and Android devices; Amazon Alexa, Google Assistant and Apple Siri voice interfaces; and streaming services including Apple TV, Roku, Amazon Fire TV, Android TV and Samsung Smart TVs.

CNBC was previously approved for $7,511,562 in Digital Media Tax Credit for qualified digital media expenses incurred during 2018. This application is for qualified digital media expenses incurred during Q3 and Q4 2019.

ELIGIBILITY AND TAX CREDIT CALCULATION:
As part of eligibility for tax credits under the New Jersey Digital Media Tax Credit Program, an applicant must meet the statutory and regulatory definition of digital media content. Digital media content is any data or information that is produced in digital form, including data or information created in analog form but reformatted in digital form, text, graphics, photographs, animation, sound and video content. Digital media tax credit is calculated as a percentage of qualified digital media content production expense.

"Qualified digital media content production expenses" means an expense incurred in New Jersey for the production of digital media content as defined eligibility criteria # 2 below.

CNBC's interactive web and digital platforms provide content and end user experiences for a global marketplace supported by editors, writers, technicians, designers and engineers. CNBC delivers business and money content, such as articles, video, audio, and social media posts, which are exclusively produced for online audience via CNBC's digital products. CNBC has a portfolio of digital products, offering CNBC content to a variety of platforms such as: CNBC.com; CNBCPRO, a premium service that provides in-depth access to Wall Street; a suite of CNBC mobile apps for iOS and Android devices; Amazon Alexa, Google Assistant and Apple Siri voice interfaces; and streaming services including Apple TV, Roku, Amazon Fire TV, Android TV and Samsung Smart TVs.

As part of eligibility for tax credits under the New Jersey Digital Media Tax Credit Program, an applicant must meet two expense eligibility thresholds:

1. Total Digital Media Content Production Expenses: At least $2,000,000 of the total digital media content production expenses incurred for services performed, and goods purchased through vendors authorized to do business in New Jersey.

Qualified Digital Media Production Expenses incurred in NJ during a single privilege period after July 1, 2018.	$19,406,496
Criterion Met	**Yes**

2. Percentage of the qualified digital media content production expenses for wages: A minimum of 50% of the qualified digital media content production expenses of the taxpayer are for wages and salaries paid to full-time or full-time equivalent employees in New Jersey; "Qualified digital media content production expenses" are expenses incurred in New Jersey after July 1, 2018 but before July 1, 2034 for services performed and goods purchased through vendors authorized to do business in New Jersey. "Qualified digital media content production expenses" shall include but shall not be limited to: wages and salaries of individuals employed in the production of digital media content on which the tax imposed by the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. has been paid or is due; and the costs of computer software and hardware, data processing, visualization technologies, sound synchronization, editing, and the rental of facilities and equipment. Payment made to a loan out company or to an independent contractor shall not be a "qualified digital media content production expense" unless the payment is 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. "Qualified digital media content production expenses" shall not include expenses incurred in marketing, promotion, or advertising digital media or other costs not directly related to the production of digital media content. Costs related to the acquisition or licensing of digital media content by the taxpayer for distribution or incorporation into the taxpayer's digital media content shall not be "qualified digital media content production expenses."

A. Total Qualified Digital Media Content Production Expenses after July 1, 2018	$19,406,496
B. Wages Paid to Employees in New Jersey	$14,545,977
C. Percentage of the qualified digital media content production expenses incurred for wages in New Jersey	75%
Criterion Met	**Yes**

AWARD CALCULATION

Base Award Criteria	Calculation	Result
30% of Qualified Digital Media Content Production Expenses	$19,406,496 x 30% =	$5,821,949
Bonus Criteria Met		
Submission of Diversity Plan deemed satisfactory by EDA and NJ Taxation. 2% of Qualified Digital Media Content Production Expenses.	$0 x 2% =	$0
5% of Qualified Digital Media Content Production Expenses incurred for services performed and tangible personal property purchased through vendors whose primary place of business is located in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer or Salem County.	$0 x 5% =	$0
Total Award		**$5,821,949**

APPLICATION RECEIVED DATE: 1/28/2022
DATE APPLICATION DEEMED COMPLETE: 9/9/2022
ESTIMATED DATE OF PROJECT COMMENCEMENT: 7/31/2019
ESTIMATED DATE OF PROJECT COMPLETION: 12/31/2019
APPLICANT'S FISCAL YEAR END: 12/31/2021
TAX CREDIT VINTAGE YEAR(S): 2023
TAX FILING TYPE: Corporate Business Tax
ANTICIPATED CERTIFICATION DATE: 3/31/2023

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 provides a total of $30 million in Digital Media tax credits originally available for State Fiscal Year 2022. After today's approval, $22.59 million remains in the program for State Fiscal Year 2023.

APPROVAL REQUEST:
The Members of the Authority are asked to 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

The following summary is provided for information only. Full eligibility and review criteria can be found in the program's rules.

FILM TAX CREDIT PROGRAM

Program Overview:

New Jersey's primary tool for incentivizing production companies to produce their film in New Jersey. The program provides a transferable tax credit against the corporate business tax and the gross income tax based on a percentage of certain film production expenses incurred in New Jersey.

Eligibility:

In order for a film project to be eligible for tax credits under the NJ Film Tax Credit Program, the film project must:

- Meet the statutory definition of a "film".
- Meet one of the following expense eligibility thresholds:
  - 60 percent of the all film production expenses incurred for services and goods purchased through vendors authorized to do business in New Jersey, or
  - Have incurred qualified film production expenses in New Jersey in excess of $1 million
- End credits must include "Filmed in New Jersey" statement or logo
- Principal photography of the project must commence within 180 days of application

Award Amounts:

- Qualified film production expenses incurred in most areas of New Jersey are eligible for a 35 percent tax credit.
- Qualified film production expenses incurred for use at a sound stage or other NJ location 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 are eligible for 30 percent tax credit.

Studio Partners and Film-Lease Partners

To encourage the development of large, long term studio facilities, the NJ Economic Recovery Act established two special designations under the Film Tax Credit Program - a "Studio Partner" and a "Film Lease Partner". Studio Partners are production companies that commit to having site control of a production facility of at least 250,000 sq. ft. in New Jersey for at least 10 years. Film Lease Partners are production companies that commit to a production facility of at least 50,000 sq. ft. for at least 5 years. While these designations do not increase the amount of the tax credit, these partners are approved from their own reserved annual pool of $100 million in tax credits for each designation category.

Diversity Bonus:

New Jersey is one of the only states in the country that offer a bonus to incentivize film productions to recruit and hire women and minorities in the film production. Projects that include an NJEDA approved diversity plan with a goal for the recruitment and hiring of women and minority persons, and can demonstrate good faith efforts towards achieving the goals of the plan, may qualify for an additional 2 percent bonus on their tax credit award.

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 film 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 P.L.2021, c.160, 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: It Ends With Us Movie, LLC PROD - 00310658

APPLICANT BACKGROUND:
An adaptation of Colleen Hoover's novel, "It Ends With Us" follows protagonist Lily Bloom as she relocates to Boston in a bid to start a new chapter of her life. The film explores various themes such as conflicted relationships, physical and emotional abuse and romance while following Lily's life journey.

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 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, 2034 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	$45,342,496.00
B. Total Post-Production Expenses	$3,399,589.00
C. Total expenses for services performed and goods purchased through vendors authorized to do business in New Jersey (excluding any post-production expenses)	$35,784,114.00
Percentage Calculation = C/(A-B)	85.3%
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 be 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, except for other expenses above certain thresholds as set forth in P.L. 2021, c. 367. 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.	$34,383,268.00
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	$10,211,119.00 x 30% =	$3,063,336
35% of Estimated Qualified Film Production Expenses	($34,383,268 - $10,211,119) x 35% =	$8,460,252
Bonus Criteria Met		
Submission of Diversity Plan deemed satisfactory by EDA and NJ Taxation. 2% of Qualified Film Production Expenses.	$34,383,268 x 2% =	$687,665
Total Award		**$12,211,253**

APPLICATION RECEIVED DATE:	3/14/2023
DATE APPLICATION DEEMED COMPLETE:	3/14/2023
PRINCIPAL PHOTOGRAPHY COMMENCEMENT:	5/15/2023
PRINCIPAL NJ PHOTOGRAPHY LOCATION:	Newark City, NJ
ESTIMATED DATE OF PROJECT COMPLETION:	8/18/2023
APPLICANT’S FISCAL YEAR END:	12/31/2023
TAX CREDIT VINTAGE YEAR(S):	2023
TAX FILING TYPE:	Corporate Business Tax
ANTICIPATED CERTIFICATION DATE:	3/21/2024

In general, the final documentation shall be submitted to the Authority no later than four (4) 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 (3) 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.

APPROVAL REQUEST:
The Members of the Authority are asked to 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.

Prepared by:
Kremena Mironova

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: May 10, 2023

SUBJECT: NJDEP Hazardous Discharge Site Remediation Fund Program

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

HDSRF Municipal Grants:

Product 310244	Borough of National Park (Robert Hawthorne Sanitary Landfill)	$477,266
Product 310358	Borough of Somerville (BDA Somerville Landfill)	$529,642

Total HDSRF Funding –May 2023 **$1,006,908**

Tim Sullivan, CEO

Prepared by: Kathy Junghans

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Hazardous Discharge Site Remediation

APPLICANT: National Park Borough – Robert Hawthorne Sanitary Landfill PROD-00310244

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 7 South Grove Avenue National Park Borough Gloucester County

APPLICANT BACKGROUND:

Between February 2007 and March 2022, Borough of National Park, identified as Block 111, Lots 1, 2 & 3 received an initial grant in the amount of $266,537 under P17808 and supplemental grants in the amount of $104,946 under P32343, $63,931 under P40734, $286,257 under P44798, $900,000 under P45638, $264,516 under P45450, $831,083 under Product 218899, $672,484.75 under Product 258778; $2,325,059.15 under Product 300433; $2,986,335.86 under Product 301705 for preliminary assessment (PA), site investigation (SI) remedial investigation (RI) and remedial action (RA) at the project site which is a former landfill and has potential environmental areas of concern (AOCs). The Borough of National Park currently owns the project site and has satisfied proof of site control. It is the Borough's intent upon completion of the environmental investigation activities to redevelop the project site for renewable energy.

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

According to the HDSRF legislation, a grant can be awarded to a municipality, county or redevelopment entity authorized to exercise redevelopment powers up to 100% of the costs of the remedial investigation for projects involving the redevelopment of contaminated property for renewable energy generation.

OTHER NJEDA SERVICES:

$266,537, P17808; $286,257, P44798; $63,931, P40734; $104,946, P32343; $264,516, P45450; $900,000, P45638; $447,292.81, Prod 188154; $831,083, Prod 218899; $672,484.75, Prod 258778; $2,325,059.15, Prod 300433; $2,986,335.86 Prod 301705

APPROVAL REQUEST:

Borough of National Park is requesting aggregate supplemental grant funding to perform RI in the amount of $477,266 at the Robert Hawthorne Sanitary Landfill project site. Total grant funding including this approval is $9,625,708.57.

FINANCING SUMMARY:

GRANTOR:	Hazardous Discharge Site Remediation Fund
AMOUNT OF GRANT:	$477,266.00
TERMS OF GRANT:	No Interest; No Repayment

PROJECT COSTS:

EDA Administrative Cost	$500.00
Remedial Investigation	$477,266.00
TOTAL COSTS:	**$477,766.00**

DATE: 4/6/2023

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Hazardous Discharge Site Remediation

APPLICANT: Somerville Borough – BDA Somerville Landfill PROD-00310358

PROJECT USER(S): Same as applicant

PROJECT LOCATION: Route 206 Somerville Borough Somerset County

APPLICANT BACKGROUND:

Between July 2006 and April 2022, Somerville Borough received an initial grant in the amount of $297,045 under P17401, and supplemental grants in the amount of $209,843 under P17977, $2,138,292 under P28140, $72,793 under P29648, $1,193,833 under P34449, $4,614,000 under P38794, $2,793.984 under P40958 and $392,247, P42677, $482,000 under Product 228006, $3,000,000 under Product 289000 and $5,000,000 under Product 301883 to perform Remedial Investigation (RI) and Remedial Action (RA) activities at the project site. The project site, identified as Block 124, Lots 1 & 21 is a former sanitary landfill which has potential environmental areas of concern (AOC's). Somerville Borough currently owns the project site, which is located in a Brownfield Development Area (BDA) and has satisfied Proof of Site Control. It is the Borough's intent upon completion of the environmental investigation activities to redevelop the project site for commercial re-use.

The Borough has received a Brownfield Development Area (BDA) designation from the NJDEP for this project site.

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

OTHER NJEDA SERVICES:

$297,045, Prod 163651; $209,842, Prod 163734; $$2,138,292, Prod 166470; $72,793, Prod 167189; $4,614,000, Prod 171536; $4,877,906, Prod 171869; $2,793,984, Prod 172866; $126,805, Prod 178004; $1,193,833, Prod 182036; $392,247, Prod $183722; $482,000, Prod 228006; $3,000,000, Prod 289000; $5,000,000, Prod 301883

APPROVAL REQUEST:

The Borough of Somerville is requesting aggregate supplemental grant funding to perform RI in the amount of $529,642 at the Somerville Landfill project site. Total grant funding including this approval is $25,728,389.

FINANCING SUMMARY:

GRANTOR:	Hazardous Discharge Site Remediation Fund
AMOUNT OF GRANT:	$529,642.00
TERMS OF GRANT:	No Interest; No Repayment

PROJECT COSTS:

EDA Administrative Cost	$500.00
Remedial Investigation	$529,642.00
TOTAL COSTS:	**$530,142.00**

DATE: 3/14/2023

NJEDA

NJEDA REAL ESTATE DEPARTMENT

Department Overview:

The Department of Real Estate Development & Programs (Department) mission is to fill gaps in the commercial real estate marketplace by facilitating projects that, absent our assistance, would not move forward. Since 1979, REDD has developed ±13.7 million SF, and currently holds an interest in ±4.5 million SF, and actively manages ±.3 million SF of real estate. The Department has grown from a land developer in urban centers to a full service, state-wide development entity and administers real estate programs and tax incentives.

The Department's assistance can take several forms:

- Development, Construction and Strategic Projects:
  This team provides technical assistance, planning, financial, and/or development/construction services for Authority or State strategic initiatives, and also manages property within Authority's portfolio.

- Programs:
  This team develops real estate related products, which include, but are not limited to the Construction Inflation, Stranded Assets, and the Film Infrastructure programs.

- Incentives:
  This team administers the Aspire and other real estate tax incentives.

The Department engages consultants to assist with the acquisition of property, the planning, development and construction of projects, and the administration of real estate programs.

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: May 10, 2023

Subject: Approval of Policy for Stranded Assets Repositioning Investment

Summary:

Members of the Board are requested to approve:

1. Policies for establishing the Stranded Assets Repositioning Investment to invest in the redevelopment and repositioning of underutilized commercial properties and other stranded assets into viable commercial or mixed-use properties which advance Statewide or regional strategies and objectives and strengthen local communities; and
2. The use of the $25 million appropriated in the 2023 State Budget in accordance with the policies.

Background:

Across New Jersey and throughout the country, various demographic, economic and work-life trends have led to many vacated corporate campuses, underutilized malls and shopping centers, and empty office buildings. Many towns and municipalities across New Jersey now have vacant malls or retail centers and half-empty office buildings due to changes in work and shopping habits.

Development of large suburban offices/complexes and shopping malls boomed during the 1980s and 1990s, when the supply of cheap land and easy access to highways were a strong attraction. Now these buildings are typically over thirty years old and are often outmoded and less desirable. The office and commercial real estate market has changed and evolved also with many corporations seeking office locations close to transit and some returning to urban centers and downtown locations. Sizing and layout of offices and the need for space has changed as telecommuting and remote work options have multiplied. The pandemic dramatically increased online shopping which has greatly impacted and decreased the number of actual physical stores and overall retail.

This has resulted in many of these buildings now being vacant or partially vacant. Once thriving but now empty or only partially occupied, many of these buildings from corporate headquarter complexes to local retail malls are no longer economically viable and have become a drain on many New Jersey communities.

As a result, these often large (ranging in size up to a million+ square feet) stranded assets are not only eyesores but often mean that communities are dealing with the loss of tax revenues, the costs of maintaining infrastructure and roads around these properties, and a lack of resources to solve the issues. Repositioning these large, stranded assets and extending the productive life of these properties will help reinvigorate communities, better serve current market needs, and keep or return properties to the tax rolls.

But repositioning these stranded assets can be challenging. Many of these properties were built on large properties developed with ease of highway car access and parking opportunities foremost in mind. Reuse strategies to meet today's business market needs and lifestyle trends will entail repurposing and repositioning. Reimagining the possibilities of these stranded assets will often require modifying the building(s) with a mix of uses, layouts, and thoughtful planning to make connections to the community.

To address the need to invest in repositioning these key stranded assets and repurpose vacant buildings into productive economic assets that benefit the community, EDA will utilize $25 million from funds Governor Murphy and the legislature included in the 2023FY budget for real estate project funding to establish policies for this Stranded Assets Repositioning Investment.

The EDA has authority to undertake real estate projects, which includes acquiring equity interests in private corporations as is envisioned here. Similar to how EDA established policies for ERF Innovation Centers of Excellence investments, this Board Memo describes the policies for EDA's establishing the Stranded Assets Repositioning Investment to invest in the redevelopment and repositioning of underutilized commercial properties and other stranded assets.

Defining Stranded Assets Repositioning

Staff proposes defining Stranded Assets as underutilized commercial or other property(ies) of at least 50,000 square feet and could include, but is not limited to, vacant office parks, partially occupied retail malls, former healthcare facilities, or similar vacant or partially vacant building(s). For this investment policy, Stranded Assets do not include vacant land. Stranded Assets are properties that at one time served a useful function but have now become vacant or partially vacant and are in need of repositioning to meet current market needs/demands. Stranded Assets would be those that have a minimum 50% vacancy and a minimum length of vacancy/partial vacancy of one year.

Repositioning would include projects that undertake redevelopment and reuse of a Stranded Asset with a total project redevelopment cost of a minimum $25 million and which results in a new project with a modified or different use such as one of the following types of real estate development projects:

- Commercial (including office)
- Industrial Use/Manufacturing (excluding warehouse)
- Mixed-use developments; any residential portion must comply with the 20% reservation for low- and moderate-income households required by N.J.S.A. 52:27D-329.9(b)

Repositioning would not include a simple renovation or redevelopment of a building/property which resulted in the same use as the original building. Repositioning would also not include a complete demolition of the Stranded Asset.

Policies for investing in Stranded Assets Repositioning

NJEDA staff will consider investment opportunities as staff become aware of such opportunities. In most instances, these arise through receipt of unsolicited proposals for redevelopment of real estate properties. In other cases, staff may become aware of potential Stranded Assets through the regular course of promoting the State and investment and development in the State. While some proposals and potential investments could yield opportunities that would benefit the State and be a good fit for the Authority, the Authority has not had the framework to review and offer to invest in such projects. Given the recent FY 2023 budget appropriation for Real Estate Project Funding (as described below), staff is proposing the parameters below for review of Stranded Assets Repositioning proposals and potential investments to ensure all current and future opportunities are reviewed equitably.

Because potential project opportunities are highly context specific, the appropriate structure for the investment for each Stranded Assets Repositioning will vary significantly. Therefore, instead of proposing specific types of investment, staff proposes parameters to review proposals. Should staff determine that a proposal or opportunity (1) qualifies as a Stranded Assets Repositioning and (2) satisfies the parameters below, staff will work with the relevant party to determine the appropriate investment approach in order to move forward into a fully defined investment and bring the investment to the Board for consideration.

Framework for Reviewing Unsolicited Proposals or Investment Opportunities for Stranded Assets Repositioning

NJEDA staff will review unsolicited proposals as they are submitted to NJEDA. Staff may also review other investment opportunities if the initial information staff is presented demonstrates that the project would satisfy the criteria below. In both instances, staff may determine that additional information is necessary. If so, staff will request the information from the relevant party. NJEDA staff will then use the following evaluation criteria, which add more specificity to the above required factors and several additional criteria, to determine if an investment should be made based on an unsolicited opportunity. These evaluation criteria will also be used to drive the type and sizing of an investment opportunity for a given potential project. Justification for the type and sizing of an investment opportunity will be included as part of the selected project's submission to the Board for approval.

- The degree to which the project advances Statewide and/or regional strategies and objectives.
- The location of the project, where, at a minimum, the Stranded Asset must be located in New Jersey.
- Qualifications and experience of the entities that will be involved in developing and operating the project, where partners with demonstratable experience executing similar projects in terms of approach or scale and size are significant factors for consideration.
- The level of support and quality of commitments from other entities, such as private sector corporations, academic partners, local non-profits, local government entities, etc.
- The project's development and operational readiness, where opportunities that can deliver an economic benefit quickly or are ready to be developed will be considered more highly.
- The economic feasibility of the project, such as:
    - Whether the project's business model is realistic and sustainable, with a sustainable model being one that will require minimal further State assistance
    - Whether the project will be competitive in the locality, state, or region
    - Whether the quantity of financial support requested from the Authority is both reasonable for the scale of potential impact and adequate to achieve the projected outcomes.
- The degree to which the project maximizes the leveraging of other sources of funding.
- The degree to which the project promotes economic development, the creation or retention of jobs, and the stimulation of private sector investment and expansion.
- The degree to which the project supports the State's ambition to strengthen its position as the most diverse and inclusive innovation ecosystem in the country, for example by providing opportunities to woman-, minority-, or veteran-owned business.
- The degree to which the project will engage with the local community and existing industries.
- The degree to which the project supports development in historically underserved communities.
- The anticipated return of investment for NJEDA for the given investment structure.

<u>Proposal Review, Project Development, and Board Approval Process:</u>

While staff does not anticipate actively soliciting proposals, moving forward, staff will publish information about the Authority's consideration of unsolicited proposals for Stranded Assets

Repositioning, a courtesy version of the above criteria, and basic contact information on the Authority's website.

Should staff determine that a proposal satisfies the above criteria and presents a high-quality opportunity, staff will work directly with the submitter to further define the project as a potential investment opportunity for the Board's consideration.

Staff anticipates that the $25,000,000 appropriated for strategic investments in Stranded Assets Repositioning will support at least 2-3 projects. While each Stranded Assets Repositioning Investment opportunity will be evaluated based upon its unique project characteristics, staff anticipates that approved projects will generally require $8,000,000 to $15,000,000 of investment funding and that no single project would receive more than $15,000,000 nor would Stranded Assets Repositioning investment funding to a project be more than 50% of total project costs.

Investment opportunities could take a variety of forms, including, but not limited to, joint ventures, real estate partnerships, operating partnerships, and equity investments. Where applicable, NJEDA will first look to use existing programs to support the Stranded Assets Repositioning. If these existing programs alone are not sufficient to provide the most appropriate support for a given project, staff will evaluate the proposal for an investment under this framework in this memorandum.

Entities with whom the Authority may enter into an agreement under this framework will be subject to all normal legal review, ethics review, State Ethics Commission approval (when required), good standing with the New Jersey Department of Environmental Protection and Department of Labor and Workforce Development, and tax clearance certificate verification from the Department of Treasury's Division of Taxation that are typical for projects progressed for the Board's consideration.

Fiscal Year 2023 State Appropriation

On June 30, 2022, Governor Murphy signed the Fiscal Year 2023 Appropriations Act ("Act") into law. The Act allocates significant State funding for numerous strategic economic development investments to support key industries, advance the innovation economy, continue to bolster recovery, and spur statewide growth. These strategic investments include $70 million for Real Estate Project Funding. Staff proposes utilizing $25 million from that budget line-item appropriation to provide funding to create the Stranded Assets Repositioning Investment. $23,750,000 will be used to fund investment projects and the Authority will utilize up to $1,250,000 (5%) for program administrative costs.

Recommendation

I recommend the Members approve: (1) policies for establishing the Stranded Assets Repositioning Investment to invest in the redevelopment and repositioning of underutilized commercial properties and other stranded assets into viable commercial or mixed-use properties which advance Statewide or regional strategies and objectives and strengthen local communities; and (2) the use of the $25 million appropriated in the 2023 State Budget in accordance with the policies.

Tim Sullivan, CEO

Prepared by: Liza Nolan

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: May 10, 2023

RE: NJ Offshore Wind Workforce and Skills Development Grant Challenge Award

Summary

The Members are requested:

1. To approve five (5) applications and their respective grant awards for the NJ Offshore Wind Workforce and Skills Development Grant Challenge totaling $3,725,000 to the following applicants: Mid-Atlantic States Career and Education Center, Apex Solutions Foundation, Eastern Atlantic States Carpenters Technical College, New Jersey Environmental Justice Alliance, and Ivy Hill Neighborhood Association; and to decline all other applications to this Grant Challenge.

The awards utilize funding from the Offshore Wind Sector Initiatives Memorandum of Understanding between NJEDA and NJBPU that was executed on July 14, 2021 to support offshore wind workforce training.

Background

Offshore wind is a strategic sector for New Jersey and as such NJEDA has been developing the yet to be established Wind Institute for Innovation and Training (Wind Institute) to coordinate and deploy resources to advance offshore wind workforce training, education, research and innovation. In furtherance of these efforts, at the September 14, 2022 New Jersey Economic Development Authority (NJEDA) Board Meeting, Members approved the creation of the NJ Offshore Wind Workforce and Skills Development Grant Challenge (Grant Challenge), a competitive program to award grants that aide in launching or expanding innovative workforce training and skills programs focused on strengthening and diversifying the NJ offshore wind workforce, with a particular focus on serving NJ's Overburdened Communities. An amendment to the Grant Challenge's eligibility requirements was approved by Members at the NJEDA November 16, 2022 Board Meeting. A total of $3,725,000 was made available through this program, utilizing funding from the Offshore Wind Sector Initiatives Memorandum of

Understanding between NJEDA and NJBPU that was executed on July 14, 2021 to support offshore wind workforce training. The minimum and maximum amounts for individual awards were set at $100,000 and $1,000,000 respectively.

NJ Offshore Wind Workforce and Skills Development Grant Challenge Requirements

NJ Offshore Wind Workforce and Skills Development Grant Challenge was created to establish workforce and skills development programs to strengthen and diversify New Jersey's offshore wind workforce. The application window opened on December 8, 2022, and applications were due by February 10, 2023. All information about the Grant Challenge, including answers to submitted questions, were posted on a dedicated webpage on NJEDA's website.

The Grant Challenge was open to public and nonprofit entities that can design and execute workforce and skills training programs for the offshore wind industry. These entities can include but are not limited to Community-Based Organizations, workforce training organizations, labor unions, workforce placement intermediaries, technical high schools, community colleges, universities, non-profit organizations, and regional workforce development boards. Private, for-profit entities were not eligible as primary applicants, but were able to be part of an applicant team as collaborators. All applications were required to include at least one Community-Based Organization (CBO) with demonstrated experience serving a New Jersey Overburdened Community as defined by NJ's Environmental Justice Law, either as the applicant or as a strategic collaborator with the primary applicant. If the latter, the application must clearly define the CBO's role and describe the alignment with the CBO's mission and/or services and the amount of the grant to be allocated to the CBO.

For the purposes of the Grant Challenge, a CBO was defined as 501(c)(3) non-profit organization that provides direct services or supports to a specific geographic NJ community(ies) or specific segments of a New Jersey community(ies). For the purposes of this Challenge, government entities, K-12 schools, and institutions of higher learning did not qualify as Community-Based Organizations. However, these entities were eligible as the primary applicant or an additional collaborator on the applicant team. The NJ Environmental Justice Law, N.J.S.A 13:1D-157, defines Overburdened Communities as any census block group, as determined in accordance with the most recent United States Census in which: 1) at least 35 percent of the households qualify as low-income households; 2) at least 40 percent of residents identify as minority or as members of a State recognized tribal community; or 3) at least 40 percent of the households have limited English proficiency.

Applicants were required to submit proposals that outlined compelling plans to:

- Develop or expand a program that will allow New Jerseyans to access workforce opportunities in the offshore wind industry by providing tangible skill development and/or job readiness training. Programs had to include direct workforce training, and where relevant, support services such as access to career services, mentorship, family services, counseling, and transportation. Additionally, proposed initiatives had to focus on one or more of specified occupation areas.
- Engage with industry and other stakeholders to design and implement a program that prepares and/or connects participants with job opportunities in offshore wind.

- Develop and/or utilize outreach and recruitment practices, program design approaches, and wrap around supports as needed such as mentorship, transportation, and childcare that target and support a diverse and inclusive pool of training participants to successfully complete the program.
- Execute the project efficiently and on schedule, achieving well-defined milestones to complete the proposed initiative.

As included in the Grant Challenge Specifications, proposals were evaluated based on five primary criteria:

- Ability to meet the need of the offshore wind industry (up to 35 points)
- Ability to serve NJ's Overburdened Communities (up to 10 points)
- Ability to provide wraparound supports and affordable training (up to 15 points)
- Prior experience creating and ability to implement the program (up to 30 points)
- Justification for the proposed use of funds with a reasonable budget to implement the proposed training program (up to 10 points)

The minimum score required to be considered for an award is 80 points, with the highest score possible being 100 points. To maximize the total amount of funding allocated through this challenge, NJEDA had the option to request revisions to the proposed budget for an eligible applicant that did not score a high enough score to be fully funded. That applicant has the right to decline or accept the budget revision option. If this applicant declines, NJEDA may make the same offer to the next highest scoring applicant; this process may continue until a qualifying applicant either fits within the funding cap or accepts the offer to revise its budget to fit within the funding cap. Any applicant that accepts the offer to revise its budget will have the revised application evaluated by NJEDA to determine if the revision would lower their proposal's ranking to an extent that they are no longer the next highest scoring applicant.

Overview of Applications Recommended for Grant Award

NJEDA received 14 proposals for the Grant Challenge. Two (2) of these proposals did not meet the applicant eligibility requirements. The Evaluation Committee reviewed the remaining 12 proposals against the documented scoring criteria. Seven (7) of the proposals received a score of 80 or above, the minimum to be considered for an award. Five (5) of the proposals received a score below 80. Based on that analysis, the following five applicants had the highest scores and are recommended for awards. Ivy Hill Neighborhood Association's application was the fifth highest scoring proposal, and their initial funding request placed the cumulative funding requests above the funding cap. As such, NJEDA staff requested a revised budget and scope from Ivy Hill that was accepted and is reflected below. All of the recommended programs will be provided at no cost to participants and will include wrap around support services provided for the duration of the training programs.

1. Mid-Atlantic States Career and Education Center (MASCEC), a community-based organization and 501(c)3 non-profit organization, will develop and implement a set of training programs focusing on welding, plant and system operators, industrial maintenance technicians and operations specialty managers. The initiative includes a number of collaborators, including Salem County Vocational Technical School, Salem

County College and Salem County Board of Social Services. The program focuses on the Overburdened Communities in Salem County. The program will train approximately 100 participants including: 23 participants to receive OSHA certifications through MASCEC, 60 participants to complete welding training at the Salem County Vocational Technical School, and 40 participants to complete Mechatronics 1 training at Salem County College, with a subset continuing on to Mechatronics II and/or an Associate's Degree. This program will begin six months after the award is announced and will continue through October 2024. The budget for the program is $1,000,000. Based on the scores assigned by the Committee, the total score was 95.

2. Eastern Atlantic States Carpenters Technical College will expand its established Carpenter Apprenticeship Readiness Program (CARP) to include offshore wind modules such as marine training and working on vessels, with targeted recruitment of women and people of color from Atlantic City. The Technical College has also proposed to incorporate the following participation for the CARP offshore wind program: a minimum of 50% minority and 25% female participants. In the ten-week CARP OSW program track, pre-apprentices will be exposed to pile driving, millwright and carpentry fundamentals. At the end of the CARP OSW program, students will be able to choose which track they would like to participate in for their apprenticeship and career. Participants will receive an OSHA 10-hour safety certificate, Process Safety Management, and Transportation Worker Identification Credentials. The program will target 60-80 participants per year for 3 years with 30-40 pre-apprentices per cohort. The Eastern Atlantic States Carpenters Technical College will collaborate with Leaders in Training, a community-based organization and 501(c)3 non-profit organization that provides career and social skills development training for at-risk youth. The program focuses on the Overburdened Community of Atlantic City. The budget for the program is $987,124.80. Based on the scores assigned by the Committee, the total score was 94.

3. Apex Solutions Foundation will conduct a 15-week training program focused on construction trades and operations specialty managers that includes life skills training, industry certifications, trades training, and job placement for two 20-student cohorts. Participants will obtain the following certifications: Certified Associate in Project Management, Construction Professional in Built Environment Projects, OSHA-30, and Transportation Worker Identification Credential. Apex will be collaborating with SCORES REENTRY, a community-based organization and 501(c)3 non-profit organization that works with individuals impacted by the criminal justice system, poverty or substance abuse. The program focuses on the Overburdened Communities in South Amboy and Atlantic City. The budget for the program is $612,720. Based on the scores assigned by the Committee, the total score was 94.

4. New Jersey Environmental Justice Alliance (NJEJA), a community-based organization and 501(c)3 non-profit organization, will provide entry level skills and certifications for people beginning careers in construction, manufacturing, project management, and logistics, including modules on offshore wind and environmental justice. NJEJA will be partnering with Soulful Synergy, a private workforce development organization, to provide the training, including: 75 hours of hands-on green construction, machinery and

electrical skills training, OSHA 30-Hour certification; 8-Hour Fall Prevention certification, 2-Hour Drug and Alcohol Awareness certification, customized 10 hours of environmental justice curriculum and 15 hours of offshore specific training. The program will run in three cohorts for a total of 60 participants. The program focuses on the Overburdened Communities in Newark and the surrounding areas. The budget for the program is $700,000. Based on the scores assigned by the Committee, the total score was 93.

5. Ivy Hill Neighborhood Association, a community-based organization and 501(c)3 non-profit organization, will develop and implement a pre-apprenticeship math and verbal upskill program, with an introduction to careers in the offshore wind industry, that will enable participants to pass the math and verbal exams required for admission to many apprenticeships and skills training programs. Ivy Hill will work with Technoforce, a private workforce development organization, to provide the training. The program will be based on a 120-hour curriculum, which will be deployed over 20-hours per week for 6 weeks. Subjects covered will include: basic computer skills, basic verbal skills, basic arithmetic, Algebra, financial literacy, interview skills, work ethics, OSW industry awareness, and OSW career exploration and pathways. The program will run in 4 cohorts for a total of 80 participants. The program focuses on the Overburdened Communities in Newark. The budget for the program is $425,155.20. Based on the scores assigned by the Committee, the total score was 90. Because NJEDA could not fully fund this applicant's originally submitted budget, NJEDA requested a budget revision in accordance with the process for maximizing funding that is specified above. This applicant accepted the offer to revise its budget. NJEDA evaluated the applicant's program with the revised budget and determined that their total score remained at 90.

The applicants that met the minimum score of 80 but were not selected due to funding constraints are Rowan College of South Jersey with a score of 85 and Stockton University with a score of 80.

The applicants that did not meet the minimum of score of 80 are Rowan University (Score: 74), NJ State Veterans Chamber of Commerce (Score: 65), Hunterdon County Vocational Technical School (Score: 62), MARS Community Development Corporation (Score: 49), and Nan Newark Tech World (Score: 20).

Upon NJEDA Board Approval, NJEDA will enter into grant agreements with each of the five awarded applicants.

Recommendation

The Members are requested to approve five (5) applications and their respective grant awards for the NJ Offshore Wind Workforce and Skills Development Grant Challenge totaling $3,725,000 to the following applicants: Mid-Atlantic States Career and Education Center, Apex Solutions Foundation, Eastern Atlantic States Carpenters Technical College, New Jersey Environmental Justice Alliance, and Ivy Hill Neighborhood Association. The Members are requested to decline all other applications.

Tim Sullivan, CEO

Prepared by: Cathy Yuhas

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: May 10, 2023

SUBJECT: New Jersey Wind Port – Communications Expenditure

REQUEST

The Members of the Board are asked to approve a marketing and communications budget for the New Jersey Wind Port (NJWP) project of $0.5 million. Funding will be used for a broad range of activities including but not limited to website design and maintenance, sublease marketing materials, as well as local community and other stakeholder engagement.

The NJWP project has received $637.6 million in state funding and financing to date, including a $200 million fiscal 2022 budget appropriation. Staff will draw on this fiscal 2022 budget appropriation to cover marketing and communications costs. Approval of this request will increase total Board approvals to $511.26 million.

DETAIL

The NJWP project is approximately 18 months into the construction phase with the first 30-acres targeted to come online in Quarter 2 2024. Over this period, community, media and industry interest in the project has continued to grow. In order to respond to the increasing volume of inquiries, as well as to proactively build community and other stakeholder awareness of project progress and benefits, staff intend to undertake the following measures:

Strategic support: The project's size and complexity necessitate the need for outside strategic communications and stakeholder engagement support, both on an overall project level as well as specific issues (e.g. highlighting job creation, participation opportunities for local and diverse businesses, or steps taken to minimize impacts to sturgeon in the Delaware River).

Project website: The project's existing website was set up in mid-2021 and is no longer fit-for-purpose. Staff intend to redesign the website in order to better communicate the project's progress and benefits as well as opportunities for potential vendors. The ability for the website to serve as a community and prospective vendor 'notice board' is envisaged as a key feature that is currently lacking from the existing design. The existing website requires time-intensive effort to update. Therefore, staff intends to design a new website with an objective of making an easy, less time-intensive interface that will allow for updates to promote vendor opportunities and key messaging to stakeholders.

Events hosting and attendance: As part of the project's outreach and market engagement efforts, staff hold regular events. Examples include town halls forums, 'Meet the Prime' sessions, as well as a host of other stakeholder forums. Staff intend to continue to use events to raise awareness of the project, address community concerns, and promote subleasing opportunities.

Marketing of property: To-date, the advertisement of port properties has been limited to NJEDA's website and publication in local newspapers. While this process has proven effective, staff intend to use a wider array of mediums to promote properties at the Port going forward in order to more widely promote subleasing opportunities.

The above is intended to be illustrative rather than exhaustive with staff intending to use board-approved funds for other activities that fit within the overall purposes of building community awareness, stakeholder engagement and marketing.

RECCOMENDATION

Members are asked to approve expenditure of up to $0.5 million on marketing and communications activities pertaining to the NJWP project.

Tim Sullivan, CEO

Prepared by: Jonathan Kennedy, Monica Coffey

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: May 10, 2023

SUBJECT: Request for New Jersey Wind Port (NJWP) construction funding – Parcel B1 test pile program

REQUEST

The Members of the Board are asked to approve up to $6 million in additional expenditure for New Jersey Wind Port (NJWP) project construction.

Funds will be used for a test pile program on Parcel B, a 110-acre parcel intended to support marshalling and manufacturing. The program will include the purchase, delivery and driving of piles, as well as site preparations. Test piling is a critical input to the parcel's design and will be performed under AECOM Tishman's (Tishman) existing contract for construction management. Upon Board approval of the expenditure, staff will issue a Limited Notice to Proceed (LNTP) to Tishman for the test pile program only. Staff will return to the Board to approve funding allocation for other Parcel B construction phases once Parcel B design is progressed and funds are secured.

Staff will use proceeds from the January 2023 NJWP bond issuance to cover these costs. Approval of this request will increase total board approvals for the NJWP to $516.8 million, leaving $120.8 million in uncommitted funds (excluding NJEDA's internal costs) still to be approved for use.

DETAIL

Parcel B is an approximately 110-acre parcel, owned by NJEDA, located north of and contiguous to Parcel A. It is intended to be developed for marshalling and Tier 1 component manufacturing with NJEDA currently in talks with several prospective tenants. Staff, with the support of NJEDA's engineer-of-record on the project, Moffatt & Nichol (M&N), are currently progressing the design of Parcel B including determining the wharf infrastructure. A test pile program is a necessary step in the design process with test results enabling M&N to calculate the precise pile sizing and spacing to achieve the requisite load bearing capacity.

The scope of the Parcel B test pile program is similar to that previously undertaken on Parcel A, involving the construction and driving of thirty (30") by thirty (30") inch square pre-cast reinforced concrete piles of varying lengths (105 feet to 130 feet) in-water and on-land, as well as associated site preparations needed to enable site access and pile driving.

Tishman intends to use Parcel A's current piling contractor, Ferreira-Pierson, with that contractor currently fabricating and installing piles of comparable dimensions on Parcel A; resulting in savings for NJEDA compared with separately procuring test pile fabrication. Accelerating the test pile program enables the contractor to fabricate test piles prior to formwork removal at the pre-cast plant for pile production. The test piles will be stored either on-site at the NJWP or on-site at the production facility ahead of the performance of the test pile program, which is targeted to occur in November 2023. Staff arrived at a budget of $6 million for this scope based on Tishman cost estimation, which was reviewed by NJEDA's owner's representative WSP USA.

Commencing the test pile program is contingent on securing federal and state regulatory permits which are anticipated to be in hand by October 2023. Staff are seeking Board approval of the ahead of time to enable Tishman to commence sooner should permits be approved earlier than expected.

To date, the Board has approved construction funding related to Parcel A. Upon Board approval of the funds needed for the test pile program, staff intend to issue Tishman a LNTP for Parcel B, which will be performed under the existing contract for construction management services. The LNTP will include the test pile program only. Staff will return to the Board to request approval of funding allocation for other Parcel B construction phases once Parcel B design has progressed and funds are secured.

RECOMENDATION

Members are asked to approve up to $6 million in additional funding for NJWP construction for the above works to be performed under Tishman's existing contract for construction manager at-risk (CMAR) services.

Tim Sullivan, CEO

Prepared by: Jonathan Kennedy

NJ EDA

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: May 10, 2023

RE: Development funding to replace our in-house/on-premises legacy Incentive Data Management System using a low-code/no-code platform leveraging Microsoft Consulting Services available on State Contract T3121 .

Summary

The Members are asked to approve a maximum not to exceed of $2,000,000.00 in new contract funding, based on an analysis completed by Microsoft of our current legacy application that manages our post-closing Incentive programs. These services are available to the Authority under State Contract T3121 (20-TELE-01510) as reviewed by the EDA's internal Procurement Department.

Background

The original post-closing certification platform consisted of using a series of Excel templates, documents submitted via USPS and CD-ROMs. As the portfolio of tax credit incentives increased, the Authority developed an application platform built using Silverlight and Lightswitch technologies that were later deprecated by the Microsoft Corporation. Before the end of life, a new, in-house development project was launched that utilized new technologies and leveraged web platform techniques. This system has struggled to meet the changing needs of the servicing officers as the complexity of the reviews and magnitude of the work has increased exponentially[1]. To meet the needs the servicing officers have created manual work arounds over the past few years to compensate for the lack of agility demonstrated by the functionality of the current platform.

After an in-depth review of the platform by our new Director of Application Development and Microsoft, as well as surveying our customers and consultants, we have prepared scoped a viable path forward. The solution is to utilize a secure, cloud platform that will eliminate our reliance of a full-time developer through the utilization of a low-code/no code system. The development and implementation will be complete by the end of 2023 where we have a final product, making the system available for the 2024 reporting period (2023 certification year). Microsoft will utilize an Agile developing method, which will provide the Authority various sprints and reveals as early as July 2023.

Procurement

In furtherance of the above and the needs of the Authority, the Authority is utilizing State Contract T3121.

As background, on May 25, 2021, the Division of Purchase and Property (DPP) within the New Jersey Department of the Treasury had procured and issued bid solicitation #20DPP00553 for

[1] Last year, the Authority certified 185 tax credits for over $510 million.

Software Reseller Services. This resulted in the award and blanket purchase order (or T3121) with Dell Marketing LP as an awardee. The purpose of T3121 is to provide Using Agencies, such as the New Jersey Economic Development Authority, with a mechanism to purchase the following products and services.

- Commercial Off the Shelf Software ("COTS");
- Software as a Service ("SaaS");
- Software Related Services;
- Maintenance and technical support services; and
- Appliances.

Pursuant to **Section 1.4 Microsoft Options** of the Method of Operation, Microsoft requires enrollments under an Enterprise Agreement to identify a single reseller to service that agreement. All existing enrollments under the State's Enterprise Agreement are currently only serviced by Dell.

In order to utilize same, the Authority was required to follow the requirements and process as set forth in the Method of Operation (MOO). In accordance with the MOO, the Authority submitted the request and scope of work to Dell and requested its proposal/submission. The Authority received Dell's response and reviewed its proposal and concluded that what Dell proposed would be sufficient and adequate.

Recommendation

In summary, approval is requested for a maximum not to exceed of $2,000,000.00 in new contract funding to support this move to a cloud based low-code/no-code system that unifies the EDA technical platform, will service the EDA for the next decade and make all users the system confident in the security and data model while enjoying a professionally designed interface, leveraging the latest technology.

Tim Sullivan, CEO

Prepared by: T. Murphy, T.Fanikos

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: May 10, 2023

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

The following project was approved under Delegated Authority in April 2023:

Premier Lender Program:

1) 308 East Broad LLC (PROD-00310512), located in Westfield Town, Union County, is a real estate holding company formed to purchase the project property. The operating company, Suplee Clooney & Company was founded in 1946 to provide accounting, auditing, bookkeeping, budgeting, and financial review services to county and municipal governments, school districts authorities, and other institutions. OceanFirst Bank approved an $800,000 bank loan contingent upon a 37.5% ($300,000) Authority participation. Proceeds will be used to purchase the project property. Currently, the Company has 32 employees.

Tim Sullivan, CEO

Prepared by: G. Robins

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: May 10, 2023

SUBJECT: Post Closing Credit Delegated Authority Approvals for 1Q Quarter 2023
For Informational Purposes Only

The following post-closing actions were approved under delegated authority during the first quarter of 2023:

Camden Economic Recovery Board Grants **(**EDA has no credit exposure)	
Camden Community Partnership, Inc (Formerly Cooper's Ferry Partnership, Inc.)	One-year extension of the required construction completion date of the infrastructure grant.

Tim Sullivan, CEO

Prepared by: Sandra Foresta and Mansi Naik

NJEDA

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: May 10, 2023

SUBJECT: Post-Closing Delegated Authority Bond Modification Approvals for 1st Quarter 2023 ***(For Informational Purposes Only)***

The following Post-Closing Bond action was approved under delegated authority in the 1st quarter ending March 31, 2023:

Stand Alone and Refunding Bonds - (EDA has no Credit Exposure)

Applicant	Product Number	Modification Action	Bond Amount
CHCC of Wayne, LLC	PROD-00182926	Consent to the extension of the Tender date from March 1, 2023, to July 1, 2023.	$16,000,000.00
Duke Farms Foundation	PROD-00183332	Consent to (i) modify the interest rate index from the adjusted LIBOR to the adjusted SOFR; (ii) adjust the interest rate spread to account for the difference between the 1-month LIBOR and the Daily Simple SOFR; (iii) adjust the tax factor from 82.6% to 79%.	$30,250,000.00
Friends Village, Inc.	PROD-00166666	Consent to (i) change in ownership and obligor from Friends Home at Woodstown, Inc. to Friends Village, Inc.; (ii) various financial covenant changes and additions to the Bond documents; (iii) various defined terms in Bond documents.	$17,500,000.00
Friends Village, Inc.	PROD-00166666	Approval of Truist Bank's waiver of Borrower's Debt Service Coverage Ratio financial covenant default.	$17,500,000.00

Prepared by: S Foresta

Tim Sullivan, CEO

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: May 10, 2023

SUBJECT: Post Closing Incentives Delegated Authority Memo –
1st Quarter 2023 (For Informational Purposes Only)

Since 2001, and most recently in April 2023, 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 Incentives Delegated Authority Modifications that were approved in the 1st quarter ending March 31, 2023.

Tim Sullivan, CEO

Prepared by: F. Saturne

ACTIONS APPROVED UNDER DELEGATED

AUTHORITY FIRST QUARTER ENDING MARCH 31,

2023

GROW NEW JERSEY ASSISTANCE PROGRAM

Applicant	**Modification Action**	**Approved Award**
Automatic Switch Company	Consent to the name change of affiliate from ASCO Controls, L.P. to ASCO, L.P., remove affiliates ASCO Valve Manufacturing, LLC and ASCO Valve, Inc., and update the successor entity from ASCO Services, Inc. to ASCO Power Services, Inc.	$24,500,000
Charles Komar & Sons, Inc.	Consent to a COVID-related job reset from 448 to 311 jobs for the 2020 tax year and subsequent tax years through the end of commitment duration.	$37,200,000
Direct Energy GP, LLC	Consent to COVID-related suspension of the 2021 reporting obligation resulting in an extension of the eligibility period though the 2028 tax year.	$10,194,520
Grocery Delivery E-Services USA, Inc. d/b/a/ HelloFresh	Consent to a COVID-related job reset from 565 to 410 jobs for 2020 tax year and subsequent tax years through the end of commitment duration.	$37,102,420
New York Popular, Inc.	Consent to a COVID-related job reset from 150 to 110 jobs for the 2020 tax year and subsequent tax years through the end of commitment duration.	$9,750,000
Principis Capital, LLC	Consent to a COVID-related job reset from 38 to 25 jobs for the 2020 tax year and subsequent tax years through the end of commitment duration.	$3,875,000
Rent the Runway, Inc.	Consent to COVID-related suspension of the 2021 reporting obligation resulting in an extension of the eligibility period though the 2027 tax year.	$14,557,500
Tryko Holdings LLC and Affiliates	Consent to COVID-related suspension of the 2021 reporting obligation resulting in an extension of the eligibility period though the 2030 tax year.	$4,101,250
US Fire Insurance Company	Consent to COVID-related suspension of the 2021 reporting obligation resulting in an extension of the eligibility period though the 2029 tax year.	$8,000,000
W&W Jewelers, Inc.	Consent to a COVID-related job reset from 22 to 12 jobs for the 2020 tax year and subsequent tax years through the end of commitment duration	$5,400,000
Wenner Bread Products, Inc.	Consent to amend the Incentive Agreement to reflect name change to Europastry USA, Inc.	$30,360,000

BUSINESS EMPLOYMENT INCENTIVE GRANT PROGRAM

Grantee	Modification Action	Approved Award
Bed Bath and Beyond Inc.	Consent to various grantee name changes and affiliate removals	$8,541,650
Citco Fund Services (USA) Inc. and Citco Technology Management, Inc,	Consent to correct and amend Project Location from 570 Washington Boulevard, Jersey City NJ 07302 to Harborside Plaza 10, 3 Second Street, Suite 6 & 7, Jersey City, NJ 07302	$10,150,000
Comcast Corporation	Consent to remove various grantees from the grant agreement and implement the 20% withholdings cap to any award not yet disbursed.	$4,611,840
Goldman Sachs Group, Inc.	Consent to the various affiliate name changes and removals	$164,336,000
Gain Capital Group, LLC	Consent to amend the Project Location from 550 Hills Drive, Bedminster, NJ 07921 to 135 Route 202/206, Bedminster, NJ effective November 1, 2009.	$164,200

SALEM/UEZ ENERGY SALES TAX EXEMPTION RENEWALS

Applicant	Extend to date	Location	#/% of employees	Benefit
Union Beverage Packers	August 29, 2023	Hillside, NJ	296/98%	$398,792