MEMORANDUM

TO: Members of the Authority

FROM: Timothy Sullivan
Chief Executive Officer

DATE: July 26, 2023

SUBJECT: Agenda for Board Meeting of the Authority July 26, 2023

Notice of Public Meeting

Roll Call

Approval of Previous Month's Minutes

CEO's Report to the Board

Venture

Authority Matters

Wind Institute

Incentives

New Jersey Wind Port

Board Memoranda

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Fort Monmouth Economic Revitalization Authority
(FMERA) 502 Brewer Avenue
Oceanport, NJ 07757

June 14, 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, State Treasurer Elizabeth Muoio of the Department of Treasury; Commissioner Robert Asaro-Angelo of the Department of Labor and Workforce Development; Jamera Sirmans, representing Noreen Giblin, Deputy Chief Counsel and Director of the Authorities Unit of the Executive Branch; and Public Members: Charles Sarlo, Vice Chair; Virginia Bauer, Robert Shimko, First Alternate Public Member; and Jewell Antoine -Johnson, Second Alternate Member.

Members of the Authority present via conference call: Commissioner Marlene Caride of the Department of Banking and Insurance, Elizabeth Dragon representing Commissioner Shawn LaTourette of the Department of Environmental Protection, and Public Members Phil Alagia, Aisha Glover, and Marcia Marley.

Members of the Authority absent: Public Member Fred Dumont, and Massiel Medina Ferrara.

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

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

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

MINUTES OF AUTHORITY MEETING

The next item of business was the approval of the May 10, 2023 meeting minutes. A motion was made to approve the minutes by Ms. Bauer and seconded by Commissioner Angelo and was approved by the twelve (12) voting members present.

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

State Treasurer Elizabeth Muoio entered the meeting at this time.

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

INCENTIVES

Aspire

ITEM: Aspire Program - Product #303116 150-170 - South Broad Trenton Urban Renewal Associates LP ("Applicant") and Life Management, Inc. ("Co-applicant")
REQUEST: To approve the application of a residential project located in Trenton, New Jersey, Mercer County for the issuance of tax credits for the Aspire Program.
MOTION TO APPROVE: State Treasurer Muoio **SECOND:** Ms. Bauer **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

FILM TAX CREDIT PROGRAM

Paramount Pictures Corporation, Inc. - Mean Girls: The Musical PROD-00308961
MAX AMOUNT OF TAX CREDITS: $13,023,212
MOTION TO APPROVE: Commissioner Angelo **SECOND:** Mr. Shimko **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

Mr. O'Toole recused himself out of an abundance of caution as he owns stock in Paramount Pictures Corporation, Inc.

Paramount Pictures Corporation, Inc – Before S1 PROD-00310527
MAX AMOUNT OF TAX CREDITS: $22,477,204
MOTION TO APPROVE: Mr. Shimko **SECOND:** Ms. Bauer **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

Mr. O'Toole recused himself out of an abundance of caution as he owns stock in Paramount Pictures Corporation, Inc.

GROW NJ

ITEM: Express Scripts Pharmacy, Inc., Accredo Health Group, Inc. and Express Scripts Services Company, Legacy Grow NJ Modification–P38382
REQUEST: To affirm that the project has not materially changed to allow staff to complete its certification of project completion. Additionally, as staff is still reviewing the job certification and the number of jobs may still be reduced if additional deficiencies are found, staff requests delegated authority to approve a further 10% reduction in eligible jobs.
MOTION TO APPROVE: Ms. Bauer **SECOND:** Mr. Sarlo **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

COMMUNITY DEVELOPMENT

ITEM: Brownfields Planning & Assessment Services
REQUEST: To approve: (1) utilization of funds provided by USEPA to NJEDA for implementing Brownfield Planning & Assessment Services; and (2) entering into contracts with environmental contracting firms to provide brownfield assessment.
MOTION TO APPROVE: Ms. Dragon **SECOND:** Ms. Antoine-Johnson **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

ITEM: Cannabis Grant Program- Product 1 Technical Assistance Program- Product Revision
REQUEST: To approve a revision to the Cannabis Grant Program Product 1 (Technical Assistance Program) to remove the eligibility criteria stating an Applicant Entity has not secured site control and municipal approval to operate and open in a municipality.
MOTION TO APPROVE: Ms. Sirmans **SECOND:** Commissioner Angelo **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

ITEM: Recommendation for Additional Funding for the Main Street Micro Business Loan
REQUEST: To approve (1) The utilization of funds from the Main Street Recovery Fund to supplement the Main Street Micro Business Loan; (2) The utilization of a 3% administrative fee to support the NJEDA's costs to administer this additional funding; and
(3) Delegation to the CEO to utilize additional funds, with a 3% administrative fee reserved for the Authority, if additional funding becomes available to the Main Street Recovery Fund.
MOTION TO APPROVE: State Treasurer Muoio **SECOND:** Ms. Bauer **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

Ms. Antoine-Johnson recused herself to prevent any potential future conflict**.**

ECONOMIC TRANSFORMATION

ITEM: New Jersey Zero Emission Incentive Program (NJ ZIP) - Shifting undisbursed Phase 1 funding to Phase 2
REQUEST: To approve delegated authority for the CEO to shift any unused funds in Phase 1 NJ ZIP funding in RGGI allocations to NJ ZIP Phase 2 as needed for which the pilot will continue to focus on the adoption and use of zero emission vehicles in the State of New Jersey.
MOTION TO APPROVE: Ms. Antoine-Johnson **SECOND:** Commissioner Caride **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

AUTHORITY MATTERS

ITEM: Recommendation for Award – 2023 RFP-163, Business Attraction and Marketing Contract
REQUEST: To approve the award of a Business Attraction and Marketing Contract.
MOTION TO APPROVE: Ms. Bauer **SECOND:** Ms. Antoine-Johnson **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

LOANS, GRANTS, GUARANTEES, INVESTMENTS

Hazardous Discharge Site Remediation Fund (HDSRF)

ITEM: Summary of NJDEP Hazardous Discharge Site Remediation Fund Program projects approved by the Department of Environmental Protection.
MOTION TO APPROVE: Ms. Dragon **SECOND:** Mr. Sarlo **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

PROJECT: Robert Hawthorne Sanitary Landfill PROD. #00311214
LOCATION: National Park Borough, Gloucester County
PROCEEDS FOR: Remedial action
FINANCING: $2,522,733.98

NEW JERSEY WIND PORT

ITEM: Temporary license agreement with PSEG Nuclear for use of Parcel B for dredge placement
REQUEST: To approve the Authority entering into a license agreement with PSEG Nuclear granting PSEG Nuclear the temporary right to deposit dredge material onto Parcel B, a 110-acre property owned by NJEDA.
MOTION TO APPROVE: Ms. Bauer **SECOND:** Commissioner Angelo **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

REAL ESTATE

ITEM: University Hospital Study and Master Plan – Approve MOU with New Jersey Department of Community Affairs providing Coronavirus State Fiscal Recovery Funds for the University Hospital Study and Plan Program & MOU with University Hospital for the Initial Use of the Coronavirus State Fiscal Recovery Funds for the Study and Plan Program.
REQUEST: To approve two memoranda of understanding for the University Hospital Study and Project on its campus in Newark, Essex County as follows:

- Between the Authority and NJDCA providing Coronavirus State Fiscal Recovery Funds to the Authority for the University Study and Plan; and
- Between the Authority and UH for the initial use of the Coronavirus State Fiscal Recovery Funds for the Study and Plan Program.

MOTION TO APPROVE: Mr. Shimko **SECOND:** Ms. Antoine-Johnson **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

Mr. Alagia recused himself as Essex County is involved with this project.

BOARD MEMORANDA – FYI ONLY

- Economic Transformation Products Delegated Authority Approvals, Declinations, & Other Actions, 1st Quarter, 2023
- Real Estate Division Delegated Authority for Leases and Right of Entry (ROE)/Licenses, 2nd Quarter, 2023

PUBLIC COMMENT

Ms. Emily Arnold, PRS, addressed the Board about the Brownfields Planning & Assessment Services awards, asking for clarification on which vendors were selected for the contract awards.

EXECUTIVE SESSION

The next item was to adjourn the public portion of the meeting and move into Executive Session to discuss a real estate contract matter involving public funds, where disclosure could adversely impact the public interest. The minutes of the Executive Session shall become public when the need for confidentiality no longer exists.
MOTION TO APPROVE: Commissioner Angelo **SECOND:** Commissioner Caride **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

The Board returned to Public Session.

REAL ESTATE

ITEM: Health & Agriculture Buildings Demolition Project ("Demolition Project") - Amend the Demolition Project Budget and Reallocate a Portion of the Proceeds of the NJEDA State Lease Revenue Bonds (State Government Buildings – Health Department and Taxation Division Office Project), 2018 Series A (Tax-Exempt) ("2018 Series A Bonds ") to the Demolition Project, Product No. 00224572
REQUEST: To approve the increase in the Demolition Project budget and the redesignation of a portion of the 2018 Series A Bond Proceeds for the Demolition Project and related legal matters.
MOTION TO APPROVE: Ms. Bauer **SECOND:** Ms. Antoine-Johnson **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

There being no further business, on a motion by Mr. Shimko, and seconded by Ms. Bauer, the meeting was adjourned at 11:46am.

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

Danielle Esser

Danielle Esser, Director
Governance & Strategic Initiatives
Assistant Secretary

MEMORANDUM

To: Members of the Authority

From: Tim Sullivan

Date: July 26, 2023

Re: July 2023 Board Meeting – CEO Report

It's hard to believe that 2023 is more than halfway over. It's been a bustling seven months, with the launch of many new products, and the expansion of several standing programs. I wanted to highlight a few of the New Jersey Economic Development Authority's (NJEDA) accomplishments thus far and recognize the staff who make it all possible.

In January, we created the Food Retail Innovation in Delivery Grant (FRIDG) program, which will expand fresh, healthy food options for residents in Food Desert Communities (FDCs). In April, we opened applications for Phase I of our Cannabis Equity Grant Program, which received an overwhelming amount of interest and will help ensure equitable access to the state's growing cannabis industry. And last month, we launched our Activation, Revitalization, and Transformation (ART) Program, which will support the economic recovery of Newark and Atlantic City, which have faced hardships due to the pandemic. These programs, along with others like Aspire, the New Jersey Clean Energy Loans program, NJ ZIP, and the Manufacturing Voucher Program, will help grow New Jersey's economy and make it more equitable and inclusive.

In February, I had the honor of attending Governor Phil Murphy's 2024 budget address, where he outlined a proposal that puts affordability and fiscal responsibility at the forefront. I'm happy to report that the Fiscal Year 2024 budget that the Legislature passed, and Governor Murphy signed into law included significant funding that will help the NJEDA create more opportunities for New Jersey communities, businesses, and families.

Several bills were also passed alongside the budget, which combined, will allow the NJEDA to continue developing key industries that will create a strong and resilient economy. As the Chairman mentioned, the Governor signed a critical offshore wind bill that allows Ørsted to access federal tax credits to keep the Ocean Wind 1 project moving forward. Two bills extended and expanded two of our tax credit programs – the Aspire program and the Film & Digital Media Tax Credit program. And this past Friday, I joined the Governor when he signed a bill establishing a new $35 million employee relocation grant program to combat the effects of New York's congestion pricing.

In the FY24 budget, over $50 million was included to boost the Main Street Recovery Program, which will continue to help support the growth and success of small businesses across the state. Through our Main Street Recovery Program, small businesses across New Jersey were able to open new locations, avoid layoffs, and hire additional staff. And most importantly, these small businesses have been able to transition from survival mode to an era of growth and prosperity. I look forward to continuing to support and uplift New Jersey's small businesses with this additional funding.

$50 million was dedicated for the new Urban Investment Fund to create programs that support the arts, increased pedestrian safety, new open space, and funding to reimagine under-utilized office space. Dedicated funding for our urban centers that were hit hard during the pandemic will pave the way for a stronger economy by increasing foot traffic and spend in downtowns most impacted by the transition to remote work.

An additional $20 million was included to support the New Jersey Manufacturing Vouchers Program (MVP) – bringing the program's total funding to $53 million. Since the program's launch, the NJEDA has awarded 189 vouchers to manufacturers across New Jersey totaling $23.4 million and continues to process and approve applications daily. The additional funding for the program will enable the NJEDA to fulfill those applications that were submitted after the program was oversubscribed and launch Phase II of the program on a date to be announced in the coming months.

The FY24 budget included $40 million for the Green Fund, which will help reduce greenhouse gas emissions and promote an inclusive clean energy economy by accelerating the deployment of proven clean energy technologies. With this funding, we'll be able to expand our electric vehicle infrastructure and move our building stock from fossil fuels to energy-efficient heating and cooling technologies. Making this critical investment in our green economy will put us on track to achieve 100 percent clean energy by 2035.

$20.5 million was allocated to boost the Child Care Facilities Improvement Program. Since the program launched last November, the NJEDA has received over 450 applications from child care centers that serve over 36,000 children and employ nearly 9,000 workers. The additional funding will help meet the overwhelming demand for the program, which allows child care centers to make critical interior and exterior facility improvements.

The Wind Institute for Innovation & Training received an additional $5 million in the FY24 budget. The Wind Institute will help accelerate innovation, research and development, and entrepreneurship in the state's offshore wind industry. As we make progress developing the state's first offshore wind project, the NJEDA stands committed to cultivating an equitable and inclusive industry where all New Jerseyans have access to the job market.

The funding allocated for the NJEDA in FY24 will enable us to build on the momentum we've created over the past few years. As we launch new programs and expand existing ones, we'll continue creating jobs, revitalizing communities, and uplifting families and small businesses. One program at a time and one approval at a time, the NJEDA is working to fulfill Governor Murphy's goal of a stronger, fairer New Jersey.

Tim Sullivan, CEO

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: July 26, 2023

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

SUMMARY

The Members are asked to approve the venture firms presented today 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, for which the application opened on May 23, 2023, will be presented to the Members for consideration under separate cover following eligibility review conducted by NJEDA staff. Applications are reviewed by Staff on a rolling basis and presented to the Board in order of completed application received. This month, Authority staff seeks Board approval to designate four applicant venture capital firms as Qualified Venture Firms.

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. The proceeds of the auction are added to the $5 million of Program funds received through a FY2023 State budget appropriation to fund initial Evergreen Fund investments and expenses. As of the June 1, 2023, approximately $46 million of unallocated capital remains available for program investments and expenses.

To invest the Evergreen Fund monies, the Program establishes an application process through which venture firms first may apply for designation as a Qualified Venture Firm. Venture firms, which do not need to be located in the State, may apply for designations on a rolling basis, and applications are reviewed in order of submission. 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 opened on May 23, 2023.

Qualified Venture Firms may apply to the Authority to access capital in the Evergreen Fund to make up to two initial Qualified Investments per year into eligible New Jersey-based high-growth businesses. 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 thirteen applications; three Qualified Venture Firms were approved by the Members on May 10, 2023, six applications are in-process, and four 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.

Please refer to **Appendix A** 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 employ two full-time investors 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

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Tim Sullivan, CEO

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

Attachment:
Appendix A - Qualified Venture Firm Weighted Criteria Evaluation Model

Appendix A – 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 1: 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 2: 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 3: 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.

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: July 26, 2023

SUBJECT: New Jersey Innovation Evergreen Fund: July 2023 Qualified Venture Firm Approval – Covenant Venture Capital LLC

SUMMARY

The Members are asked to approve Covenant Venture Capital LLC, as a Qualified Venture Firm under the New Jersey Innovation Evergreen Program. Staff finds the applicant meets all program eligibility requirements, including achieving the minimum acceptable score outlined in the cover memorandum and detailed below. The designation will allow Covenant Venture Capital LLC to apply for program Qualified Investment co-investment capital to invest in eligible high-growth New Jersey-based companies. Any Qualified Investments, for which the application opened on May 23, 2023, will be presented to the Members for consideration under separate cover following eligibility review conducted by NJEDA staff.

COVENANT VENTURE CAPITAL LLC

Overview

Covenant Venture Partners ("Covenant") is a minority-owned venture capital firm based in New York City. The firm was founded in 2020. Covenant is led by three senior partners including the former CFO of three Nasdaq-listed SPACs with exits, and the CIO of Insight Family Office with seven successful exits. The 14-person firm is staffed with ten investment professionals, two venture fellows, and two administrative professionals. The firm manages $54 million across two funds.

Strategy

Covenant is focused on investing in companies developing artificial intelligence technologies to disrupt existing processes and unique early-stage technology and life science companies. The firm executes its strategy via two distinct funds. First, the Covenant VC Select Opportunities Fund makes early-stage investments (Series A, B) in technology and life science companies that are not necessarily AI-enabled. Second, the Covenant Global Technology Fund is focused on sourcing later stage (Series B, C, D), AI-enabled technology companies at significant discounts through off-market, direct-sourced primary and secondary transactions from institutional sellers. The firm anticipates the Covenant VC Select Opportunities Fund will serve as the Program Qualified Venture Firm Active Fund.

Investment and Management Team

Covenant is managed by an experienced investment team that includes Karl Douglas, Chief Investment Officer, Patrick Sturgeon, Managing Partner, Troy Douglas, Managing Partner, Sis Barseghyan, Venture Partner and Armen Kerlopian, Chief Science Officer.

Karl Douglas, Chief Investment Officer, is the founding partner of Covenant Venture Capital. Mr. Douglas has over 35 years of professional experience in technology and finance. Prior to founding Covenant Venture Capital, he held technology and finance positions at firms such as Bear Stearns, JP Morgan Securities, Merrill Lynch, and Terra Nova Capital. He serves as a strategic advisor to BAJ Technology Accelerator, where he helps technology startups by providing guidance on strategy and financing.

Patrick Sturgeon, Managing Partner, is focused on growth companies, especially in the aerospace & defense, financial services, technology, and healthcare sectors. He has 20 years of experience executing initial public offering, M&A, private placement, and SPAC transactions. He plays a central role in Covenant's access to off-market secondaries via an established network in the venture community. Mr. Sturgeon has also been a sponsor & chief financial officer of three Nasdaq-listed special purpose acquisition companies. Earlier in his career he worked as Managing Director at Axiom Capital Management and spent approximately a decade focusing on M&A in the financial services sector at Freeman & Co.

Troy Douglas, Managing Partner, holds a certificate in Blockchain Finance from MIT, and a certificate in Finance from Harvard Business School. Mr. Douglas provides the firm a unique high-tech perspective and a wealth of experience in blockchain and decentralized finance ("DeFi"). Troy began his investment career at Insight Family Office, the investment office of the firm's Chief Investment Officer.

Sis Barseghyan, Venture Partner, is an experienced venture capitalist primarily responsible for sourcing and executing opportunities in Europe and Asia. As a full Venture Partner, he is active in all stages of the investment process, including direct investment as a principal and voting representative on Covenant's Investment Committee. Most recently, Mr. Barseghyan served as Partner at Invista Capital Advisers, a hotel- and resort-focused investment firm.

Armen Kherlopian, Chief Science Officer, is an experienced data science advisor for Global Fortune 100 companies and government organizations such as NASA. Mr. Kherlopian was co-founder of the Data Science Bowl, the largest data challenge for social good, as well as co-author of Booz Allen's Field Guide to Data Science. Armen holds a Ph.D. in Biophysics with a focus on Machine Learning from Cornell University and a Fellowship in High-Performance Computing with a focus on AI at Princeton University.

New Jersey Investment History

The firm is a co-lead investor for Series A investment into Epibone, Inc. (2022), which recently relocated to Jersey City.

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 Covenant Venture Capital LLC, conditioned on execution of Qualified Venture Firm Agreement.

Table 1: Covenant Venture Capital LLC Summary Information

Firm Name	Assets Under Management	HQ Location	Score	Minimum Acceptable Score
Covenant Venture Capital LLC	$54.3M	NY	18.0	17.0

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Tim Sullivan, CEO

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

Attachments:

Appendix A – Confidential Detailed Scoring

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: July 26, 2023

SUBJECT: New Jersey Innovation Evergreen Fund: July 2023 Qualified Venture Firm Approval – Edison Partners Management LLC

SUMMARY

The Members are asked to approve Edison Partners Management LLC, as a Qualified Venture Firm under the New Jersey Innovation Evergreen Program. Staff finds the applicant meets all program eligibility requirements, including achieving the minimum acceptable score outlined in the cover memorandum and detailed below. The designation will allow Edison Partners Management LLC to apply for program Qualified Investment co-investment capital to invest in eligible high-growth New Jersey-based companies. Any Qualified Investments, for which the application opened on May 23, 2023, will be presented to the Members for consideration under separate cover following eligibility review conducted by NJEDA staff.

EDISON PARTNERS MANAGEMENT LLC

(DBA Edison Partners)

Overview

Edison Partners Management LLC ("Edison Partners" or "Edison") is a leading growth equity investor in rapidly growing private software and technology-enabled companies. The Princeton, New Jersey-based investment firm has been successfully investing in innovative high-growth businesses for over 35 years. The firm's team brings more than 275 years of combined investing, operating, and sector experience. Edison Partners manages nearly $1.8B in assets under management and is currently investing out of its $450M tenth fund and is fundraising for an eleventh fund with a target fund size of $750M. The Authority is a Limited Partner in eight Edison Partners funds dating back to Edison Fund III, L.P. in 1995.

Strategy

Edison Partners invests in high-growth financial technology, healthcare IT and vertical SaaS and marketplace companies located outside Silicon Valley with $10 million to $30 million in revenue. Target portfolio companies typically demonstrate at least 30% annual revenue growth, with no or limited prior capital raised. The firm's investments expand beyond minority-stake equity investments and include buyouts, recapitalizations, spinouts, and secondary stock purchases. Since inception, Edison has raised and invested 10 funds into 261 investments and has recorded 214 exits.

The firm adds value to its portfolio companies through its Edison Edge platform, a personalized value creation platform that brings together people, plans, and programming. Edison's approach to value addition is tailored to portfolio company stage, strategy, and operating needs. The firm's experienced Operating Partners serve as an extension of portfolio company management teams.

Investment and Management Team

Edison is led by a robust management team, which includes Managing Partner, Chris Sugden, and General Partners, Kelly Ford Buckley, Lenard Marcus, Gregg Michaelson, and Ryan Ziegler. The firm's Managing and General Partners are joined by a large team of seasoned investment and operating professionals who identify investments and add value to portfolio companies.

Mr. Sugden joined Edison in 2002 and is a Managing Partner and Chairman of the firm's investment committee. He has been on both sides of the table as a successful entrepreneur and his experience includes leading sales, product, finance, business strategy, and capital formation. Mr. Sugden has been a leading executive and investor in Fintech for over 25 years. At Edison Partners, Mr. Sugden's track record includes leading dozens of new investments and over 60 rounds of financing. He has served as Director of more than 25 portfolio companies and currently sits on the board of five Edison fintech companies. Previously, Mr. Sugden served as an Executive VP and division CEO for an early leader in the electronic bill payment industry. He raised multiple rounds of venture capital in this role and completed an acquisition.

Ms. Ford Buckley joined Edison in 2014 and serves as a General Partner and the firm's Chief Operating Officer. In this role she leads firm operations, including investment development, value creation, portfolio management, finance, and marketing. Ms. Ford Buckley manages investments in enterprise SaaS and fintech, serves on Edison's investment committee, and is a pioneer of the firm's Edison Edge value creation platform. Prior to joining Edison in 2014, she spent 20 years operating in high growth emerging and established B2B and B2B2C companies.

Mr. Marcus serves as General Partner and is responsible for leading Edison's investments in companies primarily located in the mid-Atlantic area. He co-leads the firm's healthcare IT investments and leads Edison's security practice. Mr. Marcus is active in the mid-Atlantic venture community serving as a Board member for the Maryland Venture Fund and Greater Baltimore Technology Council.

Mr. Michaelson serves as General Partner and focuses on investments in Healthcare IT and Enterprise software. He brings over 20 years of experience investing in and operating growth stage companies, including serving as CEO of Linkwell Health, a consumer healthcare engagement company.

Mr. Ziegler joined Edison in 2003 and serves as General Partner and leads the firm's Enterprises Software and Vertical SaaS industry practice. Mr. Ziegler has been investing and advising technology companies for over 20 years.

New Jersey Investment History
The firm has invested in one New Jersey-based businesses through funds raised in the past five years: SPHERE Technology Solutions (2022), Hoboken.

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 Edison Partners Management LLC, conditioned on execution of Qualified Venture Firm Agreement.

Table 1: Edison Partners Management LLC Summary Information

Firm Name	Assets Under Management	HQ Location	Score	Minimum Acceptable Score*
Edison Partners Management LLC	$1.8B	NJ	34.0	24.0

*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. This approach helps ensure applicants with longstanding policies made demonstrable progress towards their policy goals.

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Tim Sullivan, CEO

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

Attachments:

Appendix A – Confidential Detailed Scoring

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: July 26, 2023

SUBJECT: New Jersey Innovation Evergreen Fund: July 2023 Qualified Venture Firm Approval – Newark Venture Accelerator LLC

SUMMARY

The Members are asked to approve Newark Venture Accelerator LLC, as a Qualified Venture Firm under the New Jersey Innovation Evergreen Program. Staff finds the applicant meets all program eligibility requirements, including achieving the minimum acceptable score outlined in the cover memorandum and detailed below. The designation will allow Newark Venture Accelerator LLC to apply for program Qualified Investment co-investment capital to invest in eligible high-growth New Jersey-based companies. Any Qualified Investments, for which the application opened on May 23, 2023, will be presented to the Members for consideration under separate cover following eligibility review conducted by NJEDA staff.

NEWARK VENTURE ACCELERATOR LLC

(DBA Newark Venture Partners)

Overview

Founded in 2017, Newark Venture Accelerator LLC ("Newark Venture Partners" or "NVP") is a New Jersey-based early-stage venture capital firm. Newark Venture Partners identifies, invests in, and supports best-in-class B2B software founders as they build innovative solutions for some of today's most complex business challenges. The firm has been a leader in investing and supporting New Jersey-based entrepreneurs and companies, while catalyzing development of the innovation ecosystem in the City of Newark.

NVP raised and deployed a $44 million first fund with a final close date in 2017 and is now investing from a $88 million second fund (2020 vintage). The firm recently began fundraising for a third fund with a $150M target size and a first close is expected in 3Q 2023. The Authority is a Limited Partner in Newark Venture Partner Fund, L.P. and in Newark Venture Partners Fund II, L.P. NVP also has participated in New Jersey Founders and Funders events.

Strategy

Newark Venture Partners invests in exceptional founders building the next generation of enterprise software companies. NVP leads or participates in seed rounds with investments up to $2 million. The firm invests in B2B software businesses, especially in verticals where the firm can leverage the expertise of its investment team and corporate investment partners. These focus areas include Supply Chain, Healthtech, and Audio/Voice or "Soundscape" markets.

The firm has raised capital from public, corporate, and individual business leaders, many with an affinity for the local community. NVP works within its network of engaged corporate partners and alongside its full-time team to source, vet, and add value to investments. This approach leads to stronger relationships between portfolio companies and decision-makers within the firm's corporate community, where its partners have additional incentives to champion technologies grown under their mentorship at NVP. The firm believes its secret weapon is its community of engaged corporate limited partners, such as Audible, RWJ Barnabas Health, Prudential Panasonic, HBCBS of New Jersey, and more, who are investors in the fund and active operating partners. The firm's fund investors help NVP source startup investment opportunities, understand the potential for product-market fit, and add value to its portfolio teams post-investment.

Newark Venture Partners is committed to supporting the local community in Newark, thereby catalyzing growth in the Newark's technology ecosystem. NVP believes Newark's historical connection to innovation, its geographical footprint, and its community of corporate citizens make it an ideal location for growing startups. Notably, nearly 60% of NVP portfolio companies have a female founder or a founder of color.

Investment and Management Team

Newark Venture Partners is led by an experienced management team and investment and operations staff. The Managing Partners, Dan Borok, Thomas Wisniewski, and Vaugh Crowe, each have at least 17 years of venture and/or operating experience. Mr. Borok and Mr. Wisniewski have worked together at the firm for 7 years, while Mr. Crowe joined the NVP team in 2021.

Mr. Borok is a co-Founder and Managing Partner at NVP has spent 18 years in the venture space, including as a Partner at Millennium Technology Value Partners. His investments focus on B2B software, including themes around healthcare, supply chain and enterprise automation. Prior to his time as an investor, Mr. Borok worked in the operations group at Google.

Mr. Wisniewski is a co-Founder and Managing Partner at NVP and was previously an entrepreneur with senior roles building several VC-backed companies. Mr. Wisniewski also founded RosePaul Ventures, a family office with a large portfolio of direct venture investments and a venture capital fund of funds. He serves as a Board Member of the New Jersey Innovation Institute and is actively engaged in the Black and Latino Angel Investment Fund in Newark.

Mr. Crowe has served as a Managing Partner at NVP since joining the firm in 2021. He previously served as a Managing Director at Wesray Social Investments, the investment arm of Ray Chamber's family office. Mr. Crowe was also executive chair, with operations responsibility, for a large consumer products company. Mr. Crowe was born and raised in Newark, NJ, are currently serves as Vice Chair of Newark Beth Israel Medical Center, a RWJ Barnabas Hospital and New Jersey State Investment Council, the governing structure for the State's pension assets.

New Jersey Investment History

The firm has invested in the following New Jersey-based businesses through funds raised in the past five years: Handspring Health (2022), Newark; Clockwork Logistics (2021), Newark; Vikar Technologies (2020), Old Bridge; Agilis Chemicals (2020), Newark.

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 Newark Venture Accelerator LLC, conditioned on execution of Qualified Venture Firm Agreement.

Table 1: Newark Venture Accelerator LLC Summary Information

Firm Name	Assets Under Management	HQ Location	Score	Minimum Acceptable Score*
Newark Venture Accelerator LLC	$152.4M	NJ	30.0	24.0

* 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. This approach helps ensure applicants with longstanding policies made demonstrable progress towards their policy goals.

Tim Sullivan, CEO

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

Attachments:

Appendix A – Confidential Detailed Scoring

NJEDA

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: July 26, 2023

SUBJECT: New Jersey Innovation Evergreen Fund: July 2023 Qualified Venture Firm Approval – RV3 Management, LLC

SUMMARY

The Members are asked to approve RV3 Management, LLC, as a Qualified Venture Firm under the New Jersey Innovation Evergreen Program. Staff finds the applicant meets all program eligibility requirements, including achieving the minimum acceptable score outlined in the cover memorandum and detailed below. The designation will allow RV3 Management, LLC to apply for program Qualified Investment co-investment capital to invest in eligible high-growth New Jersey-based companies. Any Qualified Investments, for which the application opened on May 23, 2023, will be presented to the Members for consideration under separate cover following eligibility review conducted by NJEDA staff.

RV3 Management, LLC - Overview
(DBA Rittenhouse Ventures)

Overview
Rittenhouse Ventures ("Rittenhouse"), founded in 2008, focuses on early-growth B2B software investments primarily across the Mid-Atlantic region. Based in Wayne, PA, Rittenhouse is a value-focused fund investor that aims to provide venture-capital returns with a risk profile similar to private equity or growth equity funds. Led by an experienced team, Rittenhouse has made over 30 investments and deployed over $50 million since inception across two funds and numerous co-investments. Both of its funds have returned capital and Rittenhouse has recently completed an initial close on its third fund, Rittenhouse Ventures III.

Strategy
The firm has a particular emphasis on the healthcare and pharmaceutical information technology sectors, but also targets verticals including human resources, analytics, financial services, and general software-as-a-service ("SaaS") applications. Target investments will typically have

revenue in the range of $1 million to $10 million and are expected to have validated products, substantial revenue traction, and relatively capital-efficient growth strategies.

Investment and Management Team

The investment team has known each other for over a decade via regular interactions within the regional venture ecosystem.

Saul Richter, Managing Partner, founded Rittenhouse in 2006. He has led the firm since its inception and been actively involved in all its portfolio investments. He was previously at Himalaya Capital, where he led investments for two top-quartile Himalaya funds. Across his 20-year venture investing career, Mr. Richter has been involved with over 30 portfolio investments and has been an active board member for approximately 15 companies. Prior to Himalaya, he worked at Lucent Technologies in the New Ventures Group, where he focused on the creation and launch of software startups. In addition to Lucent, Mr. Richter has prior venture capital experience working at Softbank Ventures, Jerusalem Global Ventures and Flatiron Partners, now Union Square Ventures. Mr. Richter also has prior financial experience as an investment banker as well as technology experience as a system administrator and startup entrepreneur. He is a frequent speaker on technology and venture capital trends.

Sushma Rajagopalan, Partner, joined Rittenhouse in 2020. Ms. Rajagopalan has a 30-year career in technology and was the CEO of a $100M annual revenue global digital tech company prior to joining Rittenhouse. In addition to her operating experience, she has held other C-level roles such as Chief Strategy Officer and has M&A, strategy, human resources, and angel investing experience.

David Nevas, General Partner, joined the firm in 2022. Mr. Nevas has over 20 years of investing, operating and advisory experience with early- and growth-stage software companies. He was previously a Partner at Edison Partners where he was involved in over 20 financings and sat on the board of seven portfolio companies during his 12-year tenure.

Steve Holstad, Chief Financial Officer joined Rittenhouse in 2015. Mr. Holstad's background spans 20 years of financial and investment leadership roles at both early-stage and large enterprises. As CFO he handles the core financial obligations for the firm, including audit preparation, investor communication and financial accounting.

New Jersey Investment History

Rittenhouse has not invested in any New Jersey-based businesses through funds raised in the past five years due to the firms fundraising cycle, however the firm has made the following recent investments into NJ businesses: StationMD, Inc. (2019-21), Maplewood; Inpensa, Inc. (2017-18), South Plainfield.

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 RV3 Management, LLC, conditioned on execution of Qualified Venture Firm Agreement.

Table 1: RV3 Management, LLC Summary Information

Firm Name	Assets Under Management	HQ Location	Score	Minimum Acceptable Score
RV3 Management, LLC	$34.2M	PA	25.0	17.0

Tim Sullivan, CEO

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

Attachments:

Appendix A – Confidential Detailed Scoring

MEMORANDUM

TO: Members of the Authority

FR: Tim Sullivan
Chief Executive Officer

DA: July 26, 2023

RE: Extension of Consulting Services for CHIPS and IRA Support

Summary:
The Members are asked to approve the extension of a contract with McKinsey & Company, Inc. Washington, D.C. (McKinsey) for consulting services in support of the Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act, and the Inflation Reduction Act (IRA). Currently, the New Jersey Economic Development Authority (Authority) is under contract with McKinsey for twelve weeks of support for opportunities made available to New Jersey under CHIPS and IRA, and due to the size and scale of future funding opportunities under both programs, the Authority seeks to extend the current McKinsey contract for an additional five months of support totaling $4,768,225 for an extended one (1) year term in the event the work takes longer than anticipated. The Members are also asked to approve delegated authority to the Chief Executive Officer to enter into a Memorandum of Understanding with the New Jersey Board of Public Utilities (NJBPU) for NJBPU to contribute toward the cost of the McKinsey contract extension on the terms described in this memorandum.

Background:
In April of 2023, the New Jersey Economic Development Authority's Board approved entering into a contract with McKinsey for an Analysis of the CHIPS and Science Act, and the IRA for a twelve-week support model valued at $2,468,400. During these twelve weeks, McKinsey was tasked with reviewing the CHIPS and IRA packages to determine how New Jersey can best leverage the funding sources available in these Acts, as well as preparing a report with a strategic plan for each of these legislative packages, that identifies funding opportunities best suited for New Jersey entities, including State Agencies and Authorities, municipal and county governments, public universities, and federal installations including research laboratories.

During those twelve weeks, McKinsey analyzed all 140+ programs across CHIPS and IRA and determined several key areas for New Jersey with high right-to-win potential. Those key areas translate to approximately $20B in funding for the state, comprised of $1.5B in competitive grant funding and $17.5B of tax credit and financing across 20 programs. To prepare for the funding made available under the identified opportunities for New Jersey, McKinsey created, onboarded, and established six inter-agency working groups comprised of staff from the Authority, the New Jersey Department of Environmental Protection, the New Jersey Board of Public Utilities, and the Governor's Office, who meet weekly to strategize and complete applications as they come online. Those working groups are 1) Manufacture and Invest in NJs capabilities, 2) Produce and Transmit clean energy, 3) Adapt and Build Resilience for Climate Change, 4) Conserve Natural Resources, 5) Reduce and Monitor Emissions, and 6) Finance and Sponsor clean energy and tech innovation.

To date, the six working groups are working alongside McKinsey to start, prepare for, and draft applications in support of 14 programs made available under CHIPS and IRA, totaling $67.6B in potential funding. Of those 14 programs, all have deadlines before October 5th, 2023, with McKinsey tracking an additional 8 opportunities that will come online between Q4 of 2023 and Q2 of 2024. Due to the significant amount of funding with high right-to-win potential for New Jersey that will come online from now to next year, the Authority seeks to extend McKinsey's contract in order to continue providing support for the state, specifically for the $1.5B of grant applications that New Jersey must submit and industry support that New Jersey will need in the next five months.

The Authority seeks to extend McKinsey's consulting contract for five months, which is anticipated to be sufficient for the required scope of services comprising the following:

- **Application support & economic modeling** – provide targeted "fly team" analytics, modeling, and support for stakeholder engagement on specific application opportunities.
  - For ~10-12 select high-priority applications requiring greater analytics, stakeholder alignment, and research: produce teardowns of NOFOs and other application requirements, fact packs and full analytical support to determine opportunity-specific win themes for the State, outlines and data-driven key win themes to guide application writing, coordination of relevant internal stakeholders, support for external stakeholder outreach, and other assistance as needed, including economic modeling in support of the State's teams.
  - For all other opportunities (as needed): on call and sprint-based support for analytics, research, and stakeholder coordination as NOFOs are released for each working group (including ongoing prioritization and tracking of potential matching funds) across IRA, CHIPS, and energy-related BIL programs, with access to our expert network and relevant tools, as needed.
  - Implementation planning for major grant programs to prepare the State to successfully execute on generational investments (e.g., plans for 20x more funding for the NJ Green Fund).
  - Support to include economic modeling as required (e.g., around potential households served under different program design scenarios, potential for jobs and economic growth from manufacturing incentives, etc.), plus training and working sessions with NJEDA's economics team (and as appropriate, other internal teams like real estate, sector development, offshore wind) on the IMPLAN model, to co-develop economic impact estimates and build lasting capabilities within NJEDA's team.

- **Maximizing incentives uptake** through data-driven support for the State's engagement with industry on IRA and CHIPS incentives across manufacturing, decarbonization, and clean energy production programs, and support for the state's efforts to help municipalities through technical assistance.
  - For ~1-2 high priority industry-driven opportunities (e.g., uptake of production, decarb, and manufacturing incentives across renewables; competitive R&D and supply chain grants and manufacturing tax credits across the semi-conductor supply chain).
    - Build the fact base to support targeted outreach to industry, e.g., data on largest and / or most relevant players locally and outside of the State for select opportunities.
    - Help the state across agencies on outreach strategies to ensure consistency and support conversations with interview guides and fact pacts.

        - Support the State with analytics and processes to enable outreach to industry for funding, including helping prep for the State's meetings with supply chain stakeholders and assisting outreach teams with follow ups plans to evaluate impact on New Jersey.
        - In line with economic modeling support above, continue to support analysis to determine highest and best use of State dollars to support industry attraction.

    - For **municipality assistance**, continue to monitor grants available to municipalities and community partners and develop a strategy to stand up an outreach and technical assistance function; assist the State in supporting municipalities on ~6-8 priority municipal applications, as needed and determine by the State.
        - Support awareness of opportunities and provide targeted analytical or research support for applications from non-state actors in New Jersey.
        - Assess the potential to engage local and county governments to effectively leverage direct pay and State and federal programs to advance specific programs (e.g., public building decarb, municipal vehicle ZEV adoption, clean energy microgrids).
        - Develop a strategy for municipal outreach prioritizing specific localities and relevant programs for each to guide outreach efforts.
        - Develop shared resources (e.g., application templates, data, research) for municipalities for the state to distribute.
        - Support the State to stand up a regular cadence to offer assistance / office hours, with rotating agendas based on latest opportunities.
        - Support the State to stand up a partnership network of stakeholders to work with municipalities on applications and help determine the interaction model.

- **Broadband Support** - Support NJ Office of Broadband Connectivity (OBC) to finalize the BEAD Five Year Action Plan ahead of the upcoming August 31 deadline, providing as-needed analytical support, input on existing asset mapping, organizational support (e.g., project management), and inputs on drafts, with access to network of Broadband experts through McKinsey's Broadband Alliance.

- **Program Management Support** - McKinsey will work closely with subcontractor(s), 17A and Indelible, on day-to-day operations of supporting the State team. The subcontractor(s) will work alongside McKinsey to sustain and scale the cross-functional operating model that the State has established during strategic planning to support across all the above areas, potentially also incorporating complementary programs from the Infrastructure Investment and Jobs Act (IIJA).
    - Continue to support weekly cadence of Chiefs syncs with review of upcoming deadlines; escalating issues from working groups to Chiefs of Staff and Governor's Office; prepare bi-weekly Governor's Office briefings.
    - Provide scheduling, organizational, and logistics support for ongoing delivery teams meeting cadences and follow up research / assistance as needed.
    - As needed, launch and customize a single-source-of-truth tool for New Jersey to use to track programs across agencies, including training for users (e.g., office hours, trainings, design workshops, etc.)
    - As needed, integrate major BIL programs into operating cadence, including assigning owners and dividing into appropriate delivery teams, in combination with relevant IRA and CHIPS programs.

Due to the Authority's need for these consulting services in support of the funding opportunities made available through CHIPS and IRA, the extended contract is priced for an additional five months of support. This timeline was determined by the quantity of applications that need to be submitted by August of 2024, and the demand required for interagency collaboration, drafting, modeling and analysis, and stakeholder engagement associated with each application. Since McKinsey is currently leading that effort on behalf of the state, the Authority is requesting an extension due to the continued demand, and limited staffing bandwidth across all agencies to further that work without a consultant present, and McKinsey's unique position being involved in the development of the key programs and funding opportunities. Since the support model requested is longer than previously anticipated under this contract the price adjustment reflects an increase in the duration of consulting services provided to the Authority.

Procurement Process:

The contract for these services was obtained through the Division of Purchase and Property's(DPP) within the NJ Department of the Treasury State Contract - M4005 for Strategic Management Consulting Services to McKinsey & Company, Inc. In order to utilize same, the Authority followed the requirements and process as set forth in the Method of Operation (MOO). In accordance with that MOO, the Authority was required to submit a request through DPP's Central Intake process. On February 7, 2023, the DPP approved the request and stated the Authority could proceed pursuant to the terms of the MOO, which the Authority did to obtain the initial scope of services from McKinsey.

In accordance with the prior DPP approval and NJEDA procurement/contracting procedures, due to the needs for additional services, the Authority requested a proposal from McKinsey for the additional scope of services.

Delegated Authority:

The NJEDA requests board approval to extend McKinsey's current contract for CHIPS and IRA support, valued at $4,768,225. In the previous phase of this contract, the Authority was reimbursed through the State of New Jersey's American Rescue Plan Coronavirus State and Local Fiscal Recovery Funds for Government Services. Since that funding source is no longer a viable option for this funding extension, the Authority is also requesting delegated authority for the NJEDA Chief Executive Officer (CEO) to accept money from the New Jersey Board of Public Utilities (NJBPU) for contract financing. The NJBPU and EDA staff have been in discussions for NJBPU to provide up to the full amount of the contract extension cost to the NJEDA.

In exchange for NJBPU's contribution, the NJBPU has requested that in the expanded scope of work McKinsey also provide one month of support for the NJBPU's applications and plans that will need to be submitted under the Broadband Equity, Access, and Deployment (BEAD) program, established by the Infrastructure Investment and Jobs Act. Accordingly, NJEDA included support for the BPU's broadband efforts into the extended contract with McKinsey, and such is reflected in the scope above.

The contract with McKinsey needs to be extended and amended with the additional scope of services before the July Board, as otherwise, the Authority would not be able to extend until the September Board, by which, 13 applications deadlines would have passed. Because of this quick timeline, and that the Authority had anticipated that funding would be provided through the American Rescue Plan State, a finalized Memorandum of Understanding (MOU) with NJBPU is not yet available. Authority staff has started discussions, and received confirmation, from NJBPU on splitting costs and NJPU's conditions on the use of such funds. Thus, until the MOU is finalized, NJEDA will remain responsible for the full cost of the McKinsey extension, including the broadband component of the updated scope.

While both the NJEDA and the NJBPU will contribute funding for this contract extension, the Authority will continue to serve as the contact manager for the duration of McKinsey's services. NJBPU, in turn, will serve as the agency lead for items related to Broadband support service, as well as any grant application identified by McKinsey to be led by NJBPU.

Recommendation:

The Members are asked to approve a one (1)-year extension of Consulting Services for CHIPS and IRA support to McKinsey & Company, Inc. Washington, D.C. for $4,768,225 for services expected to be completed within the first five months of the extension term. The Members are also asked to approve delegated authority to the CEO to enter into an MOU with the NJBPU for an NJBPU contribute toward the cost of the McKinsey contract extension on the terms described in this memorandum, with final terms subject to the CEO's approval.

Tim Sullivan, CEO

Prepared by: E. Corrado

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: July 26, 2023

RE: Matching Funds for One Applicant for U.S. EDA "Tech Hubs" Grant

REQUEST SUMMARY

The Members are asked to approve a cash match of up to $100,000 to support an application being submitted to the U.S. Economic Development Administration's ("U.S. EDA") Regional Technology and Innovation Hub Program ("Tech Hubs Program") by Rutgers, the State University ("Rutgers"), acting on behalf of a regional consortium including participants from academia, industry, trade and community organizations and governmental entities. The application is for a "Strategy Development Grant" focused on advanced pharmaceutical manufacturing. The matching funds would be made available solely and directly to Rutgers, as the entity submitting on behalf of the consortium. The funds will be provided only if (and to the extent) the Rutgers-led applicant team is awarded a Strategy Development Grant under Phase 1 of the Tech Hubs Program, as described more fully below.

The Members are also asked to approve an MOU attached as Exhibit A between the Authority and Rutgers, governing NJEDA's provisions of the funds and Rutgers' use of same and stipulating other forms of non-financial support that the Authority is prepared to provide if requested.

A separate application will be submitted to the Tech Hubs Program by Princeton University on behalf of a second consortium. As that application does not involve a request to the U.S. EDA for grant funding (and hence has no need for matching funds), details are provided herein for the Members' information only.

BACKGROUND

This request is a part of the State of New Jersey's response to the enormous opportunities afforded be recent federal legislation, in particular the CHIPS and Science Act of 2022 ("CHIPS Act") and the Inflation Reduction Act of 2022 ("IRA"). Under these two pieces of legislation, the federal government is making available hundreds of billions of dollars to support a wide variety of industrial growth initiatives.

In April 2023, the NJEDA retained McKinsey & Co. ("McKinsey") to provide consulting support to determine how New Jersey can best leverage these funding opportunities. Working in concert with the state's industrial and academic leaders and with the support of the Governor's office and other State agencies, NJEDA is taking a proactive leadership role to attract the federal funding. A significant, months-long analysis and consensus-building process led to the outcomes described herein.

POLICY ALIGNMENT

As described more fully below, the Tech Hubs Program aims to establish locations across the USA where a region with existing technology resources may, with meaningful federal investment, be transformed into a hub of global innovation and economic activity. The areas of technology to be addressed by the Program include life sciences and advanced manufacturing, both of which are at the heart of the Rutgers team's proposal. In addition, the Program places a high degree of emphasis on workforce development and on diversity, equity, and inclusion. The Tech Hubs Program therefore aligns directly with the State's commitment to innovation and with several of the strategic sectors identified in Governor Murphy's Economic Development Strategic Plan, "The State of Innovation: Building a Stronger and Fairer Economy in New Jersey."

THE TECH HUBS PROGRAM – OVERVIEW

The Tech Hubs Program was enacted as part of the CHIPS Act and Congress appropriated $500 million to the U.S. EDA for it as part of the FY 2023 Omnibus Appropriations Bill. Through a competitive selection process, the U.S. EDA will identify regions where significant federal investment can catalyze self-sustaining global leadership positions over the next decade, with each region focused on a key technology area. The process will unfold in two phases through two separate Notices of Funding Opportunity ("NOFO"). Phase 1 will foster Tech Hub planning and formal designation; Phase 2 will fund implementation.

In Phase 1, U.S. EDA will take three possible actions:

(1) Fund Strategy Development Grants;
(2) Designate regions as Tech Hubs; or
(3) Do both.

The Strategy Development Grants are being made available to support a region's coordination and planning so that it can be ready to apply for the larger funding associated with Phase-2 NOFO. The maximum federal award under the Program will be $400,000, which amount must be matched on a 1:4 basis, e.g., $100,000, with non-federal local funds. (As there is no funding associated with a Tech Hubs designation, there is no local matching requirement.)

In Phase 2, U.S. EDA will provide significantly larger pools of implementation funding (estimated at $50-75 million per Tech Hub) to help propel the region into a self-sustaining, globally competitive Tech Hub. Only applicants designated as Tech Hubs in Phase 1 will be permitted to apply for Phase 2 funding.

THE TECH HUBS PROGRAM – APPLICATION

The Phase 1 NOFO was released on May 12, 2023; applications are due by 11:59 p.m. Eastern Time on August 15, 2023. As stated above, applicants must choose whether they are pursuing a Strategy Development Grant, a Tech Hub Designation, or both.

As with other recent federal grant programs, the Tech Hubs Program seeks applicant consortia that capture a wide spectrum of stakeholders, including but not limited to academia, industry, trade and community organizations, and governmental entities. Specifically, the NOFO requires that each consortium includes at least one participant from each of the following entity types:

> (1) Institutions of higher education, which may include Historically Black Colleges and Universities, Tribal Colleges or Universities, and Minority-Serving Institutions;
>
> (2) State, territorial, local, or Tribal governments or other political subdivisions of a State, including State and local agencies, or a consortium thereof;
>
> (3) Industry groups or firms in relevant technology, innovation, or manufacturing sectors;
>
> (4) Economic development organizations or similar entities that are focused primarily on improving science, technology, innovation, entrepreneurship, or access to capital; and
>
> (5) Labor organizations or workforce training organizations, which may include State and local workforce development boards.

U.S. EDA encourages each consortium to include two or more industry firms with expertise that is directly relevant to the consortium's selected core technology area. The U.S. EDA will be evaluating the quality of the proposed members in the consortium, rather than the quantity of members participating in it. U.S. EDA also encourages the participation of labor organizations, including state labor federations, or other organizations representing workers as direct members of the consortium. It expects that all consortia members, including labor unions and federations, will be given equal opportunity to participate in consortia planning efforts.

U.S. EDA does not require that a consortium have a formal legal structure (*i.e.*, a contractual arrangement or public-private partnership). It does, however, expect that consortium members are actively collaborating and aligned behind the content of the Phase 1 application. In addition, each consortium must identify a lead consortium member that will submit the application, in this case Rutgers.

The NOFO lists the following criteria as areas of primary concern for the U.S. EDA in its application review process:

- Technology-based potential of the region for global competitiveness;
- Role of the private sector;

- Regional coordination and partnerships;
- Equity and diversity;
- Composition and capacity of the regional workforce;
- Innovative “lab to market” approaches; and
- Impact on economic and national security of the entire United States.

COORDINATING NEW JERSEY’S RESPONSE

In the past, New Jersey’s response to federal grant opportunities has been left many times to the individual applicants (often universities or even individual researchers), with letters of support being the primary input from NJEDA (or other arms of the State). This approach has proven to be suboptimal for several reasons:

- Proposals generally arose from an applicant’s favored research topic rather than from the state’s inherent strengths;
- Multiple state organizations would submit applications, putting New Jersey in competition with New Jersey; and
- Multiple applications meant that the state’s resources were divided rather than combined to form the strongest, most competitive applicant group.

With the significant amount of funds being made available under the CHIPS Act and the IRA, it became clear that a more thoughtful and coordinated approach was necessary. To that end, since late 2022, the Governor’s Office, the NJEDA, and the New Jersey Commission of Science, Innovation and Technology (“CSIT”) have been convening representatives (the “Working Group”) from academia, industry and other organizations (numbering 35-40 on most of the monthly calls) to discuss strategies for responding in a more coordinated and competitive manner to opportunities under the CHIPs Act and the IRA. The outcome was the consensus decision to have NJEDA and CSIT facilitate further discussions to identify a limited number of New Jersey proposals, chosen based on the region’s strengths in the selected topic area and on any other factor that might lead to a greater chance of the state’s application(s) being successful.

Following the May 12, 2023, release of the Tech Hubs Program NOFO, NJEDA and CSIT in concert with McKinsey conducted a rigorous review process to identify topical areas where the State could provide the most competitive response to the program. The process began with each member of the Working Group being asked to identify their areas of expertise that were most applicable to the goals of Tech Hubs Program. That information was collected, assessed and then prioritized by McKinsey considering the NOFO’s sector focus areas and NJ’s resources and strengths on a national scale. Those initial priorities were then discussed by the entire Working Group, with the result being a final consensus that focused on two topic areas. (Please see Attachment B: Selected pages from McKinsey presentation entitled “Tech and Innovation Hub” for a comparative summary of possible NJ topic areas)

CHOSEN APPLICATION FOCUS AREAS

As a result of that consensus-building process, two universities will submit two separate applications in response to the NOFO related to their individual focus areas. The universities will identify and engage co-participants that will form the most competitive consortia, a process that will likely remain fluid until near the final submittal date on August 15, 2023.

Both applications aim to build on strategic sectors that are part of the Governor's economic development plan and where the Working Group believes that NJ has the resources and expertise to be highly competitive, specifically life sciences and technology.

The Rutgers application will focus on addressing the supply chain dependencies and the need for rapid-response drug production by fostering advanced pharmaceutical manufacturing. It will seek both a Tech Hub Designation and a Strategy Development Grant of $400,000 to be supplemented with the required non-federal local $100,000 funding match to be supplied by NJEDA and requested herewith. Should Rutgers require or be awarded less than $400,000, NJEDA's matching commitment would be reduced pro rata.

The second application, led by Princeton University, will be for the non-funded Tech Hubs Designation (only) and will focus on building an innovation center that leverages the region's industrial and academic resources in the growing field of "photonics," or light-based technologies. (A similar Princeton/Rowan-led team was recently awarded an NSF Regional Innovation Engines development grant to support New Jersey's work in this field.) As this application is only for Tech Hubs Designation, it requires no commitment of matching funds and hence makes no request of the Board. The information about the Princeton-led proposal is included here merely for the Board's information and context.

THE REQUESTED FUNDING AND ADDITIONAL SUPPORT

The requested funding amount is up to $100,000. While the matching funds will be dispersed to Rutgers, it will be available for the use of the applicant consortium in accordance with the requirements of the Grant and the Tech Hubs Program. The full $100,000 would be required only if Rutgers is successful in being awarded the maximum federal amount of $400,000. Should Rutgers receive less than the maximum federal amount, the match contributed by NJEDA will be reduced *pro rata*. Should it not receive any award under the program, there will be no funding or services provided by NJEDA.

In addition, NJEDA will other non-financial support to Rutgers as it may request from time to time. Prior to the due date of the Tech Hubs Program application, the NJEDA will provide a letter of commitment as outlined in the NOFO. During the term of the award of the grant, the NJEDA will provide other support services consistent with its ordinary course of business, including but not limited to participating in planning sessions and other meetings, facilitating collaborations and making introductions to potential partners, and serving as a liaison with other agencies of the State of New Jersey.

REQUEST OF THE MEMBERS

The Members are asked to approve :

1. A cash match of up to $100,000 to support Rutgers' advanced pharmaceutical manufacturing application to the U.S. EDA's Regional Technology and Innovation Hub Program for a Strategy Development Grant. The matching funds would be made available to Rutgers, solely and directly, and only if Rutgers is awarded a Strategy Development Grant under Phase 1 of the Tech Hubs Program. If award is less than $400,000, the Authority will provide a cash match reduced pro rata. If Rutgers is not selected to be a Phase 1 Strategy Development Grant awardee, the Authority will not provide the $100,000.
2. An MOU (attached hereto as Exhibit A) between the Authority and Rutgers governing NJEDA's provisions of the funds and Rutgers' use of same and stipulating other forms of non-financial support that the Authority is prepared to provide if requested.

Tim Sullivan, CEO

Prepared by Doug Yorke (NJEDA) with support from Judith Sheft (CSIT)

EXHIBIT A – Memorandum of Understanding

(Separately attached but incorporated herein by reference)

EXHIBIT B – McKinsey presentation entitled "Tech and Innovation Hub"

(selected pages)

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

AND

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

FOR THE

MATCHING FUNDS REQUIREMENT OF THE U.S ECONOMIC DEVELOPMENT ADMINISTRATION'S REGIONAL TECHNOLOGY AND INNOVATION HUBS PROGRAM

This Memorandum of Understanding ("MOU") is made by and between the New Jersey Economic Development Authority ("NJEDA") with its principal offices at 36 West State Street, Trenton, NJ; and Rutgers, The State University ("Rutgers") with its principal research administration offices at 33 Knightsbridge, 2nd Floor East, Piscataway, New Jersey 08854. The effective date ("Effective Date") of this MOU shall be the later of the date executed by the Parties below. NJEDA and Rutgers are individually referred to herein as "Party" and collectively as "the Parties".

WHEREAS, Rutgers, on behalf of a consortium of universities, companies and other organizations, will submit an application to the U.S. Economic Development Administration ("U.S. EDA") for a strategic development grant ("Grant") under its Regional Technology and Innovation Hubs Program (the "Tech Hubs Program"), which fosters innovation technological leadership in emerging innovative industries critical to New Jersey's economic development strategy including advanced drug development and manufacturing; and

WHEREAS, the Tech Hubs Program requires that the Grant be matched at a 1:4 rate by non-federal local sources of funds; and

WHEREAS, Rutgers will apply for the Grant in the amount of four hundred thousand dollars ($400,000,) which requires as part of the application materials a commitment of unencumbered, unrestricted matching funds of one hundred thousand dollars ($100,000); and

WHEREAS, the purposes of the Tech Hubs Program align closely with the missions of NJEDA and Rutgers will focus on advanced drug development and manufacturing which supports the field of life sciences, a strategic industry under Governor Murphy's overall economic development plan; and

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

NOW, THEREFORE, the Parties, in order to effectively and efficiently carry out their respective statutory and organizational mandates, agree to the following:

1. **AGREEMENT**

   a. Rutgers will undertake the following activities:

      i. Submit an application to the U.S. EDA for a Grant under the U.S. EDA's Tech Hubs Program;

      ii. Provide NJEDA documentation satisfactory to the NJEDA evidencing Rutgers' award of a Grant, including but not limited to, the Tech Hubs Program notice of award ("Notice of Award");

      iii. Provide NJEDA copies of any documents and/or financial data required to fulfill any U.S. EDA reporting requirements under the Grant, including but not limited to any final reports or program summaries;

      iv. Acknowledge and credit NJEDA's funding support in all Tech Hubs Program publicity with the specific attribution of "Funding and other support provided by the NJ Economic Development Authority." Any other publicity describing NJEDA's participation in the Tech Hubs Program or the use of its logo will require NJEDA's prior approval by its authorized communications office [insert office name and contact information].

      v. Utilize the funds provided by NJEDA pursuant to this MOU solely in accordance with the requirements of the Grant and the Tech Hubs Program.

   b. The NJEDA will undertake the following activities:

      i. Prior to the due date of the Tech Hubs Program application, the NJEDA will provide a letter of commitment as outlined in the Tech Hubs Program Notice of Funding Opportunity.

      ii. Upon an award of a Grant, the NJEDA shall provide matching funds to Rutgers equal to 25% of the amount of the Grant ("Matching Funds") but, in no event, more than one hundred thousand dollars ($100,000).The Matching Funds are to be used in accordance with the requirements of the Grant. Any amount not expended shall be remitted back to NJEDA within thirty (30) days of the request for the same. The NJEDA shall have no obligation to provide the Matching Funds to Rutgers if it is not awarded a Grant and the Parties will have no obligations under this MOU.

      iii. During the term of the award of the grant, the NJEDA shall provide other non-financial support services consistent with its ordinary course of business, including but not limited to participating in planning sessions and other meetings, facilitating collaborations and making introductions to potential partners, and serving as a liaison with other agencies of the State of New Jersey.

2. TERM

a. This MOU shall continue until the earlier of notice from Rutgers that it was not awarded the Grant or five (5) years from the Effective Date. The term may be extended by an additional twelve (12) months by mutual, written consent of the Parties.

3. POINTS OF CONTACT

a. The Parties designate the below individuals as primary points of contact for this MOU:

NJEDA: [name of contact]
PO Box 990, Trenton, NJ 08625-0990
[email of contact]
[telephone of contact]

Rutgers: Office for Research
Rutgers, The State University of New Jersey
33 Knightsbridge Road, 2nd Floor East
Piscataway, New Jersey 08854
ATTN: Michael E. Zwick, Ph.D., Senior Vice President

With a copy to: ru-researchcontracts@research.rutgers.edu

4. CONFIDENTIALITY

a. Each Party understands that in the course of performing this MOU, each may disclose to the other certain confidential information. All such information marked or identified as confidential shall be kept confidential by the receiving Party and not disclosed to any third party in a manner not directly related to the performance of this MOU, except with the prior written consent of the disclosing Party. The Parties agree that the understanding expressed in this Section 4 will continue for five (5) years after the termination or natural expiration of this MOU.

b. Notwithstanding the above, the term "confidential information" does not include information if the same: (i) was generally known to the public or properly in the public domain at the time it was disclosed; or (ii) was properly known to and available for use by the receiving Party and recorded as such in its files at the time of receipt from the disclosing Party; or (iii) is proven by the receiving Party to have been independently developed by the receiving Party; or (iv) becomes properly known to and available for use by the receiving Party from a source other than the disclosing Party; or (v) is required by any federal or state law, including the New Jersey Open Public Records Act, regulation or statute and/or court or administrative order to be disclosed. This MOU shall not be considered confidential.

c. In the event that a Party or its representatives are requested or required (by the New Jersey Open Public Records Act, statutory law or case law, oral questions administered under oath in a court or investigative proceeding, interrogatories, depositions, subpoena or other judicial or investigative process) to disclose any confidential information supplied by the other Party, such Party will provide to the other Party prompt notice of such request and will consult with the other party regarding a response. Each Party understands that certain laws and orders will require the other party to respond within a certain time period.

5. INTELLECTUAL PROPERTY & PUBLICATIONS

Each Party to this MOU shall: (a) own the intellectual property ("IP") created by its employees or agents in furtherance of projects or activities contemplated by this MOU and (b) hereby grants the other Party a non-exclusive and royalty-free license to use all such IP created as a result of this MOU for noncommercial purposes. IP created jointly by the Parties shall be jointly owned and either Party may use jointly developed IP and either Party may exploit jointly developed IP with no duty of accounting or reporting, unless agreed upon otherwise. Rutgers shall be permitted to publish results of the services or deliver presentations related thereto, provided, however, that NJEDA shall have been furnished copies of any proposed publication or presentation at least thirty (30) days in advance to permit NJEDA to make written comments on said publication or object in writing because there is confidential information of NJEDA contained in the publication or presentation. NJEDA shall provide Rutgers with such comments or objection within twenty (20) days of receiving the same or otherwise waive its right in this regard.

6. GENERAL PROVISIONS

a. Any Party shall have the right to terminate this MOU upon thirty (30) days advance written notice to the other Party. Upon termination, Rutgers will refund noncancellable and committed monies to NJEDA not yet expended as of the date of termination and Rutgers will take all reasonable steps to ensure that they do not incur any new or additional costs after either Party has provided notice of their intent to terminate.

b. This MOU may be modified or extended only by prior written agreement by the Parties.

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

d. This MOU is being entered into for the sole purpose of evidencing the mutual understanding and intention of the Parties and constitutes the entire understanding between the Parties relating to the subject matter of this MOU and supersedes all prior negotiations, representations, agreements and understandings. There are no third-party beneficiaries of this MOU.

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

IN WITNESS THEREOF, the Parties have executed and delivered this MOU on the date set forth next to their respective signatures below. The Parties agree to accept electronic signatures and electronic signatures shall constitute original signatures.

RUTGERS, THE STATE UNIVERSITY

By: ____________________

Name: Michael E. Zwick, Ph.D.

Title: Senior Vice President

Date: ____________________

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

By: ____________________

Name: Tim Sullivan

Title: CEO

Date: ____________________

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, CEO

DATE: July 26, 2023

RE: Cost Share Funds for U.S. DOE "Centers of Excellence" Application

Summary

The Members are asked to approve $250,000 in cost share funding to support Rutgers, The State University of New Jersey's (Rutgers) application to the U.S. Department of Energy's (US DOE), Office of Energy Efficiency and Renewable Energy (EERE), Wind Energy Technologies Office (WETO) to create an offshore wind focused Center of Excellence. Rutgers is the lead applicant for a proposal submitted to US DOE EERE WETO by a multi-state consortium of universities, research labs, and public agencies. The requested cost share will utilize funding from the February 24, 2023 $5 million grant agreement between NJEDA and the NJ Department of Treasury to support NJEDA's Wind Institute for Innovation and Training efforts. The cost share funding will only be used if US DOE awards funding to the Rutgers led team to develop a Center of Excellence to support offshore wind in the United States. If Rutgers is not selected for the award, NJEDA will not provide the $250,000.

NJEDA will enter into an MOU with Rutgers to provide this funding. The MOU is attached as Exhibit A and has been reviewed and approved by Rutgers.

Background

On June 5, 2023, the US DOE issued a Funding Opportunity Announcement (FOA) to solicit proposals for a university-led offshore wind Centers of Excellence. Centers of Excellence are hubs of subject matter expertise within specific focus areas that conduct research, provide insight, and develop best practices and innovative solutions. The FOA was directed by a FY23 Congressional Appropriations to develop Offshore Wind Centers of Excellence focused on offshore wind energy engineering, infrastructure, supply chain, transmission, and other pertinent issues required to support offshore wind in the United States. The activities funded under this FOA are expected to help address offshore wind energy development and deployment challenges.

Through a competitive selection process, US DOE will seed one to two university-led Centers to create an education, research, and partnership ecosystem between academia, industry partners, public sector, and community groups to address technology and deployment needs of offshore wind and develop the next generation of leadership for the U.S. To be eligible for the award, applicants had to submit a concept paper by June 8, 2023. Applicants will be notified if they are encouraged to submit a full proposal. Full proposals are due by August 28, 2023. If awarded, US

DOE will provide financial assistance in the form of cooperative agreements that will span an estimated performance period of up to five years. The anticipated minimum award size for any one individual award is $2.875 million.

The FOA requires that applicants develop a cost share of at least 20% of the total project cost from non-federal sources. The cost share must be verifiable upon submission of the Full Application on August 28, 2023.

Rutgers, on behalf of the consortium, submitted the concept paper "Enabling Multi-disciplinary Pathways in Offshore Wind Education and Research (EMPOWER), An Offshore Wind Workforce Development and Research Consortium for Equitable and Environmentally-aware Offshore Energy Deployment" to the US DOE on June 8, 2023. The US DOE reviewed the concept paper on July 5, 2023 and encouraged Rutgers to submit a Full Application.

The EMPOWER Center of Excellence will establish an Academy of Wind Energy (AWE) to provide multi-disciplinary Masters of Science degrees in wind energy and a suite of undergraduate certificates. EMPOWER will connect research conducted by the consortium with educational programming to provide the future workforce with educational trainings and active learning experiences. The research outputs will integrate with a community benefits plan that connect the educational components to train a diverse offshore wind workforce. EMPOWER will focus on offshore wind challenges in environmentally-aware offshore wind farm design and deployment, energy transmission from offshore to onshore, and support for equitable prosperity through regional collaboration.

EMPOWER is envisioned to develop into a 501c3 non-profit organization employing a multi-tiered consortium membership model, utilizing the initial US DOE award as seed funding. The consortium's membership may grow as the project develops and in preparation of submitting a full application. As of the date of the concept paper submission, the EMPOWER consortium's partners are

- Rutgers, The State University of New Jersey (lead)
- Princeton University
- New Jersey Institute of Technology
- Rowan University
- Stevens Institute of Technology
- University of Delaware
- The State University of New York at Albany
- The State University of New York at Stony Brook
- Clarkson University
- University of Maryland at College Park
- The Pennsylvania State University
- University of Texas at Dallas
- North Carolina State University
- The University of North Carolina at Chapel Hill
- East Carolina University
- Fathom Science
- New Jersey Economic Development Authority
- New Jersey Commission on Science, Innovation and Technology

- New York State Energy Research and Development Authority
- National Offshore Wind Research Development Consortium
- Princeton Plasma Physics Laboratory
- Brookhaven National Laboratory
- National Renewable Energy Laboratory

Justification

Governor Murphy's development plan, "The State of Innovation: Building a Stronger and Fairer New Jersey Economy" identifies offshore wind as one of the State's strategic sectors for accelerating growth in New Jersey's economy and meeting the State's clean energy goals. As part of the State's efforts to support offshore wind, NJEDA has been developing the Wind Institute for Innovation and Training to 1) accelerate the development of a robust and diverse offshore wind workforce and 2) champion research and innovation that unlocks market potential. As part of these efforts, NJEDA has worked with Rutgers and other New Jersey educational institutions on a number of programs including the NJ Wind Institute Fellowship Program and University Initiatives to Advance Offshore Wind. These efforts have been instrumental to laying a strong foundation for the state's offshore wind industry. The foundational components of the EMPOWER Concept Paper directly align with NJEDA's Wind Institute efforts. Specifically, the Concept Paper aligns and supports NJEDA's objectives to create equitable economic growth opportunities, accelerate a diverse offshore wind workforce, and establish NJ as a leader in research and development in offshore wind.

NJEDA's monetary contribution will help the consortium meet the 20% cost share eligibility requirement. NJEDA's support communicates a clear message to its regional partners and US DOE that the state is committed to a collaborative approach in building an equitable and inclusive offshore wind industry. Further, the EMPOWER project aligns directly with the NJEDA's efforts to develop innovative educational and training initiatives that will contribute to a robust and diverse offshore wind workforce and further regional partnerships. If awarded, NJEDA will also provide non-financial support on the project's Community Benefits Plan specific to economic development considerations, and connections with other potentially supporting entities.

Recommendation

The Members are asked to approve:

1. Provision of $250,000 in cost share funding to support Rutgers' EMPOWER application to US DOE to create an offshore wind Center of Excellence, utilizing funding from the February 24, 2023 grant agreement between NJEDA and NJ Department of Treasury for NJEDA's Wind Institute for Innovation and Training efforts. The funds will only be used if Rutgers' application is selected to receive funding from the US DOE. If Rutgers' application is not selected for award, NJEDA will not provide the $250,000.

2. A Memorandum of Understanding between NJEDA and Rutgers, The State University of New Jersey, attached as Exhibit A. The MOU addresses mutual understandings regarding this $250,000 cost share payment.

____

Tim Sullivan, CEO

Prepared by**:** Lloyd Lomelino

Exhibit A: Memorandum of Understanding between NJEDA and Rutgers University

Exhibit A

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

AND

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

FOR THE

U.S. DEPARTMENTS OF ENERGY'S OFFSHORE WIND CENTERS OF EXCELLENCE

This Memorandum of Understanding ("MOU") is made as of ______ day of ______, 2023 (the "Effective Date"), by and between the New Jersey Economic Development Authority ("NJEDA") with its principal offices at 36 West State Street, Trenton, NJ, and Rutgers, The State University of New Jersey ("Rutgers") with its principal research administrative offices at 33 Knightsbridge Rd, 2nd Flr East, Piscataway, NJ 08854-3925(individually, a "Party"; collectively the "Parties"). The effective date ("Effective Date") of this MOU shall be the later of the date executed by the Parties below. NJEDA and Rutgers are individually referred to herein as "Party" and collectively as "the Parties".

WHEREAS, Rutgers, on behalf of a consortium of universities, Federally Funded Research and Development Centers[1], research labs, and public agencies (the "Consortium"), has submitted a proposal to the Wind Energy Technologies Office of the Office of Energy Efficiency and Renewable Energy of the U.S. Department of Energy's ("DOE") Funding Opportunity Announcement ("FOA") to develop a university-led offshore wind Centers of Excellence. The Centers of Excellence will create an education, research, and partnership ecosystem between academia, industry partners, public sector, and community groups to address technology and deployment needs of offshore wind and develop the next generation of leadership for the U.S.; and

WHEREAS, the DOE seeks to fund one to two university-led Centers of Excellence to catalyze an education, research, and partnership ecosystem to address critical technology and deployment needs of offshore wind in the United States; and

WHEREAS, a requirement under the FOA is that the applicants provide a cost share of at least 20% of the total project cost provided by the DOE and come from non-federal local sources of funds; and

WHEREAS, the total project costs are the sum of the federal government share, and the Rutgers' share of project costs; and

WHEREAS, to be eligible for the grant award, applicants first submitted a concept paper; and

[1] FFRDCs are public-private partnerships that conduct research for the U.S. government.

WHEREAS, Rutgers submitted a concept paper titled "Enabling Multi-disciplinary Pathways in Offshore Wind Education and Research ("EMPOWER"), An Offshore Wind Workforce Development and Research Consortium for Equitable and Environmentally-aware Offshore Energy Deployment" to the DOE on June 8, 2023; and

WHEREAS, DOE reviewed the concept paper and on July 5, 2023, encouraged Rutgers to submit a full application; and

WHEREAS, the full application must include letters of commitment of unencumbered, unrestricted matching funds from all cost share providers by application deadline of August 28, 2023; and

WHEREAS, NJEDA's cash contribution cost share will not exceed $250,000 ("Matching Funds"), regardless of the total amount awarded to Rutgers; and

WHEREAS, the Centers of Excellence opportunity align closely with the mission of NJEDA and the Rutgers' proposal aims to focus on educational curriculum to support undergraduate and graduate level education opportunities to address challenges in offshore wind development, by providing training to support offshore wind energy jobs, a strategic industry under Governor Murphy's overall economic development plan; and

WHEREAS, the Parties enter into this MOU as an inter-agency governmental agreement pursuant to N.J.S.A. 52:14-1 et seq. for NJEDA to provide funding to Rutgers to meet the cost share requirements under the Centers of Excellence Program;

NOW, THEREFORE, the Parties acknowledge the following understanding:

1. **AGREEMENT**

    a. To achieve the goals of this MOU, the Parties hereby agree as follows:

        i. Rutgers will provide any and all necessary and satisfactory documentation to NJEDA that DOE has awarded funding (the "Grant") to Rutgers to develop an Offshore Wind Center of Excellence, which will trigger the Matching Funds requirement.

        ii. Upon receipt of a copy of Rutgers' acceptance of Notice of Award, NJEDA will provide the Matching Funds in the form of a cash contribution.

        iii. Rutgers will provide to NJEDA copies of any documents and/or financial data submitted by Rutgers to fulfill any reporting requirements under the Grant, including but not limited to any final reports or program summaries.

        iv. Rutgers will acknowledge and credit NJEDA's funding support in any and all promotional materials related to the Center of Excellence.

        v. Rutgers will use their "best efforts" to foster the goals of the Centers of Excellence.

        vi. Rutgers shall provide NJEDA advance notice of any changes to the members of the Consortium.

2. **MATCHING FUNDS**
   a. NJEDA shall provide an amount of not more than two hundred fifty thousand dollars ($250,000.00) in the form of a cash contribution to Rutgers to be used in accordance with the requirements of the DOE's Offshore Wind Centers of Excellence. Any amount not expended shall be remitted back to the NJEDA within 30 days of the request for the same.

3. **TERM**
   a. This MOU shall become effective on the date it is fully executed by both Parties (the "Effective Date") and shall continue for a period of five years. The Term may be extended by an additional 12 months by mutual consent of the Parties.

4. **POINTS OF CONTACT**

   a. The Parties designate the below individuals as primary points of contact for this MOU:

   NJEDA: Jen Becker
   Jen.Becker@njeda.gov

   Rutgers: Office for Research
   Rutgers, The State University
   33 Knightsbridge Rd, 2nd Flr East

   Piscataway, NJ 08854-3925

   ATTN: Executive Director, Research and Sponsored Programs

   With a copy to: ru-researchcontracts@research.rutgers.edu

5. **GENERAL PROVISIONS**

   a. In the event that a Party or its representatives are requested or required (by the New Jersey Open Public Records Act, statutory law or case law, oral questions administered under oath in a court or investigative proceeding, interrogatories, depositions, subpoena or other judicial or investigative process) to disclose any confidential information supplied by the other Party, such Party will provide to the other Party prompt notice of such request and will advise the other Party regarding its response.

   b. The recitals appearing before Section 1 are made part of this MOU and are specifically incorporated herein by reference.

   c. This MOU may be modified or extended only by prior written agreement by the Parties. Any Party shall have the right to terminate this MOU upon thirty (30) days advance written notice to the other Party. Upon termination, Rutgers will refund monies to NJEDA not yet expended.

   d. Any notice or communication required or permitted to be given under this MOU shall be in writing and may be delivered by hand, deposited with an overnight courier, sent by facsimile, or mailed by registered or certified mail, return receipt requested and postage prepaid to the address for the other Party.

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

f. This MOU is being entered into for the sole purpose of evidencing the mutual understanding and intention of the Parties and constitutes the entire understanding between the parties relating to the Center of Excellence and supersedes all prior negotiations, representations, agreements and understandings. There are no third-party beneficiaries to this MOU.

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

[The remainder of this page is intentionally left blank.]

IN WITNESS THEREOF, the Parties have executed and delivered this MOU on the date set forth next to their respective signatures below. The Parties agree to accept electronic signatures.

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY		**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY**	
By:	______________________	By:	______________________
Name:	Diane Ambrose, Ph.D.	Name:	Tim Sullivan
Title:	Executive Director, RCS	Title:	CEO
Date:	______________________	Date:	______________________

MEMORANDUM

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: July 26, 2023

RE: Aspire Program- Product #303941
720 8th Street Union City LP ("Applicant") and Life Management, Inc. ("Co-applicant")

Request

Issuance of tax credits from the Aspire Program (the "Program") for a residential Project located in Union City, New Jersey, Hudson County up to 53.47% of the total project cost ("eligible costs"), not to exceed $25,069,387.

As authorized by recently enacted revisions, P.L. 2023, c. 98, to the Aspire Act, these applications are proceeding under the Act and rules in effect immediately prior to the new law.

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"), 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 project is new construction and is known as "Union City Senior". The subject property will be constructed on a 0.678-acre municipal parking lot located at 720 8th Street, continuing up to 10th Street in

Union City, New Jersey. Union City Senior will be a 6-story building apartment complex comprised of a total of 101 units for seniors ages 55 years of age or older.

The Parking Authority of the City of Union City ("the Parking Authority") currently owns the property. On September 19, 2017, an agreement was executed authorizing the Parking Authority to enter into an agreement with the City of Union City ("Union City") for the sale of the property to facilitate the construction of affordable housing. Following a Request for Proposals by Union City for the construction of affordable housing units on the property, on March 19, 2018 a Development Agreement was executed between Union City and RPM Development LLC where Union City agreed to acquire the property from the Parking Authority and convey ownership to RPM Development LLC.

The applicant is owned by RPM Partners VIII LLC (0.01%) as the managing partner and Edward G. Martoglio (99.99%) as a limited partner. Edward G. Martoglio is the principal of RPM Development LLC.

As is the case with many transactions that contain an allocation of Low-Income Tax Credits, there will be an investor member assuming a 99.98% ownership as a limited partner and an additional investor member assuming a .01% interest as a special limited partner, with Edward. G Martoglio exiting the partnership at that time. RPM Partners VIII LLC will remain as the managing member.

Lead Development Entity:
RPM Development (RPM), of which Edward G. Martoglio is the principal is the Lead Development Entity and was established in 1986 and is based out of Montclair, New Jersey. RPM has developed numerous residential projects, including new construction on underutilized land, the adaptive reuse of industrial properties, the restoration of historic buildings, and multi-phase initiatives to increase affordable housing options in urban and suburban communities.

With years of successful experience in acquisitions, rehabilitations, management services, development planning and construction, RPM is one of the premiere affordable, mixed-income and mixed-use developers in the state.

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

LMI will be contributing services related to the project that directly affect and serve residents of the Redevelopment Project. LMI will work in conjunction with the Applicant's Social Services Coordinator to develop a social services plan. LMI will utilize its experience and skills to support the senior, developmentally disabled, and formerly homeless residents. LMI's services will enable additional staffing support and provide additional linkages to relevant resources. Programs and services will be delivered by social workers, social service professionals, and other paraprofessionals, who have experience in providing these services, as well as mentoring, event planning, project development and implementation. The organization obtains contracts, grants and donations that enable them to offer services to the elderly and low-income families living in the community free of charge.

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

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

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

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

Life Management, Inc. is a not-for-profit corporation organized under the laws of the State of New Jersey for the purpose of promoting the quality of life for individuals who are vulnerable to crises of daily living, due to age, disability, or socioeconomic status. The organization fosters low-income housing and supports residents of the same by providing advocacy, care management, counseling, mentoring, as well as health and educational programs. The organization also provides home repairs and residential maintenance services to senior homeowners, and works with individuals, families, social service and governmental agencies, as well as corporations, and other professionals to carry out its mission.

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

Authority staff has reviewed financial statements provided by Life Management, Inc. substantially evidencing the ability to provide the proposed services.

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

The Redevelopment Project is a joint venture between the Co-applicant and the Applicant. The tax credit certificates will be allocated to the non-profit which will sell the credits annually to a tax credit investor and return those sales proceeds into the partnership. 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 Inglese Architecture and Engineering, a full-service design firm providing architecture, master planning, urban design, interior architecture, construction administration, planning and predevelopment. The firm was founded by Jak Inglese in 1994.

Inglese has extensive and wide-ranging experience. Its portfolio includes: 1] Westville Commons, Westville, New Jersey a residential, senior development; 2] Tennessee Green, Atlantic City, New Jersey residential development; 3] Whitlock Mills, Jersey City, New Jersey multi-building development; 4] Hudson Ridge Residences at Aberdeen, Aberdeen, New Jersey residential development; and 5] 50-55 South Essex, Orange Township, New Jersey residential, market and affordable development.

General Contractor:

The general contractor for the project is RPM Contracting, a full-service general contracting company providing services in the area of virtual design and construction, health and safety, and lean construction. RPM Contracting was founded in 1986 by Edward G. Martoglio.

Construction Timeline:
Construction is expected to commence within several months of Board approval and the project will take 24 months to construct.

Project Details

The project is new construction, and once completed the unit mix of the property will stand at 96 one-bedroom units, measuring 656 square feet each; and 5 two-bedroom units, measuring 923 square feet each, including 1 two-bedroom, rent free super's unit. The gross rents range from $860.00 to $2,088.00.

The project will comply with the Energy Star Homes Program as per NJHMFA's Green Standard Requirements. This also satisfies NJEDA's Green Building Standards.

The residential portion of the project will consist of four (4) floors above two (2) levels of parking. The project will feature a community room, management office, fitness/wellness center, a laundry room on each floor and outdoor terraces. The units will be built for LEED Silver certification and will be furnished with Energy Star appliances to further enhance energy efficiency. The units will feature hardwood floors, carpeting in bedrooms, open interior layouts, spacious closets with two-bedroom units featuring walk-in closets. The ground floor will include two retail spaces along 8th Street, one of which is expected to be leased by the United States Postal Service currently on the site as its existing facility will be demolished.

Project Uses and Sources

The Applicant proposes the following Uses for the project:

	Total Development Cost	**Total Project Cost**
Hard construction costs	$37,514,599	$37,514,599
Professional services	$1,717,343	$1,193,277
Financing and other soft costs	$11,841,772	$8,181,276
Developer Fee	$3,053,000	$0
Total	**$54,126,714**	**$46,889,152**

The total project cost is the cost included in total development costs that is used for sizing the tax credit. By statute, the total project cost excludes developer fee(s). Additionally, various reserves to fund interest and operating expenses during lease-up are excluded by the Rules.

The Applicant proposes the following Sources for the Project:

Sources	Type	Amount
1st Mortgage	Permanent Loan	$10,128,435
NJHMFA Loans	Permanent Loan	$7,653,195
Hudson County HOME Loan	Soft Loan	$2,014,452
Affordable Housing Trust Fund	Soft Loan	$850,000
LIHTC Equity Proceeds	Equity	$16,272,678
Aspire Proceeds	Equity/Bridge Loan	$15,681,454
Deferred Developer Fee	Equity	$1,526,500
	Total	**$54,126,714**

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, the required equity in this Project equates to $10,825,343. Equity consists of LIHTC proceeds in the amount of $16,272,678, and the deferred developer fee of $1,526,500.

Statutory Aspire Award Cap

This residential project financed with a four-percent Low-Income Housing Tax Credit allocation is eligible for an Aspire tax credit of 60 percent of the total project cost that, as a result of being located in a qualified incentive tract, not to exceed $60 million. N.J.A.C. 19:31-23.7. Total development costs of the project ("TDC") are estimated to be $54,126,714 with the total project cost per the Program Rules estimated to be $46,889,152. As such, the project is eligible for an Aspire tax credit not to exceed $28,133,491 which is the lesser of $60 million and 60 percent of the total project cost.

Concurrently, the Aspire award is also capped by the Aspire Rules dictating that the sum of the Aspire tax credit and the LIHTC cannot exceed 90 percent of project costs, or $42,200,237. As such with a LIHTC allocation of $17,130,850 the project would only be eligible for an Aspire award of $25,069,387 which is 53.47% of project costs.

Financing Gap Analysis

NJEDA staff has reviewed the application to determine if there is a shortfall in the project development economics pertaining to the return on the investment for the developer and their ability to attract the required investment for this project. Because the project is receiving low-income housing tax credits from NJHMFA, NJHMFA's deferred fee model was used to measure the appropriate and reasonable rate of return. The total developer fee is $3,053,000 with $1,526,500 deferred and not fully realized until the 9th year of operations following stabilization which conforms to the NJHMFA policy.

Aspire Tax Credit Sale Price:

The Act dictates that for projects that represent the new construction of residential units while utilizing a Low-Income Housing Tax Credit, the consideration for the sale or assignment of the Aspire tax credits can be no less than 65 percent of the transferred credit amount before considering any further discounting to present value. The Applicant has provided documentation to the Authority that the consideration contemplated in the current financing structure is 90 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 for all but the first year of tax credits with the project retaining the sale proceeds in the first year. When accounting for these loan proceeds received at permanent loan conversion it represents a discount rate of 7.45% from the 90 percent consideration of the transferred credit amount. The sources identified above in the Sources table as "Aspire Proceeds" reflect the combined value of the sale of the tax credits in the first year and this bridge loan. The ultimate financing structure and any changes in the future will be subject to this requirement and the Applicant will need to evidence this prior to any assignment or transfer of Aspire tax credits.

Net Positive Benefit Analysis:

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 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. The specific scoring for the project is contained in the "Scoring Exhibit" attached.

Community Benefits Agreement:

The Act indicates that for a Redevelopment Project whose total project cost equals or exceeds $10 million, a community benefits agreement is required to be entered into by the Authority, chief executive of the municipality and the Applicant. N.J.S.A. 34:1B-328 (Incentive award agreement). As required by Aspire 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-month 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 $2,633,533,587 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 720 8th Street Union City LP 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 Aspire projects award authority.

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

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

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

The recommendation is approval of an award of up to 53.47% of the total project cost, not to exceed $25,069,387 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

MEMORANDUM

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: July 26, 2023

RE: Aspire Program- Product #306305
Terrell Redevelopment Partners Urban Renewal, LP, ("Applicant") and
Chapel Street Aspire, LLC, ("Co-Applicant")

Request

Issuance of tax credits from the Aspire Program (the "Program") for a residential Project located in Newark, New Jersey, Essex County up to 32.62% of the total project cost ("eligible costs"), not to exceed $9,248,793.

As authorized by recently enacted revisions, P.L. 2023, c. 98, to the Aspire Act, these applications are proceeding under the Act and rules in effect immediately prior to the new law.

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, currently a vacant parking lot located at 91-97 Chapel Street, Newark, New Jersey, is known as "Terrell Homes Phase 1", and is a five-story, 69-unit residential building. The Project consists of one and two-bedroom units totaling 79,935 total square footage, and is reserved for seniors aged fifty-five (55) years and over and will include 28 parking spaces on-site. The 100 percent affordable building includes the following Area Median Income (AMI) range for residents: Thirty-three (33) units are reserved for households with incomes of 60% AMI or less, twenty-six (26) units are reserved for households with incomes of 50% AMI or less, and nine (9) units are reserved for households with incomes of 35% AMI or less. One (1) unit is reserved for the onsite Superintendent.

Project Ownership

The Project site is owned by The Newark Housing Authority (”NHA”). NHA and Terrell Redevelopment Partners Urban Renewal, LP entered into a Ground Lease dated June 15, 2022, pursuant to which the Applicant acquired from NHA a seventy-five-year leasehold interest in the land located at Block 2442, Lot 1.02 for the purposes of building the Project.

Terrell Redevelopment Partners Urban Renewal, LP is owned by Terrell Affordable Housing LLC (1%) and Chapel Street 2020 LLC (99%), with Chapel Street 2020 LLC being the general partner. Terrell Affordable Housing LLC is wholly owned by Joseph Alpert and Chapel Street 2020 LLC is owned by Builders Believers Trust Corporation (50%) and Joseph Alpert (50%).

Lead Development Entity

The Alpert Group, LLC, of which Joseph Alpert is the principal, is a fourth generation, family-owned full-service real estate management and development company based in Fort Lee, New Jersey. The Alpert Group specializes in the development of affordable housing using the federal low-income housing tax credit program and has extensive experience working with the requirements of municipal, state, and federal affordable housing programs including HOME, HUD McKinney, Section 8 Rehabilitation, and New Jersey Housing Mortgage and Finance Agency’s numerous programs. Since its founding over 40 years ago, the company has developed over 3,500 units of housing. Currently, The Alpert Group owns and manages more than 2,500 units.

Co-Applicant

The Co-Applicant is Chapel Street Aspire LLC (“CSA”), an entity wholly owned by Building Believers Trust Corporation (“BBTC”), which is a 501(c)3 and an instrumentality of the NHA. CSA will participate as a nonprofit in the Project Financing. Authority staff is in receipt of an IRS 501(c)3 Determination Letter for Building Believers Trust Corporation. CSA is a disregarded entity for tax purposes and thus takes on the characteristics of its parent company and therefore is a nonprofit for taxation purposes under the provisions of Section 501(c)3 of the Internal Revenue Code.

CSA will be contributing services that directly affect and serve residents of the Project. Specifically, these services will include:

- A Community Center that will offer a range of programs and services to meet the needs of the Residents whether it be entertainment, wellness services, training, meetings, functions/conferences, or private family gatherings. Partnerships may be created with area social service providers to utilize the space to provide their programs and services to residents.

- Health and Wellness Screenings & Fairs. Residents will be provided with health screenings that may include blood pressure screenings, vaccinations, and overall wellness assessments. Health fairs are held to promote the dissemination of information to residents regarding healthcare services, Medicaid and Medicare benefits, access to local providers, as well as free screenings.

- Social Engagement Activities for Seniors. Aging-in-place activities to promote social interaction may include activities such as bingo, arts and crafts, speaker events, themed events, picnics, barbecues, and pot-luck dinners.

- Shuttle Transportation to Local Shopping: A shuttle will bring residents to and from shopping within the local community which may include supermarkets, departments stores, outlets, farmers markets, as well as to the downtown district of the Ironbound neighborhood.

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.

BBTC is organized exclusively for charitable purposes under Section 501(c)(3) of the Internal Revenue Code of 1986. The purpose of BBTC is to facilitate the transformation of the Downtown University Cultural District and surrounding areas in the City of Newark. The Co-Applicant is wholly owned and controlled by BBTC.

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

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

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

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

Architect:
Design for the Project has been undertaken by Kitchen and Associates Services, Inc., of Collingswood, New Jersey. A leading multidisciplinary design firm with projects ranging from high-rise market rate housing to the revitalization of obsolete public housing. In business for more than 50 years and founded by Benjamin Kitchen, the firm has rebranded itself in mid-2022 now known as “Thriven Design”. Thriven Design’s team includes experienced architects, engineers, planners, and interior designers. In May of 2022, Matthew Bartner, AIA, LEED AP BD+C was appointed as managing principal, formerly principal and director of operations for the firm.

General Contractor:
The general contractor for this project is Level 10 Development, LLC of Colts Neck, New Jersey, having partnered with Kitchen and Associates, on Terrell Homes and is a fully integrated vertical construction company, that specializes in construction for the Medical and Assisted Living industry and has experience in the multi-family industry including other sectors.

Construction Timeline:
Construction is expected to commence within several months of Board approval and the project will take 16 months to construct.

Project Details

The NHA has spearheaded a multi-phased redevelopment of the Mildred E. Terrell Homes public housing site to achieve its vision of creating a neighborhood that is transformative to the residents and supports the ongoing revitalization of the City of Newark's Ironbound neighborhood. Beginning in early 2018, Newark Housing Authority worked with its residents and community stakeholders to re-envision the future of Terrell Homes. The plan will be realized in steps, but once completed the Terrell Homes site will emerge as a new waterfront destination and a new gateway to the Ironbound community.

As previously noted, Terrell Homes - Phase 1 will be a sixty-nine (69) unit, one and two-bedroom, 79,935 total square footage project for seniors aged fifty-five (55) years and over and will be developed with 28 parking spaces on-site. The first floor of the building will have the entrance lobby, a management office, supportive services office, a generator, compactor, and utility room. The second floor will include 15-one-bedroom apartments and one-two-bedroom apartment. The third floor will include 17 one-bedroom apartments, one-two-bedroom apartment, common laundry, and trash rooms. Fourth Floor will include 17 one-bedroom apartments, one-two-bedroom apartment and common laundry, and trash rooms. The fifth floor will include 17 one-bedroom apartments, common laundry and trash rooms and a small outdoor balcony of the southeast corner of the building.

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

Project Uses and Sources

The Applicant proposes the following Uses for the project:

	Total Development Costs	**Project Costs**
Acquisition	$1	$0
Hard construction costs	$23,911,413	$23,911,413
Professional Services	$1,113,708	$963,708
Financing and other soft costs	$4,830,475	$3,479,392
Developer Fee (Non-Deferred Total)	$4,341,000	$0
Total	**$34,196,597**	**$28,354,513**

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

The Applicant proposes the following Sources for the Project:

Sources	Type	Amount
HMFA 1st Mortgage Note 1	Mortgage	$5,694,455
NJHMFA CDBG Sandy Funding	Soft Loan	$4,000,000
LIHTC Equity	Tax Credit Equity	$15,726,086
Aspire Equity	Tax Credit Equity	$6,566,643
45L Federal Energy Tax Credit Equity	Tax Credit Equity	$146,625
Deferred Developer Fee	Equity	$2,062,788
	Total	**$34,196,597**

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 $6,839,319. Equity consists of LIHTC proceeds in the amount of $15,726,086, 45L Federal Energy Tax Credit proceeds of $146,625, and the deferred developer fee of $2,062,788.

Statutory Aspire Award Cap

This new-construction residential Project financed with a four-percent Low-Income Housing Tax Credit allocation is eligible for an Aspire tax credit of 60 percent of eligible project costs that, as a result of being located in a qualified incentive tract, not to exceed $60 million. N.J.A.C. 19:31-23.7. Total development costs of the project (“TDC”) are estimated to be $34,196,597 with eligible project costs per the Rules estimated to be $28,354,513. As such, the Project is eligible for an Aspire tax credit not to exceed $17,012,708, which is the lesser of $60 million and 60 percent of the eligible 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 eligible project costs, or $25,519,062. As such with a LIHTC allocation of $16,264,380 the project would only be eligible for an Aspire award of $9,254,682.

The Applicant has requested an award of $9,248,793 which is 32.62% of project costs.

Financing Gap Analysis

NJEDA staff has reviewed the application to determine if there is a shortfall in the project development economics pertaining to the return on the investment for the developer and its ability to attract the required investment for this Project. Because the Project is receiving Low-Income Housing Tax Credits from NJHMFA, NJHMFA’s deferred fee model was used to measure the appropriate and reasonable rate of return. The total developer fee is $4,341,000 with $2,062,788 deferred and not fully realized until the 19th year of operations. This conforms to the Agency’s policy.

Aspire Tax Credit Sale Price:

The Act dictates that for projects that are new construction of residential units and utilizing a Low-Income Housing Tax Credit allocation, the consideration for the sale or assignment of the Aspire tax credits can be no less than 65 percent of the transferred credit amount before considering any further discounting to present value. The Applicant has provided documentation to the Authority that the consideration contemplated in the current financing structure is 71 percent of the transferred credit amount received entirely upon receipt of the initial Aspire tax credit certificate. 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-326. 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 Benefits Agreement:

The Act indicates that for a Redevelopment Project whose total project cost equals or exceeds $10 million, a community benefits agreement is required to be entered into by the Authority, chief executive of the municipality and the Applicant. 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 $2,633,533,587 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 Terrell Redevelopment Partners Urban Renewal, LP and finds that it is 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 Aspire projects award authority.

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

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

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

The recommendation is approval of an award of up to 32.62% of the total project cost, not to exceed $9,248,793 in Aspire tax credits based upon the financing gap illustrated by the Project's actual capital stack at time of commitment.

____
Tim Sullivan, CEO

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, as amended, 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.2020, 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: Viacom International Inc PROD-00310670

APPLICANT BACKGROUND:

"Diarra from Detroit" – production by Viacom International Inc, is a dark comedy that follows a divorcing school teacher who refuses to believe she has been ghosted by her rebound Tinder date. Her search for the missing man pulls her into a decades-old mystery involving the Detroit underworld. As the case unfolds, her co-workers, friends, and lovers become unlikely allies as she falls down a dangerous rabbit hole.

The film content has been reviewed and recommended for approval under the Act by the New Jersey Motion Picture and Television Commission. The Commission has determined that the film shall include, at no cost to the State, marketing materials promoting the State, including the placement of a logo in the end credits of the film.

ELIGIBILITY AND TAX CREDIT CALCULATION:
As part of eligibility for tax credits under the New Jersey Film Tax Credit Program, a film must meet at least one of two expense eligibility thresholds:

1. Total Film Production Expenses: A minimum of 60% of the film's total production expenses (calculated excluding post-production expenses) must be incurred after July 1, 2018 but before July 1, 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	$62,604,154.00
B. Total Post-Production Expenses	$3,469,341.00
C. Total expenses for services performed and goods purchased through vendors authorized to do business in New Jersey (excluding any post-production expenses)	$54,234,041.00
Percentage Calculation = C/(A-B)	91.7%

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.	$12,755,273.00
Criterion Met	**Yes**

AWARD CALCULATION

Total Estimated Qualified Film Production Expenses	$50,810,541.00
Estimated Qualified Film Production Expenses incurred within 30-mile radius of Columbus Circle, NYC	$13,053,427.00

Base Award Criteria	Calculation	Result
30% of Estimated Qualified Film Production Expenses incurred within 30-mile radius of Columbus Circle, NYC	$13,053,427.00 x 30% =	$3,916,028.00
35% of Estimated Qualified Film Production Expenses incurred outside of 30-mile radius of Columbus Circle, NYC	($50,810,541.00 - $13,053,427.00) x 35% =	$13,214,990.00
Bonus Criteria Met		
Submission of Diversity Plan deemed satisfactory by EDA and NJ Taxation. 2% of Qualified Film Production Expenses.	$50,810,541.00 x 2% =	$1,016,211.00
Total Award		**$18,147,229**

APPLICATION RECEIVED DATE:	03/21/2023
DATE APPLICATION DEEMED COMPLETE:	03/28/2023
PRINCIPAL PHOTOGRAPHY COMMENCEMENT:	12/11/2022
PRINCIPAL NJ PHOTOGRAPHY LOCATION:	Hackensack City, NJ
ESTIMATED DATE OF PROJECT COMPLETION:	03/31/2023
APPLICANT'S FISCAL YEAR END:	12/31/2023
TAX CREDIT VINTAGE YEAR(S):	2023
TAX FILING TYPE:	Corporate Business Tax
ANTICIPATED CERTIFICATION DATE:	10/31/2023

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

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: Audible Inc PROD-00310227

APPLICANT BACKGROUND:
Audible, Inc. is a producer and provider of spoken-word entertainment and audiobooks. The Company creates content and listening experiences for customers in over 150 countries. The Company employs a team of production staff in Newark, NJ utilizing technologies to record, produce, and edit Audible entertainment. The Company employs a team of production staff in Newark, NJ utilizing technologies to record, produce, and edit Audible entertainment.

In May 2015, Audible, Inc. was approved for Grow New Jersey tax credit award of $3,937,500 per year over 10 years, in total of $39,375,000 for the creation of 350 new full-time jobs and the retention of 50 full-time jobs. In addition, Audible Inc was approved for $7,047,240 in Digital Media Tax Credit for qualified digital media expenses incurred during FY2020. This application is for qualified digital media expenses incurred during FY2021.

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" generally means an expense incurred in New Jersey for the production of digital media content.

All Audible Studios, Audible Originals, and Audiobook Creation Exchange (ACX) audiobook and other spoken-word productions meet the definition of digital media content. For each digital audio production, data/information is transitioned, transformed and converted from an analog form (scripts, books, music, lyrics, articles, reports, etc.) to a digital form (a sound file) for mass audience release and consumption. In the production of audiobooks (Studios, Originals, ACX), spoken word or prepublished written content is narrated by a selected voice actor and recorded onto a digital format. The Audible Team will take the raw sound data and produce the file to be uploaded for a listener experience on the Audible website along with the digital text, graphics, and images related to the content title. Production activities include, but are not limited to, recording, reviewing and selecting the narration takes, piecing together audio takes to create one final high-quality audiobook or other audio content, adding music and/or sound effects to narration, and conducting final quality checks.

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.

Total Digital Media Content Production Expenses incurred in NJ during a single privilege period after July 1, 2018.	$29,806,682
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	$29,806,682
B. Wages Paid to Employees in New Jersey	$24,262,192
C. Percentage of the qualified digital media content production expenses incurred for wages in New Jersey	81%
Criterion Met	**Yes**

AWARD CALCULATION

Base Award Criteria	Calculation	Result
30% of Qualified Digital Media Content Production Expenses	$29,806,682 x 30% =	$8,942,004
Bonus Criteria Met		
Submission of Diversity Plan deemed satisfactory by EDA and NJ Taxation. 2% of Qualified Digital Media Content Production Expenses.	$29,806,682 x 2% =	$596,134
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		**$9,538,138**

APPLICATION RECEIVED DATE: 1/24/2023
DATE APPLICATION DEEMED COMPLETE: 3/10/2023
ESTIMATED DATE OF PROJECT COMMENCEMENT: 1/1/2021
ESTIMATED DATE OF PROJECT COMPLETION: 12/31/2021
APPLICANT'S FISCAL YEAR END: 12/31/2023
TAX CREDIT VINTAGE YEAR(S): 2023
TAX FILING TYPE: Corporate Business Tax
ANTICIPATED CERTIFICATION DATE: 5/1/2023

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.

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: July 26, 2023

SUBJECT: Singer NY, LLC. ("Singer") – Modification
Grow New Jersey Assistance Program ("Grow NJ") – P45513
$6,475,000 Grow NJ

Request:
Because of the reduction of the eligible jobs from 74 to 50 which is a 32% decrease, and a reduction in eligible capital investment from $5,087,815 to $3,228,365 a 37% decrease, approval is requested from the Members to affirm that the project has not materially changed to allow staff to complete its certification of project completion. Additionally, as staff is still reviewing the job certification and the number of jobs may still be reduced if additional deficiencies are found, staff requests delegated authority to approve a further 10% reduction in eligible jobs from the current number of 50.

As a result of this requested change, the approved award will decrease by 34% from $6,475,000 to $4,250,000 with the potential for further decrease. All other terms and conditions of the Grow NJ award will be consistent with the current approval.

The Members are asked to approve this action because it exceeds the criteria for staff delegations to approve these matters. As decided by resolution on February 10, 2021, the Members' approval is required when a reduction in eligible jobs equals or exceeds 25% of the approved amount.

Background:
Singer NY, LLC was formed in 2011 as a wholly owned subsidiary of Singer Equipment Company, Inc. to purchase M Tucker, a Paterson, NJ based foodservice equipment and supplies solution for restaurants, bars, caterers, hospitals, nursing homes, schools, corporate serveries, hotels, churches, supermarkets, and clubs.

On March 12, 2019, the Members of the Authority approved Singer for a ten (10) year Grow New Jersey Award not to exceed $6,475,000 for the retention of 74 GROW NJ eligible jobs to an existing non-industrial premise consisting of 139,008 square feet located at 1200 Madison Avenue Paterson City, Passaic County, New Jersey – the qualified business facility ("QBF"). The project expected to retain 74 full time eligible jobs, with a Capital Investment to complete the project estimated to be $5,087,815.

On March 9, 2023, Singer requested certification of its project completion. The CPA certified that the company had made $3,228,365 in capital investments, which exceeded the minimum requirement of $1,853,440. The Company certified it retained 50 of the 74 at-risk full-time jobs, for a total of 50. The company informed us that they were unable to meet their anticipated full-time jobs due to their business being dramatically impacted by the COVID-19 pandemic. Since most of their customers include hotels and restaurants, all of which closed in some form (either entirely or partially), their regional business declined over 80% and stayed substantially diminished until April 2021. In response to the impact that the COVID-19 pandemic had on the company, certain planned capital investments were delayed and/or ultimately reconsidered.

Based on the $3,228,365 of certified capital investment and the 50 retained full-time jobs, the amount of Grow NJ award will be reduced to $4,250,000. Since jobs and capital investment were reduced more than 25% from what was approved, staff recalculated the Net Positive Economic Benefit(“NBT”) to the State over 20 years using the current net benefit model, which resulted in a $630,959 NBT to the State, which satisfies the required 110% NBT to the State. The company expended $3,228,365 in capital investment, retained 50 jobs at the approved QBF and continues the operations as described to the Board at approval. Based on the above, staff has determined that aside from the reduction in full time jobs, and capital investment the overall Grow NJ project has not materially changed since Board approval.

Summary of Project Changes

	At Approval	**At Certification**
Proposed/Actual Jobs:	74 (Retained)	50 (Retained)
Min. GROW Eligible Jobs	38 (Retained)	38 (Retained)
Eligibility Min. Cap-Ex	$1,853,440	$1,853,440
Proposed/Actual Cap-Ex	$5,087,815	$3,228,365
Base Amount:	$5,000	$5,000
Bonus Increases:		
Deep Poverty Pocket	$1,500	$1,500
Transit Oriented Development	$2,000	$2,000
Jobs with Salary in Excess of County/GSGZ Average	$250	$0
Total Amount Per Incented Employee	$8,750	$8,500
Annual Award:		
New:	0 x $8,750 = $0.00	0 x $8,500 = $0.00
Retained:	74 x $8,750 = $647,500	50 x $8,500 = $425,000
Total:	$647,500	$425,000

Total Award	$6,475,000	$4,250,000
Gross Benefit to the State (over 20years)	$9,075,012	$4,880,959
Net Benefit to the State: Over 20Years, Net of award	$2,600,012	$630,959

Recommendation

Because of the reduction of the eligible jobs from 74 to 50 which is a 32% decrease, and a reduction in eligible capital investment from $5,087,815 to $3,228,365 (a 37% decrease), approval is requested from the Members to affirm that the project has not materially changed to allow staff to complete its certification of project completion. Additionally, as staff is still reviewing the job certification and the number of jobs may still be reduced if additional deficiencies are found, staff requests delegated authority to approve a further 10% reduction in eligible jobs from the current number of 50.

As a result of this requested change, the approved award will decrease by 34% from $6,475,000 to $4,250,000 with the potential for further decrease. All other terms and conditions of the Grow NJ award will be consistent with the current approval.

Tim Sullivan, CEO

Prepared by: Thomas McCusker

MEMORANDUM

TO:	Members of the Authority
FROM:	Tim Sullivan Chief Executive Officer
DATE:	July 26, 2023
SUBJECT:	New Jersey Wind Port – Request to Approve NJEDA Entering into a Construction Services Agreement with Atlantic City Electric (ACE)

REQUEST

The Members of the Board are asked to approve the Authority entering into a Construction Services Agreement (the "Agreement") with Atlantic City Electric (ACE) for the construction of a transmission line to the New Jersey Wind Port (NJWP).

New Jersey regulations require that ACE provide a revenue credit because the Authority is making a non-refundable capital contribution towards a service extension. The credit can be a 10-year, annual credit based on actual ACE revenues from NJWP electricity usage or an upfront, lump-sum revenue credit. Members are also asked to delegate authority to the Chief Executive Officer to negotiate an upfront, lump-sum revenue credit with ACE should it present a net benefit in comparison to the 10-year formula established by regulation.

The Agreement commits NJEDA to reimburse ACE's actual costs up to $38.3 million. Approximately 75 percent of the total is attributable to fixed price contracts that are currently being solicited by ACE through a competitive bid process, meaning greater cost certainty for NJEDA. The balance, covering ACE's internal and ancillary costs as well as taxes levied on capital improvements, has been estimated by ACE inclusive of contingency. Staff will draw on 2023 Series A Offshore Wind Port Project Bonds proceeds to cover the Agreement's costs.

The Agreement sets a completion date for the transmission line as the date falling eight (8) months after ACE secures federal regulatory permits. ACE anticipates permit approval by no later than 9/30/23, with ACE expected to require a 4/30/24 completion from its contractors and committing to pass through to NJEDA any liquidated damages that ACE may negotiate with said contractors for failing to achieve that date. Because NJEDA anticipates that its initial tenant will occupy Parcel A, NJEDA is preparing for temporary power to be in place from 4/1/24 until the completion of both the transmission line and the substation that AECOM Tishman, EDA's construction manager, is building.

This approval will increase total obligations under agreements with ACE for construction of a transmission line to $64.2 million. To date, the Board has approved $25.88 million in costs under three agreements – a feasibility agreement ($0.74 million), a design agreement ($5.14 million) and a long lead item agreement ($20 million). With regard to the overall NJWP, this approval will increase total Board approvals to $556 million, with $81.5 million in uncommitted project funds.

Construction of a new transmission line was determined to be the only option for the Port given its location within ACE's franchise area – and further to a determination that connecting into the adjacent PSEG nuclear plant would be regulatorily uncertain and economically unviable.

BACKGROUND

As a Greenfield site in a remote part of the State, the NJWP site is not currently connected to the State's power grid. NJEDA is required to connect the Port to the grid through ACE as the designated local electric utility provider for the region in which the Port is located. Working with ACE and PSEG Nuclear, and supported by NJEDA's technical advisor WSP, NJEDA assessed various grid connection options considering regulatory, technical and cost factors. This assessment determined the construction of a new transmission line as the most viable option, with localized options (e.g. connecting to PSEG Nuclear's plant) facing regulatory uncertainty (in-turn creating significant schedule risk), and need for construction (and ongoing maintenance) inside the nuclear plant's restricted area creating technical challenges and cost uncertainty. A new line is also the only permanent solution, with the operating license for the adjacent nuclear plant due to expire by 2046.

In January 2021, the Board approved $740,000 in funding for ACE to undertake a feasibility study into the optimal route for a line extension. The study, which concluded in August 2021, considered technical viability, cost, and minimization of impacts to the built and natural environment. The study considered a fifty-five square mile area in order to arrive at a preferred route, which will run along existing ACE rights-of-ways and through the Township of Quinton.

In April 2022, the Board approved an additional $5.14 million for a Design Agreement with ACE, through which ACE would contract for the detailed design of the line. The design is currently nearing 100 percent completion.

In November 2022, following the 60 percent design completion milestone, the Board approved a Long Lead Item Agreement with a not-to-exceed cost of $20 million. The bifurcation of materials purchase (e.g. steel poles, anchor belt cages) from construction aimed to insulate NJEDA from schedule and cost escalation risks stemming from broader supply chain volatility.

CONSTRUCTION AGREEMENT SCOPE & TERMS

With design completion nearing 100 percent and permitting well advanced, staff are requesting the balance of funds for the line's construction. The scope of works covered by the Agreement includes construction of an 11-mile 69kV transmission line from an existing substation located at Quinton, to a planned substation located on Parcel C (which is being designed and constructed by NJEDA through its construction manager, AECOM Tishman). Specifically, the scope includes:

1. Rebuilding approximately 9.7 miles of an old 69kV line (former Quinton-Hancock line) which was retired in the 1980s;
2. Constructing a 0.5 mile alternate getaway path out of the Quinton Substation; and
3. Constructing a new line section over an approximately 0.8 mile stretch of PSEG's Nuclear's property to the proposed NJWP substation.

Under the Agreement, NJEDA is required to pay ACE its actual costs incurred for the defined scope up to the not to exceed amount of $38.3 million.

ACE shall, in turn, complete the scope of work on or before the Construction Completion Date, which is defined as the date falling eight (8) months after the issuance of federal permits; which ACE anticipates by no later than 9/30/23. The Construction Completion Date can be revised due to: 1) material shortages or 2) environmental restrictions that were not discovered during ACE's preliminary environmental testing. Due to the linear nature of the project across 11 miles and the number of utility poles that will be installed for the transmission line, ACE's due diligence testing cannot fully account for all potential excavation that will be needed for the project. Regarding material shortages, the parties have sought to mitigate against material shortages through the Long Lead Item Agreement. NJEDA shall be entitled to passthrough delay damages from ACE's contractors and subcontractors to the extent that ACE negotiates any such delay damages and, proceeds against its contractors for such damages, and recovers such damages.

Recognizing the limited risk transfer to ACE, the Agreement sets out, in detail, the actions required of ACE to ensure that NJEDA is kept informed of progress towards the completion date, so that it can, in turn, take steps to ensure continuity of temporary power. This includes monthly meetings and written updates on the project schedule (including a copy of the project "P6" schedule) and risk register. ACE is also required to promptly notify NJEDA of any reasonably anticipated or known impediments to achieving the target completion date.

The Agreement provides that, as required by law, the Authority shall reimburse ACE for any costs incurred as fees or penalties related to hazardous materials contamination not caused by the action or inaction of ACE. This term carries some risk, but ultimately is reasonable because ACE would not otherwise be excavating soil for the transmission line but for the Authority's need to connect the NJWP to the power grid. Additionally, approximately 10 out of 11 miles of the project are being constructed on existing ACE right-of-ways. As the right-of-way holder, NJEDA would first turn to ACE to demonstrate that they did not cause the hazardous material contamination. Therefore, the risk of the Authority reimbursing ACE for costs related to contamination is limited. This language was offered by staff as an alternative to ACE's request for full indemnification.

The Agreement also requires that ACE comply with federal and State laws and regulations, including the Occupational Safety and Health Act ("OSHA") and Construction Safety and Health Standards, Construction Industry Standards, General Industry Standards, and Prevailing Wage.

The project cost also includes reimbursement to Verizon for relocating its telecom lines from the existing wood poles that ACE must replace with steel poles to support the higher, heavier 69kV lines needed to get power to the Port.

COST ESCALATION

The current total cost of $64.2 million represents an approximately $12.4 million (24 percent) increase on ACE's estimate in August 2021 upon completion of the feasibility study. Upon questioning, ACE have attributed this increase to the following factors:

1. Cost escalation for materials not included in the Long Lead Item Agreement;
2. Higher than anticipated costs from Verizon rerouting its existing telecom lines from the existing wood poles to the new electrical poles; and
3. Higher than anticipated ancillary costs, such as guard rail installation and tree trimming, that are a function of project design and permitting requirements.

NJEDA can have a high degree of confidence that actual costs will be within the requested spending amount given ACE has sized soft and ancillary costs with contingency, is presently securing the contracts, and will soon enter into fixed price contracts. However, NJEDA is not fully insulated from further cost increases as ACE would seek reimbursement from NJEDA should costs exceed $38.3 million.[1] This would include external costs in the event of owner-initiated change orders or other costs that contractors can successfully transfer to ACE. In such a case staff will return to the Board for approval to amend the Agreement and to request an increase in funding allocation.

CONSUMPTION CREDIT

N.J. regulations (N.J.A.C. 14:3-8) requires that regulated utilities provide an annual revenue offset (or revenue credit) where a customer has made a non-refundable capital contribution towards a service extension. In the case of the NJWP, NJEDA is bearing the entire cost of the service extension through its various agreements with ACE and therefore qualifies for the revenue credit. The credit is set by regulation as a yearly credit based on actual ACE revenues grounded in actual NJWP electricity usage. The credit estimates expected revenue over a 10-year period and can be used as a credit against NJEDA's cost obligation to ACE for construction of the transmission line. The Agreement does not address the credit as it is governed by regulation (N.J.A.C. 14:3-8.10), but the credit is informative as to the probable net cost to NJEDA of the transmission line.

N.J. regulations (N.J.A.C. 14:3-8.5(a)) also provides the regulated utility and customer broad discretion to negotiate terms related to the cost of the service extension and the revenue offset or refund. If the parties cannot agree on terms related to the cost, they are to resolve the terms by applying the Board of Public Utilities' suggested formulas. This is inclusive of the revenue credit owed to the Authority for its non-refundable capital contribution. Staff seeks to explore negotiations of an upfront, lump-sum revenue credit with ACE, recognizing the formula provided in N.J.A.C.

[1] Per the Agreement, NJEDA's contractual obligation is capped at $38,308,280. Should ACE's actual costs exceed this amount they would seek to amend the Agreement to increase the cap in order to finish the transmission line.

14:3-8.10 offers the Authority protection in the form of a revenue credit that is to be paid out over the next 10-years. Accordingly, staff is requesting delegated authority for the Chief Executive Officer to negotiate with ACE a lump sum amount that is more favorable to the Authority than the 10-year revenue credit modeling conducted by staff based on the formula suggested by the Board of Public Utilities.

REQUEST

Members are asked to approve the Authority entering into the Construction Services Agreement with ACE to construct the transmission line.

Members are also asked to approve delegated authority to the Chief Executive Officer to negotiate with ACE a lump sum revenue credit should it be determined to be a net benefit to the Authority.

Tim Sullivan, CEO

Prepared by John Kuehne, Aaron Roller

Exhibit A – Construction Services Agreement

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: July 26, 2023

SUBJECT: New Jersey Wind Port – Grant of a temporary access license to Parcel B to NJDOT for dredging-related activities

REQUEST

The Members of the Board are asked to approve the granting of a Temporary Access License (the License) to the New Jersey Department of Transportation (NJDOT) to support dredging activities that NJDOT is undertaking that will benefit the New Jersey Wind Port (NJWP) project. NJDOT is independently undertaking hydraulic dredging of portions of the Delaware River that will function as the main access channel and turning basin for the NJWP once operational. NJDOT requires temporary access across a portion of Authority-owned Parcel B to run a pipeline overland that will carry dredge material to a nearby wetlands site managed by NJDEP, in what will be the State's largest ever beneficial reuse program.

The license is being granted without cost to NJDOT because the activity is a critical benefit to the NJWP project.

BACKGROUND

The construction of an access channel and berth pockets adjacent to the new wharf on Parcel A will require approximately 2 million cubic yards (CYs) of dredging, split between two phases. The Phase 1 dredging has two stages – the first was completed July through September 2022[1]. The second stage will be completed July through September 2023, and is the subject of this memorandum. Phase 2 will be scheduled at a later date to be determined. Both phases of dredging involve hydraulic and mechanical dredging methods. Hydraulic dredging is a ship-based process, involving the intake of water and large quantities of material from the river bottom and pumped directly to a deposit site via a pipeline. Mechanical dredging is typically a shore-based process, involving scooping material off the river bottom with buckets and then loaded into trucks and driven to the deposit site.

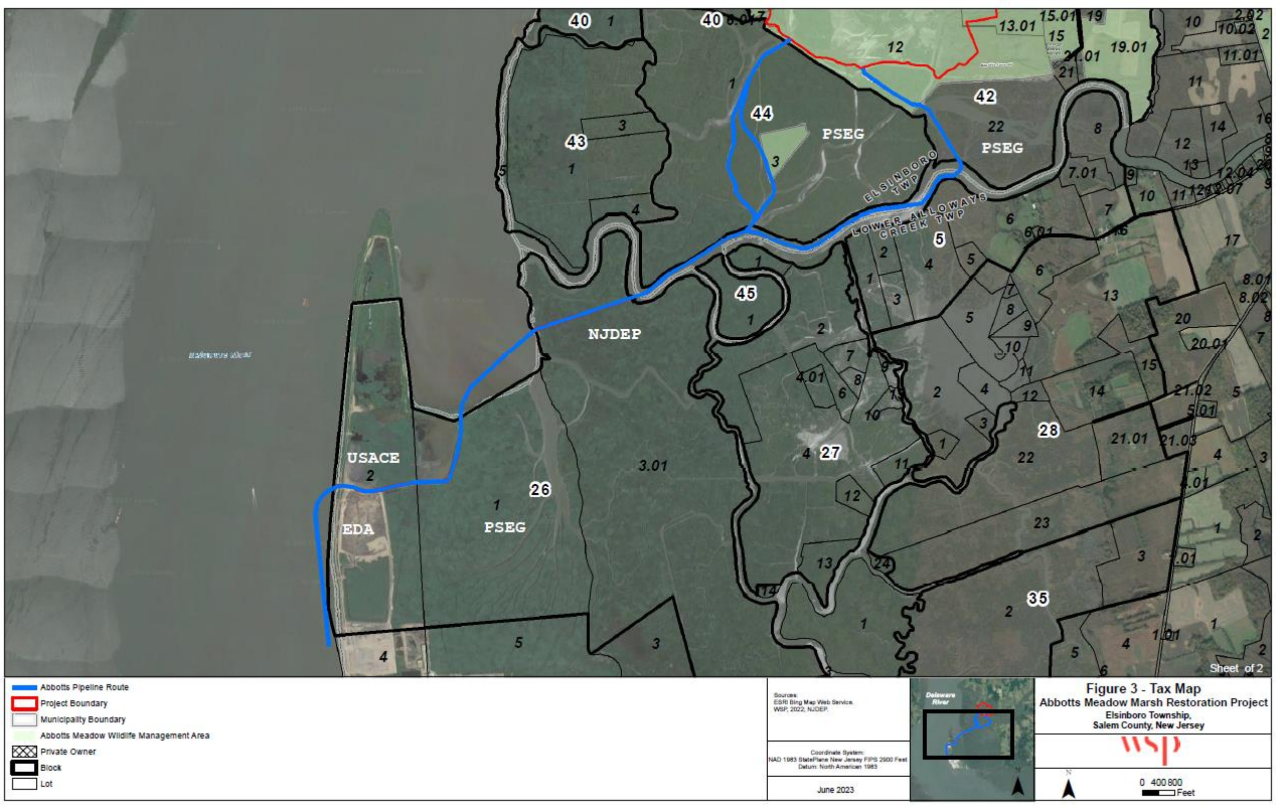
[1] The time of year in which Delaware River dredging may take place is based on the annual sturgeon fish moratorium developed and implemented by the federal Atlantic States Marine Fisheries Commission.

All Phase 1 hydraulic dredging is being conducted by NJDOT as part of their regular dredging activities. On the other hand, all mechanical dredging is being undertaken by NJEDA through its contractors as part of NJWP project construction because of its interdependence with landside construction.

The deposit site for NJDOT's hydraulic dredging action is Abbot's Meadow Wildlife Management Area (Abbots Meadow). Managed by the NJDEP, Abbots Meadow is a wetland area that has become degraded due to inundation of river water and infiltration by invasive species (e.g. phragmites (a reed grass)). Placement will aim to restore the health of the marshland as an ecosystem and habitat for local animal species. It will be the State's largest ever beneficial reuse program.

To pump the materials from dredge site to Abbots Meadow, NJDOT's dredge pipe will need to traverse properties owned by the US Army Corps of Engineers (USACE), PSEG, NJDEP, and NJEDA (see Figure 1: Abbots Meadow Pipeline Route). NJDOT has already signed agreements with USACE, PSEG and NJDEP.

Figure 1 – Abbots Meadow Pipeline Route



The Phase 1, Stage 2 hydraulic dredging, which is the reason for the License subject of this memorandum, is being conducted by NJDOT through a subcontractor overseen by its Office of Maritime Resources. NJDOT received $45 million in Debt Avoidance funds to cover Phase 1 dredging costs – no NJEDA funds are financing or reimbursing NJDOT for the work. Put differently, the work is being conducted by NJDOT independently from NJEDA's construction of the NJWP project; however, the NJWP project has and will receive critical benefits from NJDOT's undertaking.

LICENSE TERMS

The License, enclosed in Exhibit A, provides non-exclusive access to NJDOT and its representatives, agents, and contractors to move in, on, over, across and through Parcel B. Access is for the sole purpose of performing the portion of the work that provides for the installation of pipes for the movement of dredge material from the Delaware River to Abbots Meadow.

The License will have a term of ten (10) months. NJDOT's access will be scheduled and coordinated with NJEDA in advance and, upon the completion of the dredging, NJDOT is obligated to restore the property to the same or better condition. If any equipment remains on the property 60 days after the termination of the License, NJEDA shall remove it at NJDOT's sole cost.

NJDOT must conduct the work in a diligent and safe manner and minimize any interference with NJEDA's use of Parcel B. With the exception of laying the pipe and removing it at the end of the License term, NJDOT's use of the property is passive. The material to be dredged and ultimately pass through the pipe to Abbots Meadow was tested as clean as part of NJDOT's permit application. Risk of environmental contamination is low.

The license is being granted without cost to NJDOT because the activity is a critical benefit to the NJWP project.

RECOMMENDATION

Members are asked to approve the granting of a Temporary Access License NJDOT to support dredging activities that NJDOT is undertaking which will benefit the NJWP project.

____
Tim Sullivan, CEO

Prepared by: John Kuehne, Aaron J. Roller

Exhibit A – Temporary Access License

Exhibit A

TEMPORARY ACCESS LICENSE
(New Jersey Wind Port)

THIS TEMPORARY ACCESS LICENSE (the "License") is made as of this ____ day of June 2023, between the **NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY** ("NJEDA"), an instrumentality of the State of New Jersey, and the **NEW JERSEY DEPARTMENT OF TRANSPORTATION** ("NJDOT").

WHEREAS, NJEDA owns part of the tract of land designated as the Artificial Island, Block 26, Lot 2 in the Township of Lower Alloway Creek, County of Salem, State of New Jersey (the "Property"); and

WHEREAS, NJEDA is constructing a marshalling and manufacturing port "New Jersey Wind Port" across the Property and adjacent parcels to support the State of New Jersey's offshore wind industry; and

WHEREAS, construction of the New Jersey Wind Port wharf includes dredging of the Delaware River to create a new approach channel, a turning basin, and two berthing facilities, and the placement of the dredged material at a 365-acre site within the Abbotts Meadow Wildlife Management Area (the "WMA") for marsh restoration (the "Project"); and

WHEREAS, NJEDA has partnered with NJDOT to provide dredging services necessary for the Project; and

WHEREAS, to provide the dredging services, NJDOT requires temporary access to, on, and across portions of the Property for the installation of fixtures and equipment that will allow for the authorized movement of dredged material; and

WHEREAS, NJEDA is willing to provide temporary access for NJDOT to construct, install, maintain, repair, operate, inspect, augment, store, and remove dredge equipment on, across and over the Licensed Property (as defined herein and delineated for illustrative purposes in Attachment A) under the conditions described herein below (the "Work").

NOW, THEREFORE, in consideration for the benefits to be received by NJEDA from the successful implementation of the Work defined below necessary for the Project, NJEDA grants and conveys to NJDOT a temporary access license ("License") as set forth herein:

1. <u>Grant</u>.

(a) Subject to Section 3, NJEDA hereby grants to NJDOT, its representatives, agents, contractors, and assigns a temporary non-exclusive access license in, on, over, across and through the Licensed Property to enter upon same from time to time, and to use the Licensed Property for the purposes set forth herein in Section 2, at NJDOT's sole expense.

(b) Access to the Licensed Property for installation, operation, maintenance, repair, replacement, upgrade, modification, removal and/or relocations of the equipment shall be scheduled and coordinated through NJEDA.

(c) Notwithstanding the foregoing, nothing herein is intended or shall be deemed to change the overall character or ownership of the Property; nothing herein shall be deemed to grant to NJDOT or otherwise permit NJDOT or any other person to cross over or use any part of the Licensed Property for any purposes not related to the Work or any other person to cross over or use any part of the Property (except the Licensed Property); nothing herein is intended or shall be deemed to alter the boundary lines or setback lines of the Property or to create a partnership or joint venture between NJEDA and NJDOT.

2. <u>Use</u>.

(a) NJDOT shall use this license solely to perform the portion of the Work that provides for the installation of pipes for the movement of dredge material from the Delaware River alongside the shoreline of the Property.

(b) The parties acknowledge that NJDOT may be required to obtain additional licenses from other parties to permit the installation of pipes from the beginning of the shoreline and across the Property to reach the WMA. In addition, if any access to be granted to NJDOT by NJEDA hereunder involves any property subject to an easement granted to NJEDA, NJDOT shall comply with the terms of such easement.

3. <u>NJDOT's Obligations</u>.

(a) Prior to the commencement of any of the Work at the Licensed Property, NJDOT shall, at its cost and expense, prepare and deliver to NJEDA drawings, plans, and specifications (the "Plans"), reasonably detailing the Work, including the specific temporary construction work areas on the Property, the specific temporary storage areas on the Property requested for NJDOT's equipment, and the specific temporary access route for ingress to and egress from the Property (collectively, the "Licensed Property"). NJEDA shall review the Plans and provide its response thereto within ten (10) business days. No work shall commence until NJEDA has approved the Plans and the area of the Licensed Property, which approval will not be unreasonably withheld, conditioned, or delayed. Upon NJEDA's approval of the Plans, NJDOT may begin the Work.

(b) NJDOT shall:

(i) at all times ensure that the Licensed Property, except as permitted herein, is free of any work-related debris on the Property;

(ii) restore the Licensed Property to the same or better condition as existed on the date of commence of this License, which restoration shall be completed in such time as is reasonably required, but in no event greater than two months after the earlier of date of completion of the Work and termination of this License;

(iii) complete, or cause to be completed, all Work in a prompt, professional and diligent manner consistent with construction industry standards;

(iv) perform the Work in a diligent and safe manner consistent with generally accepted construction industry safety standards;

(v) perform the Work in a way that reasonably minimizes interference with the operation of the Property;

(vi) keep any equipment related to the Work in good order, repair, and condition, and promptly and adequately repair all damage to the Property caused by NJDOT;

(vii) obtain, prior to the commencement of the Work, all necessary federal, state and municipal permits, licenses, and approvals and additional licenses and easement rights required to complete the Project;

(viii) comply with all federal, state, and municipal laws, orders, rules, and regulations applicable to the Work and the Project.

4. **Property Condition and Environmental Matters.**

(a) NJEDA is licensing the Licensed Property to NJDOT in its "AS IS" and "WHERE IS" condition and location, including any environmental conditions, any regulated substances and any noncompliance with environmental law. NJDOT and its representatives, agents, contractors and assigns shall enter the Licensed Property at their own risk. NJEDA makes no other representation and disclaims any other warranty whether statutory, written, oral, express or implied, regarding the Property including but not limited to any warranties of merchantability fitness for a particular purpose, zoning or arising out of any course of dealing or usage of trade. Any information provided by NJEDA which relates to the Property shall be for informational purposes only and shall not be guaranteed or warranted. NJEDA makes absolutely no representation regarding the physical and/or environmental condition of the Property.

(b) No environmental sampling in the Licensed Property shall be allowed without NJEDA's prior written approval, such approval being at NJEDA's discretion; provided, however, that in the event that any environmental sampling is required by any environmental law, NJEDA shall approve such sampling subject to terms and conditions that are mutually acceptable to NJDOT and NJEDA. NJDOT shall submit to NJEDA for review and comment a proposed scope of work for such approved testing. NJEDA shall have twenty (20) business days to review and provide comments on the scope of work and submit a cost proposal to NJDOT. Site conditions permitting, NJDOT, at the request of NJEDA, shall, within twenty (20) business days after financial approval of testing costs from NJDOT cause environmental samplings of such materials to be taken and environmental testing thereof shall be performed by an environmental testing company certified by the State of New Jersey at NJDOT's expense. No materials shall be imported to the Property by or on behalf of NJDOT.

(c) Within thirty (30) minutes after the occurrence of any discharge of hazardous materials in violation of environmental laws on the Property arising out of the performance of the Work by NJDOT and/or use and occupancy of the Licensed Property by NJDOT, NJDOT shall notify NJEDA of such environmental discharge.

5. **Equipment.** Any equipment required for the Work shall be provided by NJDOT and shall be at the Licensed Property at the sole risk of NJDOT. NJEDA shall not be liable for damage to any equipment or theft, misappropriation, or loss thereof. Any equipment not removed within sixty (60) days after the termination shall be removed by NJEDA, with costs of such removal to be borne by NJDOT, unless expressly permitted in writing by NJEDA to remain on the Licensed Property.

6. **Term.** This License shall commence upon NJEDA's approval of NJDOT's Plans and the scope of area of the Licensed Property. Unless terminated earlier in accordance with Section 7, this License shall have a term of ten (10) months.

7. **Default/Remedies.** In the event of any actual or threatened violation hereof by any party hereto, the other party shall be entitled to all legal and equitable remedies including injunctive relief and specific performance. If either party shall default in the performance of any of its obligations under this License, and such default shall continue for a period of thirty (30) days, except in the case of an emergency in which a cure period shall be reduced to an amount of time that is reasonable under the circumstances, after notice shall have been given to such defaulting party, the non-defaulting party shall have the right, without waiving or releasing any other right or remedy in connection with the default, to either terminate this License or cure such default for the account of the defaulting party, and may enter the Property of such party for such purpose. The defaulting party shall promptly reimburse the non-defaulting party for reasonable costs.

8. **Public Entity Immunities.** NJDOT and NJEDA mutually acknowledge that the parties are public entities, and that this License is subject to the New Jersey Tort Claims Act, N.J.S.A. 59:1-1 et seq. and the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 et seq

9. **Binding Effect.** Anything herein to the contrary notwithstanding, the covenants, terms, conditions and restrictions contained herein shall be binding upon and shall inure to the benefit of the parties hereto, and their respective heirs, successors and assigns until termination of this License in accordance with the terms hereof. Notwithstanding, neither this License nor any memorandum of this License shall be recorded.

10. **Force Majeure.** Neither party shall be liable for failure to perform its obligations hereunder due to acts of God, the failure of equipment or facilities belonging to a third party (including, but not limited to, utility facilities or service), denial of access to the rights-of-way essential to serving the Property, government order or regulation or any other circumstances beyond its reasonable control.

11. **Notice.** All notices pertaining to this License shall be in writing delivered to the parties by hand, commercial express courier service, United States Express Mail or email, addressed to the parties at the addresses set forth below or such other addresses as the parties may designate by notice. All notices shall be deemed given when received (except any notice which is properly addressed and delivered but refused shall be deemed given on the date of refusal).

If to NJEDA:

New Jersey Economic Development Authority
36 West State Street
Trenton, New Jersey 08625
Attn.: Vice President of Infrastructure, Jonathan Kennedy
Email: jonathan.kennedy@njeda.gov

If to NJDOT:

New Jersey Department of Transportation
1035 Parkway Drive
PO Box 600
Trenton, NJ 08625-0600
Attention: Acting Director, Genevieve Clifton
Email: genevieve.clifton@dot.nj.gov

12. **Miscellaneous.**

(a) In the event that Work may unduly interfere with the operations of NJEDA's or its affiliate's, lessees', or licensee's facilities or constitute a hazard to life or property, upon written notice to NJDOT, NJDOT shall immediately suspend the Work that is the subject of such notice until such time as NJDOT and NJEDA reasonably determine that the Work or activities may safely resume.

(b) If any provision of this License or the application thereof to any person or circumstance is found to be invalid, the remainder of the provisions of this License or the application of such provision to persons or circumstances other than those to which it is found to be invalid, as the case may be, shall not be affected thereby.

IN WITNESS WHEREOF, both parties have caused this instrument to be signed, attested to, and sealed.

NEW JERSEY DEPARTMENT OF TRANSPORTATION

__________________________ ________
Michael Russo Date
Assistant Commissioner
Planning, Multimodal & Grants Administration.

Attest/Witnessed/Affix Seal:

____
Anika James
Department Secretary
NJ Department of Transportation

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

__________________________ ________
Jonathan Kennedy, Vice President Date
Infrastructure

Attest:

____
Name: John Kuehne
Title: Director – Legal/Commercial

This Agreement has been reviewed and approved as to form on behalf of the Department of Transportation.

MATTHEW J. PLATKIN
ATTORNEY GENERAL OF NEW JERSEY

By __________________________ ________
David Kahler Date
Deputy Attorney General

Attachment A

Abbotts Meadow Wetland Restoration Block and Lot

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: July 26, 2023

SUBJECT: New Jersey Wind Port – Request to approve entering into a Development Agreement and Sublease Agreement with Orsted North America LLC

REQUEST

The Members of the Board are asked to approve NJEDA entering into a Development Agreement (DA) and Sublease Agreement (SA) with Orsted Wind Power North America, LLC ("Orsted") for the sublease of up to 34 acres of property ("Parcel A") at the New Jersey Wind Port (NJWP). Orsted, which will be the NJWP's inaugural tenant, expects to create up to 200 jobs over their lease term, with their Ocean Wind 1 project, which the Port is enabling, creating over 15,000 jobs over its 25-year operational life. Orsted had originally committed to the New Jersey Board of Public Utilities (NJBPU) to marshal their project out of Virginia.

Base rent for the first 30.183 acres is $389,841.83 per acre per annum from April 28, 2022, escalated annually thereafter, in addition to pass-through costs. Assuming a 24-month sublease term, total rent is estimated at over $25 million – well above the Board-approved fair market rent of $6 million ($200,000 per acre per annum). The agreements follow an approximately 30-month negotiation that began with the issuance of a publicly advertised Notice to sublease on November 11, 2020, and submittal of a non-binding offer from Orsted on December 4, 2020. Parties executed a Letter of Intent (LOI) on April 26, 2022 and have since been negotiating final terms. While the agreements are not without risk to NJEDA, specifically construction delays, pass-throughs costs exceeding caps, and short-term power costs exceeding estimates, NJEDA's total liability under the DA is capped at an amount equal to Orsted's rent plus projected pass-through costs and liability under the SA capped at the first year's rent plus pass-through costs. As Parcel A is leased by NJEDA from PSEG Nuclear, Orsted's sublease must comply with the terms of the Ground Lease, with Orsted's use subject to various safety-related requirements.

Critically, the agreement reached with Orsted includes berth access rights for other (future) tenants, which preserves NJEDA's ability to secure manufacturing tenants for inland parcels. The berth sharing mechanism sets an important precedent for the U.S. wind sector.

SUMMARY

Key terms include:

- An obligation for NJEDA to develop Parcel A: 30.183 acres of property and infrastructure purpose-built for staging and assembly of turbine components, which may be increased (by mutual consent) by up to an additional 4 acres;
- An obligation for NJEDA to develop and operationalize the aforementioned property and infrastructure by no later than 3/31/24, with capped damages in the event of delay – such damages comprising full pass-through of any liquidated damages (LDs) NJEDA receives from its construction manager (CM) and a rent offset sized at two days per day of delay;
- Orsted's sublease will commence upon substantial completion and must terminate no later than 3/31/26 (Orsted is required to designate the sublease end date by no later than 9/30/23). The lease term will be between 12 months and 24 months, plus a three month holdover period at a 200 percent rental amount, followed by another three month holdover period at 250 percent rental amount subdivided by the number of acres needed by Orsted to complete its activities. If Orsted does not surrender the property by the end of the six-month holdover period, Orsted will be in breach of the sublease and NJEDA, as a remedy to the breach, may direct Orsted to relocate to a portion of Parcel B1 for a duration not-to-exceed three months at 250 percent rental amount subdivided by the number of acres needed by Orsted;
- First year Base Rent of approximately $420,000 per acre per annum ($12,665,000 for 30.183 acres)[1], escalated annually from lease commencement at the higher of CPI or three percent;[2]
- An obligation by Orsted to pay pass-through costs consistent with a "net lease", subject to annual caps – including a cap on property tax liability of $1,000,000 and a cap on all other PSEG pass-through costs of $670,000 (amounts set at 4/28/22 and thereafter subject to escalation at the same rate as Base Rent);
- An obligation for NJEDA to share in Orsted's power consumption costs during an approximately 6-month initial period when the Port will be relying on temporary generators. Orsted will bear costs up to 10 percent above the applicable grid-connected tariff, with NJEDA bearing costs above 10 percent (to be offset against the rent);
- Allocation of repair and maintenance responsibilities, with NJEDA retaining the right but not the obligation to undertake all repairs greater than $5 million; and
- A mechanism to adjust Orsted's subleased footprint to provide other tenants access to the delivery berth. An approximately 4-acre area along the southern boundary of Orsted's parcel will be removed from their sublease and will become common access area, with Orsted made whole through the addition of equivalent acreage along the eastern boundary.

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[1] Estimated. Actual first year Base Rent will be calculated based on observed escalation factor up to lease commencement date.

[2] Orsted's Base Rent (inclusive of wharfage and dockage) is $389,841.83 per acre per annum ($11,766,596 for 30.183 acres), with this amount subject to escalation from 4/28/22 to the sublease commencement date at the higher of 2 percent per annum or CPI (up to a maximum of 5 percent annum). Percentage change in the regional (Philadelphia, Camden, Wilmington) CPI-W measure used to calculate rent escalation in the 12 months to April 2023 was approximately 4.5 percent.

DETAIL

Notice to sublease process

In November 2020, NJEDA issued its first Notice to sublease Parcel A at the NJWP. The Notice was uploaded to NJEDA's website and disseminated via email to an extensive offshore wind stakeholder list. A press release was issued prior to issuance to further build awareness. Orsted was the only offer received, which reflected the limited number of completed wind solicitations in proximate states at that time. Orsted's offer was assessed and found compliant, after which negotiations commenced. The Authority and Orsted executed a Letter LOI on April 26, 2022, and have since been negotiating towards detailed terms.

Key terms

The following section details each party's key obligations under the DA and SA. Orsted has agreed in principle to the terms in attached agreements.

Development schedule & property condition

The DA obligates NJEDA to develop, by the target completion date (3/31/24), 30.183 acres of property and infrastructure purpose-built for marshalling, to be increased (by mutual consent) by up to an additional 4 acres. The precise property condition is codified through a set of Minimum Requirements and underpinning detailed design drawings. By entering into the DA Orsted is agreeing that the designs meet the Minimum Requirements, with material changes to design post execution of the DA only permitted with Orsted's consent. The DA provides for a management committee and non-binding arbitration mechanism for disputes on ex post design changes.

As a means to measure progress towards construction completion, recognizing the impacts to Orsted's Ocean Wind 1 project should the Port be delayed, the DA identifies fifteen (15) development milestones. Should NJEDA miss a milestone it will be required to develop a remedial action plan. If two consecutive milestones are missed Orsted has a right to terminate. Figure 1 details the milestones and their current status.

Lease term & delay damages

Orsted's sublease will commence upon Parcel A achieving substantial completion, which is the date when NJEDA's receives a certificate of substantial completion from its CM, AECOM Tishman, for the property and associated infrastructure, and the Port is certified for operations by the U.S. Coast Guard. Should completion not be achieved by the Target Date of 3/31/24 Orsted will be entitled to delay liquidated damages (LDs) comprising:

- delay LDs, to the extent that NJEDA recovers such LDs from its CM; and
- a rent offset on a per diem basis of two days of Base Rent offset for each one day of delay beyond the Target Date for Completion, up to one year of Base Rent.

Any delay LDs will be applied as a deduction in Orsted's Rent and any amount is capped at Orsted's actual and reasonable damages. The project is currently on track for completion by 3/14/24, meaning a low likelihood that LDs will be triggered.

Orsted has until 9/30/23 to designate the end date of their sublease. This date cannot extend beyond 3/31/26, which allows for a maximum 24 month term assuming a 4/1/24 commencement. Recognizing the schedule risks involved in offshore wind farm construction, such as weather-related delays, the sublease allows for a three (3) month holdover period should Orsted fail to vacate the property on the expiration date. Rent is set at 200 percent of Base Rent for this period. Should Orsted need additional time, an additional three (3) month holdover period set at a 250 percent rental amount which shall be subdivided by the number of acres needed by Orsted to complete its activities. If Orsted does not surrender the property by the end of the six (6) month permitted holdover period, Orsted will be in breach of the sublease. At such point, NJEDA, as a remedy to the breach, may direct Orsted to relocate to a portion of Parcel B1 to complete its activities for a duration not-to-exceed three months at a 250 percent rental amount subdivided by the number of acres needed by Orsted. The increase in rent serves to preserve port capacity for follow-on tenants.

Figure 1 – Milestones

Milestone	Work Activity	P6 Code	Date	Current status
1.	L1 Surcharge (Fill to Cut)	EX1050	1/17/23	Milestone achieved
2.	W1 Waterside Piles (till bent 36)	W1W1200	2/6/23	Milestone achieved
3.	W2 Land piles	W2L1300	3/13/23	Milestone achieved
4.	L2 Surcharge period	BP042500	6/16/23	Milestone achieved
5.	Mechanical dredging (W2)	EX1120	8/24/23	On schedule
6.	Dolphin Pile Installation	DOL1110	10/13/23	On schedule
7.	W1 concrete deck completion	W1W1120	10/23/23	On schedule
8.	W2 Waterside Piles	W2W1210	12/5/23	On schedule
9.	W1 Wharf/dolphin construction	EX1080	12/12/23	On schedule
10.	W3 Wharf construction	EX1100	12/12/23	On schedule
11.	Submission of Facility Security Plan to US CG	RL1025	1/14/24	On schedule. A security consultant has been procured and is currently developing the Facility Security Plan. Per licensing procedures, this will be lodged with the USCG 90 days prior to operations starting
12.	W2 Pile caps	W2W1640	1/20/24	On schedule
13.	W2 Wharf construction	EX1090	3/4/24	On schedule
14.	Receipt of US Coast Guard approval letter	RL1050	3/14/24	On schedule
15.	Substantial completion	EX9999	3/31/24	On schedule. Current schedule for construction completion of 3/14/24

Rent and fees

Orsted's base rent, inclusive of wharfage and dockage, is set at $389,841.83 annually per acre (equating to $11,766,596 for 30.183 acres), with this amount subject to escalation from 4/28/22 - at the higher of 2 percent or CPI (up to a maximum of 5 percent) – up to the sublease commencement date. From lease commencement rent will be escalated at the higher of CPI (using the relevant measure) or three percent. Assuming a two (2) percent annualized inflation rate from 4/1/24 through 3/31/26 total rent is estimated at over $25 million. This amount, which was achieved through extensive negotiations, exceeds the Board's August 2020 approval of a fair market rent of $6 million per annum ($200,000 per acre per annum). Rent on the additional approximately 4 acres is set at 75 percent of the base rent applying to the initial 30.183 acres, reflecting that those 4 acres will not be developed to the same specification.[3]

Pass-through costs

Consistent with a "net lease", Orsted is responsible for NJEDA, the Head Landlord (PSEG Nuclear) and any other third party expenses or charges related to its use and occupancy of the subleased premises, including:

- land and improvement taxes on its subleased premises (Parcel A);
- proportionate share of the land and improvement taxes levied on Common Areas;
- proportionate share of the operating costs with respect to the subleased premises passed down to the NJEDA from PSEG Nuclear, such as nuclear insurance;
- all costs and expenses PSEG Nuclear incurs in reviewing and approving any improvement or alteration made to the premises; and
- all costs and expenses NJEDA incurs in reviewing and approving any improvement or alteration made to the premises.

In order for Orsted to determine their total cost, which they deemed necessary to arrive at a base rent, NJEDA agreed to cap Orsted's pass-through costs. A cap of $1,000,000 applies to the pass through of land and improvement taxes, with all other PSEG pass-through costs capped at $670,00. Caps are set at 4/28/22 and subject to the same rate of escalation as base rent. In setting caps, staff evaluated probable costs and risks that actual costs will exceed caps. 2022 property taxes on Parcel A were $12,209. While this assessment reflected the unimproved value, improvements on Parcel A are limited to site works, utilities and wharf infrastructure with no plans for permanent buildings. 2022 PSEG pass-throughs, excluding taxes and costs associated with construction, totaled less than $500,000.

Liability & Indemnification

NJEDA's liability under the DA is capped at an amount equal to Orsted's rent and projected passthrough costs for the sublease term – or 12 months should the liability fall prior to 9/30/23 (the date Orsted is required to designate its end date). The cap does not apply to delay LDs recovered by EDA from its CM. NJEDA's liability under the SA is capped at the first year's rent plus first year's projected pass-through costs.

Neither party will have the right to claim damages for a breach of the DA or SA, in tort, or on any other basis whatsoever, to the extent that any loss claimed by a party is for consequential losses.

Orsted is required to release, defend, indemnify and hold harmless NJEDA and its directors, employees, consultants, agents, successors and assigns from and against any and all liability for losses (including property damage, injury or death) arising from third party claims – excluding

[3] Wharfage and dockage is a fixed annual amount.

where such losses arise out of, or as a consequence of, any breach, or any gross negligence of, NJEDA or any of its directors, employees, consultants, agents, successors and assigns.

Termination

Besides standard termination rights such as in an Event of Default, NJEDA has a right to terminate the sublease where Orsted has not used the property for a period of six (6) months or greater, with exceptions for Ocean Wind 1 delays beyond Orsted's control. This right reflects NJEDA's economic (versus financial) objectives, specifically job creation. Should a replacement tenant be found NJEDA is obligated to rebate Orsted's rent for the period of their lease.

Operations

The SA comprehensively allocates port operations roles and responsibilities between parties. NJEDA's key obligations pertain to:

- upfront USCG licensing, and ongoing license renewal;
- general site security;
- restricted area access control (this is a high security, USCG licensed area, within which a Transportation Worker Identification Credential (TWIC) is needed for access);
- coordination with PSEG;
- coordination amongst tenants regarding the use of common access roads and infrastructure (e.g. shared delivery berth);
- waste management;
- supply of potable and non-potable water;
- emergency preparedness and response management outside of the subleased premises;
- snow clearing outside the parcel; and
- berth pocket and access channel hydrographic surveying.

NJEDA intends to competitively procure a Port facilities manager to perform the above scope and is targeting Board approval and contractual close by the end of calendar 2023.

Except for the above scope, aspects of which interface with Orsted's operations, NJEDA (and its facilities manager) will not have a direct role Orsted's day-to-day operations such as vessel berthing and stevedoring. To ensure the Port remains USCG compliant, the SA stipulates that Orsted comply with all license conditions and coordinate their operations with NJEDA and USCG. Staff note that Orsted is strongly incentivized to comply given the significant costs to their Ocean Wind 1 project should the Port's license be suspended.

Repair & maintenance obligations

The SA allocates maintenance and repair responsibilities between parties, with NJEDA's responsibilities reflecting its long-term interest as landlord, while ensuring Orsted remains accountable for its use. Specifically, NJEDA will be responsible for:

- all planned maintenance of core infrastructure including:
    - wharf;
    - access roads;

- stormwater systems;
- fire safety water systems;
- temporary diesel generators;
- electrical substation and on-site distribution grid;
- telecommunications infrastructure outside the subleased premises;
- permitter fencing and security systems;
- lighting; and
- dredging of the access channel and berth pockets.

Parties are respectively responsible for repairs stemming from their actions, however NJEDA has retained the right to undertake tenant-obligated repairs with a cost of greater than $5 million and to seek reimbursement from Orsted for cost. This provides NJEDA with greater control over the scope and quality of repairs recognizing its long-term interest in maximizing the design life.

Third party berth access

Allocation of berth access rights was a key focus of negotiations, with the need to balance preservation of berth access for future manufacturing tenants with Orsted's need for berthing certainty. The SA preserves rights for other users to use the Delivery Berth from 2/1/26, with usage governed by a Port Operations Protocol which is an exhibit to the SA. 2/1/26 was determined based on extensive engagement with manufacturers who may be potential tenants, with NJEDA not currently aware of any manufacturers requiring berth access prior to this date.

The SA also provides for the modification of Orsted's subleased area in order to remove approximately 4 acres alongside Parcel A's southern boundary (which are needed to provide other users with access to the Delivery Berth), with Orsted made whole through the addition of 4 acres on Parcel A's eastern boundary (known as Parcel C1 West).

These mechanisms for berth sharing are further summarized in Figure 2.

Figure 2 – Berth access rights

	Period	**Parcel A configuration**	**Orsted's berth rights**	**Other users' rights**
Pre premises modification	From lease commencement through 1/31/26	Approx. 30 acres inclusive of Install Berth and Delivery Berth	Exclusive use of Install Berth and Delivery Berth	None
Post premises modification	From 2/1/26 through to sublease expiration	Approx. 30 acres excluding the Delivery Berth and approx. 4-acre area (that will become a common access road to the berth) but inclusive of Parcel C1 West	Exclusive use of Install Berth Shared use of the Delivery Berth	Shared use of the Delivery Berth (up to 10 days per month – allocation subject to Port Operations Protocols)

Environmental

The SA follows conventional environmental risk allocation, with NJEDA responsible for pre-existing contamination and each party responsible for actions or events they cause during the sublease period. Terms are also in compliance with the PSEG Nuclear Ground Lease.

REQUEST

Members are asked to approve NJEDA entering into a DA and SA with Orsted for the sublease of up to 34 acres of property and wharf infrastructure at the NJWP. Final terms of the DA and SA, substantively consistent with this memorandum and the forms attached, shall be subject to review and approval by the Chief Executive Officer.

____
Tim Sullivan, CEO

Prepared by: Jonathan Kennedy, Geoff Storr, John Kuehne

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: July 26, 2023

SUBJECT: Credit Underwriting Projects Approved Under Delegated Authority – **For Informational Purposes Only**

The following project was approved under Delegated Authority in June 2023:

Premier Lender Program:

1) 1110 13th Street LLC (PROD-000303052), located in North Bergen Township, Hudson County, was created in 2021 as a real estate holding company formed to purchase the project property. The operating company, Lion's Den Enterprises Inc. DBA Imperial Moving and Storage ("Imperial Moving"), was incorporated in New York in 2005. Imperial Moving is a moving and storage company that provides independently operated residential and commercial moving services primarily in New York City and the tri-state area. Their services include long and short distance moving, international moving, packaging and unpacking, furniture moving, and storage. Provident Bank approved a $1,905,214 bank loan contingent upon a 17.32% ($330,000) Authority participation. Proceeds will be used to purchase the project property. The Company plans to create ten new full-time jobs at the project site.

Tim Sullivan, CEO

Prepared by: G. Robins

MEMORANDUM

TO:	Members of the Authority
FROM:	Tim Sullivan Chief Executive Officer
DATE:	July 26, 2023
SUBJECT:	Legal and Administrative Affairs Division – Memoranda of Understanding Approved under Delegated Authority (June 2022 – June 2023) ***(For Informational Purposes Only)***

On June 8, 2022, the Board delegated authority to the Chief Executive Officer (CEO) to execute Memoranda of Understanding (MOUs) regarding "matters for which the CEO has delegated authority to approve and execute were the matter accomplished through a binding contract, including procurement, or approve but for the payment to EDA for EDA's services, including lending staffing, up to the lesser of the corresponding delegated authority maximum or a maximum financial commitment of $500,000 for each MOU."

For the time period from June 8, 2022 to June 30, 2023, the CEO approved and executed fourteen Memoranda of Understanding pursuant to this delegated authority, as summarized below.

MEMORANDA OF UNDERSTANDING

Execution Date	Party(ies)	Expiration Date/End of Term	Description
7/11/2022	NJ Dept. of Community Affairs	3/31/2027	New MOU, as delegated by the Board at its 2/9/2022 meeting, disbursing to EDA up to $25,625,000 of the American Rescue Plan - Coronavirus State Fiscal Recovery Fund monies to fund the Commuter and Transit Bus Private Carrier grant program.
7/14/2022	New Jersey Institute of Technology (NJIT)	2/11/2023	Extended term for the framework of the NJ Brownfields Assistance Center at NJIT for Year 3 funding.

9/12/2022	NJ Dept. of Treasury	9/12/2023	New MOU authorizing EDA to provide $250,000 for Consultant to provide advice on implementing the "Public Bank Implementation Board", which was created pursuant to EO 91 (Nov. 13, 2019).
10/11/2022	NJ Dept. of Community Affairs	3/31/2027	New MOU, as delegated by the Board at its May 11, 2022 meeting, disbursing to EDA up to $20 million of the American Rescue Plan - Coronavirus State Fiscal Recovery Fund monies to fund the Child Care Facilities Improvement Pilot Program – Phase 1.
10/22/2022	NJ Housing and Mortgage Finance Agency; NJ Redevelopment Authority; NJ Dept. of Community Affairs; NJ Dept. of Environmental Affairs; NJ Dept. of Human Services; NJ Dept. of State; and NJ Dept. of Agriculature	12/31/2026	Extended term for information-sharing framework for several signatory agencies during COVID-19 response.
2/7/2023	Rutgers University	8/7/2024	New MOU for Rutgers to provide technical assistance for the Second Phase of NJ Zero-Emission Incentive Program.
2/16/2023	New Jersey Institute of Technology (NJIT)	7/14/2023	Extended term for the framework of the NJ Brownfields Assistance Center at NJIT.
2/27/2023	Stockton University	11/30/2023	Extended and modified June 1, 2021 MOU for "Esports Innovation Center at Stockton University".

3/10/2023	New Jersey Institute of Technology (NJIT)	Terminates no later than 8/31/23; may be extended up to 30 days.	New MOU authorizing retention of NJIT to prepare a report on the implementation of the Brownfield Redevelopment Incentive program (N.J.S.A. 34:1B-286), the Aspire program (N.J.S.A. 34:1B-334), and the Emerge program (N.J.S.A. 34:1B-347)., as required by the NJ Economic Recovery Act.
4/26/2023	NJ Dept. of Community Affairs	3/31/2027	New MOU, as as delegated by the Board at its October 12, 2022 meeting, disbursing to EDA up to $5 million of the American Rescue Plan - Coronavirus State Fiscal Recovery Fund monies to fund the Activitation, Revitalization and Transformation Grant Program (Commuter Hub).
5/18/2023	Rowan University	5/18/2028	New MOU to implement the statutorily required “Innovation Fellows” program of the NJ Economic Recovery Act for classroom learning and mentorship requirements.
6/7/2023	N.J. Dept. of Labor and Workforce Development	12/31/22 – 12/31/23	Similar in form to a MOU, this “Letter of Understanding” pertains to the DOL’s Preschool Development Grant funded by US Dept. of Health and Human Services.
6/13/2023	N.J. Dept. of Labor and Workforce Development	2/28/2024	Extension of the Prevailing Wage project monitoring MOU due to impending revisions to the NJEDA prevailing wage regulations.
6/27/2023	N.J. Dept. of Environmental Protection	6/27/2028	New MOU to implement the Brownfields Redevelopment Incentives Program of the NJ Economic Recovery Act.

Tim Sullivan, CEO

Prepared by: Elizabeth George-Cheniara

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: July 26, 2023

SUBJECT: Legal Affairs - Delegated Authority Report 2022-2023
For Informational Purposes Only

Background

Businesses applying for the NJEDA's financial assistance programs are subject to the Authority's Disqualification/Debarment Regulations (the "Regulations"), which are set forth in N.J.A.C. 19:30-2.1, et seq., as well as Executive Order 34 (Byrne 1976) ("EO34"). These laws are intended to protect the NJEDA by ensuring that applicants for financial assistance (and their affiliates, as defined in the Regulations) demonstrate and maintain the highest standards of responsibility and moral integrity. To comply with those laws, the Authority requires applicants to complete a Legal Questionnaire answering certain background questions pertaining to litigation and misconduct that can lead to debarment, disqualification, or suspension under the Regulations and EO34. NJEDA staff verifies the applicants' disclosures and performs due diligence to confirm those disclosures were accurate and complete. If the business discloses information that could be grounds for disqualification or suspension, or if due diligence reveals such information, then Board action may be required to disqualify or suspend the business or to determine that there are mitigating factors rendering disqualification inappropriate under the circumstances. The Board has delegated authority to staff to clear applicants under a variety of circumstances. In June 2022, the Board clarified and expanded those delegations.

Delegations of Authority approved by the Board in July 2022

Staff may determine not to debar or disqualify the company if:

1. For all Authority programs, if the company is subject to a corporate integrity agreement, a deferred prosecution agreement, consent order, or other similar agreement and is in good standing thereunder.[1]

2. For all Authority programs, if the applicant has been found guilty or has pleaded guilty to the following classes of offenses or their foreign jurisdiction equivalents: New Jersey Statutes Title 39, motor vehicle offenses; New Jersey municipal ordinance offenses; New Jersey Statutes Title 2:C disorderly and petty disorderly persons offenses; or New Jersey Statutes Title 2:C, indictable offenses of the 3rd and 4th degrees and federal offenses, provided these are first indictable offenses for which the presumption of a non-custodial sentence has been applied in the penalty.[2]

1 Hereinafter, the Agreement Delegation.
2 Hereinafter, the Criminal Offense Delegation.

3. For all Authority programs, if the applicant[3]:
    a. has been denied a license or permit required to engage in its business or profession or had any such license or permit suspended or revoked by any government, provided any such suspension or revocation has been lifted by any such government;
    b. has been suspended, debarred, disqualified, denied a classification rating or prequalification, or otherwise been declared not responsible to bid or submit a form of prequalification on or to perform work on any public contractor subcontract, provided any such suspension, debarment, disqualification, denial or declaration is no longer in force;
    c. had an injunction, order or lien entered against it in favor of any government agency including but not limited to judgments or liens based on taxes assessed or fines and penalties imposed by any government agency, provided any such injunction has been lifted and order or lien satisfied in whole or by entry into and compliance with an alternate arrangement (e.g., payment plan) with any such government agency; or
    d. has been penalized, in an amount not exceeding $100,000, by any government agency for minor civil violations of law or regulation, not constituting pattern or practice, as determined by staff.
    e. has final judgments or settlements under the laws governing hours of labor, minimum wage standards, prevailing wage standards, discrimination in wages, or child labor, provided those final judgments or settlement do not comprise a pattern or practice of violations, as determined by staff; or
    f. has final judgments or settlements under employment laws such as the Law Against Discrimination (N.J.S.A. 10:5-1 et seq.), or of the act banning discrimination in public works employment (N.J.S.A. 10:2-1 et seq.), or of the act prohibiting discrimination by industries engaged in defense work in the employment of persons therein (N.J.S.A. 10:1-10 et seq.), provided those final judgments or settlements do not comprise a pattern or practice of violations, as determined by staff.
4. For all Authority small business programs, if the business or its owner(s) has been fined for a licensing violation, been denied a license or permit required to engage in its business or profession or had any such license or permit suspended or revoked by any government, provided any such suspension or revocation has been lifted by any such government or the license or permit is not needed for the operation of the business seeking financial assistance.[4]
5. Timeframes for Legal Reviews: Historically, the Authority has focused its due diligence on legal matters that occurred during the most relevant time frames:
    a. For civil matters, the Authority reviews matters that were either pending or concluded within 5 years of the reporting date;
    b. For criminal matters, the focus is on those that were either pending or concluded within 10 years of the reporting date;
    c. For environmental regulatory matters, the Authority reviews those that were either pending or concluded within 10 years of the reporting date; and
    d. For all other regulatory matters, the Authority focusses on those that were either pending or concluded within 5 years of the reporting date.

3 Hereinafter, the Civil Violations Delegation.
4 Hereinafter, the Small Business License Delegation

Use of Delegated Authority

In the context of the Authority's legal reviews, the timeframes approved by the Board have been implemented across all completed legal reviews, both at the Legal Affairs full review level and at the staff screening level. A summary of the use of delegated authority is provided below[5]:

Delegation	June 8, 2022 – June 20, 2023
Agreement Delegation	16
Criminal Offense Delegation	5
Civil Violations Delegation	9
Small Business License Delegation	0

The Agreement Delegation has been used for a variety of legal agreements, including consent orders with various regulatory agencies, including the SEC, EPA and various state entities. The Criminal Offense Delegation involved clearing of 2 applicant owners with federal convictions and 3 with state convictions. It was confirmed that sentences for these relevant offenses were served to completion prior to clearance. The Civil Violations Delegation was used to clear: various civil violations where applicants were penalized less than $100,000 and there was no pattern or practice of violations; wage and hour violations which did not comprise a pattern or practice; an applicant with a previous debarment no longer in force; and an applicant with a suspended professional license which was reinstated. All use of delegated authority has been reviewed and approved by Managing Director, Legal Affairs. We will continue to bring all recommendations to debar or disqualify an applicant to the Board for decision.

Tim Sullivan, CEO

5 We note that we are not reporting the use of the Criminal Offense delegation related to motor vehicle offenses, municipal ordinance offenses or disorderly and petty disorderly persons offenses. Due to the prevalence of these offenses for small business owners, in particular, the use of this delegation occurred for the majority of our legal reviews, making reporting less meaningful. Thus, we have focused our reporting on the indictable offenses in the delegation, which we believe is most relevant to the Board.

MEMORANDUM

TO: Members of the Authority

FROM: Timothy Sullivan
Chief Executive Officer

DATE: July 26, 2023

SUBJECT: NJERA Implementation Report
For Informational Purposes Only

Background:

The New Jersey Economic Recovery Act of 2020 (P.L.2020, c.156) requires the New Jersey Economic Development Authority ("Authority") on a biennial basis to engage a State college or university to prepare a report on the implementation and economic analysis of the Brownfield Redevelopment Incentive program, the Aspire program and the Emerge program, and submit the report to the Authority, the Governor, and to the Legislature.

NJERA Program Implementation Report:

In March 2023, the Authority entered into a memorandum of understanding ("MOU") with New Jersey Institute of Technology ("NJIT") to prepare this first biennial report. NJIT reviewed the relevant statutes, rules, program documentation, resources, and interviewed NJEDA staff as part of the report preparation process. The final report was provided to the Authority on July 7, 2023 and reviewed by the Audit Committee.

The final report is included below (Appendix A). The Authority is pleased with the outcome which reflects the tremendous effort of the organization in successfully implementing the Aspire, Emerge, and Brownfield Redevelopment Incentive Programs.

Tim Sullivan, CEO

Prepared by: Maciek Bury

Attachment: Appendix A- Program Evaluation: New Jersey Economic Recovery Act of 2020

Appendix A

NJIT
New Jersey Institute of Technology

Program Evaluation:

New Jersey Economic Recovery Act of 2020 Brownfields Redevelopment Incentive Program, Aspire Program, and Emerge Program

Prepared for the New Jersey Economic Development Authority

July 2023

Table of Contents

Executive Summary

The New Jersey Economic Recovery Act of 2020 (NJERA), P.L. 2020, c. 156 (as amended) describes a variety of economic development policies and makes appropriation to fund their implementation by the New Jersey Economic Development Authority (NJEDA). As a recognized best practice, it also specifies a series of written reports that must be produced that evaluate the implementation and performance of the tax credit awards granted. This report is responsive to the reporting requirement and is prepared under an MOU with the New Jersey Institute of Technology (NJIT). As specified, this report has sections for the Brownfields Redevelopment Incentive program, the Aspire program, and the Emerge program and focuses on the implementation of each program.

As this is the first report required under the NJERA and the programs are newly created, there is limited data for analytical review and therefore the focus is on the implementation process and toward suggestions to prepare for future successful administration of the three programs. We conduct a policy review, an implementation review, an application process evaluation, and assessments of target populations and objectives of each program, ending with conclusions and “best practices”.

The implementation teams at the New Jersey Economic Development Authority demonstrate a sophisticated understanding of the objectives and usefulness of these three programs. The NJEDA staff has created intuitive and user-friendly interfaces that allows potential applicants and stakeholders to easily navigate through the program websites which provides comprehensive details about each program’s objectives, eligibility criteria, available incentives, and application procedures, including fees. The websites also have many tools to support potential applicants through the process with FAQs, Mapping Tools, and early, regular, and transparent communications. The NJEDA Board Memo provides a comprehensive overview of each program. All these program implementations benefit from the Uniform Policies and Procedures that was recently implemented by the NJEDA.

Each of these programs is off to a very good start, but successful administration will require ongoing care and the following section on recommendations addresses a series of suggestions that will help the programs to maximize their potential to promote economic development in New Jersey, revitalize targeted areas, and attract a diverse range of applicants. Each implementation team will need to engage a broad range of stakeholders and listen carefully so that they can conduct continuous improvements in their processes. Broadening outreach to encourage emerging developers and businesses to apply will require new partnerships and education efforts. At the program kickoff, the early focus is on getting the programs launched but the NJEDA implementation teams also want to broaden participation and enhance the pool of potential applicants in the future.

We look forward to the next series of NJERA reporting on these programs where a more quantitative analysis of program outcomes should be possible.

Recommendations

<u>Brownfields Redevelopment Incentive Program</u>

1. Strengthen Partnerships: The Brownfields program should continue fostering partnerships with the Department of Environmental Protection (DEP) and other relevant stakeholders to ensure effective implementation and address challenges that may arise during the program's lifespan.
2. Continuous Refinement: Regularly evaluate the program's implementation and gather feedback from applicants and awardees to identify areas for improvement and refine the program's processes and guidelines. This feedback will be instrumental in enhancing the program's effectiveness and maximizing its impact.
3. Targeted Outreach: Expand outreach efforts to engage community organizations and smaller developers, addressing their specific needs and concerns. Develop partnerships with industry associations, municipalities, and community organizations to conduct informational sessions, workshops, and webinars that provide education and training on the program. Simplify processes and provide support to broaden the applicant pool.
4. Stakeholder Engagement: Maintain open lines of communication with stakeholders to ensure a shared understanding of program goals. Actively engage stakeholders and solicit their input to balance program objectives with return on investment, fostering support and participation in the program.

<u>Aspire Program</u>

1. Streamlined Communication: Prioritize clear and transparent communication strategies to effectively convey the Aspire Program's goals and expectations to a broader range of stakeholders. Simplify program guidelines to ensure a comprehensive understanding of the program's eligibility criteria, compliance requirements, and scoring criteria.
2. User-Friendly Experience: Continuously prioritize a user-centric website design that offers easy navigation, comprehensive information, and regular updates. Provide clear instructions and transparent scoring criteria to applicants, ensuring a seamless and efficient application process.
3. Diverse Applicant Pool: Expand outreach efforts to engage emerging developers involved in sectors beyond low-income housing, such as food delivery, healthcare, or film production. Collaborate with local economic development organizations and adopt targeted marketing strategies to attract a more diverse range of projects and applicants.
4. Stakeholder Collaboration: Establish proactive stakeholder engagement mechanisms, including regular communication, collaborative partnerships, and educational

workshops. This will facilitate effective two-way communication, gather feedback, and inform program enhancements for greater effectiveness and impact.

Emerge Program

1. Seamless User Experience: Continue prioritizing a user-centric website design that offers easy access to program information and resources. Regularly update the website to provide comprehensive information and facilitate a seamless user experience.
2. Streamlined Application Process: Strive for a more streamlined application process by providing clear instructions, transparent scoring criteria, and timely updates to applicants. Enhancing efficiency and transparency will benefit both companies and NJEDA staff navigating the application stages.
3. Broadened Outreach: Expand outreach efforts to connect with potential New Jersey companies worldwide, focusing on relocation influencers such as lawyers, accountants, and Choose NJ. Strengthen the partnership with Choose NJ to broaden the program's reach and engage companies considering a move or expansion in New Jersey.
4. Residency Requirements: Consider engaging with the legislature to modify residency requirements in alignment with the program's objectives. This will accommodate the evolving nature of work, particularly in a post-pandemic hybrid work environment, and attract more companies to participate in the program.
5. Ongoing Evaluation: Regularly monitor and evaluate the program's implementation and outcomes, especially considering the increasing prevalence of hybrid work. Identify areas for improvement, gauge stakeholder satisfaction, and use feedback to inform program enhancements for greater effectiveness and impact.

By implementing these recommendations, the Brownfields Redevelopment Incentive Program, Aspire Program, and Emerge Program can maximize their potential to promote economic development in New Jersey, revitalize targeted areas, and attract a diverse range of applicants.

Policy Review

The New Jersey Economic Recovery Act of 2020 (NJERA), P.L. 2020, c. 156 (as amended) describes a variety of economic development policies and makes appropriation to fund their implementation by the New Jersey Economic Development Authority (NJEDA). As a recognized best practice, it also specifies a series of written reports that must be produced that evaluate the implementation and performance of the tax credit awards granted. The reports are to be submitted to the NJEDA, the Governor, and to the Legislature.

The NJERA specifies that the NJEDA must engage a State college or university established pursuant to Chapter 64 of Title 18A of the New Jersey Statues to prepare reports after two years for three programs; the Brownfields Redevelopment Incentive program, the Aspire program, and the Emerge program. This report is responsive to the reporting requirement and is prepared under an MOU (attached as Appendix A) with the New Jersey Institute of Technology (NJIT). As specified, this report has sections for the three programs and focuses on the implementation of each program.

As this is the first report required under the NJERA and the programs are newly created, there is limited data for analytical review and therefore the focus is on the implementation process and to suggestions to prepare for future successful administration of the three programs. We begin a policy review of each program below.

<u>Brownfields Redevelopment Incentive Program</u>

A 'Brownfield Site' refers to any former or existing commercial or industrial site in New Jersey that is currently vacant or underutilized and is suspected or known to have been contaminated or contains contaminated building material. Many of these brownfield sites remain undeveloped due to the high costs associated with remediation. The objective of the program is to incentivize developers to remove contaminants and remediate these sites, enabling their productive use. The New Jersey Economic Development Authority (NJEDA) is authorized to issue tax credits to developers, compensating them for a portion of the remediation costs, thus bridging the financing gap and ensuring a reasonable and appropriate return on investment for developers.

The NJEDA is responsible for determining the appropriate tax credits for eligible developers and sites. Developers seeking tax credits must submit an application to the NJEDA in consultation with the Department of Environmental Protection (DEP) under the provisions of the "Administrative Procedure Act" P.L. 1968. The application must demonstrate the following:

1. No substantial work has commenced, except for preliminary assessments and investigations and other limited circumstances, prior to the application, and the developer intends to initiate remediation immediately upon approval of the tax credit.
2. The proposed redevelopment project is situated on a brownfield site.

3. A project financing gap exists, indicating that commercial development is not economically feasible without tax credits.
4. The developer has obtained support from the governing body of the municipality for the redevelopment project.
5. Each worker involved in the remediation process must receive at least the prevailing wage determined by the Commissioner of Labor and Workforce Development.

There are additional requirements for developer applicants, including that the site has not received previous reimbursements under the legacy Brownfield Contaminated Site Reimbursement Program (pursuant to sections 34 through 39 at P.L. 1997, c. 278 (N.J.S.A. 58:10B-26 through 31) for the same redevelopment project and maintaining a good standing with New Jersey tax authorities. The NJEDA conducts a comprehensive review of all applicants through a competitive application process. Other factors considered during the evaluation include job creation, economic development, reduction of environmental and public health stressors, among others.

Developers are required to pay a non-refundable fee to the NJEDA to cover the direct costs associated with the analysis of their application. Once a tax credit is approved, the developer must enter into a redevelopment agreement with the NJEDA, submit progress reports every six months, and comply with New Jersey green building standards and affirmative action requirements. The NJEDA is prohibited from entering into a redevelopment agreement unless the developer demonstrates to the DEP that no hazardous substances were discharged by the developer or any related entities at the proposed brownfield site. This prohibition also extends to any person or entity who owns real property on which there has been a discharge prior to the person's acquisition of that property and who knew or should have known that a hazardous substance had been discharged at the real property, unless they entered into a Pre-Purchase Administrative Consent Order with DEP prior to acquiring the property. This does not apply to government entities who acquired the property for the purposes of redevelopment, and certain other situations (such as tax foreclosure). Tax credits are issued only after satisfactory evidence of complete remediation, including costs, is submitted to the NJEDA, with the tax credit amount not exceeding 50% of the actual reasonable costs or $4,000,000, whichever is lower, except for sites located in a Government Restricted Municipality or Qualified Incentive Tract, which can receive a tax credit of 60% of the actual reasonable costs or $8,000,000. Once issued, developers can apply the tax credits against their tax liabilities or sell/assign them.

Regarding the implementation report, future reports must include a description of each redevelopment project that received a tax credit, along with a detailed analysis of the considerations involved in each project and other relevant metrics. The NJEDA is required to prepare a written response to the report, which will be submitted to the Governor and the Legislature.

Aspire Program

The New Jersey Aspire Program was established to incentivize real estate development projects by providing awards to developers to reimburse certain project financing gap costs. The program's broad mandate is narrowed down by specifying target sectors, regions, and eligibility criteria.

The program identifies specific regions such as the Atlantic City International Airport aviation district, as well as more general regions like distressed municipalities, food desert communities, government-restricted municipalities, transit hubs, Port districts, Municipal Revitalization Index communities, and South Jersey marine terminal facilities (as defined in the NJERA). It also highlights specific uses such as collaborative workspaces, food delivery sources, health care or health services centers, incubator facilities, low-income housing, moderate-income housing, quality childcare facilities, tourism destination projects, and workforce housing (as defined in the NJERA). Additionally, the program encompasses general uses like commercial projects (including large-scale retail, industrial space, and film/television studios/infrastructure) and residential projects, as defined under the law. This list is not exhaustive but represents the range of Aspire projects envisioned under the NJERA.

Prior to March 1, 2027, developers are eligible to receive a redevelopment incentive award if they demonstrate to the NJEDA the following:

1. The redevelopment project is economically infeasible without an incentive award.
2. The project will generate a below-market return according to the NJEDA.
3. The redevelopment project falls within an incentive area.
4. No significant construction work has been done, except for demolition and site remediation, prior to the application.
5. The project meets minimum environmental and sustainability standards.
6. The project complies with affirmative action standards.
7. Workers employed in the project will receive at least the prevailing wage.
8. The project will be completed, and a certificate of occupancy will be issued within 4 years.
9. The developer is in good standing and current on their payments (within 24 months).
10. The developer has an equity participation of at least 20%.

For residential projects, the total cost must exceed $17,500,000 in municipalities with a population of 200,000 or more and exceed $10,000,000 in municipalities with a population of less than 200,000. The minimum limit is $5,000,000 if the project is located within a qualified incentive area or a government-restricted municipality. Alternative requirements apply for newly constructed units under the Fair Housing Act.

Developers must include a letter demonstrating support from the governing body of the municipality as part of their application for any proposed project. The NJEDA reviews the application and determines whether any commercial project, with limited exclusions for fresh food delivery businesses and certain health care facilities, will yield a positive net benefit to the

State based on an IMPLAN analysis of taxes received versus benefits provided, with the specific amount determined by the NJEDA and relevant law. These requirements outline the complex set of criteria that an Aspire project must meet.

After a successful application, the NJEDA must confirm that the award is less than the project financing gap. Subsequently, following the execution of an incentive award agreement, the NJEDA must confirm the actual project financing gap which is assessed at the end of the third year of the eligibility period. Throughout the eligibility period, the developer must submit annual reports. In limited circumstances, projects with a significant labor force in place require a labor harmony agreement. For large redevelopments exceeding $10,000,000, the developer must enter into a community benefits agreement with the municipality's governing body, subject to at least one public hearing. A community advisory committee must be established to oversee the agreement's terms and produce an annual report. Before receiving the first disbursement of tax credits, the developer must provide satisfactory evidence of project completion, project costs, and a certificate of occupancy. The developer's total tax credit cannot exceed 60% of the total project costs depending on the type and location of the project. If the developer is unable to utilize the tax credits directly, they may apply for a tax credit transfer certificate and sell them to another NJ taxpayer. There is a separate category of “transformative projects”, which are those costing $100,000,000+ and over 500,000 square feet and that are of special economic importance, where the tax credit can be up to $350MM and the award can be issued at the completion of distinct phases.

With respect to this report on implementation, future reports must include description of each redevelopment project receiving a tax credit plus a detailed analysis of the consideration given in each project in addition to other relevant metrics. The NJEDA “shall prepare a written response to the report, which the authority shall submit to the Governor and … to the Legislature.”

Emerge Program

The Emerge Program, administered by the NJEDA, aims to promote economic development, job creation, and job retention within New Jersey by granting per-job tax credits to eligible businesses. The program focuses on specific areas known as "Employment and Investment Corridors," which include designated regions under the State Planning Act, port districts, Base Realignment areas, qualified incubator sites, and tourism or transit projects, among others. The program also identifies "enhanced areas" characterized by transit hubs, high poverty rates, or high SNAP utilization. Targeted industries for the program encompass advanced transportation, logistics, manufacturing, clean energy, life sciences, hemp processing, IT, finance and insurance, professional services, film and digital media, non-retail food and beverage, and other innovative sectors that disrupt existing technologies or business models.

To be eligible for a tax credit incentive award before March 1, 2027, a business must satisfy the following criteria as demonstrated by the CEO to the NJEDA:

1. The business will make a capital investment at a qualified business facility, as specified by the law.
2. The business will create or retain new full-time jobs, as outlined in the law.
3. The business facility is located within a qualified incentive area.
4. The award of tax credits significantly influenced the business's decision to create or retain full-time jobs.
5. The tax credits, capital investment, and job creation/retention will result in a "net positive benefit" to the State, equivalent to at least 400 percent of the requested tax credit amount. Lower percentage thresholds may apply to awards in distressed municipalities, and the business may be required to repay some or all of the tax benefits if it fails to meet its commitments.
6. The business must meet minimum environmental and sustainability standards and comply with affirmative action requirements set by the NJEDA.
7. All workers employed at the qualified business facility must receive at least the prevailing wage determined by the Department of Labor.

Employers choosing to apply for the program must meet specific job creation or retention targets to qualify for tax credits. Typically, a minimum of 35 new good-paying jobs is required for most businesses, with lower limits for target industries and small businesses. Regarding job retention, higher limits apply, with employers required to retain at least 500 full-time jobs in general. In all cases, at least 80% of wages must be subject to New Jersey Gross Income Tax, and employers must comply with the Department of Labor, Department of Environmental Protection, and Department of the Treasury. Businesses must also support their tax credit applications by submitting an economic analysis of alternative locations, demonstrating that the tax credits played a significant role in their decision to create or retain jobs. Application fees are also mandated to cover the NJEDA's direct costs for analyzing submissions.

Once approved by the NJEDA board, eligible businesses must enter into a project agreement. The agreement should provide a detailed description of the project, including the number of created and retained jobs, a phased plan outlining expected capital investments and job projections throughout the tax credit eligibility period, and a requirement that the eligible business maintains its project location in New Jersey for the commitment period. Annual reports are required to demonstrate goal attainment and ongoing compliance.

For projects with total costs exceeding $10 million, eligible businesses must establish a community benefits agreement with the NJEDA and the relevant county or municipality. This agreement should undergo at least one public hearing and establish a community advisory committee responsible for overseeing implementation and producing annual reports. In certain cases, the community benefits agreement requirement can be waived if the business provides a certified copy of the project agreement from the local municipality.

Within six months of executing a project agreement, eligible businesses must obtain site approval and committed financing for the qualified business facility. If site approval is obtained prior to the letter of intent, the business may risk losing approval for tax credits, unless the

NJEDA was notified beforehand and determined that the tax credits remained a significant factor in the decision to create and retain full-time jobs. Upon completing the capital investment and employment requirements, the business must submit satisfactory certifications to the NJEDA within three years, with possible agreed-upon extensions.

The total tax credit per full-time job for an eligible business varies according to conditions specified in the law. Higher rates apply to government-restricted municipalities and mega projects, with $4,000 per year of per-job tax credits, while projects in other eligible areas may receive $500 per year of per-job tax credits. Tax credit bonuses are available for areas with a Municipal Revitalization Score above 50, businesses with higher capital investment levels, large employers creating 251+ new full-time jobs, qualifying industry-specific training programs, small businesses, high-wage jobs, businesses located within qualified incentive tracts, and targeted industries. The law also emphasizes diversity on the eligible businesses' governing board. However, bonuses are not applicable for wages below $15 per hour or 120 percent of the minimum wage, and the total tax credit per job is capped based on the project type. The NJEDA determines the necessary tax credit amount to incentivize project siting in New Jersey, and tax credits in any tax period may be forfeited if the eligible business reduces the total number of full-time employees in its statewide workforce, with exceptions specified by the law.

Annual reports must be submitted throughout the commitment period, detailing the new full-time jobs created. Eligible businesses can apply for a tax credit transfer certificate, allowing them to sell the tax credits to another New Jersey taxpayer. Regarding the program's implementation, future reports should include a description of each eligible business receiving tax credits, a thorough analysis of the consideration given in each project, an assessment of how incentives influenced businesses' decisions to locate in the state, the return on investment for awarded incentives, the business's impact on the state economy, and other relevant metrics. The NJEDA is required to prepare a written response to the report, which must be submitted to the Governor and the Legislature.

Implementation

The three programs under consideration, Brownfields Redevelopment Incentive (Brownfields) Program, Aspire Program, and Emerge Program are newly authorized under the New Jersey Economic Recovery Act of 2020 (NJERA), P.L. 2020, c. 156 (as amended) and the first challenge faced by the NJEDA staff is to translate the law into rules that they may implement subject to final approval by the Office of the Attorney General and the Office of Administrative Law. All of these programs benefit from the Uniform Policies and Procedures that was recently implemented by the NJEDA.

Implementation: Brownfields

The implementation of the Brownfields Program shows promise, although certain challenges and delays have been encountered. This section focuses on the current status of the program's implementation, including website design, technical complexities, and pre-launch tasks.

1. Website Design and User Experience – The Brownfields Program website design is commendable, featuring an intuitive and user-friendly interface. The website's ease of navigation allows users to access information about the program's eligibility criteria, incentives, and application procedures. The availability of comprehensive information on the website promotes transparency and encourages potential participants to explore and engage with the program.

2. NJEDA Board Memo – The NJEDA Board Memo provides a comprehensive overview of the Brownfields Program. It outlines the program's goals, the role of the NJEDA, and collaboration with the Department of Environmental Protection (DEP) to address brownfields sites' remediation and redevelopment. The memo serves as a valuable resource for stakeholders and interested parties seeking an in-depth understanding of the program's structure and purpose.

3. Pre-Launch Tasks –The program launched on June 21, 2023. A required key aspect of the program's implementation is its joint operation with the DEP, which necessitates a Memorandum of Understanding (MOU) between the two agencies. The establishment of this MOU was a time-consuming project and required significant effort from both parties.

   Another complexity of the Brownfields Program is the requirement, as mandated by the law, that this be a competitive program. This aspect adds an additional layer of complications to the program's implementation. It requires the collection and scoring of applications on a regular basis to determine the projects that will be awarded incentives and support. The website has a well-developed section describing clear and transparent scoring criteria for evaluating applications. The application on the website is now final and will not hinder the program launch.

4. Mitigating Challenges and Ensuring Successful Implementation – a) The NJEDA and DEP should prioritize the implementation of the MOU, which will establish the framework for collaboration, application evaluation, and the selection process, b) resources should be allocated to promote the recently finalized application page on the program website, c) the program team continues to communicate timelines and expectations and maintain open and regular communication with stakeholders, providing updates on the program's progress and anticipated future application cycles, as this will enable interested parties to prepare and plan accordingly for the competitive application process.

Implementation: Aspire

The implementation of the Aspire Program, authorized by the New Jersey Economic Recovery Act, P.L. 2020, has made significant progress, although certain challenges and tasks need to be addressed. This section provides an analysis of the program's implementation, focusing on website design and user experience, the NJEDA Board Memo, technical issues and tasks, and mitigating challenges.

1. Website Design and User Experience – The Aspire program website design is commendable, featuring an intuitive and user-friendly interface. The website's ease of navigation allows users to access information about program's eligibility criteria, award size, fiscal and resident protections, application procedures, and fees. The availability of comprehensive information on the website promotes transparency and encourages potential participants to explore and engage with the program.

2. NJEDA Board Memo - The NJEDA Board Memo provides a comprehensive overview of the Aspire Program. It outlines the program's goals of providing incentive tax credits to support place-based economic development, based on applicants meeting various eligibility requirements. The memo serves as a valuable resource for stakeholders and interested parties seeking an in-depth understanding of the program's structure and purpose.

3. Technical Issues and Tasks – While the Aspire program has already launched with 22 applications and one board approval to date, certain technical issues require attention to ensure the program's continued success. As the Aspire program is a successor to an earlier program with similar goals and objectives (Economic Recovery and Growth Program or ERG), the NJEDA implementation team was able to leverage their past experience to accelerate the implementation process. Drawing lessons learned and by identifying areas for improvement based on earlier program implementation, the NJEDA team was able to enhance the efficiency and effectiveness of the Aspire program and gain rapid traction with new applications. Unfortunately, current economic conditions present a challenge, where a surplus of commercial space has reduced incentives for commercial projects to participate in the Aspire program. There is an opportunity to evaluate the program's attractiveness to different project types and explore strategies to encourage broader participation and support for place-based economic development, as contemplated in the law. While the law identifies many place-based economic development opportunities, in regions such as "distressed municipalities", "food desert communities", "government restricted municipalities", "transit hubs", "Port district", "Municipal Revitalization Index" communities, and South Jersey "marine terminal facilities"; and in specific uses such as "collaborative workspaces", "food delivery sources", "health care or health services centers", "incubator facilities", "low-income housing", "moderate income housing", "quality childcare facilities", "tourism destination project", and "workforce housing", (as defined in NJERA), it seems that the current application pool is dominated by only one category, "low-income housing", which is also

supported by federal incentives. Analyzing and addressing this discrepancy between program goals and outcomes is crucial to ensure that the program aligns with its intended objectives and supports a diverse range of eligible projects.

4. Mitigating Challenges - To assure the successful execution of the Aspire program, the NJEDA implementation staff should closely evaluate the alignment of project requirements with the program objectives specified in the law. To encourage broader project participation, the NJEDA staff should conduct targeted communication and outreach efforts with diverse stakeholders, including a wide range of developers and community organizations. This should include clear and transparent communication about the program objectives, eligibility criteria, and the benefits it offers. Providing informational resources, webinars, and workshops can also help to a more diverse pool of potential applicants to understand the program better and to navigate the application process successfully. The NJEDA has developed a robust Excel worksheet tool to track each application through the process and to capture relevant data for reporting purposes. This tool is used to effectively monitor the progress of applications to help identify any delays or issues, and to generate comprehensive reports for future program evaluation of outcomes. Engaging with stakeholders, including developer applicants, municipalities, and community organizations will foster collaboration and establish regular channels for feedback and input from stakeholders that can help identify challenges and provide insights to improve program effectiveness.

Implementation: Emerge

This section analyzes the implementation of the Emerge Program, focusing on website design and user experience, the NJEDA Board Memo, technical complexities and program risks, and the mitigating challenges encountered during the implementation process. The program provides per job tax credits in priority sectors and targeted communities for companies that invest private capital into New Jersey and create new good-paying jobs (or retain large numbers of good paying jobs).

1) Website Design and User Experience - The NJEDA implementation staff has created an intuitive and user-friendly interface that allows potential applicants and stakeholders to easily navigate through the Emerge program website which provides comprehensive details about the program's objectives, eligibility criteria, available incentives, and application procedures, including fees. It includes clear guidelines, a mapping tool, FAQs, and other resources to assist potential applicants in understanding and engaging with the program. The NJEDA implementation team has established a remarkably sophisticated pathway from “expression of interest” to “pre-application” to “sample application” and “full application walk-through”, designed to enhance user experience and ensure a streamlined process. The availability of comprehensive information on the website promotes transparency and encourages potential participants to explore and engage with the program.

2) NJEDA Board Memo - The NJEDA Board Memo provides a comprehensive overview of the Emerge Program. It outlines the program's goals of providing per-job incentive tax credits to support job creation (and retention for large employers), based on applicants meeting various eligibility requirements. The memo serves as a valuable resource for stakeholders and interested parties seeking an in-depth understanding of the program's structure and purpose.

3) Technical Complexities and Program Risks – In many ways, this is the least technical of the programs being evaluated as the metric for success is good paying jobs, which are relatively easy to measure and verify. This program is a successor program and the NJEDA implementation team has benefited from lessons learned from the earlier program. The main risk for this program is that New Jersey competes with many other states and the awards are based on an assessment of the tax credits being a material factor in the companies' decision to attract new jobs and retain large numbers of existing jobs in New Jersey. This creates the risk that there is asymmetric information between the companies and NJEDA staff and the companies can "game the system" to extract tax credits when they never had a real intention to leave New Jersey. To help offset this risk, there is special scrutiny given to and higher thresholds for job retention relative to job creation in the Emerge program. There is also careful analysis of the benefits offered by the non-New Jersey location with the with the maximum tax credit inducement set at the differential benefit from the other location. Previously incentivized jobs are ineligible for this program.

   The Emerge program has already launched with five applications and three awardees to date. This is a notably high yield and efficient process for converting applicants to awardees. The key to this efficient process is the design of the application pathway. In discussion with the NJEDA implementation team, they explained that they spoke to about 200 prospective applicants based on their "expression of interest" form, which then produced 26 relatively light weight pre-applications, which then became five applications. Of those five, one application was withdrawn, and the company stayed in New Jersey anyway, and three were awarded per-job tax credits.

4) Mitigating Challenges - To assure the successful execution of the Emerge program, the NJEDA implementation staff closely aligned the project requirements with the program objectives specified in the law. One of the great challenges currently facing the Emerge implementation team is the changing work environment that was spurred by the pandemic. When the NJERA law was written at the start of 2020, remote work was a relatively rare occurrence and the requirement of a local, New Jersey-based, workforce was reasonable. There is likely to be a need to update the law to reflect the hybrid work model that is becoming more prevalent, though the law did include some bonuses which are not tied to the facility. This will require Emerge program changes that will need to be implemented and communicated to potential applicants.

The NJEDA staff conduct targeted communication and outreach efforts with diverse stakeholders, including Choose NJ and community organizations. This includes clear and transparent communication about the program objectives, eligibility criteria, and the benefits it offers, via a concise document, “Emerge Program – At a Glance” that can be found on their website. Providing informational resources, webinars, and workshops to small business potential applicants could help prospective applicants understand the program better and to navigate the application process successfully. The NJEDA implementation team has developed a robust Excel worksheet tool to track each application through the process and to capture relevant data for reporting purposes. This tool is used to effectively monitor the progress of applications to help identify any delays or issues, and to generate comprehensive reports for future program evaluation of outcomes.

Application Process Evaluation

Any evaluation of the application process should be based on assessing its effectiveness and efficiency, but these three programs are in their early stage, with limited experience of actual applicants. So, most of the following analysis is based on discussions with the NJEDA program teams, preliminary data, and prospective analysis. As agreed under the MOU, we did not interview or engage with any applicants or awardees for these program evaluations.

<u>Process Evaluation: Brownfields</u>

The evaluation of the Brownfields Program process focuses on assessing its potential effectiveness and efficiency based on available information and the program’s website features. Although the program launched on June 21, 2023, it has not received applicants at the time of this analysis. We note several notable elements of the website that provide insights into the program’s structure and functionality.

1) Eligibility Self Assessment Tool - The recently added Eligibility Self Assessment Tool is a valuable feature that allows potential applicants to evaluate their eligibility for the program. The tool helps streamline the application process by guiding applicants to determine whether their projects meet the necessary criteria before moving forward. It enables the efficient use of resources by helping applicants understand their eligibility status before investing significant resources into their application.

2) Application Checklist - The presence of an Application Checklist on the website is a positive aspect that will guide applicants in preparing their submissions. This feature provides a comprehensive list of required documents and information, ensuring that applicants are well-informed and prepared for the application process. The checklist promotes transparency and will help the applicants submit complete and accurate applications.

3) Mapping Assistant Tool - The Mapping Assistant Tool will assist in identifying brownfield sites and their specific characteristics, such as proximity to sensitive areas or existing infrastructure. This will help to facilitate informed decision making and enhance the overall efficiency of the program.

4) FAQ Section - The presence of a well-developed FAQ section on the website is a commendable aspect as it allows applicants to address common questions and concerns, without requiring NJEDA staff engagement. It serves as a valuable resource for clarifying doubts and provides essential information to help applicants navigate the program's requirements and procedures effectively.

5) Standardized Forms – The NJEDA team was able to share draft versions of some standardized forms for Detailed Description of Redevelopment Work and a Resume for Key Team Members. This is a good strategy for structuring information sharing that will be required for successful applicants. There is an outline of seven specific tasks including site preparation, site investigation, remedial activities, construction phase beyond remediation, site restoration, community engagement, and contingency plans. We note that the focus is on remediation as the future construction phase is likely to be completed after this program due to constraints required by the law.

6) Process Evaluation – Given that the program has not yet received applicants, this evaluation is prospective and focuses on the potential effectiveness of the program, a) the program's inclusion of interactive tools indicates a user friendly approach, b) the Application Checklist, well-developed FAQ section, and other website resources offer comprehensive guidance to potential applicants and will help ensure that applicants have the necessary information to submit complete and accurate applications, c) the website's structure allows for the incorporation of new queries into the FAQ section as they arise and demonstrates an adaptable approach to addressing emerging questions and concerns, ensuring that the program stays responsive to the needs of potential applicants, and d) structured information sharing will support transparency and efficiency of application processing.

Process Evaluation: Aspire

The application process for the Aspire program has been thoughtfully designed to provide potential applicants with comprehensive resources and support throughout their decision-making and application journey. This section evaluates the Aspire program application process, highlighting the various resources available on the program's website to assist potential applicants.

1) Two Minute Video Overview – The inclusion of a concise two-minute video overview provides a valuable introduction to the Aspire program. This video provides a clear and

concise summary of the program's objectives, eligibility criteria, and benefits, allowing potential applicants to quickly grasp the key aspects of the program.

2) Sample Application - The availability of a comprehensive Sample Application, spanning 63 pages, is an invaluable resource for potential applicants as it provides a practical example of the application structure and provides guidance on the type of information and supporting documentation required. The Sample Application serves as a helpful reference, aiding applicants in understanding the level of detail and documentation necessary for a complete and competitive submission.

3) Early Engagement Opportunities - The Aspire website provides an early opportunity for potential applicants to engage with the NJEDA implementation team to express interest or request an application. This commendable outreach allows applicants to seek clarification on program details, discuss project feasibility, and gain insight into the application process. Such engagement fosters a supportive environment and ensures that potential applicants can make informed decisions before investing significant time and resources into the application. The actual application process is an iterative engagement with the NJEDA implementation team, based on updates to their comprehensive Excel application worksheet.

4) Robust FAQ Section - The presence of a well-developed FAQ section on the program website is a valuable asset to potential applicants. This section addresses common questions and concerns and provides an opportunity for adaptability to future needs. By addressing FAQs, the section streamlines the application process, reduces ambiguity for applicants, and provides operating leverage for the NJEDA staff.

5) Net Benefit Appendix - The inclusion of an appendix specifically dedicated to the Net Benefit Test required for commercial projects is likely to be helpful to developers who are unfamiliar with IMPLAN software, which is used for this analysis. This resource ensures that potential commercial applicants can better understand the requirements and expectations related to this often-challenging evaluation component.

6) While the Aspire program's application process demonstrates a commendable focus on transparency, clarity, and providing comprehensive resources to potential applicants, there is always room for improvement. Two suggestions include an Application Checklist, which could easily be exported from their Excel application worksheet, and an Eligibility Self-Assessment Tool that would allow potential applicants to conduct, "what if" analysis of their potential project.

<u>Process Evaluation: Emerge</u>

The application process for the Emerge program has been meticulously designed to offer comprehensive resources and support to potential applicants throughout their decision-making and application journey. The NJEDA implementation team has done an impressive job of establishing an efficient and effective workflow that benefits both applicants and NJEDA staff. This section assesses the Emerge program's application process, highlighting the various elements that contribute to its exceptional efficiency.

1. Concise Video Overview: A concise six-minute video overview is included to provide a valuable introduction to the Emerge program. This video presents a clear and concise summary of the program's objectives, eligibility criteria, and benefits, enabling potential applicants to quickly grasp the key aspects of the program.

2. Early Engagement Opportunities: The Emerge website offers an early opportunity for potential applicants to engage with the NJEDA implementation team by expressing interest and learning more about the program through an online form submission. This commendable outreach allows applicants to seek clarification on program details, discuss project feasibility, and gain insights into the application process. Such engagement fosters a supportive environment and ensures that potential applicants can make informed decisions before investing significant time and resources into the application.

3. Multi-Step Application Process: The application process involves iterative engagement with the NJEDA implementation team. After initial contact with the Emerge team, there is a simple Pre-Application that is expected to take only 30 minutes to complete. Potential applicants can also review a 91-page Sample Application, supported by a 95-page annotated Full Application Walk-Through document. As a result of this extremely well-designed process, the NJEDA staff are able to approve a large percentage of submitted applications and relatively few companies pay the non-refundable fees without receiving their expected benefits.

4. Additional Tools: Additional tools, such as an Award Size Calculator, help potential applicants estimate their expected per-job annual payments, enabling them to evaluate their own cost/benefit tradeoff. The website also provides lists of incentive locations and targeted industries, which is useful given the somewhat complicated bonus structure for per-job tax credit payments.

5. Robust FAQ Section: The presence of a well-developed FAQ section on the program website is an invaluable asset for potential applicants. This section addresses common questions and concerns, providing clarity and reducing ambiguity for applicants. It also offers adaptability to future needs as new questions arise and provides operational leverage for the NJEDA staff.

6. Net Benefit and Material Factor Appendices: The inclusion of appendices dedicated to the Net Benefit Test required for commercial projects and the NJEDA determination of whether the tax credit is a Material Factor in the company's job location decision is likely to be helpful for developers who are unfamiliar with these requirements. These resources ensure that potential commercial applicants can better understand the

expectations and evaluation components associated with these often-challenging aspects.

7. Emphasis on Efficient Workflow: The Emerge program's application process demonstrates a commendable focus on an efficient workflow for both potential applicants and NJEDA implementation staff. The program website promotes transparency, clarity, and provides comprehensive resources to potential applicants throughout the application process. The NJEDA staff has developed a sophisticated Excel spreadsheet for internal monitoring and control of applications, enhancing efficiency and streamlining the process.

Target Population and Outreach

The success of these three programs depends on effectively targeting potential applicants and implementing robust outreach strategies. This section will focus on identifying the target populations, highlighting potential challenges, and discussing efforts made to promote the programs. In our interviews with the NJEDA program implementation teams, their early focus is on getting the programs launched but they also want to broaden participation and enhance the pool of potential applicants in the future.

<u>Target Population Awareness and Outreach: Brownfields</u>

The success of the Brownfields Program will depend on attracting a strong pool of potential applicants through effective outreach and through engaging community organizations. Broadening participation to include smaller and more diverse developers is an important challenge that can be addressed through education and training, partnerships and networking, and through simplified processes and support.

1) Target Population of Potential Applicants – The primary target for the Brownfields Program comprises real estate developers interested in brownfield site redevelopment. These developers are essential as they possess the expertise and resources required to undertake complex remediation and redevelopment projects. Additionally, partnering with municipalities is a crucial aspect of the program as they must provide a letter of support.

2) Outreach Strategies and Challenges – There is a limited pool of experienced developers who understand and have experience with the complex process of how to utilize tax credit incentives for economic development. Notable real estate development firms such as JLL, CBRE, Cushman, Colliers, among others, may be among the potential users of the program due to their expertise and familiarity with accessing tax credit incentives. However, efforts should be made to attract a broader range of emerging developers to maximize program participation and effectiveness.

3) Engaging Community Organizations – The NJEDA team has recognized the importance of community organizations in promoting the program. By developing a list of over four dozen community organizations, they have taken a proactive step towards raising awareness and increasing program visibility. Collaborating with these organizations can help disseminate information and engage a diverse range of potential applicants.

4) Challenges for Smaller Developers – One challenge for smaller developers is the requirement to pay the prevailing wage. This can create a financial burden and impact the feasibility of their participation in the program. Addressing this challenge through potential adjustments or providing additional support may help attract smaller developers and promote inclusivity within the applicant pool. Another challenge is the extensive documentation required from applicants as outlined in the Application Checklist. Preparation of a model of the financing gap that requires tax credit incentives is a difficult hurdle for developers due to limited resources and expertise. Offering technical assistance, simplified guidelines, or templates to facilitate the application process can help to mitigate these challenges and encourage broader participation.

5) Broadening the Applicant Pool – To broaden the applicant pool and overcome the aforementioned challenges the following strategies may be considered, a) conduct education and training to help potential applicants, especially smaller developers navigate the complexities of tax credit incentives, prevailing wage requirements, financing gap modeling, and documentation through workshops, webinars, and resource materials to enhance their understanding and increase their confidence in program participation, b) foster partnerships between experienced developers and smaller developers to encourage knowledge sharing and mentorship, through networking events and forums that facilitate connections and promote collaboration, and c) evaluate program processes to identify areas where simplification and streamlining can be implemented, through clear guidelines, templates, and technical support to alleviate the burden on potential applicants, especially smaller developers.

<u>Target Population Awareness and Outreach: Aspire</u>

The Aspire Program's target population primarily consists of large developers focused on low-income housing development, particularly those with prior experience in utilizing tax credit incentives such as JLL, CBRE, Cushman, Colliers, and others. However, there is a need to expand the pool of potential applicants and engage with a more diverse range of emerging developers interested in a broader spectrum of projects, including areas cited in the law such as food delivery or film production. This section addresses the importance of increasing awareness and outreach efforts to attract a wider applicant base, discusses potential strategies to engage emerging developers, and acknowledges the challenges posed by forthcoming legislative changes.

1) Expanding the Pool of Potential Applicants - To ensure the success and inclusivity of the Aspire Program, it is crucial to expand the pool of potential applicants beyond the

traditional large developers. This expansion will allow for a more diverse range of projects and foster innovation and economic growth in various sectors. Efforts should be made to engage emerging developers, especially those who may not have prior experience with tax credit incentives but have the potential to contribute to the program's objectives.

2) Engaging with Emerging Developers - Implementing targeted awareness campaigns can help reach a broader audience of emerging developers. These campaigns should focus on promoting the benefits and opportunities offered by the Aspire Program, highlighting its potential for project funding, technical assistance, and economic development. The campaigns can utilize various channels such as social media, industry-specific forums, and partnerships with local business organizations to effectively reach emerging developers. Recognizing that emerging developers may require additional support and resources, the NJEDA implementation team should consider establishing programs or funds specifically tailored to assist these developers. These initiatives can provide financial assistance, mentorship, and technical training to empower emerging developers and enhance their capacity to participate in the Aspire Program successfully. Hosting networking events and workshops that bring together emerging developers, industry experts, and experienced developers can facilitate knowledge sharing, encourage collaboration, and inspire emerging developers to explore opportunities within the Aspire Program. These events can provide a platform for emerging developers to connect with potential partners, learn from experienced professionals, and gain valuable insights into successful project development and funding.

3) Evaluating the Net Benefit Test Threshold - Considering the challenges posed by the Net Benefit Test threshold, it is crucial to assess whether the current threshold is hindering the participation of emerging developers or limiting the range of eligible projects. An evaluation of the threshold's impact on project diversity and the ability of emerging developers to meet the criteria should be conducted. This assessment can help identify whether adjustments to the threshold are necessary to attract a broader range of projects and foster greater inclusivity within the Aspire Program.

4) Challenges of Legislative Changes - The implementation team faces challenges driven by forthcoming legislative changes. As legislative rules evolve, the team must remain agile and adapt the program's guidelines and processes accordingly. The NJEDA should closely monitor legislative updates and proactively engage with lawmakers to ensure that the Aspire Program remains aligned with the evolving policy landscape while continuing to meet its objectives. By implementing targeted awareness campaigns, engaging with emerging developers, evaluating the Net Benefit Test threshold, and navigating legislative changes, the Aspire Program can successfully expand its applicant pool, attract a diverse range of projects, and drive economic growth in various sectors. These efforts will contribute to the program's effectiveness and foster inclusive and sustainable development throughout New Jersey.

5) Evaluations and Adjustments - Regular evaluation of the outreach efforts is crucial to assess their effectiveness in expanding the pool of potential applicants. The NJEDA should gather feedback from both traditional large developers and the targeted emerging developers to understand their experiences, challenges, and suggestions. This feedback can inform adjustments and refinements to the outreach strategies, ensuring that the program remains responsive to the needs of all stakeholders and supports collaborations between large and emerging developers. Continuous monitoring and evaluation will allow the implementation team to identify areas for improvement and make necessary adjustments to enhance outreach and engagement with the target population.

Target Population Awareness and Outreach: Emerge

The target population of the Emerge program includes both current employers in New Jersey who aim to create and retain good-paying jobs, as well as potential employers representing new companies (startups) and businesses considering a move to New Jersey. The NJEDA implementation team faces a significant challenge in reaching out to the large number of potential applicants, encompassing all existing and prospective New Jersey companies. This section explores some of their outreach strategies.

1. Existing Large Employers: The program offers potential benefits to existing large New Jersey employers by incentivizing them to retain New Jersey employees and create new jobs within the state. Drawing from insights gained from the predecessor program, the NJEDA implementation team has established rules that focus on job creation with lower qualifying thresholds. Leveraging data from the New Jersey Department of Labor, it becomes relatively straightforward to identify major employers in the state, enabling targeted promotion of the program to their relevant HR departments.

2. Startups: The Emerge program sets a special lower threshold of only 25 new jobs to qualify for per-job tax credits, specifically designed to accommodate young and growing companies in target industries. Since brand new startups typically do not create a significant number of jobs initially, the NJEDA implementation team engages in outreach activities aimed at funders, such as venture capital firms and banks, to identify potential applicants among early-stage companies. They also collaborate with business incubators across New Jersey to ensure they are aware of the Emerge program and its benefits.

3. Potential Employers: The challenge of reaching out to potential employers in New Jersey is considerable due to the vast number of candidates, including companies from around the world. The Emerge implementation team employs a multi-pronged strategy to identify these potential applicants. They collaborate with a) real estate firms that are likely to assist companies in selecting sites for potential moves to New Jersey, b) attorneys and accountants who may aid in establishing newly formed New Jersey subsidiaries, and c) Choose NJ—an independent, nonpartisan, non-profit organization dedicated to fostering New Jersey's economic development through capital investments

and job growth. Choose NJ helps promote the Emerge program as a valuable benefit to their clients and encourages them to engage with the Emerge website to explore the available benefits.

Understanding of Objectives

The implementation teams at the New Jersey Economic Development Authority demonstrate a sophisticated understanding of the objectives and usefulness of these three programs. However, effectively communicating these goals and expectations to other stakeholders can present challenges. This section will highlight the programs' objectives and usefulness while addressing the difficulties they may encounter in conveying this information to relevant parties.

<u>Understanding of Objectives and Usefulness: Brownfields</u>

The primary objective of the Brownfields program is to support economic development by encouraging developers to remove contaminants and remediate brownfield sites for productive utilization. By addressing environmental concerns and transforming underutilized properties, the program aims to create sustainable growth, job creation, and community revitalization.

1) Tax Credits and the Financing Gap – The program utilizes tax credits as an incentive mechanism to bridge the financing gap associated with brownfield site remediation. By offering tax credits for a portion of the remediation costs, the program facilitates project financing and enables developers to achieve a reasonable and appropriate return on investment. This approach incentivizes the private sector involvement in brownfield redevelopment while minimizing financial burdens and risks.

2) Challenges in Communicating Program Goals and Expectations – Despite the NJEDA implementation teams' comprehensive understanding of the program's objectives and usefulness, effectively communicating these goals and expectations to other stakeholders can be challenging. Factors contributing to this challenge include a) the technical complexity of tax credits, financing gaps, and brownfield remediation that must be shared in a clear and concise manner to ensure stakeholders comprehend the program goals and potential benefits, b) engaging and educating diverse stakeholders, including real estate developers, municipalities, community organizations, and potential applicants to foster essential support and participation, to clarify expectations and address any concerns or misconceptions, and c) striking a balance between the program's objectives of environmental remediation and economic development while ensuring that applicants can maintain financial viability and earn a fair return on investment.

3) Strategies to Enhance Communication – The NJEDA implementation team is developing clear and accessible program materials, guidelines, and resources that explain the program's objectives, eligibility criteria, and benefits. These include user-friendly

application instructions, tools, and FAQ's on a comprehensive website. They are planning on organizing informational sessions, workshops, and webinars tailored to the needs and interests of specific audiences. Engaging with industry associations and community organizations will also help to amplify program messaging. Fostering collaboration with key stakeholders, including municipalities, community organizations, and real estate developers will help ensure a shared understanding of program goals and foster support. Partnerships can also help to overcome roadblocks and refine program implementation. One ongoing challenge will be in creating cohorts for evaluation under competitive standards, as specified under the law.

<u>Understanding of Objectives and Usefulness: Aspire</u>

The NJEDA implementation team demonstrates a sophisticated understanding of the objectives and usefulness of the Aspire Program. The program aims to support economic development by incentivizing developers to invest in place-based opportunities within targeted regions and uses. The issuance of tax credits for a portion of the development costs is a key mechanism to encourage participation and stimulate growth. However, while the implementation team has a firm grasp of the program's goals, challenges exist in effectively communicating these objectives and expectations to other stakeholders. It is important to note that while the program's focus is primarily on low-income housing development, the law contemplates a much broader range of opportunities.

1) Comprehensive Understanding of Objectives - The NJEDA implementation team has a thorough understanding of the Aspire Program's objectives, which include revitalizing targeted regions and industries, creating employment opportunities, and promoting economic growth. They recognize the importance of incentivizing developers to invest in communities that have the potential for significant positive impact. By providing tax credits for a portion of the qualified development costs, the program encourages developers to undertake projects that contribute to the overall well-being and economic vitality of New Jersey.

2) Focus on Low-Income Housing - The Aspire Program places a significant emphasis on low-income housing development. This focus aligns with the broader goal of addressing housing affordability challenges and promoting inclusive growth within targeted regions, while leveraging federal incentives available for affordable housing development. But the law contemplates a much wider range of use cases and specific regions for place-based development. There is a challenge and opportunity to broaden the Aspire focus to other place-based developments.

3) Challenges in Communicating Goals and Expectations - One notable challenge faced by the NJEDA implementation team is effectively communicating the goals and expectations of the Aspire Program to developments other than low-income housing. The complexity of the program, including its eligibility criteria and compliance requirements, can make it challenging to convey the program's benefits in a clear and

concise manner. The team should invest in proactive and transparent communication strategies to ensure that a wider range of stakeholders, including developers, community organizations, and local government entities, have a comprehensive understanding of the program's goals and how they align with broader economic development efforts.

4) Bridging the Gap with Emerging Developers - a) Where possible, the team should endeavor to simplify the program guidelines, eligibility criteria, and compliance requirements, making them more accessible and easier to understand for emerging developers working on a wide range of projects, b) regular engagement sessions should be conducted to provide emerging developers with the opportunity to ask questions, seek clarification, and provide feedback via public forums, webinars, or one-on-one consultations, depending on the needs and preferences of the potential applicants, c) collaborating with local government entities, community organizations, and industry associations can also help disseminate information about the Aspire Program more broadly, d) regular and transparent communication is crucial in managing developer expectations and ensuring alignment with program objectives and will enable developers to plan and prepare accordingly, fostering a more productive and collaborative relationship between the NJEDA and the development community.

Understanding of Objectives and Usefulness: Emerge

The NJEDA implementation team exhibits a sophisticated understanding of the objectives and significance of the Emerge Program. The program's primary goal is to promote economic development by providing incentives for employers to make capital investments, create new jobs, and retain high-paying positions in New Jersey. The issuance of per-job tax credits over several years serves as the key mechanism to drive participation and stimulate economic growth. However, despite the implementation team's strong comprehension of the program's objectives, challenges remain in effectively communicating these goals and expectations to potential applicants. It is worth noting that while the program primarily focuses on job creation, there may be potential conflicts of interest arising from information asymmetries with companies seeking job retention payments, who may attempt to gain benefits even without genuine intentions of leaving New Jersey. To mitigate against this potential conflict of interest, significant safeguards are built into the program, including rigorous and exhaustive review and utilization of a Material Factor Risk Rating model.

1. Comprehensive Understanding of Objectives - The NJEDA implementation team possesses a comprehensive understanding of the Emerge Program's objectives, which encompass revitalizing targeted regions and industries, fostering the creation and retention of well-paying jobs, and promoting overall economic growth. They recognize the significance of incentivizing employers to invest in communities and industries that have the potential to make a substantial positive impact on New Jersey's economic development. By offering multi-year per-job tax credits to eligible employers, the program encourages companies to contribute to the overall welfare and economic vibrancy of the state.

2. Challenges in Communicating Goals and Expectations - One notable challenge faced by the NJEDA implementation team is effectively communicating the goals and expectations of the Emerge Program to companies seeking to increase and retain their New Jersey workforce. The program's complexity, including its eligibility criteria and compliance requirements, can make it difficult to convey its benefits in a clear and concise manner to smaller and emerging potential applicants.

3. Foreign Company Outreach - Additionally, reaching out to companies considering a move to New Jersey from anywhere in the world presents a significant outreach challenge. However, the Emerge team has developed a valuable website and employs a sound strategy for engaging foreign companies through relocation influencers, such as attorneys, accountants, and organizations like Choose NJ. The implementation team's excellent multi-step application process serves to efficiently manage the time of both the companies and NJEDA staff involved.

Conclusions and “Best Practices”

The three programs; Brownfields, Aspire, and Emerge, as authorized by the New Jersey Economic Recovery Act of 2020, hold significant potential to promote economic development in New Jersey. This section consolidates the conclusions drawn from the previous sections and presents “best practices” to maximize program effectiveness.

<u>Conclusions and “Best Practices”: Brownfields</u>

The implementation of the Brownfields program, as authorized by the New Jersey Economic Recovery Act, shows great promise in driving economic development, promoting investment in brownfield remediation, and revitalizing targeted brownfields.

1) Implementation – The program’s implementation demonstrates a strong foundation, with a well-designed and informative website that includes valuable tools such as the Eligibility Self Assessment Tool, Application Checklist, Mapping Assistant Tool, and a comprehensive FAQ section. The partnership with the DEP and the requirement for competition may present challenges during the life of the program.

2) Application Process – The prospective evaluation of the program highlights its user-friendly approach, comprehensive guidance through various tools and resources, and the potential to adapt to future needs. The website’s features and resources contribute to facilitating the application process and assisting potential applicants. As the program progresses and receives applicants, their feedback and experience will provide valuable insights for further refinement.

3) Target Population and Outreach – Identifying the target population as real estate developers and emphasizing partnerships with municipalities is crucial for successful program implementation. Engaging community organizations and addressing challenges faced by smaller developers, such as prevailing wage requirements and financing gap modeling, are essential to broaden the applicant pool. Education and training, partnerships and networking, and simplified processes and support can further enhance outreach efforts.

4) Understanding of Objectives and Usefulness – The NJEDA implementation team exhibited a sophisticated understanding of the program's objectives and usefulness, primarily supporting economic development by encouraging brownfield site remediation through tax credits. However, effectively communicating these goals and expectations to other stakeholders remains a challenge. Engaging stakeholders, and balancing objectives with return on investment are critical to fostering support and participation.

5) Best Practices – Best practices include a) development of user-friendly program materials, guidelines, and resources to effectively communicate the program objectives, eligibility criteria, and benefits, b) tailoring targeted outreach to different stakeholder groups and leveraging partnerships with industry associations, municipalities, and community organizations through informational sessions, workshops, and webinars, to support a diverse pool of potential applicants by addressing their specific needs and concerns, c) fostering collaboration with key stakeholders to ensure a shared understanding of program goals, to gather feedback for program refinement, and to support and enhance program effectiveness, d) regularly evaluate the program's implementation and gather feedback from applicants and awardees for ongoing refinement and continuous program improvement.

<u>Conclusions and "Best Practices": Aspire</u>

The implementation of the Aspire Program, as authorized by the New Jersey Economic Recovery Act, has shown promise in driving economic development, revitalizing targeted regions, and promoting investment in place-based opportunities. Through a comprehensive analysis of the program's implementation, application process, target population and outreach, understanding of objectives and usefulness, and best practices, several key conclusions can be drawn. Additionally, best practices can be identified to enhance the program's effectiveness and maximize its impact.

1) Implementation - The Aspire Program has demonstrated commendable progress in its implementation, with a robust website design and user experience that facilitates easy access to program information and resources. The NJEDA Board Memo provides a comprehensive overview of the program's structure and purpose, aiding stakeholders in understanding its goals. However, it is essential to address potential opportunities with emerging developers and for projects contemplated by the law other than low-income housing.

2) Application Process - The Aspire Program's application process has been supported by a range of resources, including an informative video overview, a sample application, and a robust FAQ section. This program has benefited from lessons learned from the predecessor ERG program. However, there is a need to ensure clear communication of the program's eligibility criteria, compliance requirements, and scoring criteria to a wider range of potential applicants.

3) Target Population and Outreach - While the Aspire Program has successfully engaged large developers with experience in low-income housing development, there is a need to expand the pool of potential applicants to include a more diverse range of emerging developers and projects. To achieve this, the NJEDA should explore outreach strategies targeting emerging developers engaged in other sectors, such as food delivery or film production. Considerations should be made to address the Net Benefit Test threshold and other guidelines to encourage a wider variety of projects and attract a more diverse applicant pool.

4) Understanding of Objectives and Usefulness - The NJEDA implementation team demonstrates a sophisticated understanding of the Aspire Program's objectives, which primarily focus on low-income housing development. However, challenges exist in effectively communicating these goals and expectations to other stakeholders. To address this, the NJEDA should prioritize clear and transparent communication strategies, simplify program guidelines, and engage in regular dialogue and collaboration with stakeholders to ensure alignment and foster a broader understanding of the program's objectives. Training and extra support may be required by emerging developers to engage with the Aspire program.

5) Best Practices - a) The NJEDA should continue prioritizing a user-centric website design, ensuring easy navigation, comprehensive information, and regular updates to facilitate a seamless user experience, b) the NJEDA should strive for a more streamlined application process, providing clear instructions, transparent scoring criteria, and timely updates to applicants throughout the process, c) the NJEDA should establish proactive stakeholder engagement mechanisms, including regular communication, collaborative partnerships, and educational workshops, to ensure effective two-way communication and to gather feedback to inform program enhancements, d) to broaden the pool of potential applicants, the NJEDA should expand outreach and training efforts to engage emerging developers and diverse projects, leveraging partnerships with local economic development organizations and adopting targeted marketing strategies, e) regular monitoring and evaluation of the program's implementation and outcomes will help identify areas for improvement, gauge stakeholder satisfaction, and inform program enhancements for greater effectiveness and impact.

Conclusions and “Best Practices”: Emerge

The implementation of the Emerge Program has shown promising results in driving capital investment and creating and retaining high-paying jobs in specific regions and target industries through the issuance of multi-year per-job tax credits. A comprehensive analysis of the program's implementation, application process, target population and outreach, and understanding of objectives and usefulness leads to several key conclusions. Moreover, best practices can be identified to enhance the program's effectiveness and maximize its impact.

1. Implementation - The Emerge Program has made commendable progress in its implementation, featuring a well-designed website that offers a user-friendly experience with easy access to program information and resources. The excellent multi-step application process efficiently manages the time of both companies and NJEDA staff as they navigate through the application stages. The comprehensive NJEDA Board Memo provides stakeholders with a clear overview of the program's structure and purpose, facilitating their understanding of its goals.

2. Application Process - The Emerge Program's application process is highly effective in attracting potential applicant companies and guiding them through their submissions. The website offers valuable resources such as an informative video overview, an indication of interest form, a concise pre-application, an annotated sample application, and a robust FAQ section. Additionally, useful tools and appendices support applicants in their understanding and application preparation. Drawing from lessons learned from the predecessor program, the Emerge Program places a strong emphasis on the creation of new, well-paying jobs rather than job retention.

3. Target Population and Outreach - The Emerge Program has successfully developed strategies to engage large New Jersey employers, startups, early-stage companies, and external companies considering a move or expansion in New Jersey. However, the greatest outreach challenge lies in connecting with the multitude of potential New Jersey companies that could emerge from anywhere in the world. The program's partnership with Choose NJ is a crucial aspect of their outreach strategy, facilitating engagement with relocation influencers and expanding their reach.

4. Understanding of Objectives and Usefulness - The NJEDA implementation team demonstrates a sophisticated understanding of the Emerge Program's objectives, primarily focusing on stimulating low-income housing development. However, effectively communicating these goals and expectations to potential applicants presents challenges. To address this, the NJEDA should prioritize engagement with relocation influencers and employ clear and transparent communication strategies. Additionally, given the evolving nature of work, particularly in a post-pandemic hybrid work environment, there may be a need to engage with the legislature to modify residency requirements and align them with the program's objectives.

5. Best Practices - a) The NJEDA should continue prioritizing a user-centric website design, ensuring easy navigation, comprehensive information, and regular updates to provide a

seamless user experience. b) Striving for a more streamlined application process with clear instructions, transparent scoring criteria, and timely updates to applicants will enhance efficiency and transparency. c) Establishing proactive stakeholder engagement mechanisms, including regular communication, collaborative partnerships, and educational workshops, will facilitate effective two-way communication and gather feedback for program enhancements. d) Expanding outreach efforts to engage a wide range of relocation influencers, such as lawyers, accountants, and Choose NJ, will broaden the pool of potential applicants. e) Regular monitoring and evaluation of the program's implementation and outcomes, particularly in the context of the increasing prevalence of hybrid work, will identify areas for improvement, gauge stakeholder satisfaction, and inform program enhancements for greater effectiveness and impact.

Appendix – NJEDA/NJIT MOU

MEMORANDUM OF UNDERSTANDING

BETWEEN

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

AND

NEW JERSEY INSTITUTE OF TECHNOLOGY

This MEMORANDUM OF UNDERSTANDING ("MOU") effective as of the date of the last signatory hereto (the "Effective Date") is between NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY ("NJEDA") and NEW JERSEY INSTITUTE OF TECHNOLOGY ("NJIT"), (collectively the "Parties").

WHEREAS, the New Jersey Economic Recovery Act of 2020 ("ERA"), P.L.2020, c.156, as amended by P.L. 2021, c.160, requires the NJEDA to engage a State college or university established pursuant to Chapter 64 of Title 18A of the New Jersey Statutes to prepare a report on the implementation of the Brownfield Redevelopment Incentive program (N.J.S.A. 34:1B-286), the Aspire program (N.J.S.A. 34:1B-334), and the Emerge program (N.J.S.A. 34:1B-347), and submit the report to the Authority, the Governor, and pursuant to Section 2 of P.L. 1991, c.164 (N.J.S.A. 52:14-19.1) to the Legislature; and

WHEREAS, NJEDA, established pursuant to N.J.S.A. 34:1B-1 et seq., is an independent State authority, in but not of the New Jersey Department of the Treasury, that serves as the State's principal agency for driving economic growth and is committed to making New Jersey a national model for inclusive and sustainable economic development by focusing on key strategies to help build strong and dynamic communities, create good jobs for New Jersey residents, and provide pathways to a stronger and fairer economy; and

WHEREAS, NJEDA manages a number of economic development programs, including the programs set forth in this MOU; and

WHEREAS, NJEDA seeks to undertake a systematic process of formally evaluating the impacts of certain ERA programs and to be better equipped to evaluate relevant elements of the same programs by establishing performance metrics; and

WHEREAS, NJEDA requested responses from Chapter 64 of Title 18A State colleges and universities to its Scope of Work outlining the report required pursuant to the ERA; and

WHEREAS, NJIT was created pursuant to N.J.S.A. 18A:64E-12 et seq., as a body corporate and politic of the State of New Jersey; and

WHEREAS, NJIT submitted a Proposed Plan and Scope of Work for ERA Implementation Reports pertaining to the Brownfield Redevelopment Incentive program, the Aspire program, and the Emerge program dated January 24, 2023; and

WHEREAS, NJEDA has determined that NJIT has considerable expertise in the areas of entrepreneurship, economic development, and metrics and is the appropriate body to assist NJEDA with evaluation of its programs to meet the ERA statutory obligations; and

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

NOW, THEREFORE, the Parties, agree to the following:

1. NJIT will prepare a report on the implementation of three programs - the Brownfield Redevelopment Incentive program, the Aspire program, and the Emerge program - and submit to the NJEDA and others, as required under the ERA. NJIT will produce one report with sections specific to the three programs, including detail on the implementation of each program.

2. As this is the first report required under the ERA and the programs being newly created, there may be limited data for analytical review, therefore, the focus will assess the implementation process to satisfy the requirement of the ERA and to prepare for future successful administration of the three programs.

3. NJIT will a perform a careful review of the relevant and associated laws and regulations. The policy review of each of the ERA programs will evaluate the implementation process and include interviews with program participants who have been approved/declined as part of the process.

4. NJEDA will provide access to relevant staff and approved documents as reasonable and requested by NJIT

5. Work will be performed by Michael Ehrlich of NJIT with support from NJIT staff and/or a graduate-level student.

6. The Parties will have regular meetings and communications to discuss progress and findings, at a frequency to be mutually agreed upon by the Parties.

7. NJIT shall provide all deliverables electronically in a format compatible with the Microsoft Office Suite of software and/or Adobe software applications. NJIT shall provide NJEDA with access upon request to all data, information, and analyses generated during the course of the program review. If applicable, NJIT shall create and maintain a database that includes the data collected in sortable fields. A copy of the database is to be provided to the Authority in an electronic format compatible with the Microsoft Office Suite of software. The deliverables shall include:

    a. Draft Program Review Report incorporating each of the components listed above for NJEDA's review no later than May 12, 2023; and
    b. Final Program Review Report that includes an executive summary and addresses any deficiencies or concerns raised by the Authority regarding the draft Program Review Report no later than May 26, 2023.
    c. Report due dates may be extended if mutually agreed upon.

8. All reports, surveys, and other information produced or generated by NJIT pursuant to this MOU shall become the sole property of NJEDA and may be used in its entirety or in part by the NJEDA at the sole discretion of NJEDA without additional compensation to or approval from NJIT. Use by NJEDA shall also include sharing and distributing such work product with other New Jersey State offices and personnel. Whenever such information is used, credit shall be given by the NJEDA as to the author/source of the information. Notwithstanding, NJIT may use any of the material it produces or develops under this MOU for teaching and research programs, and inclusion in journal

articles and public presentations at academic conferences, after notification to NJEDA. Except for uses expressly permitted by this MOU, copyrights to such articles and presentations shall remain with the authors.

9. In connection with performing the work, NJIT and its employees may receive, review and become aware of proprietary, personnel, commercial, marketing and financial information of NJEDA, its employees, members, applicants, borrowers or business associates that is marked, identified or reasonably understood to be confidential and/or proprietary in nature ("Confidential Information"). NJIT agrees that the use and handling of Confidential Information by NJIT and its employees will be done in a responsible manner and solely for furtherance of the work required under this MOU. Other than to its employees who have a need to know Confidential Information in connection with performance of the work required under this MOU, NJIT agrees not to disclose any Confidential Information without the prior written consent of NJEDA, which consent NJEDA is not obligated to grant. NJIT will be responsible to assure that its employees do not disclose any Confidential Information without the prior written consent of NJEDA. NJIT will inform each employee that receives any Confidential Information of the requirements of this section of the MOU and shall require each such employee to comply with such requirements. Confidential Information covered under this clause shall not include information that: (a) is or hereafter becomes known and available to the general public through no act or omission of NJIT; (b) is subsequently disclosed without restriction to NJIT by a third party who had the right to make such disclosure; (c) is required to be disclosed by any applicable judgment, order or decree of any court, governmental body, agency having jurisdiction or by any applicable law, rule or regulation (e.g., the New Jersey Open Public Records Act, N.J.S.A. 47:1A-1 et seq.), provided that in connection with any such disclosure, NJIT will use its best efforts to give NJEDA reasonable prior notice of the same; and (d) was known by NJIT prior to disclosure or independently developed by NJIT without knowledge of, reliance upon, or use of the NJEDA's Confidential Information.

GENERAL PROVISIONS

10. The Parties are entering into this MOU for the sole purpose of evidencing the mutual understanding and intention of the Parties. It may be amended, modified, and supplemented at any time by mutual consent and in writing signed by the undersigned or their designees. There are no third-party beneficiaries.

11. This MOU will commence upon the Effective Date. It shall remain in effect until the mutually agreed completion of work but not later than August 31, 2023, or when terminated by either Party upon 60 days prior written notice to the other. This MOU may be extended for up to 30 days by a writing mutually executed by the Parties.

12. The NJEDA will pay NJIT a flat fee of FORTY THOUSAND DOLLARS ($40,000) for its performance of the work required under this MOU. The total MOU Price shall not exceed the aforementioned amount unless an increase is approved in writing by NJEDA. NJIT's performance of the work is predicated on the NJEDA fulfilling all of its obligations related to the work (e.g., providing necessary information and cooperation). NJIT shall invoice the NJEDA as follows: $20,000 immediately following the Effective Date and $20,000 upon NJIT's submission of the final report to the NJEDA. The NJEDA shall pay all invoices within thirty (30) days.

13. The Parties are both entities of the State of New Jersey and are each subject to the New Jersey Tort Claims Act, N.J.S.A. 59:1-1 et seq., and the availability of appropriations. Therefore, the Parties agree that each entity shall be liable for its own conduct and any claims against it without indemnification from the other party.

14. This MOU shall not establish an employer/employee relationship, joint venture, or partnership agreement either expressly or by implication between NJIT and NJEDA. Each Party shall continue to be autonomous and shall be governed independently by their respective governing boards and administrations, except insofar as this MOU specifically states to the contrary. Neither Party hereto, nor their respective employees, shall be construed to be the agent, employees or representative of the other.

15. The Parties agree that neither shall discriminate on the basis of race, color, sex, creed, age, national origin, ancestry, marital status, familial status, religion, sexual orientation, or disability in connection with its performance under this MOU.

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

NJEDA:

New Jersey Economic Development Authority

Susan Mania, VP Operations, smania@njeda.com

36 West State Street PO Box 990

Trenton, NJ 08625

NJIT:

New Jersey Institute of Technology

Michael Ehrlich, michael.a.ehrlich@njit.edu &

Eric Hetherington, Executive Director, Sponsored Research Programs Administration, erich@njit.edu

University Heights

Newark, NJ 07102

IN WITNESS HEREOF, the Parties have executed this MOU on the dates below. The Parties agree to accept electronic signatures.

For New Jersey Institute of Technology:

Name/Title: Atam P Dhawan, PhD - Senior Vice Provost for Research

Signature: ____________________ Date: 3/6/2023

For New Jersey Economic Development Authority:

Name/Title: Tim Sullivan, Chief Executive Officer

Signature: ____________________ Date: ___________