



MEMORANDUM

TO: Members of the Authority
FROM: Timothy Sullivan
Chief Executive Officer
DATE: June 9, 2020
SUBJECT: Agenda for Board Meeting of the Authority June 9, 2020

Notice of Public Meeting

Roll Call

Approval of Previous Month's Minutes

CEO's Report to the Board

Authority Matters

Incentives

Bond Projects

Loans/Grants/Guarantees

Board Memoranda

Public Comment

Executive Session

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

May 12, 2020

MINUTES OF THE MEETING

The Meeting was held by teleconference call.

Members of the Authority present via conference call: Chairman Kevin Quinn; Commissioner Robert Asaro-Angelo of the Department of Labor and Workforce Development; Commissioner Marlene Caride of the Department of Banking and Insurance; Jane Rosenblatt representing Commissioner Catherine McCabe of the Department of Environmental Protection; Jennifer Keys-Maloney representing State Treasurer Elizabeth Muoio; Public Members: Charles Sarlo, Vice Chairman; Philip Alagia, Virginia Bauer, Fred Dumont, Aisha Glover, Marcia Marley, Robert Shimko, First Alternate Public Member; and Rosemari Hicks, Second Alternate Public Member.

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

Absent: Public Member Massiel Medina Ferrara.

Mr. Quinn called the meeting to order at 10:00 am.

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

MINUTES OF AUTHORITY MEETING

The next item of business was the approval of the April 14, 2020 meeting minutes. A motion was made to approve the minutes by Ms. Bauer, and seconded by Mr. Alagia, and was approved by the 13 voting members present.

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

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

AUTHORITY MATTERS

ITEM: COVID – 19 CONSULTING CONTRACT

REQUEST: To approve Amendment #4 to the Authority's existing contract: NJEDA-2018-GSA-RFQ080 with McKinsey and Company, Inc.

MOTION TO APPROVE: Mr. Sarlo **SECOND:** Ms. Bauer **AYES: 13**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

ITEM: Small Business Emergency Assistance Grant Program - Phase 2
THIS ITEM WAS WITHHELD FROM CONSIDERATION.

ITEM: Community Development Financial Institution (CDFI) Restricted Grant Program
THIS ITEM WAS WITHHELD FROM CONSIDERATION.

INCENTIVE PROGRAMS:

Grow New Jersey Assistance Program - Modification

ITEM: H&M Hennes & Mauritz, LP

REQUEST: To approve a modification to the applicant's approved GROW project, including a reduction of eligible jobs to complete the review and certification of the project.

MOTION TO APPROVE: Commissioner Angelo **SECOND:** Ms. Maloney **AYES: 13**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

LOANS/GRANTS/GAURANTEES:

CDFI Loan to Lender Program

PROJECT: The Union County Economic Development Corporation
THIS ITEM WAS WITHHELD FROM CONSIDERATION.

Petroleum Underground Storage Tank (PUST)

ITEM: Summary of NJDEP Petroleum UST Remediation, Upgrade & Closure Fund Program projects approved by the Department of Environmental Protection.

MOTION TO APPROVE: Ms. Rosenblatt **SECOND:** Commissioner Caride **AYES: 13**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

PROJECT: Michael Lapi and Kathy Lapi

APPL.#00188182

LOCATION: Bergenfield Borough, Bergen County

PROCEEDS FOR: Closure, upgrade and site remediation

FINANCING: \$6,951.80

REAL ESTATE

ITEM: Fort Monmouth Parcel F-1, Tinton Falls

REQUEST: To approve a Second Amendment to the Contract for Civil & Environmental Engineering Services with T&M Associates in connection with the Myer Center site (aka Parcel F-1) at Fort Monmouth.

MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Shimko **AYES: 11**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

Ms. Bauer recused herself because she sits on the Monmouth Medical Center Board, a subsidiary of Robert Wood Johnson.

Commissioner Angelo rescused himself, because his relative is employed by T&M Associates.

BOARD MEMORANDA:

FOR INFORMATION ONLY: April 2020 Credit Underwriting Delegated Authority Approvals

Premier Lender Program:

PROJECT: 5 Kids, LLC (PROD-00188227)

LOCATION: Neptune City Borough, Monmouth County

PROCEEDS FOR: Purchase of project property

FINANCING: \$3,360,000 OceanFirst Bank loan with a \$1,200,000 NJEDA participation.

FOR INFORMATION ONLY: Post-Closing Bond Delegated Authority Approvals for 1st Quarter 2020

FOR INFORMATION ONLY: Post Closing Credit Delegated Authority Approvals for 1st Quarter 2020

FOR INFORMATION ONLY: Post-Closing Incentives Delegated Authority Approvals for 1st Quarter 2020

FOR INFORMATION ONLY: Technology and Life Sciences Delegated Authority Approvals for 1st Quarter 2020

PUBLIC COMMENT

There were no public comments.

There being no further business, on a motion by Mr. Quinn, and seconded by Mr. Dumont, the meeting was adjourned at 10:38 am.

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



Danielle Esser, Director
Governance & Strategic Initiatives

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

May 22, 2020

MINUTES OF THE SPECIAL MEETING

The Meeting was held by teleconference call.

Members of the Authority present via conference call: Chairman Kevin Quinn; Commissioner Robert Asaro-Angelo of the Department of Labor and Workforce Development; Commissioner Marlene Caride of the Department of Banking and Insurance; Jane Rosenblatt representing Commissioner Catherine McCabe of the Department of Environmental Protection; Jennifer Keys - Maloney representing State Treasurer Elizabeth Muoio; Public Members: Charles Sarlo, Vice Chairman; Philip Alagia, Virginia Bauer, Fred Dumont, Aisha Glover, Marcia Marley, Robert Shimko, First Alternate Public Member; and Rosemari Hicks, Second Alternate Public Member.

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

Absent: Public Member Massiel Medina Ferrara.

Mr. Quinn called the meeting to order at 10:05 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.

Mr. Alagia recused himself as Essex County may make funds from the federal CARES Act available to the program. Mr. Alagia left the meeting at this time.

MINUTES OF AUTHORITY MEETING

AUTHORITY MATTERS

ITEM: Use of Coronavirus Relief Fund Appropriation and Creation of Small Business Emergency Assistance Grant Program – Phase 2

REQUEST: To approve use of a Coronavirus Relief Fund appropriation, including delegation of authority to staff to execute an MOU with the NJ Department of Treasury to accept funding from the federal Coronavirus Relief Fund; approval of an additional \$5 million in funds to support the original Small Business Emergency Assistance Grant Program; and approval of the creation of Small Business Emergency Assistance Grant Program – Phase 2 with up to \$45 million in funding; and associated actions and delegations to staff to administer the funding.

MOTION TO APPROVE: Ms. Bauer **SECOND:** Commissioner Caride

AYES: 11

1. Kevin Quinn, Chairman
2. Charles Sarlo, Vice Chairman
3. Commissioner Asaro Angelo
4. Commissioner Marlene Caride
5. Jennifer Keyes Maloney for State Treasurer Elizabeth Muoio

6. Jane Rosenblatt for Commissioner Catherine McCabe
 7. Virginia Bauer
 8. Fred Dumont
 9. Aisha Glover
 10. Marcia Marley
 11. Robert Shimko
- NAYES: 1**
12. Rosemari Hicks

RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

PUBLIC COMMENT

The following members of the public addressed the board to provide public comment on the Small Business Emergency Assistance Grant Program – Phase 2, which was presented before the members today:

1. Jermaine Hatcher, Microbusiness Owner, Camden, NJ
2. Dania Cerurti, CEO, 360 Marketing & PR, Camden, NJ
3. Jalpesh Chloshi, Restaurant Owner, Dayton, NJ
4. Dwayne Wilkins, Parillon Brothers Construction Corp., Newark, NJ
5. Fatima Grant, Sole proprietor, Camden, NJ
6. Christopher Emigholz, NJBIA

There being no further business, on a motion by Mr. Quinn, and seconded by Ms. Bauer, the meeting was adjourned at 11:10 am.

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



Danielle Esser, Director
Governance & Strategic Initiatives



MEMORANDUM

To: Members of the Authority

From: Tim Sullivan

Date: June 9, 2020

Re: June 2020 Board Meeting

The coronavirus pandemic is an unprecedented public health crisis and economic crisis. While it is impacting all of us, these simultaneous crises are disproportionately affecting communities of color. Recently we've been reminded that these crises are also being experienced amidst an ongoing crisis of justice and equity. The murder of George Floyd has shocked the conscience of the nation, but it is tragically only the latest evidence that America's promise of liberty and justice for all remains elusive.

Our work to build a stronger, fairer New Jersey economy has never been more important. At our special Board meeting on May 22nd, this Board approved the use of \$50 million in CARES Act funding to expand the Small Business Emergency Assistance Grant Program, including the reservation of at least \$15 million for business located in Opportunity Zone-eligible census tracts, and including sole proprietorships and home-based businesses. The application for the expanded program went live at nine o'clock this morning. Between that Board meeting and today's application launch, the NJEDA team executed on a comprehensive outreach plan to help ensure this funding makes it to the communities and businesses where it's needed most.

To ensure minority and women business owners are aware of the funding available through Phase 2 of the Grant Program and are prepared to apply, the NJEDA contracted with Medina = Citi, 360 Marketing and PR, and Tara Dowdell Group to coordinate strategic outreach to these targeted communities. All three firms are minority-owned; 360 Marketing and PR and Tara Dowdell Group are women-owned.

These agencies leveraged their creativity and extensive, inclusive networks to support the NJEDA's outreach to legislators and elected officials, a diverse array of industry and business organizations, and many thousands of business owners all over the state. In the span of just over a week, we participated in more than 40 webinars, sent countless emails, made hundreds of phone calls, and ran a robust social media campaign.

As part of our response and based in part on the feedback received during that outreach, today the board will consider the expansion of a \$10 million microbusiness loan program to support microbusinesses during this crisis, addressing a gap between our grant and existing loan programs.

This is a challenging time for all, and the longstanding and massive obstacles facing minority and low-income communities have only been exacerbated by this pandemic. We are moving in the right direction, but there is so much more to do. Today we renew our commitment to actively learning what steps we need to take and pushing for economic and social justice in all we do.

A handwritten signature in dark ink, appearing to read "T. Sullivan", is written over a light gray rectangular background.

AUTHORITY MATTERS



MEMORANDUM

TO: Members of the Authority

FROM: Kevin A. Quinn
Chairman

DATE: June 9, 2020

RE: **Update to NJEDA Board Committees
FOR INFORMATIONAL PURPOSES ONLY**

Summary

Pursuant to Article XIII, Section of the New Jersey Economic Development Authority's By-Laws, I am establishing a new ad hoc committee, to be known as the COVID-19 Response Committee, to work with staff to address the on-going and long-term fiscal and economic impacts of the COVID-19 pandemic.

New Committee

Article XIII, Section of the New Jersey Economic Development Authority's By-Laws provides that the Chair of the Board, in his discretion, may appoint new committees, and members to such committees, as is necessary to address the affairs of the Authority. Given the national health crisis and the state of emergency resulting from the COVID-19 pandemic, and the number of new programs that the Authority is currently standing up to address the dire economic impacts and economic stabilization needs of the State as a result of the pandemic, I am appointing new committee, to be known as the COVID-19 Response Committee. The COVID-19 Response Committee will meet on a monthly basis, or more frequently if needed, to review all COVID-19 related Authority programs and related board actions to ensure thorough and timely program development and response to support the needs of New Jersey's business community. The Committee will work with staff to address on-going and long-term needs related to the fiscal and economic impacts of the pandemic, review proposed board actions that will continue to come to the Board regarding COVID-10 related programs, and focus on these priority issues for the Authority.

COVID-19 RESPONSE COMMITTEE

Chair:

Aisha Glover

Participants:

Kevin A. Quinn

State Treasurer Elizabeth Maher Muoio (or her designee)

Robert Asaro-Angelo, Commissioner of Labor (or his designee)

Rosemari Hicks

Marcia Marley

Charge: The COVID-19 Response Committee will meet on a monthly basis, or more frequently if needed, to review all COVID-19 related Authority programs and related board actions to ensure thorough and timely program development and response to support the needs of New Jersey's business community.



Kevin A. Quinn

Prepared by Danielle Esser, Director, Governance



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: June 9, 2020

SUBJECT: USED A Revolving Loan Fund Opportunity

FOR INFORMATIONAL PURPOSES ONLY

SUMMARY

The United States Economic Development Administration (USED A) invited NJEDA to apply for a revolving loan fund (RLF) of up to \$10,000,000 with supporting administration funds of up to \$1,000,000. The RLF is to support NJ business recovery and resilience as a result of the economic repercussion of the coronavirus (COVID-19) pandemic.

BACKGROUND

As a result of the appropriation received through the CARES Act, the USED A has offered certain organizations that had previously received and successfully administered USED A RLF grants, such as NJEDA, the opportunity to submit a non-competitive application for additional RLF funds. We currently operate five revolving loan funds, one that has been revolving since 1976. Initially capitalized at \$21,374,606 these revolving loan funds have provided 838 loans totaling \$203,495,590.

USED A has stated that NJEDA is eligible to apply for up to \$10,000,000 for an RLF, and an additional amount up to \$1,000,000 (10%) for administrative expenses to be used over a two-year period, to “alleviate sudden and severe economic dislocation caused by the coronavirus (COVID-19) pandemic.”

USEDA PROCESS

In order to be eligible for the RLF funds, NJEDA was required to make an application to USED A no later than June 7, 2020 and therefore a non-binding application was submitted to the USED A. While NJEDA was preselected to submit this non-competitive application, in making the award USED A will consider the availability of funds, NJEDA's past performance and compliance with federal awards, and the responsiveness of the application to the criteria in the invitation letter. If approved, NJEDA will receive notification on or after July 1, 2020 and will have 30 days to accept the funds awarded. Staff will return to the Board with additional details and a request to accept the funding during that period.

Upon agreement and acceptance of funds, NJEDA will be required to perform the Scope of Work delineated by USED A. The Scope of Work states that NJEDA will "capitalize a Revolving Loan Fund (RLF) to alleviate sudden and severe economic dislocation caused by the coronavirus (COVID-19) pandemic, to provide permanent resources to support economic resiliency, and to further the long-term economic adjustment objectives of the region served by this Award," and to lend to borrowers in New Jersey. The Scope of Work also includes NJEDA's administrative and other activities to manage and expedite RLF lending as NJEDA deems necessary. Additionally, within 60 days of following the award, NJEDA will be required to submit a plan outlining details of the program to be administered using the USED A funding as well as staffing plan and timelines.

Staff will be working on developing the additional required materials in anticipation of USED A approval and looks forward to providing further updates on this new opportunity along with the program details to the Board for consideration at the July 14, 2020 Board meeting.



Tim Sullivan

Prepared by: Christina Gaetano and Elizabeth George-Cheniara



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: June 9, 2020

SUBJECT: Micro Business Loan Program – Program Enhancements

Summary

The Members are asked to approve:

1. Enhancements to the Micro Business Loan Program –a pilot program that makes financing of up to \$50,000 available to early stage and micro businesses in New Jersey.
2. USED A Revolving Loan Fund and/or NJEDA Economic Recovery Fund utilization of up to \$10 million to fund the Micro Business Loan Program. USED A Revolving Loan Fund will be the primary funding source where possible, subject to the ability to use that funding along the parameters described herein.
3. Delegation to Authority staff (Managing Director – Underwriting, Senior Vice President of Finance and Development, or Vice President of Business Operations) to approve or deny individual applications to the Micro Business Loan Program in accordance with the terms set forth in the attached program specifications. The delegated authority requested for approval also includes the delegated authority to decline for any declinations based solely on non-discretionary reasons. For final administrative decisions based solely on non-discretionary reasons, delegated authority is requested for approval by a Senior Vice President, Vice President, Managing Director, or the Director Legal Affairs.
4. The suspension of new applications under the existing Micro Business Loan Program, as approved by the Members on November 14, 2019. For the applications under this program that are currently under review, approval to refund the application fee and waive the commitment and closing fee should these applicants wish to proceed with their existing application.

Background

On November 14, 2019, the Members approved the creation of the pilot Micro Business Loan Program utilizing \$1 million from the NJEDA Economic Recovery Fund to make available loans of up to \$50,000 to businesses that are: legally registered to do business in New Jersey and have a commercial location in New Jersey (no home-based businesses), with annual revenues in the most recent fiscal year of no more than \$1.5 million and no more than 10 full-time employees at time of application. Under the existing program, startup businesses are eligible but must demonstrate completion of an entrepreneurship training program or Small Business Development Center counseling sessions.

Given the feedback from the business community and stakeholders as well as the effects of COVID-19 on micro and small businesses across New Jersey, NJEDA is seeking to enhance this pilot program to support a wider range of micro businesses. The proposed enhanced program for the Members consideration will be capitalized at a higher amount compared to the existing program, offer expanded eligibility to support more micro businesses and startups, dedicate a portion of overall funding to businesses located in eligible New Jersey Opportunity Zone census tracts, and create more flexibility on terms/collateral, including a forgiveness component for a portion of the loan. Due to current business interruption that has caused significant financial hardship, any associated fees under the enhanced program (application or otherwise) will be waived for the program for 3 months from the time the application is opened.

Program Details

Under the proposed enhancements to the Micro Business Loan Program, financing of up to \$50,000 will be made available to: (1) for-profit businesses legally registered to do business in New Jersey, with a business location (other than a home office) in New Jersey; (2) home-based businesses and not-for-profit organizations that have been both in existence, as evidenced by date of formation/incorporation, and in operation for at least two years prior to the date of application being made publicly available, and are legally registered to do business in New Jersey, and (3) startup businesses, defined as for-profit businesses that have been both in existence, as evidenced by date of formation/incorporation, and have been in operation for no less than six months and no greater than one year prior to the date of application being made publicly available, and are legally registered to do business in New Jersey.

Given the anticipated level of interest in the program, and to ensure that the financing will be reserved for the micro and early-stage businesses that need it most, eligible businesses must have annual revenues (to the extent the business has annual revenues) in the most current fiscal year of no greater than \$1.5 million and no more than 10 full-time employees, with no minimum amount of employees required, all working in New Jersey at time of application. Startups, as defined previously in this memorandum, must provide a business plan and 5-year projections.

Since this is a pilot program with a limited funding pool, eligible uses of the financing under the program will be limited to inventory, equipment, and working capital to fund business operating expenses. Home-based businesses cannot use loan proceeds for any residential costs (i.e. home mortgage or lease payments).

In recognition of the purpose of the financing and that businesses of this size and stage can only benefit from financing that is low-cost and has flexible terms and underwriting requirements, staff is requesting the following revisions to the program. The term will be a standard 10-year term, with the ability to increase to 15 years if needed in order to meet the 1.00x global debt service coverage ratio requirement. The interest rate will 2 percent for this program, set at approval, however no interest and no payment due for the first three years.

Also recommended as part of the enhanced program is a loan forgiveness component, where any entity that receives financing under the enhanced program and is still in operation 12 months after the closing date of the loan, will receive forgiveness of 10 percent of the approved loan amount. Loans of \$25,000 or less will be unsecured, whereas the Authority will accept various forms of collateral for the full loan amount for loans of greater than \$25,000, as outlined in the attached program specifications, which will be required to result in a maximum loan to value of 100%. Unlimited personal guarantees of individuals having a 10% or more ownership in for-profit applicants and related entities will be required. Personal guarantees will not be applicable for non-profit organizations.

Entities will have to demonstrate the ability to sustain the debt: (1) Entities that have been in business for one year or more on the date of the application was made publicly available may do so by showing a global debt service coverage ratio of 1.00 or (2) entities can provide projections and narrative assumptions that illustrate the ability to meet a minimum of 1.00x after the moratorium period. As previously stated, all startup businesses as defined under the program will be required to provide a business plan and 5-year projections for program eligibility.

All underwriting requirements are detailed in the attached program specifications. It should be noted that the risk rating on loans under the Micro Business Loan Program are expected to be substandard. If the risk rating is found to support an override to a lower risk rating, then staff will do so to reflect the appropriate rating.

In addition to the eligibility requirements stated above, the Chief Executive Officer, President, or owner(s) of the applicant entities will be required to certify, at application, that the entity will make its best effort not to furlough or lay off any individuals from the time of application through the end of the declared emergency and public health emergency related to COVID-19. Entities that have already furloughed or laid off workers as a result of COVID-19 must make a best effort pledge to re-hire those same workers as soon as possible. Any material breach of its best efforts certification and requirements may result in the NJEDA seeking immediate repayment of the outstanding amount of the loan. Furthermore, staff is recommending that in addition to the eligibility parameters already stated above, that EDA will apply only Taxation's requirement to ensure that businesses do not have tax debts due to the State. This may be accomplished through a certification from the applicant that it does not owe any taxes, subject to repayment if the certification is not correct. The applicant must also be in good standing with the New Jersey Department of Labor and Workforce Development (LWD) at the time of application to be eligible for a micro business loan.

The pilot phase of this program will be three years from the date applications are made available to the public, or until the total funding pool is exhausted (whichever is sooner). Applications will be reviewed on a first-come, first-served basis, based on the date/time in which the Authority receives the completed application. The initial application that must be completed will be simplified as much as possible with the goal of requesting documents upon receipt of a completed application. Given the expected demand and urgent need by businesses for funding, applicants will have a limited window of time in which to respond to requests by the Authority for financial documentation and clarifying questions, or risk declination as a result of unresponsiveness.

Prior to the launch of the enhanced program, the Authority is seeking approval to suspend accepting new applications for the existing Micro Business Loan Program, effective upon the Members approval of this memorandum. To date, seven applications are under review for the existing program, all of which have yet to close. Given that the enhanced program includes no fees for the first three months of the program, staff is recommending that these seven applicants be refunded their \$300 application fee. The applicants will have the option to continue with their current application under the existing program (under the terms prior to enhancements being recommended today) or withdraw their application and reapply for funding under the enhanced program, subject to the availability of funding. If the entity proceeds with its existing application, staff is recommending waiving the closing and commitment fees for the program, both of which are 0.5% of the loan amount. If the entity decides to reapply, the prior application will not give the entity any higher priority or preference under the enhanced program.

As mentioned, due to current business climate and financial hardship, any associated fees (application or otherwise) will be waived for the program for three months from the time the application is opened. Following the three-month period, should funding still remain available, the application fee will be \$300, the commitment fee will be 0.5% of the loan amount, and the closing fee will be 0.5% of the loan amount. These fees are consistent with the Authority's Small Business Fund Program, which represents the lowest existing fee structure the Authority utilizes across any of its financing programs.

The Members are also requested to approve NJEDA Economic Recovery Fund utilization of \$10 million to capitalize the Micro Business Loan Program. Of the \$10 million utilization, \$3.5 million is to be set aside to support entities that meet all other applicable eligibility criteria and have a commercial business address (or home address for home-based businesses) located (fully or partially) in a census tract that was eligible to be selected as New Jersey Opportunity Zone (i.e. a New Market Tax Credit census tract). There are 715 census tracts that were eligible to be Opportunity Zones in New Jersey. Setting aside a portion of available funding under the Micro Business Loan Program to support entities in these census tracts further reinforces the State's commitment to helping to ensure all Opportunity Zone eligible tracts in New Jersey receive opportunities for investment that are equitable and inclusive.

Additionally, NJEDA has USED A funding available through its existing Revolving Loan Fund which may be used where possible, subject to the ability to use that funding along the program parameters described herein. To the degree that the Authority has the ability to use USED A funding along the program parameters exactly as described herein, USED A funding would be the

primary funding source, with NJEDA Economic Recovery Fund used only if USED A funding cannot be used.

Finally, the Members are requested to approve Delegation to Authority staff (Managing Director – Underwriting, Senior Vice President of Finance and Development, or Vice President of Business Operations) to approve individual applications to the Micro Business Loan Program in accordance with the terms set forth in the attached program specifications.

Entities whose applications are denied will have the right to appeal. Appeals must be filed within the timeframe set in the declination letter (which must be at least 3 days but no longer than 10 days). A Senior Vice President will designate Hearing Officers who will review the applications, the appeals, and any other relevant documents or information. The Hearing Officer will recommend a final administrative decision.

The delegated authority requested for approval also includes the delegated authority to decline for any declinations based solely on non-discretionary reasons. For final administrative decisions based solely on non-discretionary reasons, delegated authority is requested for approval by a Senior Vice President, Vice President, Managing Director, or the Director Legal Affairs.

Recommendation

Approval is requested for: (1) enhancements to the Micro Business Loan Program, a pilot program that will make financing of up to \$50,000 available to early stage and micro businesses in New Jersey; (2) USED A Revolving Loan Fund or NJEDA Economic Recovery Fund utilization of up to \$10 million to fund the Micro Business Loan Program; (3) delegation to Authority staff (Managing Director – Underwriting, Senior Vice President of Finance and Development, or Vice President of Business Operations) to approve or deny individual applications to the Micro Business Loan Program in accordance with the terms set forth in the attached program specifications. The delegated authority requested for approval also includes the delegated authority to decline for any declinations based solely on non-discretionary reasons. For final administrative decisions based solely on non-discretionary reasons, delegated authority is requested for approval by a Senior Vice President, Vice President, Managing Director, or the Director Legal Affairs; and (4) the suspension of new applications under the existing Micro Business Loan Program, as approved by the Members on November 14, 2019, with approval to refund application fees for applicants currently under review, as well as waive commitment and closing fees for these applicants should they wish to continue with their existing application.



Tim Sullivan
Chief Executive Officer

Attachments

Exhibit A – Micro Business Loan Program – Program Enhancement Specifications

Micro Business Loan Program – Program Enhancements Proposed Program Specifications	
Funding Source	<p>Up to \$10,000,000 – USED A Revolving Loan Fund or NJEDA Economic Recovery Fund. To the degree that the Authority has the ability to use USED A funding along the program parameters exactly as described herein, USED A funding would be the primary funding source, with NJEDA Economic Recovery Fund used only if USED A funding cannot be used.</p> <p>\$3.5 million of total funding amount will be reserved for businesses located in an eligible NJ Opportunity Zone census tract.</p>
Program Purpose	To provide low-cost financing with flexible terms to micro businesses and early stage businesses in New Jersey.
Eligible Applicants	<p>The following entities are eligible for financing under the Micro Business Loan Program:</p> <ul style="list-style-type: none"> • For-profit business, with a business location in New Jersey • Not-for-profit organization located in New Jersey, formed/incorporated and in operation for at least two years prior to date that application is made available to the public. • Home-based business located in New Jersey and formed/incorporated and in operation for at least two years prior to date that application is made available to the public. • Startups, defined as businesses formed/incorporated and in operation for no less than six months and no greater than one year from date application is made available to the public, that can provide a business plan and 5-year projections. <p>All entities must meet the following requirements to be eligible under the Micro Business Loan Program:</p> <ul style="list-style-type: none"> • To the extent that the business has annual revenues in most recent fiscal year, the revenue must be less than \$1,500,000. • At time of application, entity cannot have more than 10 full-time employees in total. All employees must work in New Jersey. There is no minimum employee number. <p>CEO/equivalent officer or owner of the entity must certify that the firm will make its best-effort not to furlough or lay off any individuals from the time of application through the end of the COVID-19 outbreak period; entities that have already furloughed or laid off workers must make a best-</p>

**Micro Business Loan Program – Program Enhancements
Proposed Program Specifications**

	<p>effort to re-hire those same workers as soon as possible; any material breach of its best efforts certification and requirements may result in the NJEDA seeking immediate repayment of the outstanding amount of the loan.</p> <p>Entity must satisfy Taxation’s requirement to ensure that the entity does not have tax debts due to the State. This may be accomplished through a certification from the applicant that it doesn't owe any taxes and will be subject to repayment if the certification is not correct.</p> <p>SME must be in good standing with the Department of Labor, with all decisions of good standing at the discretion of the Commissioner of the Department of Labor</p> <p>Prohibited businesses include, but are not limited to: gambling or gaming activities; the conduct or purveyance of “adult” (i.e., pornographic, lewd, prurient, obscene or otherwise similarly disreputable) activities, services, products or materials (including nude or semi-nude performances or the sale of sexual aids or devices); any auction or bankruptcy or fire or “lost-our-lease” or “going-out-of-business” or similar sales; sales by transient merchants, Christmas tree sales or other outdoor storage; ; any activity constituting a nuisance; or any illegal purposes.</p>
Eligible Uses	<ul style="list-style-type: none"> • Inventory • Purchase of equipment (note that certain equipment installation is considered a construction contract that requires payment of prevailing wage) • Working capital to fund business operating expenses • For home-based businesses, loan proceeds cannot be used for any residential costs (i.e. home mortgage/lease payments)
Application Process and Board Approval/ Delegated Authority	<ul style="list-style-type: none"> • Applications will be reviewed on a rolling basis (first-come, first-served as applications are completed) until all funds are committed or program expires (3 years). • Managing Director of Underwriting, Senior Vice President of Finance and Development, or Vice President of Business Operations will approve projects for assistance under Delegated Authority. Activity will be reported monthly to the NJEDA Board.

**Micro Business Loan Program – Program Enhancements
Proposed Program Specifications**

	<ul style="list-style-type: none"> Entities whose applications are denied will have the right to appeal. Appeals must be filed within the timeframe set in the declination letter (which must be at least 3 days but no longer than 10 days). A Senior Vice President will designate Hearing Officers who will review the applications, the appeals, and any other relevant documents or information. The Hearing Officer will recommend a final administrative decision. The delegated authority requested for approval also includes the delegated authority to decline for any declinations based solely on non-discretionary reasons. For final administrative decisions based solely on non-discretionary reasons, delegated authority is requested for approval by a Senior Vice President, Vice President, Managing Director, or the Director Legal Affairs.
Loan Amounts	Up to \$50,000
Rates & Terms	<ul style="list-style-type: none"> Standard 10 year term, with the ability to increase to 15 years if needed in order to meet the 1.00x global debt service coverage ratio requirement. The interest rate will 2 percent for this program, set at approval, however no interest and no payment due for the first three years. 10% of the total approved loan amount will be forgiven if the business is open and operating 12 months after closing date.
Lien/Collateral/Security	<ul style="list-style-type: none"> Loans of \$25,000 or less will be unsecured For loans of greater than \$25,000: <ul style="list-style-type: none"> NJEDA will accept various forms of collateral for the full loan amount. EDA may look to place liens on any new equipment purchases including rolling stock, blanket lien on personal/business assets, residential or investment property to meet the collateral requirement. Maximum loan to value of 100% for secured loans

**Micro Business Loan Program – Program Enhancements
Proposed Program Specifications**

	<ul style="list-style-type: none"> • Guarantors: All individuals or entities having ownership of 10% or more of the applicant and related entities. This requirement does not apply to non-profits. • Minimum Credit Score: 600 FICO for at least one guarantor. • Minimum Global Debt Service Coverage Ratio (GDSCR) of 1.00x. <ul style="list-style-type: none"> ○ If a 1.00x is not achieved based on the historical financial statements of the business and/or any recurring outside income of the owners, then the applicant may provide a projections and narrative assumptions that illustrate the ability to meet a minimum of 1.00x in the fiscal year after the payment moratorium ends. • Risk Rating: expected to be substandard. If the risk rating is found to support an override to a lower risk rating, then staff will do so to reflect the appropriate rating.
Fees	<p>Due to current business interruption that has caused significant financial hardship, any associated fees (application or otherwise) will be waived for the program for 3 months from the date/time the application is opened.</p> <p>Following the three-month period, should funding still be available, the Micro Business Loan Program will utilize the following fee structure:</p> <ul style="list-style-type: none"> • Application Fee: \$300 • Commitment Fee: 0.5% of the loan amount • Closing Fee: 0.5% of the loan amount
Disbursement	Approved loan amount to be fully disbursed upon closing.



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: June 9, 2020

RE: Revisions to Small Business Emergency Assistance Grant Program - Phase 2

Summary

The Members are asked to approve: (1) revisions to the eligibility requirements for Phase 2 of the Small Business Emergency Assistance Grant Program to include all nonprofits organized under 501(c) of the Internal Revenue Code; and (2) a clarification regarding how the Opportunity zone set aside will be calculated.

Background and Proposed Change

On March 9, 2020, Governor Phil Murphy issued Executive Order 103, declaring a State of Emergency and a Public Health Emergency to ramp up New Jersey's efforts to contain the spread of COVID-19. Subsequent containment measures were implemented, including restrictions on public gatherings and mandated closure of non-essential businesses. While these measures are consistent with similar measures being taken nationally that are expected to limit the public's exposure to COVID-19, there has been and will continue to be a significant adverse impact on our state's economy.

On March 26, 2020, the Board approved the creation of the Small Business Emergency Assistance Grant Program – an emergency grant funding program to provide funding as efficiently and quickly as possible to SMEs that needed payroll and working capital support as a result of adverse economic impacts following the March 9, 2020 declaration of a State of Emergency and a Public Health Emergency. On May 22, 2020, the Board approved the creation of Phase 2 of the Small Business Emergency Assistance Grant Program with expanded eligibility criteria.

Under the initial phase of the program, eligibility was restricted to businesses of no more than 10 full-time employees (FTEs). As originally approved, Phase 2 expanded eligibility to businesses with up to 25 FTEs, as well as non-profits that were organized under subsections 501(c)(3), 501(c)(4), and 501(c)(7) of the Internal Revenue Code. Staff are now proposing to expand eligibility to all non-profits organized under all subsections of 501(c).

Because some nonprofit organizations are permitted to engage in lobbying and political activities, staff will take certain additional steps to ensure compliance with federal prohibitions

against using federal funding for certain lobbying and political activities. Applicants will be required to disclose whether they engage in lobbying or political activities; and the grant agreement will prohibit use of the grant for any lobbying and political activities. In accordance with the parameters originally approved by the Board, applicants must acknowledge and agree that the funds must be used to replace income lost as a result of a business interruption caused by COVID19 between March 1, 2020, and the date of the grant agreement (which must occur with enough time for EDA to disburse funding prior to December 1, 2020).

Additionally, staff propose a clarification to the set aside for applicants in Opportunity Zone eligible tracts. As originally approved, \$15 million of the total funding was set aside to support entities that meet all other applicable eligibility criteria and have a commercial business address (or home address for home-based businesses) located (fully or partially) in one of the 715 census tracts that were eligible to be selected as New Jersey Opportunity Zone (i.e. a New Market Tax Credit census tract). The Board originally approved using \$45 million from the Coronavirus Relief Fund and delegated authority to staff to accept certain other funding. Staff now anticipate that one or more counties that received funds directly from the Coronavirus Relief Fund will ask the Authority to administer those funds through Phase 2 of the Small Business Emergency Assistance Grant Program. As a result, the Authority may have significantly more funding than originally anticipated for Phase 2. Staff requests that the Members clarify that the total set aside for applicants in Opportunity Zone eligible tracts is 1/3 of the total available funding (rather than \$15 million out of the original \$45 million). As previously recognized by the Board, setting aside a portion of available funding under the Small Business Emergency Assistance Grant Program to support entities in these census tracts further reinforces the State's commitment to helping to ensure all Opportunity Zone eligible tracts in New Jersey receive opportunities for investment that are equitable and inclusive. In accordance with the Board's original approval, any amount of the total set aside that remains after processing all applications from entities in Opportunity Zone eligible census tracts would be used for any other applicants.

Updated product specifications are attached, with program details and minimum eligibility requirements the applicant must meet to be considered for a grant.

Recommendation

Approval is requested to: (1) revise the eligibility requirements for Phase 2 of the Small Business Emergency Assistance Grant Program to include all nonprofits organized under 501(c) of the Internal Revenue Code; and (2) clarify that the Opportunity Zone set aside will be calculated as 1/3 of the total funds allocated to Phase 2 of the Small Business Emergency Assistance Grant Program.



Tim Sullivan
Chief Executive Officer

Attachment:

Exhibit A – Small Business Emergency Assistance Grant Program Phase 2 Specifications

SUBJECT TO REVIEW

<p style="text-align: center;">Small Business Emergency Assistance Grant Program – Phase 2 Proposed Program Specifications (Revised as of June 9, 2020)</p>	
Funding Source	<p>\$45,000,000 - from the Coronavirus Relief Fund (the “Fund”), as established under the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act.</p> <p>Staff is seeking additional funding, including unrestricted gifts and grants through corporate and philanthropic sources.</p>
Program Purpose	<p>To provide short-term, immediate payroll and working capital support to New Jersey small and medium sized enterprises (businesses and non-profits) (“SMEs”), with no more than 25 Full Time Equivalent employees (FTEs), that have been negatively impacted during the declared state of emergency, thereby helping to stabilize their operations and minimizing any potential furloughs and/or layoffs.</p>
Eligible Applicants	<p>Businesses that were approved for grant funding under Phase 1 of the Small Business Emergency Assistance Grant Program with 5 or fewer FTEs will not be eligible for Phase 2 funding, as they will have already received their maximum funding amount of up to \$5,000.</p> <p>To determine the number of FTEs for the purpose of calculating the grant amount, the Authority will utilize the SME’s most recent New Jersey WR-30 filing with the NJ Department of Labor (DOL). Implied FTE calculations will be rounded to the nearest FTE (e.g., 2.24 FTE would be counted as 2 FTE for the program, whereas 2.50 or 2.75 FTE would be counted as 3 FTE). While the calculation of FTEs is based on weeks worked and wages as reported on the WR-30 filing, in no event will a company receive grant funding based on a number of FTEs that exceeds the number of employees employed by the company, EXCEPT that if a sole proprietor or other applying entity has no FTEs, it may be eligible for the minimum grant award of \$1,000. For entities like sole proprietors the NJEDA will work with the Department of Treasury, Division of Taxation, to identify tax filing status.</p> <p>The SME must have a physical commercial location in the State of New Jersey (e.g., an office, a physical point of sales, a warehouse, manufacturing facility, etc.). With regard to home-based businesses, the home must be located in New Jersey.</p>

SUBJECT TO REVIEW

**Small Business Emergency Assistance Grant Program – Phase 2
Proposed Program Specifications
(Revised as of June 9, 2020)**

**Eligible Applicants:
(continued)**

Non-profits entities organized under Internal Revenue Code section 501(c) will be eligible.

Prohibited businesses include, but are not limited to: gambling or gaming activities; the conduct or purveyance of “adult” (i.e., pornographic, lewd, prurient, obscene or otherwise similarly disreputable) activities, services, products or materials (including nude or semi-nude performances or the sale of sexual aids or devices); any auction or bankruptcy or fire or “lost-our-lease” or “going-out-of-business” or similar sales; sales by transient merchants, Christmas tree sales or other outdoor storage; ; any activity constituting a nuisance; or any illegal purposes.

CEO/equivalent officer of the SME must self-certify that the firm:

- Was in operation on February 15, 2020;
- Will make a best effort not to furlough or lay off any individuals from the time of application through six months after the end of the declared state of emergency. SMEs that have already furloughed or laid off workers from the time of application must make a best-effort pledge to re-hire those workers as soon as possible. Any material breach of its best efforts certification may result in the NJEDA seeking repayment of the grant;
- Has been negatively impacted by the COVID-19 declared state of emergency on March 9, 2020 (e.g., has been temporarily shut down, has been required to reduce hours, has had at least a 20% drop in revenue, has been materially impacted by employees who cannot work due to the outbreak, or has a supply chain that has materially been disrupted and therefore slowed firm-level production); and
- Has a material financial need that cannot be overcome without the grant of emergency relief funds at this time (e.g., does not have significant cash reserves that can support the SME during this period of economic disruption).

SUBJECT TO REVIEW

Small Business Emergency Assistance Grant Program – Phase 2 Proposed Program Specifications (Revised as of June 9, 2020)	
Eligible Applicants: (continued)	<p>SME must be registered to do business in the State of New Jersey at the time of application.</p> <p>SME must satisfy Taxation’s requirement to ensure that the SME does not have tax debts due to the State. As with Phase 1, this may be accomplished through a certification from the applicant that it does not owe any taxes and will be subject to repayment if the certification is not correct.</p> <p>SME must be in good standing with the Department of Labor, with all decisions of good standing at the discretion of the Commissioner of the Department of Labor</p> <p>SMEs with multiple EIN can submit one application per EIN. Businesses with multiple locations but only one EIN will be limited to one application (under the sole EIN).</p> <p>Additional eligibility requirements may apply, which will be based on any applicable Federal requirements tied to the CARES Act funding. This may include, but is not limited to:</p> <ul style="list-style-type: none">• applicants must acknowledge and agree to the requirement that grant proceeds be can only be used for eligible uses as defined below,• a restriction on duplication of benefits that could exclude potential applicants that have already received Federal assistance, and• a requirement that the applicant demonstrate that it has had negative impacts from COVID-19.
Eligible Uses	<p>Grant funding to be used for reimbursement of lost revenue as result of the business interruption caused by COVID19 between March 1, 2020 and the date of the grant agreement (which must occur with enough time for EDA to disburse funding prior to December 1, 2020). If the calculated grant amount calculated is greater than the need, the amount of the award will be capped at the amount of need.</p> <p>Funding cannot be used for capital expenses, including construction.</p>

SUBJECT TO REVIEW

Small Business Emergency Assistance Grant Program – Phase 2 Proposed Program Specifications (Revised as of June 9, 2020)	
Application Process	Online application. Applications will be accepted on a first-come, first-served basis, based upon the date in which the Authority receives a completed application submission.
Grant Amounts	<p>\$1,000/FTE, with the calculation based on the WR-30 filing from the most recent payroll period from date of application EXCEPT that if a company is a sole proprietorship or otherwise has no FTEs will receive the minimum grant amount (\$1,000).</p> <ul style="list-style-type: none"> • Minimum grant amount (per application): \$1,000 • Maximum grant amount (per application): <ul style="list-style-type: none"> ○ \$10,000 (for entities with more than 10 FTEs) <p>One-third of the total funding will be set aside from all contributed or donated funds to support entities that meet all other applicable eligibility criteria and have a commercial business address (or home address for home-based businesses) located (fully or partially) in a census tract that was eligible to selected as New Jersey Opportunity Zone (i.e. a New Market Tax Credit census tract). Any amount of the set aside that remains after processing all applications from entities in Opportunity Zone eligible census tracks would be used for any other applicant.</p>
Funding Disbursement	Funding to be fully disbursed as quickly as possible upon approval of grant application.
Fees	Due to financial hardship, the Authority will collect no fees from the applicant for this program.
Appeals	Businesses whose applications are denied will have the right to appeal. Appeals must be filed within the timeframe set in the declination letter (which must be at least 3 days but no longer than 10 days). A Senior Vice President will designate Hearing Officers who will review the applications, the appeals, and any other relevant documents or information. The Hearing Officer will prepare a recommended decision, which must be approved by a Senior Vice President, Vice President, Managing Director or the Director Legal Affairs, who will approve, reject, or modify the Hearing Officer recommendation for a Final Administration Decision.

SUBJECT TO REVIEW

Small Business Emergency Assistance Grant Program – Phase 2 Proposed Program Specifications (Revised as of June 9, 2020)	
Board Approval	<p>Delegation to Authority staff (any Senior Vice President, Vice President or Managing Director of Underwriting) to approve or deny individual applications. Board to be updated monthly on delegated authority approval activity.</p>
Board Approval: (continued)	<p>Delegation to Authority staff (Chief Executive Officer or any Senior Vice President) to accept other governmental (Federal, State or County) funding and/or unrestricted gifts or grants that would be used to fund Phase 2 of the Small Business Emergency Assistance Grant Program.</p> <p>Delegation to Authority staff (Chief Executive Officer or any Senior Vice President) to impose additional requirements as may be required by law as a condition of accepting governmental (Federal, State or County) funding, provided that the requirements are consistent with the parameters of the program.</p>

INCENTIVE PROGRAMS

UEZ/ENERGY SALES TAX EXEMPTION PROGRAM



MEMORANDUM

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: June 9, 2020

Subject: F&S Produce Co., Inc. ("F&S")
UEZ Energy Sales Tax Program

Approval Request:

Approval of F&S's application to participate in the Energy Sales Tax Exemption program for UEZ manufacturers (U-STX) for one year through June 9, 2021. The estimated annualized U-STX benefit to F&S is \$98,944, which is based on the prior twelve months electric and gas usage.

Background

F&S processes over 100 million pounds of produce annually for retail, food services, and industrial customers at their 585,000 sf facility located at 500 W, Elmer Rd, Vineland, NJ.

On January 2017, F&S was approved for a Grow NJ award of \$28,125,000 to incent the creation of 60 new jobs and the retention of 380 employees at an approved Qualified Business Facility ("QBF") in Deerfield Township. The following year, the Board approved a change of the QBF to its current Vineland location, resulting in a decreased Grow NJ award of \$21,776,000. The Grow QBF included a distinct 200,000 sf portion of F&S's current site. F&S has recently certified project completion.

To qualify for a U-STX, a company must be a UEZ-certified manufacturer with at least 250 full-time employees, at least 50% of whom are involved in the manufacturing process. Upon approval, a business receives a sales tax exemption certificate that can be utilized at point of purchase of electricity and gas for one year. Businesses can reapply each year to continue receiving the benefit.

F&S has 613 full time employees, in a UEZ certified facility in Vineland, of which 89% are involved in the manufacturing process. The Department of Labor and Workforce Development and the Department of Community Affairs have confirmed that the company is in good standing. The company has also received a valid Tax Clearance Certificate from the Division of Taxation. Staff performed a site visit and observed that the operations were consistent with F&S's representations.

The estimated annualized U-STX benefit to F&S is \$98,944 which is based on the prior twelve months of combined electric and gas usage.

Recommendation

Consent to the approval of F&S application to participate in the Energy Sales Tax Exemption program for UEZ manufacturers (U-STX) for one year through June 9, 2021.

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Prepared by: Robert Carroll

BOND PROJECTS



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

SUBJECT: NJEDA School Facilities Construction Refunding Bonds
2020 Series OOO and 2020 Series PPP (Federally Taxable)

DATE: June 9, 2020

SUMMARY OF PROPOSED FINANCING

The Authority is being asked to approve (i) the execution and delivery of an Amended and Restated Term Loan Agreement (the "AR Agreement") with Bank of America N.A. (the "Bank"), (ii) the issuance, pursuant to the AR Loan Agreement, of the Authority's School Facilities Construction Refunding Bonds, 2020 Series OOO and its School Facilities Construction Refunding Bonds, 2020 Series PPP (Federally Taxable) (collectively, the "2020 Refunding Bonds") and (iii) various related actions described below. The 2020 Refunding Bonds (to be issued in an amount equal to \$597,455,000) will be issued in exchange for the Authority's School Facilities Construction Bonds, 2015 Series VV (Federally Taxable) (the "2015 Series VV Bonds"). The purpose of the transaction is to reduce the interest rates on the Refunding Portion (as hereinafter defined) of the existing 2015 Series VV Bonds.

BACKGROUND

Since April 2001, the Authority has issued prior series of tax-exempt and federally taxable School Facilities Construction Bonds and Notes in the aggregate principal amount of \$11,501,804,000 for new money projects under the Educational Facilities Construction and Financing Act, L. 2000, c. 72, as amended and supplemented by L. 2007, c. 137 and L. 2008, c. 39 (the "Act"). Additionally, the Authority has issued prior series of refunding bonds and notes in the aggregate principal amount of \$15,251,330,000 that restructured and refunded all or a portion of multiple Series of tax-exempt and federally taxable bonds and notes, previously issued under the Act.

As of June 1, 2020, the Authority, in connection with the School Facilities Construction Program (the "School Program") has \$9,907,177,000 of tax-exempt and federally taxable bonds and notes outstanding.

In June of 2015, the Authority issued the 2015 Series VV Bonds to the Bank in a direct purchase transaction. These bonds were part of the final step in a multi-year plan of finance to eliminate the Authority's derivative and variable rate portfolio. The 2015 Series VV Bonds were issued as federally taxable Bonds because their proceeds were used for two purposes that were ineligible for tax-exempt financing: (1) to advance refund tax-exempt bonds that had already advance refunded other tax-exempt bonds (the "Refunding Portion"); and (2) to make termination payments on swaps (the "Swap Termination

Portion”).

Under applicable federal tax law, the Refunding Portion of the 2015 Series VV Bonds is now eligible to be refinanced on a federally tax-exempt basis. While the 2015 Series VV Bonds are not subject to optional redemption, the Bank, as the holder of the 2015 Series VV Bonds, has agreed to reduce the interest rate on the Refunding Portion. To effect this transaction, the Authority and the Bank will enter into the AR Loan Agreement, and the Authority will issue the 2020 Refunding Bonds in two series that will be exchanged for the 2015 Series VV Bonds as described below.

APPROVAL REQUEST

The Authority is being requested to approve the adoption of the Forty-Second Supplemental School Facilities Construction Bond Resolution (the “Forty-Second Supplemental Resolution”) authorizing the execution and delivery of the AR Loan Agreement and the issuance of the 2020 Refunding Bonds in an aggregate principal amount equal to \$597,455,000 in two series. The 2020 Refunding Bonds will be exchanged for the 2015 Series VV Bonds. The 2020 Series OOO Bonds will be issued as federally tax-exempt bonds and exchanged for the Refunding Portion of the 2015 Series VV Bonds and the 2020 Series PPP Bonds will be issued as taxable bonds and exchanged for the Swap Termination Portion of the 2015 Series VV Bonds. The interest rates on the 2020 Series OOO Bonds will be 51 bps lower than the current interest rates on the 2015 Series VV Bonds. The interest rates on the 2020 Series PPP Bonds will be the same as the current interest rates on the 2015 Series VV Bonds.

The 2020 Refunding Bonds will be issued pursuant to the AR Loan Agreement, which will amend and restate the Taxable Term Loan Agreement dated as of June 24, 2015, entered into by the Authority and the Bank in connection with the issuance of the 2015 Series VV Bonds.

The 2020 Refunding Bonds will be subject to the following parameters, all as determined by an Authorized Officer of the Authority, in consultation with the Treasurer, the Office of Public Finance, the Attorney General’s Office and Bond Counsel:

1. The aggregate principal amount of the 2020 Refunding Bonds will equal \$597,455,000, which is the outstanding principal amount of the 2015 Series VV Bonds.
2. The final maturity of the 2020 Refunding Bonds will not exceed the final maturity of the 2015 Series VV Bonds;
3. The initial interest rates will not exceed the interest rates currently in effect with respect to the 2015 Series VV Bonds; and
4. The 2020 Refunding Bonds will not be subject to redemption.

The Authority is also being asked to approve certain actions of, and delegation of actions to, an Authorized Officer of the Authority with information provided by the Treasurer, Bond Counsel, and the Attorney General’s Office and in consultation with, the Office of Public Finance, Bond Counsel and the Attorney General’s Office, as applicable, and as approved by the Treasurer, which actions are more fully set forth in the Forty-Second Supplemental Resolution, which is incorporated herein by reference, and will be memorialized in one or more Series Certificates, and may include, without limitation:

1. To determine the date of issuance, sale and delivery, the maturity dates, the principal amount and the redemption provisions of each series of 2020 Refunding Bonds in accordance with the

parameters set forth above;

2. To determine whether each series of the 2020 Refunding Bonds shall be issued as tax-exempt or federally taxable bonds; and
3. To negotiate, execute, deliver and perform the AR Loan Agreement.

In exercising the Authority's discretion to approve specific transactions authorized under the Forty-Second Supplemental Resolution, it is anticipated that the Authorized Officers of the Authority will make decisions on behalf of the Authority in consultation with the Treasurer.

Subchapter 6.7 (Fee Waiver) of the Authority's rules permits the chief executive officer, with the approval of the Members to waive, postpone or decrease the Authority's closing fees for State agency projects. In the absence of Board Action, the Authority's statutory bond closing fee will apply. It is recommended that the bond closing fee for this transaction be waived to effectuate the exchange of the 2015 Series VV Bonds for the 2020 Refunding Bonds in which no bond proceeds are generated to pay costs of issuance of the 2020 Refunding Bonds.

Professionals for the issuance of the 2020 Refunding Bonds were selected in compliance with Executive Order No. 26. M. Jeremy Ostow, Esq. was selected as Bond Counsel through a competitive RFQ/RFP process performed by the Attorney General's Office on behalf of Treasury for State appropriation-backed transactions. Through Treasury's competitive RFP process, as applicable, the following professionals were chosen: U.S. Bank National Association as Trustee, Paying Agent, Registrar, and Escrow Agent. The Bank as the holder of the 2015 Series VV Bonds will receive the 2020 Refunding Bonds in exchange for the 2015 Series VV Bonds. The Forty-Second Supplemental Resolution will also authorize an Authorized Officer of the Authority to take all necessary actions incidental to the issuance of the 2020 Refunding Bonds, including without limitation, the selection of additional professionals, if any, pursuant to a competitive process utilizing Treasury's RFP process in accordance with Executive Order No. 26 and Executive Order No. 37.

RECOMMENDATION

Based upon the above description, and subject to the criteria set forth above, the Members of the Authority are requested to: (i) approve the adoption of the Forty-Second Supplemental Resolution authorizing the issuance of the 2020 Refunding Bonds in the total aggregate principal equal to \$597,455,000; (ii) approve the several actions and delegation of actions to an Authorized Officer of the Authority as may be necessary or advisable in order to issue the 2020 Refunding Bonds in exchange for the 2015 Series VV Bonds and to undertake the other transactions described in (i) above on terms which are in the best interest of the State; (iii) authorize the use of the aforementioned professionals; and (iv) authorize an Authorized Officer of the Authority to take all necessary actions incidental to the issuance of the 2020 Refunding Bonds; subject to final review and approval of all terms and documentation by Bond Counsel and the Attorney General's Office.



Prepared by: Teresa Wells

LOANS/GRANTS/GUARANTEES

PETROLEUM UNDERGROUND STORAGE TANK (PUST)



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: June 9, 2020

SUBJECT: NJDEP Petroleum UST Remediation, Upgrade & Closure Fund Program

The following commercial project has been approved by the Department of Environmental Protection to perform closure/upgrade and site remediation activities. The scope of work is described on the attached project summary:

PUST Commercial Grant:

Prod 188283	Melvin Zgodny	\$95,683.22
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Total UST Funding – June 2020	\$95,683.22
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A handwritten signature in blue ink, appearing to read "T. Sullivan", is positioned above a horizontal line.

Tim Sullivan

Prepared by: Kathy Junghans

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY**Underground Storage Tank - Commercial****APPLICANT:** Melvin Zgodny

PROD-00188283

PROJECT USER(S): Same as applicant**PROJECT LOCATION:** 130 Rahway Avenue Elizabeth City Union County**APPLICANT BACKGROUND:**

Between April 2000 and November 2018, Melvin Zgodny, owner of Zgodny Automotive Corp., received an initial grant in the amount of \$23,950 under P12031 and supplemental grants in the amount of \$52,640.69 under P12031s and \$38,097 under P44870 to remove two leaking underground storage tanks (USTs) and perform the required remediation. The tanks were decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional remedial activities and groundwater sampling.

Financial statements provided by the applicant demonstrate that the applicant's financial condition conforms to the financial test for a conditional hardship grant.

OTHER NJEDA SERVICES:**\$23,950, P12031; \$52,640.69, P12031s; \$38,097, P44870****APPROVAL REQUEST:**

The applicant is requesting aggregate supplemental funding in the amount of \$95,683.22 to perform the approved scope of work at the project site. Because the aggregate supplemental funding including this request is \$186,420.91, it exceeds the maximum aggregate staff delegation approval of \$100,000 and therefore requires EDA's board approval. Total grant funding including this approval is \$210,370.91.

The NJDEP oversight fee of \$9,568.32 is the customary 10% of the grant Amount. This estimate assumes that the work will not require a high level of NJDEP involvement and that reports of an acceptable quality will be submitted to the NJDEP.

FINANCING SUMMARY:**GRANTOR:** Petroleum UST Remediation, Upgrade & Closure Fund**AMOUNT OF GRANT:** \$95,683.22**TERMS OF GRANT:** No Interest; No Repayment**PROJECT COSTS:**

UST Project: Remediation	\$95,683.22
UST Project: NJDEP Costs	\$9,568.32
EDA Administrative Cost	\$500.00

TOTAL COSTS: \$105,751.54
DATE: 6/3/2020

HAZARDOUS DISCHARGE SITE REMEDIATION FUND



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: June 9, 2020

SUBJECT: NJDEP Hazardous Discharge Site Remediation Fund Program

The following municipal grant project has been approved by the Department of Environmental Protection to perform remedial action activities. The scope of work is described on the attached project summary:

HDSRF Municipal Grant:

Prod 188248	Camden Redevelopment Agency (Camden Laboratories)	\$564,333.75
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Total HDSRF Funding – June 2020	\$564,333.75
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A handwritten signature in blue ink, appearing to read "T. Sullivan", is positioned above a horizontal line.

Tim Sullivan

Prepared by: Kathy Junghans

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY**Hazardous Discharge Site Remediation - Municipal****APPLICANT:** Camden Redevelopment Agency

PROD-00188248

PROJECT USER(S): Same as applicant**PROJECT LOCATION:** 1667 Davis Street Camden City Camden County**APPLICANT BACKGROUND:**

Camden Redevelopment Agency (CRA), identified as Block 1392, Lot 33 is a former medical research facility which has potential environmental areas of concern (AOCs). CRA currently holds a tax sale certificate on the project site and has satisfied proof of site control. It is CRA's intent, upon completion of the environmental investigation activities to redevelop the project site for recreational use.

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

According to the HDSRF legislation, a grant can be awarded to a municipality, county or redevelopment entity authorized to exercise redevelopment powers up to 75% of the costs of remedial action for projects involving the redevelopment of contaminated property for recreation and conservation purposes, provided that the use of the property for recreation and conservation purposes is included in the redevelopment plan and is conveyed by a development easement, deed restriction for development or conservation easement for recreation and conservation purposes.

OTHER NJEDA SERVICES:

None

APPROVAL REQUEST:

Camden Redevelopment Agency is requesting grant funding to perform RA in the amount of \$564,333.75 at the former Camden Laboratories project site.

FINANCING SUMMARY:**GRANTOR:** Hazardous Discharge Site Remediation Fund**AMOUNT OF GRANT:** \$564,333.75**TERMS OF GRANT:** No Interest; No Repayment**PROJECT COSTS:**

Remedial Action	\$564,333.75
EDA Administrative Cost	\$500.00

TOTAL COSTS:	\$564,833.75
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DATE: 5/11/2020

BOARD MEMORANDA -FYI ONLY



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: June 9, 2020

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

The following project was approved under Delegated Authority in May 2020:

Premier Lender Program:

- 1) 1885 Swarthmore Ave LLC (PROD-00187965), located in Lakewood Township, Ocean County, is a newly formed real estate holding company formed to purchase the project property. The operating company, DC Cargo Mall Inc., was formed in 2009 as a niche business segment of cargo control selling via the internet and to wholesalers. Products mainly include straps, harnesses, rails, towing and hauling kits and tiedowns used by businesses, truckers, and boat owners to create a safer and more effective shipping and transporting platform. Cross River Bank approved a \$3,465,000 bank loan with a 44.44% (\$1,540,000) Authority participation. Proceeds will be used to purchase the project property. Currently, the Company has fifteen employees and plans to create three new positions within the next two years.

A handwritten signature in blue ink, appearing to read "T. Sullivan", is positioned above a horizontal line.

Prepared by: G. Robins

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CONFIDENTIAL EXECUTIVE SESSION MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: June 9, 2020

SUBJECT: Request for Extension of Letter of Intent – Offshore Wind Port Development Project

REQUEST

The Members of the Board are asked to approve an extension through September 30, 2020, of the binding Letter of Intent (LOI) between NJEDA and PSEG Nuclear regarding the offshore wind port development at Lower Alloways Creek, NJ. The extension, in substantially final form, is included as Attachment 1 of this document. The original binding Letter of Intent, which was approved at the March 2020 Board meeting, is included as Attachment 2.

This LOI extension will allow NJEDA to better de-risk the port development project including making further progress on:

1. Developing design options and feasibility studies;
2. Completing financial and legal analyses; and
3. Incorporating market feedback before reaching a definitive agreement with PSEG on a lease or lease option.

In addition, due to federal offshore wind permitting delays, industry decision-making deadlines have been pushed at least three months, which enables NJEDA to extend the LOI period without undermining its market advantage. NJEDA staff is not requesting to increase the \$4 million in PSEG-related project costs cap at this time. However, staff are likely to request an expansion of the capital budget by approximately \$2 million at the July Board meeting, after providing the Board an additional update into pending de-risking studies/activities.

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BACKGROUND

NJEDA staff are requesting this LOI extension due to several internal and external changes. This section of the memorandum outlines these internal and external influences, the need to and advantages of extending the LOI through September 2020, and project progress since last month's informational memorandum.

COVID-19

NJEDA signed the binding LOI with PSEG on April 16, 2020, three weeks after Governor Murphy approved the minutes from the NJEDA March 2020 Board meeting. This extra time was needed for the parties to confirm the project governance structure and finalize a conflict of interest mitigation plan before executing the agreement. These conversations were slightly delayed as both NJEDA and PSEG needed to address the immediate aftermath of the COVID-19 outbreak. However, the COVID-19 pandemic has not significantly delayed or negatively impacted the core engineering and design work for the project.

Design Options and Feasibility Analysis

After signing the LOI, NJEDA staff started a comprehensive project timeline review with PSEG to ensure that project design, engineering, permitting, and development timelines incorporated the overall vision of the 200-plus acre port. PSEG's initial focus for the port was primarily for the 30-acre marshalling port. NJEDA's scope for design also includes the full build out of the approximately 170 acres of manufacturing space in phase one and two of the project. Based on this review, NJEDA identified several potential interdependencies between the first and second phases of the port – such as considerations of utilities, weight bearing capacities, connectivity across parcels, and logistical nuances of multiple tenants at the port – that warranted greater consideration before finalizing design and timelines for phase one.

As such, NJEDA staff worked with PSEG to include two additions to the conceptual design phase at the beginning of the project schedule, which combined has delayed the start of detailed design by two months. These two conceptual design decisions include:

- Expansion of the current marshalling capacity to accommodate multiple projects at a time; and
- Expansion of the planned wharf and upland load-bearing capacity in order to accommodate larger turbines.

These design investigations and decisions are critical to the overall commercial business case of the port and will help prevent the need for premature expansion or upgrade capital. Being able to marshal multiple projects at the same time from the port would provide a unique competitive and futureproofing edge to the development. For example, if the port could accommodate multiple projects at the same time, it would be less constrained in the projects it could potentially service; i.e., it could accommodate projects that overlap in marshalling activity and could avoid gaps in tenants. Likewise, expansion of the wharf and load-bearing capacity to accommodate larger turbines will help futureproof the port and avoid costly improvement early in its useful life, but these options require careful due diligence to avoid “gold-plating” of the port asset.

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NJEDA staff is engaging in a formal design Request for Information (“RFI”) process with original equipment manufacturers (OEMs) and developers to support this due diligence and fine tune some of the design options discussed above. Industry has been very responsive in providing input and guidance including increased detail on key design parameters (e.g., optimal weight bearing capacity). Since the May board meeting, staff has had three market soundings with OEMs on options for manufacturing in phase one and issued two rounds of RFIs on port specifications and design. These have helped inform the design decision-making process and further narrow design options ahead of investing significant resources in detailed design.

While the insertion of these design integration steps has delayed the start of detailed design by two months, NJEDA and PSEG have also worked with Moffat and Nichol, the design engineering firm under contract with PSEG, to optimize the overall project schedule and prevent delays for delivering the project. Accordingly, the NJEDA and PSEG have agreed to:

- Split the project into three work packages (dredging, soil discharge, and balance of project); and
- Restructure the geotechnical workstream to overlap with detailed design, prolonging front end work, which will accelerate back-end design and engineering.

These strategic decisions have enabled NJEDA and PSEG to analyze design options while maintaining the original phase one and two delivery timelines.

NJEDA and PSEG are also conducting feasibility analysis on an expanded option for nacelles and other tier one manufacturing and assembly in phase one (20 to 25 acres instead of 10 acres), based on feedback from the market soundings with OEMs. OEMs indicated a strong need for a larger parcel to accommodate manufacturing or assembly with potential for expansion in the future. This new expanded area is adjacent to another manufacturing parcel that will be delivered in 2024, allowing for ample opportunity for timely expansion. NJEDA made the strategic decision to devote additional time in optimizing the design of this option in a way that would not undermine the April 2023 development timeline, as preferred by interested OEMs. This new option will help ensure an early and more significant win for the port by attracting larger manufacturing investment in phase one. This analysis pushed back the detailed design by several weeks but did not undermine the overall timeline.

Developer Timelines

Externally, there is decreased pressure to reach definitive documentation by June 30, 2020. Due to federal permitting delays by Bureau of Ocean Energy Management (BOEM) – the federal bureau responsible for offshore wind development in federal waters – Orsted’s Ocean Wind project has delayed its timeline for a final marshalling port decision from end of June to September or October 2020. Other offshore wind developers that could utilize Lower Alloways Creek for their projects have indicated that they would not be making any decisions earlier than the September or October 2020 timeframe. Thus, NJEDA does not project any negative industry consequences from extending the LOI, and instead, expect that this extension will help better position the NJEDA and the port commercially by addressing the aforementioned design considerations before reaching definitive documentation.

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Rationale for September 30th Deadline

NJEDA staff have worked with PSEG and NJEDA's advisors (including outside council and financial advisory and technical advisor) to determine a reasonable timeline to conclude commercial negotiations with PSEG. Staff believe that September 30, 2020 is an appropriate deadline given the complexity of the lease agreement – which will likely include multiple lease options and development related considerations – and the revised decision-making timeline from offshore wind developers. This date would allow for reaching the 30 percent detailed engineering milestone, meet NJEDA's commercial tenant negotiation timeline, and ensure critical de-risking milestones have been met (e.g., the US Army Corp land swap and the completion of critical nuclear feasibility studies). At this time, NJEDA staff recommend against exceeding September 30 because Orsted needs to understand the commercial terms for marshalling Ocean Wind by this date, and exceeding this date may take the port out of consideration.

OTHER PROJECT AND PROCUREMENT UPDATES

NJEDA staff continues to make significant progress, including launching and deepening advisor engagement with all outside advisors and working closely inter-governmentally to ensure project success.

NJEDA staff has begun considering a potential construction manager/construction manager at risk procurement, which, in addition to Board approval, may require approval by the Office of the State Comptroller of RFQ/RFP's prior to issuance and execution if the value of the contracts exceed \$10 million.

Financial Advisor

The financial advisors, EYIA, have provided their interim options report and underpinning financial model, which the State's project team is currently reviewing. Staff expects to receive a final report and model by June 12, 2020 that will recommend public or private (P3) financing. At this time, it appears that public financing will be the recommended option.

Legal and Technical Advisors

The Division of Law has retained the outside legal counsel, and NJEDA has onboarded the technical advisor (owner's engineer) in mid-May. WSP, the technical advisor, and Ashurst/Love and Long, the outside legal counsel, are currently reviewing existing project documents in order to both understand the details of the project and advise on project risks. They have begun joining NJEDA at meetings with PSEG related to design, engineering, permitting, and lease negotiations as appropriate. Staff had its first lease terms conversation in mid-May (without outside legal counsel) and its first lease terms conversation with the Attorney General's office and outside legal counsel at the end of May. Weekly legal negotiations have been scheduled now that legal advisors are onboard.

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Appraisal Services

The appraiser, Sterling DiSanto & Associates completed his first site visit earlier this month to the proposed port site. Staff expect to issue the second task order request to expand the appraisal to cover the expanded manufacturing area in phase one before the next board meeting.

Budget

In terms of budget, staff has approved \$660,150 of purchase orders cumulatively from PSEG (Exhibit 1) as of June 3, 2020 and expects to receive additional purchase order requests from PSEG prior to the June Board Meeting. These purchase orders and future purchase orders will be reimbursed to PSEG at financial close (or after the LOI Cooperation period if the financing does not occur) in accordance with the LOI terms.

The Authority expects these purchase orders from PSEG to total less than the anticipated \$1,111,143 of external expenses PSEG outlined in the signed LOI by end of May 2020. Staff also expects to receive a monthly invoice from EYIA for financial advisory services before the June Board Meeting.

Inter-governmental Engagement

NJEDA staff are actively coordinating with other State agencies to take a “One New Jersey” approach to the project, including in preparation to announce the port publicly in mid-June 2020. This collaborative effort will help ensure that the port is sufficiently integrated across agency workstreams and agency stakeholders are engaged appropriately. =This coordination will promote the long-term success of the port.

RECOMMENDATION

Given the above, staff requests approval to extend the term of the binding LOI from June 30, 2020 to September 30, 2020, thereby giving the two parties additional time to complete feasibility, engineering, and commercial negotiation work, using the attached LOI amendment, which is substantially final form, with final terms acceptable to the NJEDA’s Chief Executive Officer and the Attorney General’s Office.



Tim Sullivan, CEO

Prepared by: Brian Sabina, David Nuse, Jonathan Kennedy, Bette Renaud, Julia Kortrey,
Aaron Roller

Exhibit 1: PSEG Purchase Orders Approved by NJEDA as of June 3, 2020

Purchase Order Number	Subject	Invoice Amount	Date Received	Date Approved	PSEG Contractor	Description
PO 1	Offshore Wind Port Hazard Evaluation	\$145,000	4/2/2020	4/24/2020	Sargent & Lundy	Sargent & Lundy is performing analysis of the potential impact of new Offshore Wind Port activities, in the area north of Hope Creek, on the operating Salem and Hope Creek plants.
PO 2	Pile Driving Vibration Analysis at LS Power Transmission Lines	\$16,700	4/2/2020	4/24/2020	Moffatt & Nichol	M&N is evaluating the effects of adjacent pile driving on the transmission lines. As a component of the Hope Creek Marine Terminal development, a retaining wall is required to be constructed for grade separation between the proposed berth pocket and underground transmission cables at the Hope Creek Nuclear Generating Station. M&N has preliminarily determined the sheet pile retaining wall section, tip elevation, and upper-bound driving energy for the anticipated pile hammer.
PO 3	Site Services Building Conceptual and Specification	\$85,000	4/8/2020	4/24/2020	Sargent & Lundy	Sargent & Lundy is developing a conceptual design study for the relocation of the Site Services Building, from its present location, to the Old Steam Generator Laydown (Baseball Fields) area. The specification procedure, CC-AA-113, requires a conceptual design to be performed prior to/in conjunction with specification issuance. The scope of this task order is to investigate the following interfaces/site impacts associated with moving the Site Services Building.
PO 4	Hazard Analysis Support Services	\$32,700	4/8/2020	4/24/2020	Moffatt & Nichol	M&N has been requested by PSEG to provide support services, as marine experts, to the Hazard Analysis. In order to do that, M&N will conduct the scope of work described below, mainly consisting of two different tasks: Hazard Analysis Workshop Attendance and sediment Plume Analysis during Dredging Operations

DRAFT – confidential, pre-decisional, deliberative

PO 5	Early Start Detailed Design Effort	\$357,000	4/22/2020	4/24/2020	Moffatt & Nichol	M&N is starting early detailed design work. To allow the design work to continue during this negotiation period, PSEG has asked M&N to identify time critical items that will allow the current design schedule to hold and the Authority expects to receive additional detailed design purchase orders for future work.
PO 6	Well Abandonment Services	\$9,250	5/6/2020	5/11/2020	CGC Geo Services	CGC will be properly closing the abandoned monitoring wells in order to be able to commence moving material and perform construction at the port in the future. Monitoring wells are there to take water samples for analysis. The port construction would be directly over the monitoring wells. Properly closing monitoring wells prevents different levels of groundwater from mixing/interacting.
PO 7	Nacelle Fabrication Facility Development / Existing facility relocation feasibility	\$14,500	5/7/2020	5/11/2020	AKRF	AKRF will perform regulatory support services as part of the feasibility evaluation for potential development of a wind turbine nacelle fabrication facility at the Salem and Hope Creek Generating Station. The evaluation will also include potential relocation of existing structures and facilities to accommodate the potential new development.
Total Approved		\$660,150				

FIRST AMENDMENT TO THE LETTER OF INTENT

THIS FIRST AMENDMENT TO LETTER OF INTENT, made as of this ____th day of June, 2020 (this "AMENDMENT") between PSEG Nuclear LLC, a New Jersey corporation having its principal office at 80 Park Plaza, Newark, New Jersey, 07102, hereinafter referred to as "PSEG", and THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY, a body corporate and politic organized and existing under the laws of the State of New Jersey, with its principal offices located at 36 West State Street, Box 990, Trenton, New Jersey 08625, hereinafter referred to as "NJEDA" (together with PSEG, the "Parties").

WHEREAS, on April 16, 2020, the Parties executed a Letter of Intent ("LOI") that set forth how PSEG and the NJEDA had determined to cooperate in their efforts to develop an Off-Shore Wind Port at Lower Alloway's Creek ("Port"); and

WHEREAS, by its terms, the LOI will terminate on June 30, 2020; and

WHEREAS, under the LOI, the Parties have made good progress in meeting certain milestones in developing the Port which were set forth in the LOI, but certain of these milestones will not be completed by June 30, 2020; and

WHEREAS, in order to continue this progress, the Parties have determined to extend the deadline of the LOI; and

WHEREAS, the LOI authorized the NJEDA to approve \$4 million in Project Costs by June 30, 2020; and

WHEREAS, it is projected that by June 30, 2020, approximately \$3 million of Project Costs will have been encumbered;

NOW, THEREFORE, intending to be legally bound as described below, and for adequate consideration, PSEG and NJEDA hereby agree as follows:

SECTION 1. DEFINITIONS

The Definitions in this Amendment shall be the same as in the LOI, with the exception of the following, which will replace the definition in the LOI:

"Cooperation Period" means the period from and after the execution of the Letter of Intent and September 30, 2020."

SECTION 2. SITE; KEY DATES

Section 6 of the LOI is amended as follows:

"The Parties acknowledge that PSEG's obligations in respect of the Project are subject to:

- a) the transfer by the United States Army Corps of Engineers (“USACE”) of Parcel B as marked on Exhibit A (such land, the “USACE Parcel”) to PSEG, which is estimated to be completed by September 30, 2020, as well as PSEG’s having obtained all other Necessary Permits (as defined below); and
- b) the completion by PSEG of various feasibility studies, including a feasibility study (the “Nuclear Feasibility Study”) of the 10 acres adjacent to the cooling tower on the Site, Parcel F as marked on Exhibit A, confirming that the Project will not interfere with the current use of the land and facilities adjacent to the Project Land (e.g. evacuation plan, cooling tower function, etc.) including PSEG’s nuclear power generation facilities and related equipment and facilities. PSEG will make commercially reasonable efforts to complete feasibility studies that have the potential to significantly de-risk further investment by NJEDA, including all or part of the Nuclear Feasibility Study, by August 31, 2020; provided, that the NJEDA acknowledges that some of these feasibility studies, or parts thereof, may not be completed until after August 31, 2020 and that any such non-completion by August 31, 2020 shall not constitute a breach of this Agreement by PSEG.

The Parties acknowledge the above dates are estimates that are being used for purposes of planning and estimating financial exposure. PSEG agrees to provide updates on a regular basis, and/or upon NJEDA’s reasonable request on the status of a) and b) including, but not limited to, any changes to the estimated dates of completion. The Parties agree to work in good faith to work to resolve these conditions.”

SECTION 3. AMENDMENT TO REIMBURSEMENT PROVISION

Paragraph 13.B of the LOI is amended as follows:

“B. The Parties have agreed to a timeline that identifies Project milestones and represents a good faith estimate of PSEG Project Costs and NJEDA Project Costs delineated by milestones (the “Milestone Costs Table”) for the duration of the Cooperation Period. The Milestone Costs Table is attached hereto as Exhibit E. The Milestone Costs Table will serve as an interim cap on Project Costs for each Party unless otherwise mutually agreed. Upon the occurrence of each milestone, PSEG will seek NJEDA’s consent to proceed to the next step in the Milestone Costs Table. If PSEG proceeds to the next step in the Milestone Costs Table without NJEDA’s consent, the NJEDA shall not be required to reimburse PSEG for the additional PSEG Project Costs incurred by PSEG without NJEDA’s consent. The parties agree that the Milestone Costs Table may be amended by mutual consent through the project governance structure and that notwithstanding anything to the contrary herein, PSEG is not obligated to incur costs, in the aggregate, in excess of the cap specified in Section 13.C(i) below.”

Paragraph 13.C of the LOI is amended as follows:

“C. At the end of the Cooperation Period, (i) if the Project does not proceed for any reason other than PSEG’s material breach of this agreement (in which case NJEDA shall not be obligated to pay any PSEG Project Costs), NJEDA will pay, within three months after the termination of the Cooperation Period, 100% of PSEG Project Costs (including the PSEG Project Costs set forth on the Milestone Costs Table) to date plus Interest Per Annum, capped at \$4 million or (ii) if the Project proceeds and the Parties execute Definitive Documentation or a subsequent letter of intent, NJEDA will pay all additional costs incurred by PSEG in connection with the Project plus Interest Per Annum payments within one year of the applicable milestone date but no later than the end of 2021.”

SECTION 4. REVISION TO EXHIBITS

Exhibits A, B, C, and E are each hereby amended and restated in the form designated as “Revised” in the attachments hereto.

SECTION 5. GENERAL

- A. This Amendment will be governed by New Jersey law.
- B. Notices shall be made by e-mail or certified mail: To NJEDA:
36 West State Street
P.O. Box 990 Trenton, NJ 08625
ATT’N: Brian Sabina, SVP, Office of Economic Transformation bsabina@njeda.com

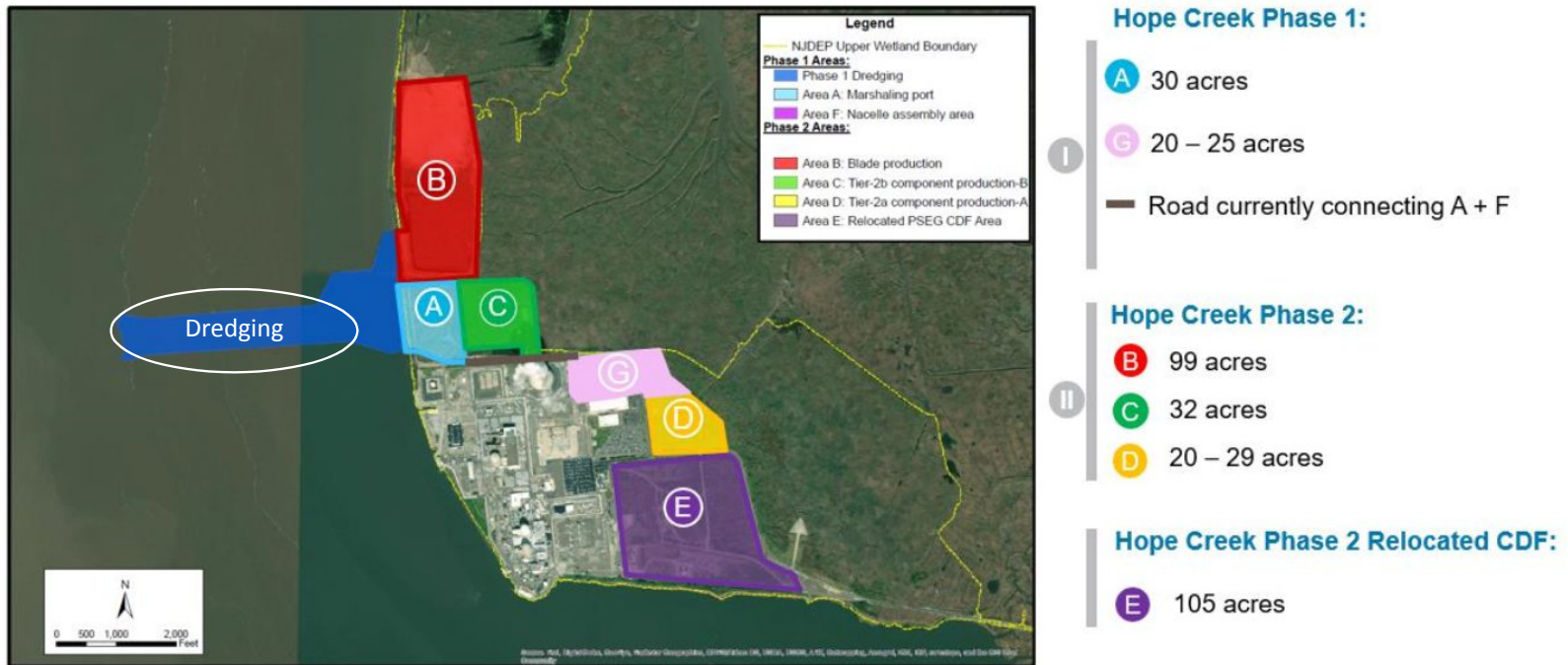
To PSEG:
ATT’N: Kate Gerlach, Director Generation Development, PSEG Power LLC Michael Hyun,
Deputy General Counsel and Corporate Secretary
kathryn.gerlach@pseg.com; michael.hyun@pseg.com
- C. This Amendment may be executed in counterparts. The effective date hereof will be the final date of execution by both Parties.
- D. This Amendment shall not be construed to create any rights on behalf of any party other than the PSEG and NJEDA. Neither this Amendment nor any rights or duties may be assigned or delegated by either party hereto without the written consent of the other party and any such purported assignment or delegation shall be null and void and of no force or effect.

- E. NJEDA may assign this Amendment to any government entity of the State of New Jersey for the purpose of pursuing the Project by notifying PSEG two weeks in advance. PSEG may not assign the Amendment without NJEDA's prior written consent, except to an entity that controls, is controlled by, or under common control with, PSEG Nuclear LLC.
- F. By execution, delivery, and performance of this Amendment, each Party represents to the other that it has been duly authorized by all requisite action on the part of the PSEG and the NJEDA, respectively. This Amendment constitutes the legal, valid, and binding obligation of the parties hereto.
- G. If any provision of this Amendment shall be such as to destroy its mutuality or to render it invalid or illegal, then, if it shall not appear to have been so material that without it this Amendment would not have been made by the parties, it shall not be deemed to form a part hereof but the balance of this Amendment shall remain in full force and effect.
- H. This Amendment is subject to the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1.
- I. The entire agreement between the Parties is contained in the Amendment and in the LOI, and no change in or modification, termination, or discharge of this Amendment shall be effective unless in writing and signed by the Party to be charged therewith. No waiver, forbearance or failure by any Party of its rights to enforce any provision of this Amendment shall constitute a waiver or estoppel of such Party's right to enforce any other provision of this Amendment or a continuing waiver by such Party of compliance with any provision.
- J. Except as amended in this Amendment, the LOI shall remain in full force and effect in accordance with its terms.

NJEDA/PSEG Letter of Intent Exhibits

1. **Exhibit A:** Revised Phased Map of Port Site
2. **Exhibit B:** Breakdown of Original and Revised PSEG Project Costs and a Schedule for Expenditure
3. **Exhibit C:** Breakdown of Original and Revised NJEDA Project Costs and a Schedule for Expenditure
4. **Exhibit D:** Preliminary List of Permits
5. **Exhibit E:** Milestone Costs and Schedule

Exhibit A: Revised Phased Map of Port Site



Note: Acreage indicated is approximate.

Exhibit B: Original Breakdown of PSEG Project Costs and a Schedule for Expenditure

	2019	2019	2020	2020	2020	2020	2020	2020	TOTAL EXPENDITURE BY PROJECTED JUNE 30, 2020
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
<i>days per month</i>	19	21	21	19	22	22	20	22	
Area A - Port Facility									
PSEG - Internal									
Total - Internal Costs	\$12,387	\$22,805	\$26,252	\$33,718	\$72,333	\$76,557	\$69,597	\$76,557	\$390,206
External									
CDF Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000	\$100,000	\$200,000
Site Studies (S&L, or TBD)	\$0	\$0	\$0	\$0	\$0	\$25,000	\$126,000	\$126,000	\$277,000
AKRF - Permitting	\$0	\$0	\$ 35,227	\$ 105,708	\$ 157,143	\$ 157,143	\$ 157,143	\$ 12,500	\$624,865
Moffett & Nichol - Engineering	\$0	\$71,672	\$59,880	\$76,221	\$40,599	\$852,800	\$728,000	\$436,800	\$2,265,972
Total - External Costs	\$0	\$71,672	\$95,108	\$181,929	\$197,742	\$1,034,943	\$1,111,143	\$675,300	\$3,367,837
Total Project Costs	\$12,387	\$94,477	\$121,359	\$215,647	\$270,075	\$1,111,500	\$1,180,740	\$751,857	\$3,758,043
Area F - Nacelle Assembly									
PSEG - Internal (Costs covered above)									
Site Studies (S&L or TBD)	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000	\$100,000	\$200,000
AKRF - Permitting	\$0	\$0	\$0	\$0	\$0	\$20,000	\$20,000	\$20,000	\$60,000
Total	\$0	\$0	\$0	\$0	\$0	\$20,000	\$120,000	\$120,000	\$260,000
All other Areas									
AKRF - Permitting	\$0	\$0	\$0	\$0	\$0	\$20,000	\$20,000	\$20,000	\$60,000
Grand Total	12,387	94,477	121,359	215,647	270,075	1,151,500	1,320,740	891,857	\$4,078,043

Note: This work provides an engineering package to go out to bid. It does not include costs for procurement process, terms, or support of any other field or project-management related work.

Exhibit B: Revised Breakdown of Current and Proposed PSEG Project Costs and a Schedule for Expenditure

Hope Creek Port Facility - Draft Estimate	2019 Oct 23	2019 Nov 19	2019 Dec 21	2020 Jan 21	2020 Feb 19	2020 Mar 22	2020 Apr 22	2020 May 20	2020 Jun 22	2020 Jul 22	2020 Aug 21	2020 Sept 21	2020 Oct 22	2020 Nov 19	2020 Dec 22					
Days per month																				
Area A - Port Facility																2019 Total	2020 Total	TOTAL		
PSEG - Internal																				
Total - Internal Costs	\$14,995	\$12,387	\$22,805	\$26,252	\$33,718	\$72,333	\$76,557	\$95,162	\$104,679	\$104,679	\$99,920	\$99,920	\$104,679	\$90,404	\$104,679	\$50,188	\$1,012,981	\$1,063,169	Notes	
External Services																2019 Total	2020 Total	TOTAL	Notes:	
Site Studies																				
1 Provision of electricity, water, sewer										\$41,667	\$41,667	\$41,667	\$41,667	\$41,667	\$41,667		\$250,000	\$250,000	ENG firm to be selected for SOW	
2 Studies related to LS Power Lines								\$16,700	\$10,000	\$10,000							\$36,700	\$36,700	PO Approval - P2A1 on 4/16. \$20K for Follow-up studies if needed	
3 Site hazard study								\$32,000	\$32,000	\$32,000	\$25,000	\$12,000	\$12,000				\$145,000	\$145,000	PO Approval - P1A1 on 4/16.	
4 Site survey								\$22,500	\$5,000	\$5,000							\$32,500	\$32,500		
5 Road improvement engineering											\$20,000	\$20,000					\$40,000	\$40,000	Traffic study for Zoning permits. No quotes yet.	
6 Visualization graphics								\$50,000									\$50,000	\$50,000	Cost depends on EDA's decision of marketing graphics . No quotes yet.	
7 Detail ENG for Power to Site & Fire Protection																	\$0	\$0	2021 Costs	
8 Nuclear - Yard Services								\$5,000	\$5,000								\$10,000	\$10,000		
9 Close Monitoring Wells								\$9,250									\$9,250	\$9,250		
10 AKRF - Licensing & Permitting				\$35,227	\$105,708	\$157,143	\$157,143	\$55,948	\$44,241	\$36,273	\$22,862	\$25,738	\$28,402	\$55,323	\$55,323		\$779,331	\$779,331		
11 Moffatt & Nichol - Preliminary ENG				\$131,552	\$76,221	\$40,599	\$90,000										\$338,372	\$338,372		
12 Moffatt & Nichol - Detail ENG								\$350,000	\$650,000	\$810,000	\$600,000	\$580,000	\$440,000	\$330,000	\$330,000		\$4,090,000	\$4,090,000	Remaining of PO value to be spend in 2021.	
Total - External Costs	\$0	\$0	\$0	\$166,780	\$181,929	\$197,742	\$247,143	\$541,398	\$746,241	\$934,939	\$709,528	\$679,405	\$522,069	\$426,990	\$426,990	\$0	\$5,781,153	\$5,781,153		
Total Area A - Costs	\$14,995	\$12,387	\$22,805	\$193,031	\$215,647	\$270,075	\$323,700	\$636,560	\$850,919	\$1,039,618	\$809,449	\$779,325	\$626,747	\$517,394	\$531,668	\$50,188	\$6,794,134	\$6,844,322		
Area F - Nacelle Assembly																				
External Services																2019 Total	2020 Total	TOTAL		
Site Studies (S&L or TBD)																				
1 Combo shop relocation								\$10,000	\$25,000	\$50,000							\$85,000	\$85,000	PO Approval - P3A1 on 4/16	
2 Chi over Q (radiological air flow study)																	\$0	\$0	No Quote yet	
3 Fire suppression																	\$0	\$0	2021 Costs	
4 Firing Range									\$28,000	\$28,000							\$56,000	\$56,000	Quote Received	
5 Fukushima Relocation Area									\$16,500	\$16,500							\$33,000	\$33,000	Quote Received	
6 Provision of water and sewer																	\$0	\$0	2021 Costs	
7 Provision of electric services																	\$0	\$0	2021 Costs	
8 Site survey (For Permits)																	\$0	\$0	2021 Costs	
9 AKRF Permitting - Initial Assessment								\$4,833	\$4,833	\$4,833							\$14,500	\$14,500	PO Approval - P7 on 5/6	
10 AKRF Permitting - Permit Support											\$20,000	\$20,000	\$20,000	\$20,000	\$20,000		\$100,000	\$100,000	No Quote yet	
11 Nacelle Facility Engineering																		\$0	\$0	2021 Costs
Total Area F - Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,833	\$74,333	\$99,333	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$0	\$288,500	\$288,500		
All other Areas / Area "G"																				
External Services																2019 Total	2020 Total	TOTAL		
1 AKRF - Change in CAFRA node																	\$80,000	\$80,000	No Quote Yet	
2 Relocation Nuclear CDF								\$50,000	\$100,000	\$50,000			\$20,000	\$20,000	\$20,000		\$200,000	\$200,000	No Quote Yet	
3 Other Feasibility Studies/ Analysis																	\$500,000	\$500,000	No Quote Yet	
Total Other Areas / Area "S"	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50,000	\$100,000	\$50,000	\$0	\$20,000	\$20,000	\$20,000	\$20,000	\$0	\$780,000	\$780,000		
Grand Total for Area "A", "F" & "S"	\$14,995	\$12,387	\$22,805	\$193,031	\$215,647	\$270,075	\$323,700	\$701,394	\$1,025,252	\$1,188,951	\$829,449	\$819,325	\$666,747	\$807,394	\$821,668	\$50,188	\$7,862,634	\$7,912,822		
Cummulative Total	14,995	27,383	50,188	243,219	458,866	728,941	1,052,641	1,754,035	2,779,287	3,968,238	4,797,687	5,617,012	6,283,760	7,091,153	7,912,822					

Exhibit C: Original Breakdown of NJEDA Project Costs and a Schedule for Expenditure

	2019	2019	2020	2020	2020	2020	2020	2020	TOTAL EXPENDITURE BY JUNE 30, 2020
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
<i>days per month</i>	19	21	21	19	22	22	20	22	
Area A - Port Facility									
NJEDA - Internal									
Total - Internal Costs	\$34,078	\$46,402	\$59,086	\$53,458	\$61,899	\$61,899	\$56,272	\$61,899	\$434,994
NJEDA - External									
Feasibility Advisory Services	\$125,988								\$125,988
Financial Advisor					\$75,000	\$75,000	\$75,000	\$75,000	\$300,000
Technical Advisor					\$125,000	\$125,000	\$125,000	\$125,000	\$500,000
Legal Advisor						\$83,333	\$83,333	\$83,333	\$249,999
Appraisal Services						\$16,667	\$16,667	\$16,667	\$50,000
Total External Costs	\$125,988	\$0	\$0	\$0	\$200,000	\$300,000	\$300,000	\$300,000	\$1,225,987
Total Project Costs	\$160,066	\$46,402	\$59,086	\$53,458	\$261,899	\$361,899	\$356,272	\$361,899	\$1,660,981

Exhibit C: Revised Breakdown of Current and Proposed NJEDA Project Costs and a Schedule for Expenditure

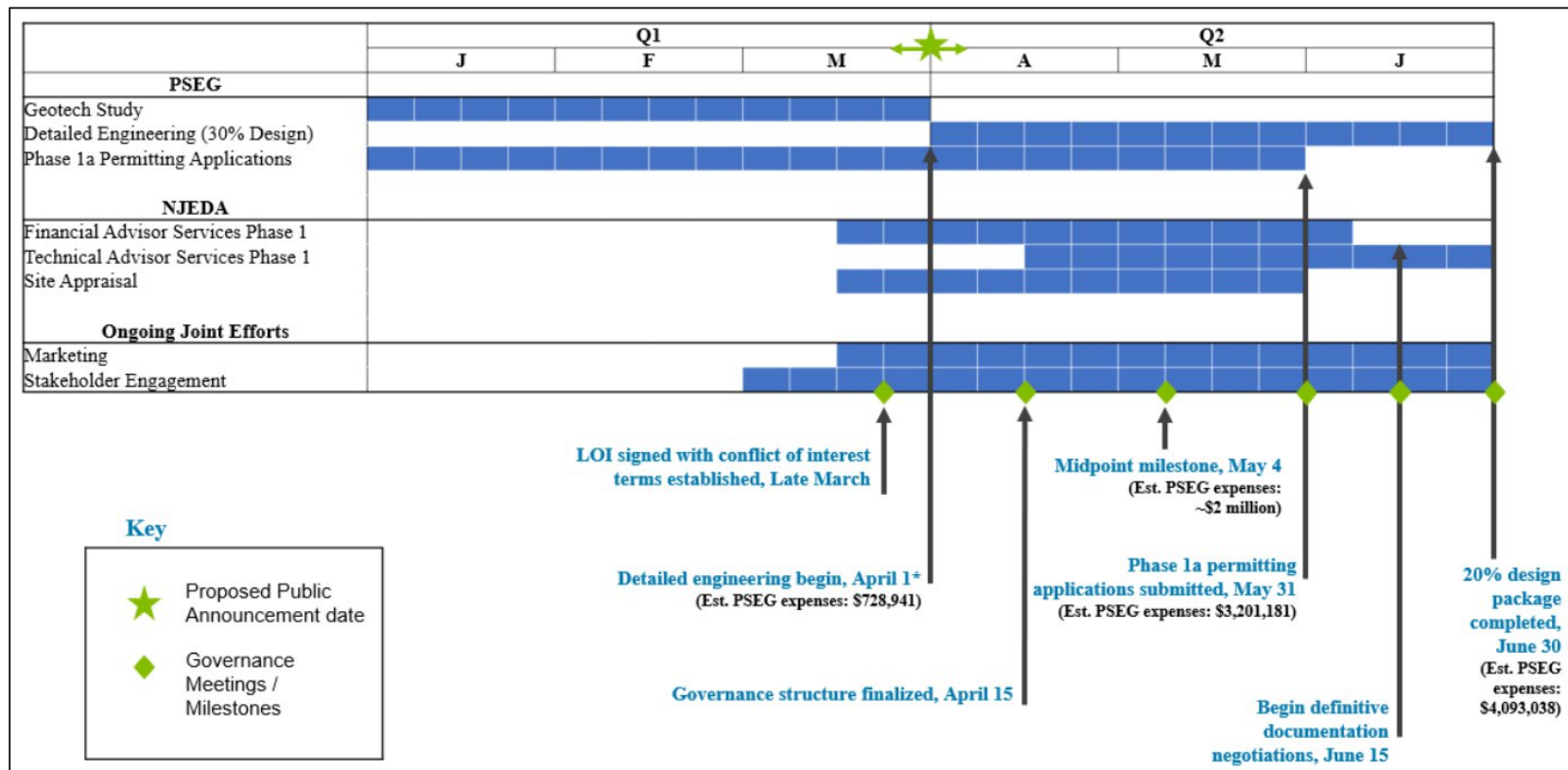
	2019	2019	2020	2020	2020	2020	2020	2020	2020	2020	2020	TOTAL EXPENDITURE BY SEPTEMBER 30, 2020
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
<i>days per month</i>	19	21	21	19	22	22	20	22	22	20	22	
Area A - Port Facility												
NJEDA - Internal												
Total - Internal Costs	\$34,078	\$46,402	\$59,086	\$53,458	\$61,899	\$52,747	\$47,952	\$52,747	\$52,747	\$47,952	\$52,747	\$408,370
NJEDA - External												
Feasibility Advisory Services	\$125,988											\$125,988
Financial Advisor						\$75,000	\$75,000	\$75,000	\$75,000			\$300,000
Technical Advisor							\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000
Legal Advisor							\$83,333	\$83,333	\$83,333	\$83,334	\$83,335	\$416,668
Appraisal Services							\$16,667	\$16,667				\$33,333
Total External Costs	\$125,988	\$0	\$0	\$0	\$0	\$75,000	\$275,000	\$275,000	\$258,333	\$183,334	\$183,335	\$1,375,989
Total Project Costs	\$160,066	\$46,402	\$59,086	\$53,458	\$61,899	\$127,747	\$322,952	\$327,747	\$311,080	\$231,286	\$236,082	\$1,784,359

Exhibit D: Preliminary List of Permits

Permits	Initial LOI Projection
USACE Land Exchange	<ul style="list-style-type: none"> • Scheduled for completion early Q2 2020 (planned for July 2020) • ACE verified previously developed environmental assessments will not require updates or revalidation
Dredge Sampling	<ul style="list-style-type: none"> • Dredge material sampling plan approved by NJDEP regulatory staff analysis of samples currently ongoing. • Sample collection completed 2/14/20
USACE Section 10/404/408 Permitting	<ul style="list-style-type: none"> • Application estimated for early Q2 2020 (planned submission by 6/5) • Anticipated permit issuance for early 1Q 2021
NJDEP Division of Land Use Permitting	<ul style="list-style-type: none"> • Application estimated for early Q2 2020 (planned submission by 6/5) • Anticipated permit issuance early Q1 2021
DRBC Coordination	<ul style="list-style-type: none"> • Application estimated Q2 2020 (planned for Q3) • Anticipated docket approval early Q1 2021
NJDEP Tidelands	<ul style="list-style-type: none"> • Application estimated early Q3 2020 • Anticipated license issuance early Q1 2021
Lower Alloways Creek Planning Board Approval	<ul style="list-style-type: none"> • Application estimated for early Q3 2020 • Anticipated Approval end of Q4 2020

Exhibit E: Original Milestone Costs and Schedule

Original Letter of Intent Timeline and Project Milestones – March to June 2020



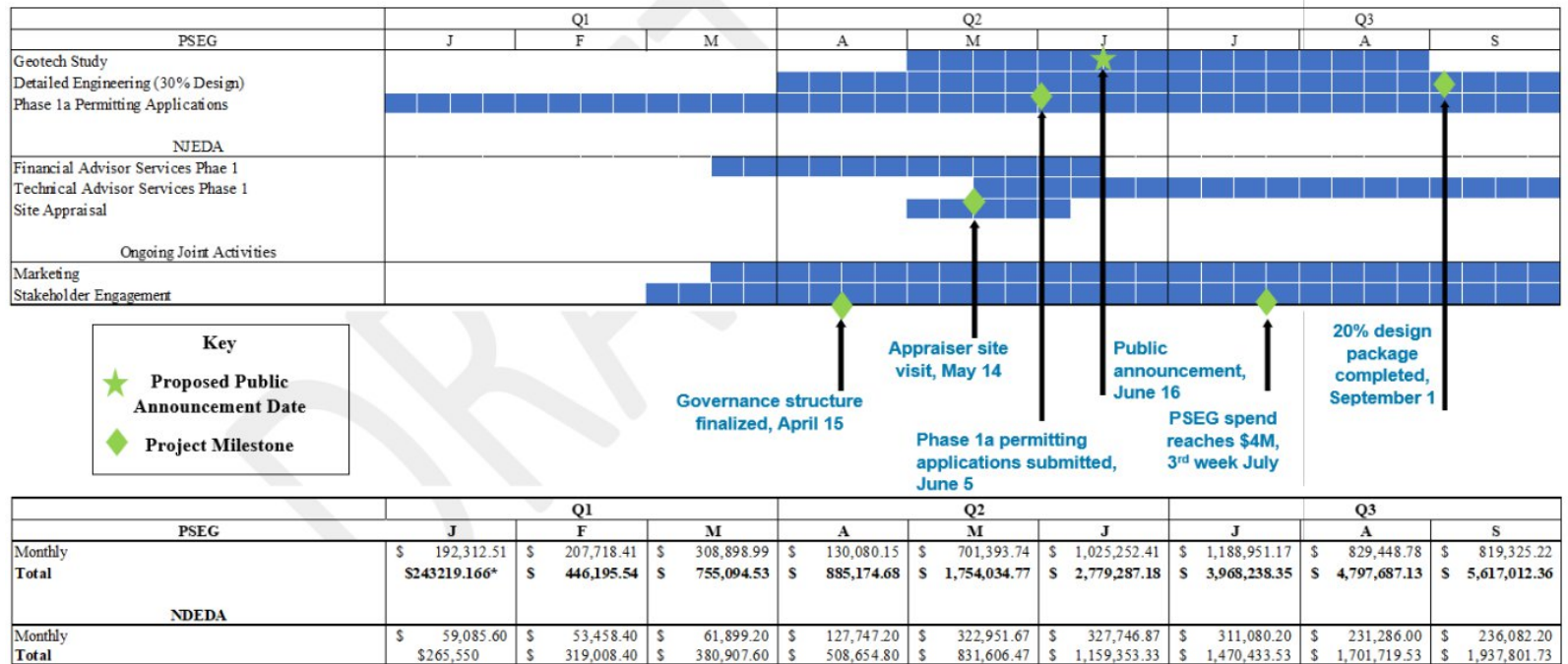
*April 1, milestone will be contingent upon NJEDA and PSEG reviews and approval of M&N's scope, schedule and terms and conditions.

Original Letter of Intent Timeline and Project Cost Estimates – March to June 2020

	Q1			Q2		
	J	F	M	A	M	J
PSEG						
Geotech Study						
Detailed Engineering (30% Design)						
Phase 1a Permitting Applications						
NJEDA						
Financial Advisor Services Phase 1						
Technical Advisor Services Phase 1						
Site Appraisal						
Ongoing Joint Efforts						
Marketing						
Stakeholder Engagement						

	Q1			Q2		
	J	F	M	A	M	J
PSEG						
Monthly	\$121,360	\$215,650	\$270,080	\$1,151,500	\$1,320,740	\$891,860
Total	\$243,220*	\$458,870	\$728,940	\$1,880,440	\$3,201,180	\$4,093,040
NJEDA						
Monthly	\$59,090	\$53,460	\$261,900	\$361,899	\$356,270	\$361,900
Total	\$265,550*	\$319,010	\$580,910	\$942,810	\$1,299,080	\$1,660,980

*Includes project expenses from November – December 2019

Exhibit E: Revised Milestone Costs and Schedule



Executive Session

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: June 9, 2020

SUBJECT: Post Closing Credit Delegated Authority Approvals for 1st Quarter 2020
For Informational Purposes Only

The loan listed below was written off *with recourse* during the first quarter of 2020 pursuant to delegated authority. This memorandum is presented in Executive Session as disclosure of the write-off could harm EDA's ability to recover the loans.

As required by generally accepted accounting principles, loans that are nonperforming, offer limited likelihood of future recovery and have been fully reserved are to be written off. Special Loan Management officers conduct a quarterly portfolio review, and with concurrence from management, recommend loans to be written off *with recourse* pursuant to delegated authority.

EDA retains legal rights against the borrower and/or guarantors and pursues collections of the loan written off *with recourse* through litigation.

Providence Pediatric Medical Daycare, Inc.	\$ 1,597,088 SBL Loan	Providence Pediatric Medical Daycare, Inc. is a pediatric medical day care center located in West Berlin. The loan was written off <i>with recourse</i> in March, per policy, as the Borrower had not made any payments for 12 months and had been unresponsive to collection efforts. When advised of planned litigation in April, the Borrower requested and EDA entered a forbearance agreement through August, with a partial payment of \$11,500 received on May 13. Staff will continue to pursue repayment of the loan.
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A handwritten signature in blue ink, appearing to read "T. Sullivan", is positioned above a horizontal line.

Prepared by: D. Weick