



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Sullivan
Chief Executive Officer

DATE: April 9, 2025

SUBJECT: Agenda for Board Meeting of the Authority April 9, 2025

Notice of Public Meeting

Roll Call

Approval of Previous Month's Minutes

CEO's Report to the Board

Public Comment

Authority Matters

Economic Transformation

DEI

Loans

Incentives

Real Estate

Authority Matters

Board Memoranda

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

March 12, 2025

MINUTES OF THE MEETING

The Meeting was held in-person, via Microsoft Teams, and by teleconference call.

Members of the Authority present in person: Chairman Terry O'Toole, Commissioner Robert Asaro-Angelo of the Department of Labor and Workforce Development; Elizabeth Dragon representing Commissioner Shawn LaTourette of the Department of Environmental Protection; Aaron Cruz, Executive Representative; Public Members Charles Sarlo, Vice Chair; Fred Dumont, Robert Shimko, First Alternate Public Member; and Jewell Antoine-Johnson, Second Alternate Public Member.

Member of the Authority present via Microsoft Teams: Manuel Paulino representing Commissioner Justin Zimmerman of the Department of Banking and Insurance.

Members of the Authority present via conference call: Aaron Binder representing Elizabeth Muoio, State Treasurer; and Public Members Philip Alagia, and Marcia Marley.

Members of the Authority absent: Public Members Aisha Glover, Massiel Medina Ferrara, and Josh Weinreich.

Also present: Timothy Sullivan, Chief Executive Officer of the Authority; Assistant Attorney General Matthew Reagan; Jamera Sirmans, Governor's Authorities Unit; and staff.

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

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

NJEDA CEO Tim Sullivan asked everyone present to observe a moment of silence for NJEDA Staff Member Anna Mandio, who recently passed away.

MINUTES OF AUTHORITY MEETING

The next item of business was the approval of the February 24, 2025 special meeting minutes. A motion was made to approve the minutes by Ms. Dragon, seconded by Ms. Antoine-Johnson, and approved by the twelve (12) voting members present.

The next item of business was the approval of the February 24, 2025 executive session meeting minutes. A motion was made to approve the minutes by Ms. Dragon, seconded by Ms. Antoine-Johnson, and approved by the twelve (12) voting members present.

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

FOR INFORMATION ONLY: The next item was the presentation of the Chief Executive Officer's Monthly Report to the Board. Tim Sullivan read and presented a letter from the Governor to Jorge Santos thanking him for his service over the past several years to the Authority.

Wes Mathews, President and CEO, ChooseNJ, provided a presentation the Board regarding ChooseNJ projects and initiatives.

PUBLIC COMMENT

The next item of business was the public comment portion. Chairman O' Toole asked Ms. Esser to share the NJEDA's public comment policy and process for the Board Meeting. There was no public comment.

FOR INFORMATION ONLY: The next item was a summary of the Audit Committee meeting from February 28, 2025.

FOR INFORMATION ONLY: The next item was a summary of the Policy Committee meeting from March 3, 2025.

ECONOMIC TRANSFORMATION

WORKFORCE

ITEM: New Jersey Film Works Grant Program

REQUEST: To approve: (1) creation of the New Jersey Film Works Grant Program, a competitive program that will award grants to selected applicants that will aide in implementing innovative workforce training and skills programs focused on strengthening and diversifying New Jersey's film and digital media talent pipeline, (2) utilization of funding from the FY '23 State Appropriation for Film Industry Strategic Support Fund (Grants-In-Aid), and (3) waiving the application fee for the New Jersey Film Works Grant Program.

MOTION TO APPROVE: Mr. Dumont SECOND: Mr. Sarlo AYES: 11

RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

Ms. Antoine-Johnson recused because she's working with a company that is seeking to work with Netflix.

ITEM: MOU between NJEDA and Montclair State University – Dreamscape Learn (DSL) Making Innovations for X (MIX) Lab

REQUEST: To approve: (1) A Memorandum of Understanding between NJEDA and Montclair State University that will enable NJEDA to provide partial construction funding to Montclair State University for the Making Innovations for X (MIX) Lab, utilizing funding from the FY '23 State budget appropriation for Grants-in-Aid designated for the Film Industry Strategic Support Fund, and (2) Delegated authority to the CEO to extend the MOU by up to 12 months.

MOTION TO APPROVE: Ms. Dragon SECOND: Mr. Shimko AYES: 11

RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

Ms. Marley recused because her business receives funding from Montclair State University.

ITEM: MOU between NJEDA and Brookdale Community College- New Jersey Film Academy

REQUEST: To approve: (1) A Memorandum of Understanding between the NJEDA and Brookdale Community College that will enable NJEDA to provide funding to Brookdale for support of the New Jersey Film Academy utilizing funding from the FY '23 State budget appropriation for Grants-in-Aid designated for the Film Industry Strategic Support Fund; and (2) Delegated authority to the CEO to extend the MOU by up to 12 months.

MOTION TO APPROVE: Mr. Creuz SECOND: Mr. Dumont AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

Mr. Shimko recused because he has a personal and business relationship with Dr. David M. Stout, currently serving as President of Brookdale Community College.

INNOVATION

ITEM: AI Innovation Challenge Administration Grant Program

REQUEST: To approve: (1) Creation of the AI Innovation Challenge Administration Grant Program - a competitive program whereby NJEDA will award a single grant to a qualified entity who is responsible for developing and administering an AI Innovation Challenge and disbursing and managing sub-grant awards to winning companies selected as part of the AI Challenge; (2) Capitalization of the Grant Program using funding received by NJEDA for the “AI Innovation Challenge”; and (3) Utilization of a portion of the appropriation as an administrative fee to cover the cost of operating the Grant Program.

MOTION TO APPROVE: Ms. Dragon SECOND: Ms. Antoine-Johnson AYES: 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

AUTHORITY MATTERS

ITEM: Recommendation for Addition of Funds - 2023 RFP-163 - Business Attraction and Marketing Contract

REQUEST: To approve the allocation of additional funds to the Authority’s 2023 RFP-163 contract for Business Attraction and Marketing, which was awarded to Choose New Jersey, Inc. in June of 2023.

MOTION TO APPROVE: Ms. Antoine-Johnson SECOND: Ms. Dragon AYES: 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

VENTURE

ITEM: New Jersey Innovation Evergreen Fund: March 2025 Qualified Investment Approval

REQUEST: To approve a Qualified Investment presented under the New Jersey Innovation Evergreen Program for an application submitted by SOSV Investments LLC to invest into Nascent Materials Inc.

MOTION TO APPROVE: Mr. Shimko SECOND: Comm. Angelo AYES: 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

CLEAN ENERGY

ITEM: RGGI Funding Transfer to Green Bank

REQUEST: To approve entering into an MOU with the New Jersey Green Bank (NJGB) to provide for the NJEDA's transfer of Regional Greenhouse Gas Initiative (RGGI) funds from its 2023-2025 allocation to the NJGB and set forth the terms of the ongoing cooperation relating to the transfer of the funds and their use for clean energy projects.

**MOTION TO APPROVE: Ms. Dragon SECOND: Ms. Antoine-Johnson AYES: 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7**

COMMUNITY DEVELOPMENT

ITEM: Recommendation for Additional Funding for the Small Business E-commerce Support Program (SBESP)

REQUEST: To approve utilization of funding from the FY '25 State appropriation for the Main Street Recovery Finance Program to supplement the Small Business E-commerce Support Program (SBESP). The additional funding allows the contracts to remain in effect for the full term until February 12, 2027.

**MOTION TO APPROVE: Ms. Antoine-Johnson SECOND: Mr. Alagia AYES: 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8**

INCENTIVES

FOR INFORMATION ONLY: The next item was a summary of the Incentives Committee meeting from February 26, 2025.

ITEM: Next New Jersey Program- AI

REQUEST: To approve: (1) The special adoption of new rules and concurrent proposed new rules for the new Next New Jersey Program – AI and to authorize staff to (a) submit the special adoption of the new rules and concurrent proposed new rules to the Office of Administrative Law for publication in the New Jersey Register; and (b) submit the rules as final adopted rules to the Office of Administrative Law for publication in the New Jersey Register if no formal comments are received; subject to final review and approval by the Office of the Attorney General and the Office of Administrative Law; and (2) The creation of the Next NJ Program – AI, a tax credit incentive program signed into law as P.L. 2024, c. 49 on July 25, 2024 (codified at N.J.S.A. 34:1B-394, et. seq.), which is designed to attract and support the artificial intelligence (“AI”) industry and AI-related Businesses; and (3) Delegation of authority to the CEO to approve administrative changes to the Next NJ Program - AI.

**MOTION TO APPROVE: Mr. Dumont SECOND: Ms. Antoine-Johnson AYES: 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9**

EMERGE

ITEM: Sun Pharmaceutical Industries, Inc. - Emerge Tax Credit Program Application

REQUEST: To approve: (1) the proposed Emerge New Jersey tax credit award to induce Sun Pharma to site the project in New Jersey. The recommended tax credit award is subject to conditions after receiving and maintaining the award, including submission of certifications and evidence that the company has met the eligibility criteria. Staff is authorized to lower the award amount, and the term will be lowered to reflect the award amount that corresponds to the actual employment and capital investment in the project completion certification provided that neither the application information nor the project has materially changed and no analysis, such as the net positive economic benefit analysis must be re-evaluated; and (2) Adopt the recommended finding by staff that the existing jobs in the application are at-risk of being located outside New Jersey but not qualified to be incentivized.

MOTION TO APPROVE: Comm. Angelo SECOND: Ms. Dragon AYES: 12

RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

ASPIRE

ITEM: Aspire Program- Product #316546 - Avenel Housing LLC

REQUEST: To approve issuance of tax credits from the Aspire program for a residential project located in Woodbridge, New Jersey, Middlesex County, up to 60% of the eligible project cost.

MOTION TO APPROVE: Mr. Dumont SECOND: Mr. Alagia AYES: 12

RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

ITEM: Aspire Program- Product # 00316907- New Brunswick 2, LLC

REQUEST: To approve issuance of tax credits from the Aspire program for a commercial project located in New Brunswick, New Jersey, Middlesex County, up to 80% of the eligible project cost.

MOTION TO APPROVE: Comm. Angelo SECOND: Ms. Dragon AYES: 12

RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

REAL ESTATE

FOR INFORMATION ONLY: The next item was a summary of the Real Estate Committee meeting from February 27, 2025.

HISTORIC PROPERTY REINVESTMENT PROGRAM

ITEM: Ridley Lofts Urban Renewal Entity LLC

REQUEST: To approve: a proposed Historic Property Reinvestment tax credit award to Ridley Lofts Urban Renewal Entity LLC for the Ridley Lofts Rehabilitation Project in Atlantic City. The recommended tax credit award is 60% of actual eligible costs.

MOTION TO APPROVE: Ms. Dragon SECOND: Ms. Antoine-Johnson AYES: 12

RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

ITEM: Approval of NJEDA as Developer and Landlord of MIHIC

REQUEST: To approve entering a Memorandum of Understanding to develop the Maternal Infant Health Innovation Center (MIHIC) and to lease the facility to the Material and Infant Health Authority (MIHIA).

**MOTION TO APPROVE: Mr. Shimko SECOND: Ms. Antoine-Johnson AYES: 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14**

BOARD MEMORANDA FYI ONLY

- Economic Transformation Products Delegated Authority Approvals, Declinations, & Other Actions, Q4 2024
- Credit Underwriting Projects Approved Under Delegated Authority, February 2025

There being no further business, on a motion by Ms. Dragon, and seconded by Mr. Dumont, the meeting was adjourned at 12:05 PM.

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
Assistant Secretary

MEMORANDUM

To: Members of the Authority
From: Tim Sullivan
Date: April 9, 2025
Re: April 2025 Board Meeting – CEO Report

The New Jersey Economic Development Authority (NJEDA) remains committed to supporting small business owners and uplifting communities from across the state. New Jersey's diversity is our strength, helping foster innovation and economic growth. In March, the NJEDA hosted two small business roundtables, recognizing the contributions women and Irish-Americans have on New Jersey's culture and economy.

The roundtable celebrating Irish-American Heritage Month and Saint Patrick's Day included Assembly Speaker Craig Coughlin, Assemblymembers Carol Murphy and William Moen, Director of the New Jersey Ireland Center Steven Lenox, and Irish-American business leaders. The discussion centered around New Jersey's critical cultural and economic ties with Ireland, as well as the state's continued support for the Irish-American business community.

At a woman-owned restaurant in Clifton, the NJEDA hosted a Women's History Month roundtable, which included women business owners from a variety of industries such as retail, food, health care, and software. Assemblywoman Alixon Collazos-Gill, President-Elect of the Women's Chamber of Commerce Robin Tabakin, as well as our Chief Economic Security Officer Tara Colton, and our Chief of Staff Emma Corrado also participated in the roundtable. In 2024, 537 women-owned businesses received funding from the Main Street suite of programs, totaling \$10.5 million in funding.

I joined Governor Phil Murphy at Kenvue's ribbon cutting ceremony, celebrating the company's move of its headquarters to Summit. The company's decision to expand its presence in the Garden State underscores the Governor's commitment to foster a collaborative ecosystem where innovative, cutting-edge companies can grow, thrive, and continue bringing new products to the marketplace.

In another effort to grow our innovation economy, we recently held the Founders and Funders All-Stars Alumni Pitch Competition and Resource Fair at The College of New Jersey. The semi-annual Founders and Funders event connects early-stage businesses with investors to discuss strategy, business models, and funding opportunities, strengthening the state's vibrant innovation ecosystem. This year's event included a pitch competition, where companies competed for the opportunity to apply for a \$100,000 grant award. The prize winner, which was selected by audience vote, was Cranford-based Boxcar, an innovative, integrated commuting company focused on simplifying long and stressful commutes through luxury busing and other services.



New Jersey is forging ahead in its mission to become a national leader in Artificial Intelligence (AI). Governor Murphy and I joined with representatives from Princeton University, Microsoft, and CoreWeave to officially open the NJ AI Hub, a state-of-the-art, collaborative ecosystem that will integrate world-class research, innovation, education, and workforce development. The NJ AI Hub will provide a physical location where AI start-ups can collaborate, helping to support new, diverse innovators and drive long-term economic growth.

Last month, I was honored to join Paterson Mayor Andre Sayegh and Passaic Mayor Hector Lora for a press conference where I announced that the NJEDA was awarding the two cities with a combined \$12.7 million in grants through the Urban Investment Fund Grant Program. The grant funding will support several building rehabilitation and public space projects in the two Passaic County cities, which were both negatively impacted by the COVID-19 pandemic.

On Monday, applications opened for the Cultural and Arts Facilities Expansion (CAFE) Program. The CAFE Program will help bolster New Jersey's arts sector by supporting the development and rehabilitation of cultural arts facilities, such as performing arts centers and museums. Eligible awardees will receive tax credits covering 100 percent of eligible project costs, up to \$75 million.

A handwritten signature in black ink, appearing to read "Tim Sullivan", is written in a cursive style.

Tim Sullivan, CEO



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: April 9, 2025

RE: Use of Economic Recovery Fund, for the Creation of the Route 80 Business Assistance Grant Program

Summary

The Members are asked to approve:

1. The creation of an initial pilot Route 80 Business Assistance Grant Program to make up to \$5 million in grant funding from the Economic Recovery Fund (“ERF”) available to support certain Morris County, New Jersey small and medium sized businesses and non-profits (collectively “SMEs” or “businesses”) that have suffered negative financial impact as a result of the Route 80 sinkholes closures.
2. Delegation to Chief Executive Officer to contribute up to an additional \$15 million from other governmental (Federal, State or County) funding and/or unrestricted gifts or grants, or dedicate previously received unrestricted gifts or grants, to fund the Route 80 Business Assistance Grant Program, subject to review of any federal terms and conditions by the Attorney General’s Office.
3. Delegation to Chief Executive Officer 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, subject to review of any federal terms and conditions by the Attorney General’s Office; and
4. Delegation to Chief Executive Officer to approve individual applications to the Route 80 Grant Program in accordance with the terms set forth in this memo and the attached program specifications.

Background

On March 8, 2025, Governor Murphy issued Executive Order 383 declaring a state of emergency following geophysical hazards created along eastbound Interstate 80 (I-80) in Morris County, New Jersey due to sinkholes, resulting in the temporary closure of a portion of the roadway. In response to this emergency and the associated impact to small and medium sized businesses in the area, the

New Jersey Economic Development Authority (NJEDA) is proposing the launch of an emergency relief grant program which will provide short-term financial support for small and medium New Jersey businesses in affected areas. The sinkholes, which first appeared in December 2024 and have continued into April 2025, have led to extensive closures of I-80, particularly in Morris County. These closures have significantly impacted local commerce, with businesses experiencing decreased revenue due to reduced customer access and disrupted supply chains.

Program Details

The pilot Route 80 Grant Program is tailored as a support measure to SMEs impacted by the closure of Route 80 due to sinkholes. The Route 80 Business Assistance Grant Program will provide grants from \$1,000 up to \$15,000 to New Jersey-based SMEs with up to 50 full-time equivalent employees (“FTE”) as reported on their 4th Quarter 2024 WR-30 form with the NJ Department of Labor and Workforce Development (“DOL”) and have a physical commercial location in Morris County, New Jersey that suffered negative financial impact as a result of the Route 80 closures.

As the Authority continues to monitor the economic impact needs of the SMEs impacted by Route 80 closures, the Authority may bring to the Board additional programs with varying parameters depending on available funding.

To fund this program, staff requests authority from the Members to utilize Economic Recovery Fund (“ERF”), funds of up to \$5,000,000 to fund the Route 80 Assistance Grant Program. As enacted, P.L. 2020, c. 8, expanded EDA’s general powers and specific ERF authority. ERF was expanded to include grantmaking for projects by SMEs and EDA’s general power was expanded to include making grants for projects, including, but not limited to, grants for working capital and payroll purposes, during a period of an emergency declaration and for the duration of the economic disruption due to the emergency.

Eligibility

In order to be eligible for this program, the SME must have been in operation on December 1, 2024. Applicants must be a SME with no more than 50 FTEs. Applicants must certify to a negative financial impact that is greater than \$1,000 for the first quarter of 2025, after applying business interruption insurance received.

The SME must have a physical commercial location in Morris County, New Jersey (e.g., an office, a physical point of sales, a warehouse, manufacturing facility, etc.). The SME must have sustained negative financial impact to their commercial location as a result of the Route 80 closures. Eligible SMEs must be able to certify to the loss of revenue.

At the time of approval, the SME must be registered to do business in the State of New Jersey, which can be evidenced by a valid Business Registration Certificate from the Division of Taxation. If the SME is not recognized by the Division of Taxation, then the SME must provide proof of registration with the State prior to December 1, 2024 and a valid Business Registration Certificate (BRC). No grant agreement will be executed without a current registration status from the Division of Taxation or a valid BRC.

The SME must have tax clearance, which will be confirmed with the New Jersey Division of Taxation or through the submission of a tax clearance certificate prior to the SME being approved.

Entities can submit only one application per EIN. Accordingly, businesses with multiple locations within Morris County but only one EIN will be limited to one application, however, all revenues and impacts will be considered during the approval process.

Additional eligibility requirements will apply to ensure that federal funds, if available, can be used for this program or to reimburse the Authority for use of its funds for this program. This may include, but is not limited to:

- applicants must acknowledge and agree to the requirement that grant proceeds can only be used for reimbursement of working capital expenses,
- a restriction on duplication of benefits that could exclude potential applicants that have already received business interruption assistance, and
- a requirement that the applicant demonstrate that it has had negative financial impact as a result of the Route 80 closures.

Prohibited businesses include, but are not limited to: gambling or gaming activities; the conduct or purveyance of “adult” activities, services, products or materials; 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. These prohibitions are consistent with other Authority programs.

Award Size and Determination

The minimum award size under the Route 80 Business Assistance Grant Program is \$1,000 with a maximum award of \$15,000, capped at the lesser of applicant’s FTE jobs as described below, or the negative financial impact for the 1st quarter of 2025. Grant funding can only be used for working capital expenditures. Thus, no other direct use of funds is allowed, including, but not limited to, capital expenses, such as remediation or construction.

- 0-5 FTEs: \$5,000
- 6-20 FTEs: \$10,000
- 21-50 FTEs: \$15,000

The Authority will rely upon the negative financial impact as provided by the applicant and will evaluate the reasonableness of the certification based on the 2024 revenues provided by the applicant. The Authority shall consider the applicant’s insurance proceeds received in evaluating the negative financial impact.

FTE Determination

To determine the number of FTEs for the purpose of calculating eligibility, the Authority will utilize the New Jersey WR-30 filings with the NJ Department of Labor (DOL). The Authority shall use the 4th quarter 2024 WR-30 filings. Implied FTE calculations will be rounded to the nearest FTE (e.g., 2.49 FTE would be counted as 2 FTE for the program, whereas 2.50 FTE would be counted as 3 FTE). The calculation of FTEs is based on weeks worked and wages compared to the State’s minimum wage as reported on the WR-30 filing.

Eligibility Verification Process

Staff is recommending that in addition to the eligibility parameters already stated above, the applicant must satisfy the Division of Taxation's requirement to ensure that the SME does not have tax debts due to the State and must certify that it does not owe any taxes, subject to repayment if the certification is not correct. The applicant will complete a simplified debarment legal questionnaire, and disqualification issues will be reviewed under existing delegated authority, including the delegated authority approved by the Board on October 14, 2020.

As part of the grant application, the SME's chief executive officer or equivalent officer must self-certify that the SME:

- Was in operation on December 1, 2024; and
- Has sustained a negative financial impact at their commercial location as a result of the Route 80 closures due to sinkholes.

Similar to the application process developed for the COVID grant programs, the Authority will use automation and interactivity such that businesses are immediately alerted if they enter information that may indicate ineligibility or trigger a manual review, giving them the opportunity to confirm that their responses are correct or choose not to proceed if they are ineligible. Recognizing the urgency to launch the Program as soon as approved by the Board, the Authority will publicize the application opening date through issuance of a Notice of Funding Availability and via information on its website, its social media channels, and outreach to the media and stakeholders.

Consistent with the approach taken in the COVID and Henri/Ida grant programs, the Members should be aware that in order to handle the volume of applications expected during this period, the Authority will be automating a number of the processing steps based on business rules as outlined in this memo. These streamlined processes were highly effective and allowed the Authority to review, approve and disburse a significant amount of funding to a large number of businesses as quickly as possible to meet the urgent need. Consistent with COVID and Henri/Ida grant programs, delegated authority is sought for the Chief Executive Officer to approve individual applications in accordance with the terms set forth in the attached program specifications. Because the specifications are streamlined and will result in non-discretionary decisions, the delegated authority requested for approval also includes the delegated authority to decline applications.

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). The Managing Director of legal Affairs will designate Hearing Officers who will review the applications, the appeals, and any other relevant documents or information. The Hearing Officer will prepare a recommended decision, which must be approved, and a Final Administration Decision issued, by staff in accordance with delegated authority.

Staff is also requesting delegated authority for the Chief Executive Officer to accept governmental (Federal, State or county) funding and/or unrestricted gifts or grants that would be used to fund the Route 80 Business Assistance Grant Program. Should governmental requirements required by law restrict the ability for the Authority to utilize any of the parameters described herein, staff will revisit the program requirements with the Members for modification and alignment with

governmental requirements. If governmental requirements are in addition to these parameters, staff is seeking delegated authority to add these requirements. Additionally, staff is requesting delegated authority to use previously received or new unrestricted private unrestricted gifts. To the extent federal funding may be available, the terms and conditions of such funding will be subject to review by the Attorney General's Office.

Due to the unanticipated financial hardships being faced by SMEs, and pursuant to N.J.A.C. 19:30-6.1A(b)1(iii), which permits the Members to establish fees based on hardship to prospective applicants as a result of an emergency, the Authority will collect no fees from the applicant for this program.

The attached product specifications further describe the program details and minimum eligibility requirements the applicant must meet to be considered for a Route 80 grant.

Application Process

The Authority will use a tiered application process to streamline the allocation of funding, prioritizing businesses based on their proximity to Route 80 exit 34 sinkholes. In the first phase, businesses situated within a 5-mile radius, based on their zip code will be eligible to submit their applications, granting them initial access to the funding pool. This approach is designed to support local businesses that are likely to be most impacted, ensuring that they receive the opportunity to benefit from the available resources first. By prioritizing these nearby businesses, the Authority aims to address immediate needs within the closest communities.

Following the initial phase, and subject to funding availability, the application process will also open to businesses located between 5.01 and 10 miles from the sinkhole site. Finally, businesses situated more than 10 miles away, but still located within Morris County will have the opportunity to apply, should funding be available.

The funding is allocated on a first-come, first-served basis, determined by the submission date of each application. This structured approach aims to balance the urgency of local needs with the equitable distribution of resources, while encouraging timely participation from businesses across all tiers, which is subject to funding availability. Should the initial \$5M be expended before the funding needs identified in all three phases have been met, the CEO will determine, based on the requested delegated authority, whether to expand the funding pool up to an additional \$15M from other governmental funding and/or unrestricted fits or grants to meet these needs.

Recommendation

Approval is requested for:

1. The creation of an initial pilot Route 80 Business Assistance Grant Program ("Route 80 Grant Program") to make up to \$5 million from ERF in grant funding to support Morris County, New Jersey small and medium sized businesses and non-profits (collectively "SMEs" or "businesses") that have suffered negative financial impact to their commercial location as a result of the Route 80 sinkholes;

2. Delegation to Chief Executive Officer to contribute up to an additional \$15 million from other governmental (Federal, State or County) funding and/or unrestricted gifts or grants, or dedicate previously received unrestricted gifts or grants, to fund the Route 80 Business Assistance Grant Program, subject to review of any federal terms and conditions by the Attorney General's Office;
3. Delegation to Chief Executive Officer 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, subject to review of any federal terms and conditions by the Attorney General's Office; and
4. Delegation to Chief Executive Officer or delegate to approve individual applications to the Route 80 Business Assistance Grant Program in accordance with the terms set forth in this memo and the attached program specifications.



Tim Sullivan, CEO

Attachments:

Exhibit A – Route 80 Business Assistance Grant Program Specifications

Exhibit A – Route 80 Business Assistance Grant Program Specifications

Route 80 Business Assistance Grant Program Proposed Program Specifications	
Funding Source	<p>Up to \$5 million – Economic Recovery Fund</p> <p>\$5 million is the initial request, with \$15 million to be added with delegated authority if necessary.</p>
Program Purpose	<p>To provide short-term, immediate working capital support to Morris County, New Jersey small and medium sized enterprises (businesses and non-profits) (“SMEs” or “businesses”) that that have suffered a negative financial impact as a result of the Route 80 closures due to sinkholes.</p>
Eligible Applicants	<p>Applicants must be a SMEs with no more than 50 Full Time Equivalent employees (FTEs).</p> <p>Applicants must have negative financial need of at least \$1,000.</p> <p>The SME must have sustained business interruption at their commercial location as a result of the Route 80 closures due to sinkholes.</p> <p>Application Process:</p> <p>Phase 1: SMEs within 5 miles of Route 80 exit 34 Phase 2 (subject to funding availability): SMEs within 10 miles of Route 80 exit 34 Phase 3 (subject to funding availability): SMEs greater than 10 miles, but within Morris County</p> <p>The SME must have a physical commercial location in Morris County, New Jersey (e.g., an office, a physical point of sales, a warehouse, manufacturing facility, etc.) based on the above application eligibility. Home-based businesses are NOT eligible for this Program. Landlords are also NOT eligible for this Program.</p> <p>SME must be registered to do business in the State of New Jersey at the time of application, as evidenced by a valid Business</p>

Route 80 Business Assistance Grant Program Proposed Program Specifications	
Eligible Applicants: (continued)	<p>Registration Certificate, if required. If the SME is not recognized by the Division of Taxation, then the SME must provide proof of registration with the State prior to December 1, 2024 and a valid Business Registration Certificate (BRC). The SME will have 7 calendar days from initial notification from the Authority to satisfy that requirement. No grant agreement will be executed without a current registration status from the Division of Taxation or a valid BRC, if applicable.</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> <p>To determine the number of FTEs for the purpose of calculating eligibility, the Authority will utilize the 4th Quarter 2024 New Jersey WR-30 filings with the NJ Department of Labor (DOL). Implied FTE calculations will be rounded to the nearest FTE (e.g., 2.49 FTE would be counted as 2 FTE for the program, whereas 2.50 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.</p> <p>CEO/equivalent officer of the SME must self-certify that the firm:</p> <ul style="list-style-type: none"> • Was in operation on December 1, 2024; and <p>Has sustained a negative financial impact as a result of the Route 80 closures due to sinkholes.</p> <p>The SME must have tax clearance, which will be confirmed with the New Jersey Department of Taxation or through the submission of a tax clearance certificate prior to the SME being approved.</p> <p>Entities can submit only one application per EIN. Accordingly, businesses with multiple locations but only one EIN will be</p>

Route 80 Business Assistance Grant Program Proposed Program Specifications	
Eligible Applicants: (continued)	<p>limited to one application.</p> <p>The applicant must also be in good standing with the New Jersey Department of Labor and Workforce Development (LWD) at the time of application, as determined in the sole discretion of LWD.</p> <p>Additional eligibility requirements will apply to ensure that federal funds, if available, can be used for this program or to reimburse the Authority for use of its funds for this program. 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, • applicant is not on the SAM.gov exclusion list, • a restriction on duplication of benefits that could exclude potential applicants that have already received financial assistance, and • a requirement that the applicant demonstrate that it has had business interruption as a result of the Route 80 closures.
Eligible Uses	<p>Grant funding to be used to pay for working capital expenses. If the grant amount set forth below is greater than the negative financial impact, taking into account other funds received for the same purpose, the amount of the award will be capped at the lesser amount.</p> <p>As this grant is solely for working capital expenses, funding cannot be used for any other purpose, including, but not limited to, capital expenses, such as remediation or construction.</p>
Grant Amounts	<p>The minimum grant amount is \$1,000 with a maximum award set forth below, which is capped at the lesser of applicant’s financial need or FTE count.</p> <p>Maximum Award Amount</p> <ul style="list-style-type: none"> • 0-5 FTEs: \$5,000 • 6-20 FTEs: \$10,000 • 21-50 FTEs: \$15,000

Exhibit A – Route 80 Business Assistance Grant Program Specifications

Route 80 Business Assistance Grant Program Proposed Program Specifications	
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.
Funding Disbursement	Funding to be fully disbursed as quickly as possible upon closing of grant agreement.
Fees	Due to financial hardship experienced from the sinkholes, 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). The Managing Director of legal Affairs will designate Hearing Officers who will review the applications, the appeals, and any other relevant documents or information. The Hearing Officer will prepare a recommended decision, which must be approved, and a Final Administration Decision issued, by staff in accordance with delegated authority.



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: April 9, 2025

SUBJECT: New Jersey Innovation Evergreen Fund: April 2025 Qualified Investment Approval

SUMMARY

The Members are asked to approve a Qualified Investment presented today under the New Jersey Innovation Evergreen Program (“Program”) for an application submitted by Eckuity LLC (“Eckuity”), a Qualified Venture Firm (“QVF”) to invest into Enquyst Technologies Inc (“Enquyst” or “Enquyst Technologies”). The Qualified Investment recommendation is for an investment up to \$3,000,000, with additional management fees and expenses reserved as described in this memorandum. The approval will allow Staff to utilize Program funds to execute a Qualified Investment into a Qualified Business alongside Eckuity. Additionally, upon approval of this investment, Staff will reserve Program capital for subsequent follow-on investments into the Qualified Business and for management fees and direct administrative expenses required to support the investment, as authorized in Program regulations, and described in this memorandum.

BACKGROUND

The New Jersey Innovation Evergreen Act (“Act”) (N.J.S.A 34:1B-288 to 302) was signed into law by Governor Murphy as part of the Economic Recovery Act of 2020 (N.J.S.A. 34:1B-269 *et seq.*). In April 2022, the Board of the Authority approved specially adopted and concurrently proposed New Jersey Innovation Evergreen Fund regulations (N.J.A.C. 19:31-25 *et seq.*), which were approved for submission to the Office of Administrative Law for publication in the New Jersey Register as final adopted rules in March 2023. The Act established both the New Jersey Innovation Evergreen Fund (“NJIEF”, or “Evergreen Fund”) and the Program, which supports the private sector’s investment in high growth New Jersey-based companies. The Program will increase venture capital funding available to the State’s innovation ecosystem and create the conditions necessary for entrepreneurs to succeed. As of March 31, 2025, approximately \$31.5 million of unallocated capital remains available for Program investments and expenses.

To invest the Evergreen Fund monies, the Program establishes an application process through which venture firms first may apply for designation as a QVF. Applications for QVFs opened on December 16, 2022, and 18 Qualified Venture Firms have been approved to-date. QVFs are

approved by staff pursuant to an updated delegated authority approved by the Members on April 10, 2024.

Qualified Investment Review Process

To access Program co-investment capital, Qualified Venture Firms may apply for Qualified Investments on a rolling basis. Applications for Qualified Investments opened on May 23, 2023. NJEDA Staff recommendations are presented to the Members for consideration upon completion of eligibility review of the Qualified Business and Qualified Venture Firm associated with the Qualified Investment transaction. Such Qualified Investments in New Jersey-based businesses must receive a co-investment from the Qualified Venture Firm that matches or exceeds the Qualified Investment amount. Upon approval for a Qualified Investment and as required by the Program rules, Qualified Venture Firms will establish a special purpose vehicle (“SPV”) to facilitate the Qualified Investment transaction between the Evergreen Fund, the Qualified Venture Firm, and the Qualified Business. As the Evergreen Fund’s investments mature and experience exit events (e.g. a sale or initial public offering), the proceeds from profitable investments will flow back to the Evergreen SPV. Proceeds will be used to make carried interest payments to the Qualified Venture Firm and to transfer remaining capital back to the Evergreen Fund, providing an ongoing stream of funds to support the State’s innovation ecosystem.

Qualified Venture Firms may apply to the Authority to access capital in the Evergreen Fund to make up to two initial Qualified Investments per year into eligible New Jersey-based high-growth businesses. Applications must be submitted to the EDA within 90 days of date of the transaction by the QVF into the high-growth business. Each request for a Qualified Investment may be as much as the Program investment limit of \$5 million, or up to \$6.25 million for businesses that meet any of the following criteria: i) certified by the State as a “minority business” or “women’s business” pursuant to P.L. 1986, c. 195 (N.J.S.A. 52:27H-21.17 et seq.), ii) considered a NJ university spin-off business, or iii) utilizes intellectual property that is core to its business model and was developed at a NJ-based college or university.

The recommendation presented to Members for consideration this month represents the Program’s fifth Qualified Investment to invest up to \$3,000,000 of Program capital alongside Eckuity into the innovative, high-growth company, Enquyst Technologies. Eckuity executed a Stock Purchase Agreement to invest \$3,000,000 through an equity investment on March 21, 2025. The investment from Eckuity will be executed through its \$150 million fund, Eckuity Fund I LP. The proposed Qualified Investment will be contingent upon Eckuity successfully executing its own investment into the business at least matching any Program Qualified Investment. Based upon the projections provided by Eckuity, and following approval by the Members, the Program will reserve an additional \$2,000,000 for subsequent follow-on investments into Enquyst Technologies, matching the ratio of reserves set aside by Eckuity, along with an additional \$420,000 for management fees and \$215,000 for direct administrative expenses required to execute and manage the Qualified Investment. Reserves are subject to adjustments at least annually based upon guidance from Eckuity.

Please refer to **Appendix A** for a summary of Eckuity and an overview of the firm’s eligibility as a Qualified Venture Firm. Please refer to **Appendix B** for a summary of Enquyst Technologies and of the business’s eligibility as a Qualified Business. Finally, please refer to **Appendix C** for an overview of the proposed Qualified Investment transaction terms and related reserves for follow-on investments, transaction management fees, and direct administrative expenses.

QUALIFIED INVESTMENT REQUIREMENTS

Qualified Venture Firms may submit applications for Qualified Investments funded by the Program after receiving NJEDA Board approval as a Qualified Venture Firm or in conjunction with an application for certification as a Qualified Venture Firm. While applications for Qualified Investment are submitted by Qualified Venture Firms, the applications contain information about both the Qualified Venture Firm and the proposed Qualified Business seeking capital. Staff conducts reviews of investment applications on a first-come, first-served basis and screen both Qualified Venture Firms and proposed Qualified Businesses as part of the transaction for eligibility.

The Program investment underwriting process is completed by the NJEDA Venture Programs Department in parallel with the Product Operations Department to ensure objectivity and is limited to an eligibility review of the Qualified Investment, Qualified Venture Firm, and proposed Qualified Business. The eligibility review contains various statutory requirements that ensure the financial merit of the proposed investment, such as requiring certain experience and assets under management by the Qualified Venture Firm, as well as requiring an investment by the Qualified Venture Firm's main fund that is at least equal to the amount of the Qualified Investment. The latter ensures that the Qualified Venture Firms share aligned interests with the NJEDA through incentive based carried interest compensation to identify strong investment opportunities. However, the Program does not establish any additional review by staff for the financial merits of the proposed investment. Qualified Venture Firms will evaluate the quality of investment opportunities through their normal course of business.

QVF and Investment Requirements at Time of Initial Qualified Investment

QVFs must demonstrate continued compliance with Program initial certification requirements described in this memorandum through the time of approval for a Qualified Investment. The firms are not re-evaluated based on the Program's weighted scoring criteria at the time of application for Qualified Investment. Continued eligibility requirements for Qualified Venture Firms required at the time of application for initial Qualified Investments include, but are not limited to, those described below, which are further defined in the Program regulations.

- 1) Number of Investors Employed by the Firm: QVFs must continue to employ at least two full-time investors with the authority to direct investment capital with at least five years of professional money management experience (each) at the time of application.
- 2) Minimum Assets Under Management: QVFs must continue to maintain at least \$10,000,000 in assets under management at the time of application.
- 3) Limit on Size and Number of Investments: QVFs may only complete up to two qualified investments per calendar year. Applications for investments shall not be less than \$100,000 per Qualified Investment and must be limited to \$5,000,000 per investment. If the proposed Qualified Business is a New Jersey university spin-off, utilizes intellectual property developed at a NJ university that is core to its business model, or is certified by the State as a "minority business" or a "women's business" pursuant to P.L. 1986, c. 195 (N.J.S.A. 52:27H-21.17 et seq.), the businesses may qualify for a Qualified Investment of up to \$6,250,000.

In cases where multiple Qualified Venture Firms apply for investments into the same business, applications will be approved on a first-come, first-served rolling basis until the initial investment dollar limit for any given business is reached. Multiple firms can invest into the same Qualified Business up to a \$5,000,000 aggregate initial investment limit, or \$6,250,000 limit for select types of companies, if the investments occur in the same fundraising round.

4) Concentration Limits on Qualified Venture Firms: To mitigate concentration risk, Qualified Venture Firms may only receive aggregate Program capital across investments up to 15 percent of the firm's total assets under management, to be tested at the time of initial and follow-on investment application. If the Program is unable to fulfill a QVF's entire request for investment due to investment size and concentration risk policies or an availability of funds, a QVF may amend the amount requested through its investment application.

5) Initial Investments by a Firm: Any initial Qualified Investment by the Program must represent the Qualified Venture Firm's first investment into the business. This requirement is intended to prevent venture firms from using Program capital to prop-up failing investments.

In instances where the QVF's Active Fund or affiliate has previously provided capital to a Qualified Business through Simple Agreements for Future Equity (SAFEs) or convertible notes, the Program may match the QVF's Active Fund's subsequent investment in the Qualified Business, so long as the investment represents the fund's initial investment in the business for the purchase of shares of stock. The aggregate amount of a QVF Active Fund's initial purchase of shares of stock in the Qualified Business must be greater than, or equal to, the aggregate amount of capital a QVF Active Fund or affiliate has previously provided to the Qualified Business, excluding in-kind services provided.

6) Timing of Investment Application: Qualified Venture Firms must have at least begun negotiations over a draft term sheet with a business before applying for a Qualified Investment. In all cases, an executed stock purchase agreement, which finalizes the terms of the investment between the Qualified Venture Firm and the proposed Qualified Business, must be submitted by the Qualified Venture Firms to close on an approved Qualified Investment. The investments must be part of the same fundraising round and on equal terms.

Qualified Business Requirements at Time of Initial Qualified Investment

Proposed Qualified Businesses must also meet Program eligibility requirements prior to Qualified Venture Firms receiving approval for a Qualified Investment into the business. Eligibility is reviewed by NJEDA Staff from the Venture Programs Department in parallel with the Product Operations Department to ensure objectivity of review. Qualified Business eligibility requirements at the time of application for an initial Qualified Investment include, but are not limited to, those described below.

1) New Jersey Principal Business Operations: Qualified Businesses must maintain principal business operations in New Jersey, defined as any of the following: (i) at least 50 percent of its full-time employees reside in New Jersey, (ii) at least 50 percent of the business's payroll (defined as wages) for full-time employees is paid to individuals living

in the State, (iii) at least 50 percent of its full-time employees filling a position in the State, or (iv) at least 50 percent of the business's payroll (defined as wages) for full-time employees is paid to individuals filling a position in the State.

2) New Jersey Place of Business: Qualified Businesses must maintain a place of business in New Jersey, such as an office, manufacturing facility, or co-working space.

3) Targeted Industry: Qualified Investments will be restricted to businesses primarily operating in one of the following program targeted industries: advanced transportation and logistics, advanced manufacturing, aviation, autonomous vehicle and zero-emission vehicle research or development, clean energy, life sciences, hemp processing, information and high technology, finance and insurance, professional services, film and digital media, non-final point of sale retail food and beverage businesses, including food innovation, and other innovative industries that disrupt current technologies or business models.

4) Limit on Business Size: Qualified Businesses must employ fewer than 250 full-time employees.

5) High-growth Business: Qualified Businesses must demonstrate they are high-growth business by meeting one of the Program's high-growth tests. To meet the program's high-growth test, Qualified Businesses may demonstrate trailing twelve-month revenue or customer growth of at least 25% as of the most recent quarter-end, or valuation growth of 25% since their prior fundraising round.

Businesses that are too early in their life cycle to record one year of sales or customers and that have not previously raised third-party equity capital may demonstrate they meet the Program's high-growth test through third-party projections from the Qualified Venture Firm. For these businesses, QVFs may submit their base case forward-looking projections and businesses may be considered high-growth if the projections demonstrate 25% revenue, customer, or valuation growth in anyone-year period over the subsequent 3-5 years.

6) Concentration Limits on Qualified Businesses: The Program will limit aggregate investments into any Qualified Business to 10 percent of the Program's uninvested and invested capital.

QUALIFIED VENTURE FIRM COMPLIANCE REQUIREMENTS

Qualified Venture Firms must submit an annual report to the Authority demonstrating they remain in compliance with Program requirements. Ongoing compliance requirements include continuing to maintain at least \$10,000,000 in assets under management and two full-time investors employed to direct investment capital with at least five years of professional money management experience. QVFs must also submit documentation demonstrating the firm's efforts to identify New Jersey-based investment opportunities.

Additionally, Qualified Venture Firms that received points through the Program's weighted criteria evaluation model for maintaining robust diversity, equity, and inclusion or New Jersey Incentive Area investment policies must demonstrate best efforts to comply with their policy goals.

Firms that fail to do so will be rescored through the weighted criteria evaluation model and risk decertification should their score fall below the minimum acceptable score.

The annual reports will also include important information pertaining to program Qualified Investments, such as audited financial statements of the Evergreen SPV established to execute the Qualified Investment and Qualified Venture Firm Active Fund. Firms that fall out of compliance with program requirements risk decertification.

QUALIFIED BUSINESS COMPLIANCE REQUIREMENTS

Qualified Businesses that receive Qualified Investment capital from the Evergreen Fund must meet ongoing compliance requirements throughout the Qualified Business Compliance Period, which is the period starting with the initial Qualified Investment and ending with the sale or other disposition of all shares of stock of the Qualified Business from the Evergreen SPV, including any distribution of the shares to the NJEDA. If the distribution of the shares of stock from the Evergreen Fund SPV to the NJEDA occurs in less than five years after the Qualified Investment, the Qualified Business Compliance Period shall be five years or such other shorter Qualified Business Compliance Period determined by the NJEDA, which may be based on factors including, but not limited to, the number of the Qualified Business full-time employees filling a position in New Jersey.

Throughout the Qualified Business Compliance Period, Qualified Businesses that receive a Program Qualified Investment must maintain a place of business and their principal business operations in New Jersey, as described in this memorandum. Compliance will be tested annually, and businesses that fail to meet ongoing requirements will receive a one-year grace period to come back into compliance. If Qualified Businesses fail to continue to meet Program compliance requirements following the conclusion of the one-year grace period, the NJEDA may exercise its right of redemption to require the Qualified Business to redeem the shares purchased with the Qualified Investment and any follow-on investments for an amount equal to the greater of the cost of the Qualified Investment plus follow-on investments or the fair market value of the shares at the time of the redemption demand. If the Qualified Venture Firm or any other investor offers to purchase the shares for the same amount as set forth above, the NJEDA may accept such purchase instead of redemption.

FOLLOW-ON INVESTMENT REQUIREMENTS

The Program authorizes subsequent follow-on investments alongside Qualified Venture Firms into Qualified Businesses after the initial Qualified Investment. The Authority shall have the right, but not the obligation, to make a follow-on investment from the Evergreen Fund into the Qualified Business. Follow-on investments will be made on a pro rata basis with the Qualified Venture Firm's investment at the same ratio which the Evergreen Fund matched the initial Qualified Investment.

The screening process for follow-on investments requires NJEDA Staff to verify that firms and businesses continue to meet Program requirements and that the transaction conforms to Program eligibility and concentration limits. Staff will also screen for any clear signs of financial, reputational, or legal risks. As previously approved by the Board of the Authority, follow-on investments may be approved under delegation to the Authority's Chief Executive Officer (with

certain exceptions) to best match operational needs and intensity with the expectations of the private market transaction.

Staff will seek Board approval for follow-on investments for certain atypical cases, such as if Qualified Venture Firms have been previously decertified or the Qualified Venture Firm or Qualified Business is not in compliance with Program requirements. Because follow-on investments may present an opportunity for the State to increase its exposure to a valuable investment, the Program regulations permit the Authority to decide whether to approve or decline a follow-on investment if the Qualified Venture Firm is decertified or the Qualified Venture firm or Qualified Business are not in compliance with Program requirements, subject to approval by the Board of the Authority. Examples of scenarios the Authority may deem an investment is in the best interest of the State are cases of atypical financial promise, such as ‘unicorn’ investments that are rapidly appreciating in value, or while significant economic development is still anticipated in New Jersey, despite a shortfall in technical compliance.

The maximum follow-on investment from the Fund into a qualified business shall not exceed the lesser of i. \$5,000,000 (or up to \$6,250,000 if so approved) on an aggregate basis of follow-on investments in a twelve-month period; ii. a business concentration limit of 10 percent of invested plus uninvested capital of the Evergreen Fund; and iii. a Qualified Venture Firm concentration limit of 15 percent of the total invested with the Qualified Venture Firm by all its investors, including investments in any Evergreen special purpose vehicles (total assets under management).

RECOMMENDATION:

Based on the evaluation conducted by Authority staff, according to the criteria established by the legislation, and clarified through Program regulations and the April 2022 Program Board memorandum, approval for an amount up to a \$3,000,000 initial Qualified Investment alongside Eckuity Fund I LP’s matching investment of no less than \$3,000,000 into the innovative, high-growth New Jersey-based company Enquyst Technologies is recommended, conditioned on the execution of Program closing agreements, along with expected associated management fees of up to an additional \$420,000 and for expected associated direct administrative expenses of up to an additional \$215,000. Following approval, the Program will reserve an additional \$2,000,000 for subsequent follow-on investments into Enquyst Technologies matching the ratio of reserves set aside by Eckuity Fund I LP.



Tim Sullivan, CEO

Prepared by:

Kremena Mironova – Senior Product Officer, Venture Products

Deven Patel – Investment Analyst, Venture Products

Attachments:

Appendix A – Summary of Qualified Venture Firm and Eligibility

Appendix B – Summary of Qualified Business and Eligibility

Appendix C – Confidential Summary of Transaction Details

Appendix A – Summary of Qualified Venture Firm and Eligibility

Eckuity

NJEDA Staff finds the Qualified Investment applicant, Eckuity, meets all Program Qualified Investment eligibility requirements. As described in this memorandum, the firm maintains at least two full-time investors with the authority to direct investment capital with at least five years of professional money management experience (each). Additionally, Staff finds that the firm exceeds the Program minimum assets under management of at least \$10,000,000 in assets under management, which is measured as the sum of the firm's net assets of the funds managed by the Qualified Venture Firm, equity capitalization of the funds managed by the Qualified Venture Firm, and written commitments of cash or cash equivalents committed by investors. The proposed Qualified Investment represents the firm's first priced equity round investment into the Qualified Business and the application for Qualified Investment was submitted within 90 days of the Qualified Venture Firm's investment into the Qualified Business. Finally, the proposed Qualified Investment size of \$3,000,000 falls within the 15 percent concentration limit of the firm's total assets under management.

Overview

Eckuity Capital was established in 2021 as a New York City-based global, stage-agnostic life science and healthcare-focused venture capital investment firm. The firm invests in companies with innovative solutions that it judges can achieve commercialization faster than traditional timelines. Their investment thesis centers on identifying disruptive healthcare innovations with high commercial potential and clear pathway to exit, leading to near- and medium-term exit opportunities. The firm launched its first \$150 million fund in 2022 and has executed 12 investments to-date totaling \$84 million. Eckuity Capital is raising their Fund II targeting \$350 million fund size and targets holding a first close in Q2 2025.

Strategy

Over the past two years, Eckuity has made 12 investments across a broad spectrum of healthcare, ranging from Seed-stage to Growth-stage companies. Their investment approach is DPI-focused, evaluating potential value and exit timing based on macroeconomic conditions, with the aim of creating multiple exit opportunities. Unlike traditional 10-year funds, Eckuity targets exits within five years of investment. They seek out disruptive technologies with the highest commercialization potential, as these companies are more likely to achieve favorable exits. In addition to evaluating scientific and academic credentials for a team, Eckuity looks for a strong commercial culture.

The firm's investment decisions are guided by a quantitative approach that assesses normalized risk. Eckuity's investments in Fund II will carry an expected deal size of \$10-30M, with 40% of capital expected to be deployed into early-stage businesses, 40% in growth-stage businesses, and 20% of capital reserved for opportunistic transactions. Eckuity has a global investment mandate deploying a targeted 60% of capital into U.S.-based businesses, 30% in Europe, and 20% businesses located across the rest of the world.

Eckuity focuses on life sciences, devices and diagnostics, and digital health. Roughly 30% of capital out of Fund II is expected to be deployed in drug development businesses, 30% in medical devices and diagnostics, 30% in digital health and AI, and 10% of capital will be reserved for opportunistic transactions. In the life sciences sector, the firm invests either at or just before a therapeutic inflection point. For devices and diagnostics, the firm invests after proof-of-concept and initial commercialization. In the digital health sector, Eckuity sets investment criteria based on revenue growth, revenue retention, and revenue consistency. The firm not only invests in disruptive healthcare companies but also seek those that embody strong societal values, defined by three main pillars: improving outcomes to enhance treatment or management of diseases or conditions; increasing access to currently limited treatments; and reducing costs through various means.

Following its investments, Eckuity positions itself as a value-added partner, drawing on extensive healthcare operating and healthcare finance experience. The firm collaborates with acquirers and strategic partners to support their portfolio companies, offering assistance with pricing strategies, marketing and sales challenges, legal issues, and understanding consumer preferences.

Investment and Management Team

Eckuity Capital boasts a diverse and highly-skilled team with deep expertise in science, healthcare, and foreign affairs. Their management team consists of five members, bringing substantial experience in both healthcare-focused venture capital and drug development and other relevant operating experience. The managing partners, Vishal Jain and Youssef Sebban, have worked together as Partners at a prior healthcare-focused investment firm, Forepont Capital Partners, since 2018 before establishing Eckuity in 2021.

Mr. Vishal Jain is the Managing Partner and Co-Founder of Eckuity. Mr. Jain began his career at UBS Investment Bank in 2007, specializing in life sciences, biotech, and pharmaceuticals, where he advanced to the role of Director. Vishal then joined Mizuho Financial Group as Senior Vice President and Executive Director, where he provided strategic expertise in mergers and acquisitions, IPOs, capital structure, risk management, interest rate swaps, foreign exchange hedging, securitization, and credit analysis, with a focus on healthcare. He executed over \$100 billion in M&A transactions and raised significant debt and equity capital. Subsequently, Vishal became a Partner at Forepont Capital Partners, where he applied his deep understanding of the U.S. healthcare ecosystem and investment acumen while also refining his skills in venture investments.

Mr. Youssef Sebban is a Managing Partner and Co-Founder of Eckuity. Bringing over a decade of accomplished experience in the venture capital space, his career began with notable roles at leading firms across Europe and Asia, including a significant tenure at Forepont Capital Partners starting in 2015. At Forepont, Youssef spearheaded fundraising efforts for both funds, amassing over \$200 million, and played a pivotal role in sourcing and monetizing high-impact investments such as Sisaf, a drug delivery company from Northern Ireland, and Biospeedia, a French diagnostics firm that became a major supplier of Covid-19 tests to the French Government. Youssef's expertise extends to fostering strategic relationships across Europe, the Middle East, and Asia, and he has been essential in advancing portfolio companies and overseeing deal origination.

Mr. Mark Gladstone serves as a Partner at Eckuity Capital and has 25 years of experience in the healthcare industry, encompassing operations, commercialization, and consulting. Notably, Mr.

Gladstone served as COO of EuroRSCG life (now Havas), a large global communications group with 23,000 employees across 100 countries, and Global CEO of Healthcare at the consultancy firm Interbrand. He has developed successful commercialization strategies and programs from early-stage and market development, to product launch and late-stage lifecycle management for blue-chip pharmaceutical and packaged goods companies including Pfizer, Merck, Novartis, Bayer, GSK, Sanofi, Colgate Palmolive, L'Oreal, Danone, Johnson & Johnson, Roche.

Dr. Victoria Manax is a Partner at Eckuity Capital is a seasoned medical oncologist with 20 years of experience in the pharmaceutical and biotech industries, focusing on drug and device development, nanomedicines, and product launch and commercialization. Dr. Manax held multiple executive positions in companies including Celgene, Immunicom, and Duo Oncology.

Dr. Philippe Douste-Blazy is a Partner at Eckuity Capital and is an experienced cardiologist and politician, previously serving as the Minister for Health, Minister of Culture, and Foreign Minister of France.

New Jersey Investment History

Enquyst Technologies represents Eckuity's first investment in a NJ business. Eckuity Capital has previously supported Enquyst Technologies via SAFE agreements for the total amount of \$2.9M and has been the catalyst for Enquyst Technologies' expanding operations in New Jersey.

Appendix B – Summary of Qualified Business and Eligibility

Enquyst Technologies

Business Overview

Founded in 2017 and headquartered in Short Hills, New Jersey, with operations in Massachusetts, Enquyst Technologies is a manufacturing technology company that has developed an advanced modular equipment and process platform designed to enhance biomanufacturing, specifically in the purification of complex drugs. The company's platform focuses on the production of monoclonal antibodies (mAbs), bispecific antibodies, protein therapeutics, biosimilars and gene therapies, all of which are high-demand market segments in biologics, with mAbs being the largest. Currently, the production capacity for these drugs meets only 50% of the market's demand. Enquyst's technology aims to close this gap by reducing time to market and lowering development costs for manufacturing facilities.

The company's core innovation is its patented technology, which offers a scalable, highly efficient solution for purifying gene therapies, including AAV and lentiviral vector-based treatments. This technology stands out by providing higher product purity, superior process and product control, significantly higher yields, and reduced costs and waste. Additionally, the platform supports continuous manufacturing, allowing for faster deployment, smaller manufacturing footprints, and seamless scalability to meet growing demand without sacrificing quality or efficiency.

In essence, Enquyst's platform delivers superior performance in terms of purity, process control, yield, cost-effectiveness, and sustainability, providing a competitive edge in the biologics manufacturing sector. The company's equipment modules support both the development and commercial production phases, marking a transformative advancement in the industry.

Enquyst plans to generate revenue through several strategies. These include developing new compositions and expanding intellectual property (IP) related to top-selling drugs, partnering with biotech companies to speed up manufacturing, FDA approval, and commercialization, collaborating with gene therapy developers to enable large-scale drug purification, and working with biosimilar companies to reduce manufacturing costs.

Enquyst has already secured two Material Transfer Agreements with major biopharma companies, which will allow them to supply key materials for testing their technology on monoclonal antibodies and viral vectors used in gene therapies.

Team

Enquyst Technologies is led by Founder and Chief Scientific Officer Jason Criscione who is an applied science and engineering entrepreneur with expertise that covers chemistry, spectroscopy, materials science, physics, biochemistry, biophysics, and biomedical engineering. Dr. Criscione has published in numerous peer-reviewed, scientific journals, including, Nature Nanotechnology, Nature Materials, Biomaterials, JACS, ACS Nano, and Bioconjugate Chemistry. Dr. Criscione received his PhD in Biomedical Engineering from Yale University. He also holds a MPhil in Biomedical Engineering from Yale University, a MS in Biomedical Engineering from Yale

University, a MS in Physical Chemistry from Michigan State University, and a BA with High Honors in Chemistry and a concentration in Neuroscience from Oberlin College.

Dr. Criscione’s prior experiences extend beyond the sciences and include a role as a CTO at a specialty pharmaceutical start-up. He has 10+ years experience in managing R&D, analytical development, CMC programs, preclinical studies, scientific writing, intellectual property portfolios, process development, equipment design and selection, among others, all of which provide him with unique perspective to lead Enquyst Technologies’ efforts into biologics production.

At Enquyst Technologies, Dr. Criscione leads a team of 6 full-time technical and operational employees including Karim Maasarani, MBA (COO), Dr. Ali Ersen (VP, Engineering), and Brock Jacobites (Director, Hardware Engineering). Following the series B-3 capital raise, he is planning to grow that team to 16 following to advance its technology development and commercialization efforts.

Eligibility

NJEDA Staff finds the proposed Qualified Business, Enquyst Technologies, meets all Program Qualified Investment eligibility requirements. As described in Table 1 below, the Short Hills-high-growth, innovative business maintains a place of business and its principal business operations in Short Hills, New Jersey and falls within the Qualified Business size limit of fewer than 250 full-time employees. Additionally, Enquyst Technologies operates in the Program-targeted Life Science and Advanced Manufacturing industries and satisfies the Program’s high-growth test using valuation growth of at least 25% since their prior fundraising round. Finally, the proposed Qualified Investment size of \$3,000,000 is within the concentration limit of aggregate investments into any Qualified Business of 10 percent of the Program’s uninvested and invested capital.

Table 1: Enquyst Technologies Eligibility Review

Criteria	Criteria Explanation	Eligibility
NJ Principal Business Operations	Qualified Businesses must maintain principal business operations in New Jersey, defined as any of the following: (i) at least 50 percent of its full-time employees reside in New Jersey, (ii) at least 50 percent of the business’s payroll (defined as wages) for full-time employees is paid to individuals living in the State, (iii) at least 50 percent of its full-time employees filling a position in the State, or (iv) at least 50 percent of the business’s payroll (defined as wages) for full-time employees is paid to individuals filling a position in the State.	3 out of Enquyst Technologies’ 6 full-time employees work in New Jersey at their office in Short Hills. The Company is also contemplating either leasing another facility in Short Hills or relocating to a larger space in Princeton, NJ to accommodate the projected expansion of the team.

<p>NJ Place of Business</p>	<p>Qualified Businesses must maintain a place of business in New Jersey, such as an office, manufacturing facility, or co-working space.</p>	<p>Enquyst Technologies maintains an office in Short Hills, NJ.</p>
<p>Targeted Industry</p>	<p>Qualified Investments will be restricted to businesses operating in one of the following program targeted industries: advanced transportation and logistics, advanced manufacturing, aviation, autonomous vehicle and zero-emission vehicle research or development, clean energy, life sciences, hemp processing, information and high technology, finance and insurance, professional services, film and digital media, non-final point of sale retail food and beverage businesses, including food innovation, and other innovative industries that disrupt current technologies or business models. Qualified Business shall be considered to be in a targeted industry if the business is engaged primarily in a targeted industry.</p>	<p>Enquyst Technologies operates in the Program-targeted Life Sciences and Advanced Manufacturing industries.</p>
<p>Limit on Business Size</p>	<p>Qualified Businesses must employ fewer than 250 full-time employees.</p>	<p>Enquyst Technologies has got 6 full-time employees.</p>
<p>High-growth Business</p>	<p>Qualified Businesses must demonstrate they are high-growth business by meeting one of the Program’s high-growth tests. To meet the program’s high-growth test, Qualified Businesses may demonstrate trailing twelve-month revenue or customer growth of at least 25% as of the most recent quarter-end, or valuation growth of 25% since their prior fundraising round.</p> <p>Businesses that are too early in their life cycle to record one year of sales or customers and that have not previously raised third-party equity capital may demonstrate they meet the Program’s high-growth test through third-party projections. For these businesses, Qualified Venture Firms may submit their base case projections and businesses may be considered high-growth if the projections demonstrate 25% revenue, customer, or valuation growth in any, one-year period over the subsequent 3-5 years.</p>	<p>Enquyst Technologies satisfies the Program’s high-growth test using valuation growth of at least 25% since their prior fundraising round.</p> <p>Pre-money valuation of \$65m represents growth of more than 700% compared to \$7m valuation during Enquyst Technologies’ prior fundraising round.</p>

<p>Concentration Limits on Businesses</p>	<p>The Program will limit aggregate investments into any Qualified Business to 10 percent of the Program's uninvested and invested capital.</p>	<p>The proposed \$3,000,000 Qualified Investment is less than 7% of the Program's uninvested and invested capital.</p>
---	---	--

Note: Table 1 depicts the Program's primary Qualified Business eligibility requirements, however the Program maintains additional technical requirements, such as the requirement to register to do business in the State.



MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan, Chief Executive Officer
DATE: April 9, 2025
Subject: Strategic Innovation Center Investment in the NJ AI Hub LLC

Summary:

Members of the Board are requested to approve:

- An investment of up to \$15 million to form a new Strategic Innovation Center, NJ AI Hub, LLC (“NJ AI Hub”), a newly formed limited liability company entered into through a joinder agreement to the Operating Agreement (Appendix A) by Initial Members CoreWeave Inc, Microsoft Corporation (Microsoft), the New Jersey Economic Development Authority (NJEDA) and The Trustees of Princeton University (Princeton) (together, the Initial Members) to promote AI commercialization and accelerate start-up ventures, advance AI innovation, engage with New Jersey’s industry players and institutions of higher education to promote AI innovation, support AI education and workforce training at scale in New Jersey, and provide decision makers with thought leadership on the ethical and responsible use of AI.
- Authorization to the CEO to execute all documents required, including the Operating Agreement (Appendix A) attached hereto in the appendix to this memo in substantially final form.
- The Members are also asked to approve a 4.5% administrative fee to NJEDA for administrative costs plus associated Authority legal costs as allowed through the Economic Recovery Fund (“ERF”) statute.

Background:

Strategic Innovation Centers:

In July 2021, the NJEDA Board approved policies for utilizing the Economic Recovery Fund (created by P.L. 1992, c. 16) to undertake development of or to invest in strategic innovation centers to accelerate economic recovery and drive the long-term growth of the State’s innovation economy. Strategic Innovation Centers are defined as facilities that either, directly support research and development (R&D), innovation, or entrepreneurship, or are aimed at solving specific problems in new and innovative ways through a combination of services such as mentorship, networking opportunities, hands-on training, business support services, education opportunities, and/or access to testing, fabrication, or manufacturing facilities and equipment.

The policy approval included the use of fifty-five million (\$55,000,000) appropriated to the NJEDA’s ERF for the purpose of developing Strategic Innovation Centers in accordance with the policies. The 2023, 2024 and 2025 State appropriations acts allocated an additional

seventy million (\$70,000,000), seventy-five million (\$75,000,000), and fifty million (\$50,000,000) respectively. In March 2025, EDA, with approval from the Joint Budget Oversight Committee (JBOC), reallocated seven million eight hundred fifteen thousand dollars (\$7,815,000) from the closeout of the Edison Loan Program to the Strategic Innovation Center initiative. In bringing the total amount to two-hundred fifty million (\$257,815,000) available for Strategic Innovation Center (SIC) investments. NJEDA’s policy anticipates capturing a 4.5% administrative fee at approval of each project, in accordance with Board approved program policy. Additionally, the ERF statute authorizes the use of ERF funding for the costs of a project, including legal expenses (including special counsel retained by the Attorney General’s Office). Inclusive of the commitments itemized below and associated administrative fee there remains available \$156,765,000 of unallocated SIC funds before approval of the NJ AI Hub SIC.

To date, the Members have approved the following use of SIC funding:

- Investment in HAX, LLC (approved October 13, 2021): \$25,000,000
- Investment in Helix (DevCo) (approved December 8, 2021): \$10,000,000
- Allocation to Maternal and Infant Health Innovation Center (approved May 8, 2024): \$3,000,000
- Investment in NJ FAST powered by Plug and Play (approved July 17, 2024): \$17,100,000
- Investment in Atlantic County NJ Aerospace LLC (approved December 19, 2024): \$8,600,000
- Allocation to Maternal and Infant Health Innovation Center (approved February 24, 2024): \$7,000,000

The approved policies for Strategic Innovation Center projects consider how NJEDA staff will:

1. Address opportunities for the Authority to take a lead role in developing Strategic Innovation Centers such as building and/or overseeing the operations of the Strategic Innovation Center or collaborating with another party through an early investment that serves as a catalyst for the project.
2. Consider unsolicited proposals or investment opportunities for Strategic Innovation Center projects in the State. In all cases, funding is limited to twenty-five million (\$25,000,000) for any single project with a requirement for matching private capital, and the project must align with the ERF targeted industries¹ or demonstrate that it will meaningfully support increasing diversity and inclusion within the State’s entrepreneurial economy. Additionally, all Strategic Innovation Center projects using ERF funds under these policies must be approved by the Board.

Following evaluation (Confidential Appendix B), EDA staff has determined the project, herein, the NJ AI Hub, meets the outlined policy requirements for a SIC investment given that it directly supports R&D, innovation and entrepreneurship for start-up companies in the Information and High Technology industries, to develop disruptive solutions, initially, across Clean Energy, Life Sciences.

¹ “Targeted industry” means any industry identified from time to time by the Authority which shall initially include advanced transportation and logistics, advanced manufacturing, aviation, autonomous vehicle and zero-emission vehicle research or development, clean energy, life sciences, hemp processing, information and high technology, finance and insurance, professional services, film and digital media, non-retail food and beverage businesses including food innovation, and other innovative industries that disrupt current technologies or business models.

Background on NJ AI Hub LLC

In December 2023, Governor Murphy, joined by Princeton University President Eisgruber, announced plans to create an artificial intelligence innovation hub for the State to bring together AI researchers, industry leaders, start-up companies, and other collaborators to advance research and development, house dedicated accelerator space, advance the use of ethical AI for positive societal impact, and promote workforce development to support new technology development, in collaboration with other New Jersey universities, community colleges, and vocational schools. In February 2024, the NJEDA and Princeton University, jointly issued a request for information (RFI) to collect input around best practices and operational insights surrounding the AI hub, and to garner specific interest for engagement in the AI hub by respondents. In January of 2025, Governor Murphy and Princeton University President Eisgruber announced Microsoft and CoreWeave will join the State and Princeton as founding partners in the NJ AI Hub. The NJ AI Hub will serve as a state-of-the-art collaborative ecosystem that integrates world-class research, innovation, education, and workforce development.

The NJ AI Hub will help position New Jersey as a leading East Coast center for AI innovation. It will be located along Route 1 — New Jersey’s innovation corridor — at 619 Alexander Road, West Windsor, NJ, in space provided by Princeton University. At a high level, additional example strategic commitments will bring together core strengths of each Initial Member. As part of this investment in the NJ AI Hub, Microsoft will leverage its TechSpark program to provide expertise and resources for AI skilling and workforce development to create opportunities for innovation in New Jersey and the region. CoreWeave will leverage its industry leading presence in the State in support of apprenticeships, fellowships, and industry internships in AI to provide on-the-job training opportunities for early career professionals to augment upskilling programs in AI for incumbent workers. Altogether, the cash and in-kind financial contributions from the four Initial Members will capitalize the NJ AI Hub with thirty-seven million five hundred thousand dollars (\$37,500,000).

After review of the SIC proposal, Staff’s recommendation is to provide financial support in the form of an equity investment into the NJ AI Hub pursuant to the Strategic Innovation Center policy, as the project aligns with the objectives of the Strategic Innovation Centers initiative (Confidential Appendix B).

Mission and Value Proposition

Through a close partnership among academia, industry, and government, and a vertically integrated institute spanning all levels of AI innovation, the NJ AI Hub will promote rapid and responsible development of the field, driving job growth and regional economic development, guiding governments and public entities on AI implementation, and seeding the formation of new start-ups while providing the tools to enable existing industries to capitalize on the AI revolution. The NJ AI Hub’s activities will include, without limitation, promoting AI commercialization and accelerating start-up ventures, advancing AI innovation, engaging with New Jersey’s industry players and institutions of higher education to promote AI innovation, supporting AI education and workforce training at scale in New Jersey, and providing decision makers with thought leadership on the ethical and responsible use of AI. It is anticipated the NJ AI Hub will focus on several industry application sectors with strong footprints in New Jersey such as, but not limited to, life sciences, energy and climate resilience, telecommunications and cybersecurity, and infrastructure and logistics.

The NJ AI Hub is envisioned to be an integrated hub of AI activity that leverages the strengths of the region, building from academic research to industry development to societal engagement. In order to accomplish its mission, the NJ AI Hub will embark on a set of ambitious programs across three core pillars.

- **Research and Development:** The NJ AI Hub will bring together corporate entities, technology experts, and academic researchers to foster AI research and innovation, leveraging technology expertise from Microsoft and CoreWeave as well as research expertise from across New Jersey's institutions of higher education. The Hub will drive integration and adoption of AI technology in core industry applications, while leading in ethical AI implementation.
- **Commercialize and Accelerate innovation:** The NJ AI Hub will launch an accelerator program to support startups with resources and mentorship from corporate partners, expediting the journey from idea to market for innovative AI companies. The NJ AI Hub will act as a catalyst for innovation, growing the early-stage AI ecosystem in New Jersey by providing necessary resources and support (e.g., space, funding, expertise). The accelerator will be managed by a third party to be identified by the NJ AI Hub.
- **Workforce Development:** The NJ AI Hub will equip New Jersey's workforce with AI-related skills, partnering with educational institutions and corporates for internships, apprenticeships, and skill-building initiatives. For example, the NJ AI Hub will partner with community colleges and four-year colleges to develop AI curricula tailored for two-year programs to enhance digital skills and research opportunities, preparing students for employment or seamless transition to a four-year program. The NJ AI Hub will establish apprenticeships, fellowships, and industry internships in AI at companies including CoreWeave, providing on-the-job training opportunities for early career professionals to augment upskilling programs in AI for incumbent workers.

Community Engagement and Economic Development

By fostering partnerships among academia, industry, and government, the NJ AI Hub will drive socially-responsible innovation and inclusive economic prosperity, ensuring that AI advancements benefit the entire region and beyond. The NJ AI Hub will be centrally located in the State at 619 Alexander Road, West Windsor, NJ.

The NJ AI Hub will draw on, and amplify, strengths in the Central NJ region, including industrial strengths in the medical, financial, and engineering sectors; national labs, such as Princeton Plasma Physics Laboratory (PPPL) and the Geophysical Fluid Dynamics Laboratories (GFDL), that can leverage AI to enhance their research on sustainability (e.g., fusion energy and climate modeling); a strong system of regional colleges and universities, including two-year community colleges and vocational schools, that contribute to the local workforce, and; a growing regional innovation ecosystem of start-up companies, established firms (e.g., Google Brain Princeton), and startup accelerators (e.g. HAX) as well as proximity to a wide range of NYC companies. To foster AI innovation in Central NJ, the NJ AI Hub will:

- build an AI-educated local workforce, by leveraging Princeton's existing partnerships with local community colleges and vocational/technical schools (McGraw Center), through new community college and micro-credentialing courses on AI and data

science, professional development opportunities for community college professors, and summer internships for community college students;

- convene major stakeholders from New Jersey and the rest of the country through events at the NJ AI Hub on topics ranging from AI policy to AI applications and technologies;
- leverage ongoing AI initiatives in large language models, precision health, community outreach and workforce development, policy and AI for engineering to build collaborations with local companies and entrepreneurs focusing on related application verticals;
- house AI researchers, start-up companies, and other collaborators in dedicated incubation space, leveraging space adjacent to the Princeton campus on the nearby Route 1 corridor.

The Workforce Development program envisions launching a New Jersey-based extension of Microsoft’s TechSpark program, focused on developing, strengthening, and retaining AI talent in the state. The vision of the program is to support AI skills development across all segments of the community, from K-12 education to community colleges and 4-year institutions, and into the workforce. The initial focus in the short term is to partner with community colleges to strengthen curricula and research/internship opportunities in AI and digital skills. The intention will be to develop and implement a comprehensive AI curriculum tailored for two-year programs. This initiative aims to enhance digital skills and research opportunities, preparing students for a seamless transition to four-year institutions. The NJ AI Hub will collaborate with career services to establish paid research fellowships and industry internships in AI, specifically targeting early-career pathways and pipelines to New Jersey sectors and NJ AI Hub startups. In the long term, the NJ AI Hub’s workforce development programming aims to expand and diversify its initiatives to encompass a broader range of educational and professional development opportunities.

Founding Partners and Organization

The Initial Members are positioned to support the NJ AI Hub to accomplish significant developments in the field of AI by partnering together to utilize each of their unique skill sets. The respective contributions of the Initial Members are discussed in the Structure section of this memo. Together the four Initial Members with the Executive Director of the NJ AI Hub will serve as the Managers of the NJ AI Hub. All Parties will together participate in defining vision and programming for the Hub and will develop and monitor KPIs to define success and facilitate program evaluation. Day-to-day operations will be under the Executive Director of the Hub. The one-year goal is to bring on board an essential staff of 5-6 individuals to support the core functions of the NJ AI Hub, as follows:

Executive Director
Innovation Director
Workforce Development Director
Chief Development Officer
Administrative Director
AI R&D Director
AI Fellows (students)

CoreWeave Inc. (CoreWeave) is a specialized cloud provider delivering purpose-built solutions to deliver AI-centric infrastructure fueling AI innovation from start-ups to

enterprise. CoreWeave is a leader in delivering AI technologies, including the CoreWeave Cloud Platform which simplifies the complexity of engineering, assembling, running, and monitoring state-of-the-art infrastructure at a massive scale to deliver cutting-edge performance and efficiency for AI workloads. CoreWeave was “born-and-raised” in NJ and continues to be headquartered in the state.

Microsoft Corporation’s (Microsoft) mission is to enable people and businesses throughout the world to realize their full potential by creating technology that transforms the way people work, play, and communicate.

Microsoft's TechSpark initiative fosters inclusive economic opportunity, job creation, and innovation. Since its inception in twelve communities across the US, more than \$700 million in community funding has been secured, 65,000 people skilled, and 4,500 jobs created.

The **New Jersey Economic Development Authority (NJEDA)** is a state government agency, dedicated to fostering economic growth and job creation in New Jersey. NJEDA’s mission is to make New Jersey a national model for sustainable and equitable economic growth by investing in communities, fostering innovation, and supporting industries with high-quality jobs. NJEDA’s Strategic Innovation Centers drive economic growth and innovation by providing resources, infrastructure, and a business-friendly ecosystem.

The **Trustees of Princeton University (Princeton University)** have both the existing assets within AI and existing expertise in commercializing research to launch the NJ AI Hub. It excels in interdisciplinary research, particularly in areas where AI will have a significant impact, such as healthcare, climate science, and cybersecurity. Princeton's AI Lab is already a prominent leader in AI research, and its Center for Information Technology Policy, launched in 2017, focuses on ethics and policy in digital technologies.

The Managers will work together to establish an Advisory Board which shall be composed of at least one representative from each of the parties involved, and include additional members drawn from various sectors such as academic institutions, corporate entities, and the investment community. Proposed members shall have expertise in AI innovation, start-up ventures, higher education, workforce development, and/or other relevant areas, and members with relationships in New Jersey’s AI ecosystem. The Advisory Board will meet regularly and advise the NJ AI Hub.

Structure

The NJ AI Hub is formed as a Delaware limited liability company, capitalized by the Initial Members for a five-year term, which may be extended by the Members, followed by a three-year reporting period. Ownership interest is attributed according to capital commitment. The Managers shall maintain and update the Members Schedule upon the issuance or Transfer of any Membership Interests to any new or existing Member in accordance with this Agreement. Each of the members has agreed to make a cash contribution to be drawn quarterly for the five-year term, or in-kind, subject to verification of cost of service, as outlined below and captured in the Operating Agreement, Schedule B.

Member Name	Member Address	Capital Commitment	Cash Contribution	In-Kind Contribution	Membership Interest
New Jersey Economic Development Authority	36 West State Street Trenton, New Jersey 08625	\$15,000,000	\$15,000,000	\$0.00	40%
The Trustees of Princeton University	1 Nassau Hall Princeton, New Jersey 08544	\$7,500,000	\$0.00	\$7,500,000	20%
Microsoft Corporation	1 Microsoft Way Redmond, Washington 98052	\$7,500,000	\$2,500,000	\$5,000,000	20%
CoreWeave, Inc.	101 Eisenhower Parkway Roseland, New Jersey 07068	\$7,500,000	\$7,500,000	\$0.00	20%
Total:		\$37,500,000	\$25,000,000	\$12,500,000	100%

Member Name	Roles and Responsibilities
New Jersey Economic Development Authority	<ol style="list-style-type: none"> 1) Forge partnerships and maintain relationships with, e.g., strategic corporates or venture capital firms. 2) Promote the NJ AI Hub events. 3) Provide additional funding or connections to aid in retaining companies in New Jersey.
The Trustees of Princeton University	<ol style="list-style-type: none"> 1) As part of the Capital Commitments by Princeton listed above (not as an additional Capital Commitment): (i) \$5,300,000 shall go towards a fit out physical space for the Hub programming on or near Princeton’s campus, (ii) \$1,200,000 shall go towards rent, maintenance, utilities and any other related charges during the five-year period, and (iii) \$1,000,000 shall be provided for staff salaries and benefits including the Executive Director. Expenses paid for by Princeton for staff salaries and benefits including the Executive Director beyond this amount shall constitute additional Capital Commitments. Princeton may allocate different amounts to different in-kind contributions than those listed here if it determines it is necessary and it notifies the Managers (i) the Capital Contribution has been swapped between space and salary, and (ii) the capex expenditure within 90 days of execution date. 2) Encourage engagement with the Hub programming among faculty, staff, and students. 3) Engage with New Jersey higher education community to foster effective AI education and training at scale. 4) Promote the Hub events and, subject to availability and Princeton policies, provide space for larger convenings. 5)
Microsoft Corporation	<ol style="list-style-type: none"> 1) As part of the Capital Commitments by Microsoft listed above (not as an additional Capital Commitment): (i) \$500,000 in in-kind contributions shall provide on-site staff dedicated to

	<p>the Hub for five (5) years for Microsoft-led programming elements, and (ii) \$500,000 in in-kind contributions shall support the Hub’s efforts to facilitate networking, mentorship, business development coaching, and workforce development for regional companies and trainees, e.g., TechSpark Program.</p> <ol style="list-style-type: none"> 2) Provide technical AI support, vision, product advice, and business use cases for start-ups and companies connecting to the Hub. 3) Provide Azure credits for the Hub and participating start-ups. Any Azure credits by Microsoft shall be deemed an additional Capital Commitment subject to Section 3.02 (requiring prior approval for additional Capital Commitments). 4)
CoreWeave, Inc.	<ol style="list-style-type: none"> 1) Provide staff to support the Hub for CoreWeave-led programming elements. 2) Support the Hub efforts to facilitate networking, mentorship, and business development coaching for regional companies and trainees, including regional-based internships. 3) Provide CoreWeave compute credits for the Hub and participating start-ups, as appropriate and at its discretion. Any such credits by Coreweave shall be deemed an additional Capital Commitment subject to Section 3.02 (requiring prior approval for additional Capital Commitments). 4)

Business Model

The NJ AI Hub is built to be a self-sustaining operation beyond the initial five-year term. The budget for the NJ AI Hub will be presented for approval, annually, by the Managers. At its core it will serve as a platform for engagement and as a sophisticated engine to drive value-added work across a set of principal stakeholders expected to expand over time as the NJ AI Hub demonstrates growing competencies to the market. Anchor Partners, generally, significant NJ AI Hub sponsors, will be key players in the ecosystem with a large role and commitment to the NJ AI Hub. These partners will either provide substantial cash or in-kind contributions or are otherwise heavily engaged in the NJ AI Hub’s programming. Their commitments will be multi-year. Corporate members can participate in research efforts, offer in-kind technical support, share data, and participate in accelerator programming by mentoring startups. Additionally, these members will identify needs for interns and research

fellows and provide placements. It is planned that Affiliate Members, community organizations and educational partners eager to engage with the Hub's programming, will not be obligated to pay a membership fee but gain access to specific program events, enhancing their visibility within the NJ AI Hub's ecosystem.

The Research and Development program may be centered around creating an Applied Research Catalyst (e.g. ARC) that brings together corporate entities and academic researchers to foster AI research. The ARC will act as a convening body for industry and researchers, bringing together data & analytics teams across New Jersey's sectors most likely to be impacted by AI—such as life sciences, environment and sustainability, advanced manufacturing, among others—with NJ academic researchers focused on relevant AI topics, including those at Princeton and other educational partners. The ARC will focus on two primary activities: 1. Networking and Relationship Building: The ARC will offer a structured program to provide networking opportunities and facilitate meet-and-greet sessions for corporate members. 2. Developing Shared Innovation Opportunities to create an AI Research Agenda: The ARC will establish a formal engagement process to focus on shared innovation opportunities, basic research, and mutual interests between corporate and academic participants.

The NJ AI Hub will serve as a platform to launch an accelerator program and co-working / flexible office space to support startups with resources and mentorship, expediting the journey from idea to market for innovative AI companies. The accelerator operator and the NJ AI Hub executive team will collaborate with New Jersey's top corporates in strategic industries to determine the sector focus of each cohort, identifying opportunities where startups can make significant impacts. Selected startups will receive access to the accelerator program's in-kind resources and—potentially—a small amount of early funding. Corporate partners can engage with startups as mentors or by providing other resources such as technical and engineering advice. Additionally, preferred service providers that offer specialized services like legal aid, cloud credits, and graphic design will be vetted and selected as the NJ AI Hub's preferred service partners. In exchange for a larger fee and a commitment to provide in-kind services to the NJ AI Hub's startups, they may gain exclusivity and prime opportunities for business development with the NJ AI Hub's selected startups. The scope of the accelerator will be refined in collaboration with the operator but is anticipated to concentrate on industry verticals in New Jersey's strategic sectors—such as life sciences, banking and insurance, energy, advanced manufacturing, and energy.

Recommendation:

Members of the Board are requested to approve:

- An investment of up to \$15 million to form a new Strategic Innovation Center, NJ AI Hub, LLC (“NJ AI Hub”), a newly formed limited liability company entered into through a joinder agreement to the Operating Agreement by Initial Members CoreWeave Inc, Microsoft Corporation (Microsoft), the New Jersey Economic Development Authority (NJEDA) and The Trustees of Princeton University (Princeton) to promote AI commercialization and accelerate start-up ventures, advance AI innovation, engage with New Jersey’s industry players and institutions of higher education to promote AI innovation, support AI education and workforce training at scale in New Jersey, and provide decision makers with thought leadership on the ethical and responsible use of AI.
- Authorization to the CEO to execute all documents required, including the Operating Agreement (Appendix A) attached hereto in the appendix to this memo in substantially final form.
- The Members are also asked to approve a 4.5% administrative fee to NJEDA for administrative costs plus associated Authority legal costs as allowed through the Economic Recovery Fund (“ERF”) statute.



Tim Sullivan, CEO

Prepared by:

Ram Akella – EVP, Innovation Impact

Tim Rollender – Senior Advisor, Strategic Innovation Initiatives

Attachment:

Appendix A – Operating Agreement

Appendix B – **CONFIDENTIAL** Strategic Innovation Center Documentation, Eligibility and Evaluation Checklist

Appendix A

LIMITED LIABILITY COMPANY AGREEMENT

among

NJ AI HUB, LLC

and

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

THE TRUSTEES OF PRINCETON UNIVERSITY

MICROSOFT CORPORATION

COREWEAVE, INC.

dated as of

April , 2025

TABLE OF CONTENTS

ARTICLE I DEFINITIONS	6
Section 1.01 Definitions.	6
Section 1.02 Interpretation.	15
ARTICLE II ORGANIZATION	15
Section 2.01 Formation.	15
Section 2.02 Name.	16
Section 2.03 Principal Office.	16
Section 2.04 Registered Office; Registered Agent.	16
Section 2.05 Purpose; Powers.	16
Section 2.06 Term.	16
Section 2.07 Hub Period.	17
ARTICLE III CAPITAL CONTRIBUTIONS; CAPITAL COMMITMENTS; CAPITAL ACCOUNTS	17
Section 3.01 Initial Capital Contributions.	17
Section 3.02 Additional Capital Commitments.	17
Section 3.03 Maintenance of Capital Accounts.	18
Section 3.04 Succession Upon Transfer.	18
Section 3.05 Negative Capital Accounts.	18
Section 3.06 No Withdrawals from Capital Accounts.	19
Section 3.07 Loans From Members.	19
Section 3.08 Modifications.	19
Section 3.09 Default.	19
ARTICLE IV MEMBERS.....	20
Section 4.01 Admission of New Members.	20
Section 4.02 No Personal Liability.	21
Section 4.03 No Withdrawal; Bankruptcy.	21
Section 4.04 Power of Members.	21
Section 4.05 No Interest in Company Property.	21
Section 4.06 Certification of Membership Interests.	21

Section 4.07 Other Activities; Business Opportunities.	22
Section 4.08 Required Withdrawal.	22
ARTICLE V ALLOCATIONS	23
Section 5.01 Allocation of Net Income and Net Loss.	23
Section 5.02 Regulatory and Special Allocations.	23
Section 5.03 Tax Allocations.	24
Section 5.04 Allocations in Respect of Transferred Membership Interests.	25
ARTICLE VI DISTRIBUTIONS	25
Section 6.01 General.	25
Section 6.02 Tax Advances.	25
Section 6.03 Tax Withholding; Withholding Advances.	26
Section 6.04 Distributions in-Kind.	27
ARTICLE VII MANAGEMENT	28
Section 7.01 Management of the Company.	28
Section 7.02 Number, Election, and Term of Managers.	28
Section 7.03 Removal; Resignation; Vacancies.	29
Section 7.04 Action by Managers.	29
Section 7.05 Actions Requiring Approval of all Managers.	29
Section 7.06 Business Plan and Budgets.	30
Section 7.07 Officers.	31
Section 7.08 Other Activities of Managers; Business Opportunities.	31
Section 7.09 Compensation and Reimbursement of Managers; No Employment.	32
Section 7.10 Committees.	32
Section 7.11 Advisory Board.	32
Section 7.12 No Personal Liability.	33
Section 7.13 Responsible AI Standards.	33
ARTICLE VIII REPRESENTATIONS AND WARRANTIES	33
Section 8.01 Member Representations and Warranties	33
Section 8.02 Company Representations and Warranties	35

Section 8.03 Princeton Representations and Warranties	38
ARTICLE IX TRANSFER	38
Section 9.01 General Restrictions on Transfer	38
Section 9.02 Permitted Transfers	39
ARTICLE X EXCULPATION AND INDEMNIFICATION	40
Section 10.01 Exculpation of Covered Persons	40
Section 10.02 Liabilities and Duties of Covered Persons	40
Section 10.03 Release	40
Section 10.04 Survival	41
ARTICLE XI COMPLIANCE; TAX MATTERS.....	41
Section 11.01 Financial Statements	41
Section 11.02 Inspection Rights	42
Section 11.03 Income Tax Status	42
Section 11.04 Tax Matters Representative	42
Section 11.05 Tax Returns	44
Section 11.06 Company Funds	44
Section 11.07 Corporate Transparency Act Compliance	44
ARTICLE XII DISSOLUTION AND LIQUIDATION	46
Section 12.01 Events of Dissolution	46
Section 12.02 Effectiveness of Dissolution	46
Section 12.03 Liquidation	46
Section 12.04 Cancellation of Certificate	47
Section 12.05 Survival of Rights, Duties and Obligations	47
Section 12.06 Recourse for Claims	48
ARTICLE XIII MISCELLANEOUS.....	48
Section 13.01 Expenses	48
Section 13.02 Further Assurances	48
Section 13.03 Confidentiality	48
Section 13.04 Notices	50

Section 13.05 Headings.....	51
Section 13.06 Severability.	51
Section 13.07 Entire Agreement.	51
Section 13.08 Successors and Assigns.....	51
Section 13.09 No Third-Party Beneficiaries.....	51
Section 13.10 Amendment.	52
Section 13.11 Waiver.....	52
Section 13.12 Governing Law.....	52
Section 13.13 Dispute Resolution.	52
Section 13.14 Waiver of Jury Trial.	53
Section 13.15 Equitable Remedies.....	53
Section 13.16 Attorneys' Fees.....	53
Section 13.17 Remedies Cumulative.....	54
Section 13.18 Counterparts.	54

LIMITED LIABILITY COMPANY AGREEMENT

This Limited Liability Company Agreement of NJ AI Hub, LLC, a Delaware limited liability company (the “**Company**”), is entered into as of April [REDACTED], 2025, by and among the Company, the Initial Members executing this Agreement as of the date hereof and each other Person who after the date hereof becomes a Member of the Company and becomes a party to this Agreement by executing a Joinder Agreement.

RECITALS

WHEREAS, the Company was formed under the laws of the State of Delaware by the filing of a Certificate of Formation with the Secretary of State of Delaware (the “**Secretary of State**”) on April [REDACTED], 2025 (the “**Certificate of Formation**”);

WHEREAS, the Members have collaboratively agreed that they can accomplish significant developments in the field of AI by partnering together to utilize each of their unique skill sets as set forth herein; and

WHEREAS, the goals of the Company to advance AI research and strengthen the regional innovation ecosystem reflect strategic priorities of Princeton and align directly with its core mission; and

WHEREAS, the Members wish to enter into this Agreement setting forth the terms and conditions governing the operation and management of the Company.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I DEFINITIONS

Section 1.01 Definitions. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in this Section 1.01:

“**Adjusted Capital Account Deficit**” means, with respect to any Member, the deficit balance, if any, in such Member’s Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

- (a) crediting to such Capital Account any amount that such Member is obligated to restore or is deemed to be obligated to restore pursuant to Treasury Regulations Sections 1.704-1(b)(2)(ii)(c), 1.704-2(g)(1) and 1.704-2(i); and
- (b) debiting to such Capital Account the items described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

“**Adjusted Taxable Income**” of a Member for a Fiscal Year (or portion thereof) with respect to the Membership Interest held by such Member means the federal taxable income allocated by the Company to the Member with respect to its Membership Interest (as adjusted by

any final determination in connection with any tax audit or other proceeding) for such Fiscal Year (or portion thereof); *provided*, that such taxable income shall be computed (i) minus any excess taxable loss or excess taxable credits of the Company for any prior period allocable to such Member with respect to its Membership Interest that were not previously taken into account for purposes of determining such Member's Adjusted Taxable Income in a prior Fiscal Year to the extent such loss or credit would be available under the Code to offset income of the Member (or, as appropriate, the direct or indirect owners of the Member) determined as if the income, loss, and credits from the Company were the only income, loss, and credits of the Member (or, as appropriate, the direct or indirect members of the Member) in such Fiscal Year and all prior Fiscal Years, and (ii) taking into account any special basis adjustment with respect to such Member resulting from an election by the Company under Code Section 754.

“Capital Account” has the meaning set forth in Section 3.03.

“Advisory Board” has the meaning set forth in Section 7.11(a).

“Affiliate” means, with respect to any Person, any other Person who, directly or indirectly (including through one or more intermediaries), controls, is controlled by, or is under common control with, such Person. For purposes of this definition, “control,” when used with respect to any specified Person, shall mean the power, direct or indirect, to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities or partnership or other ownership interests, by contract or otherwise; and the terms “controlling” and “controlled” shall have correlative meanings.

“Agreement” means this Limited Liability Company Agreement, as executed and as it may be amended, modified, supplemented or restated from time to time, as provided herein.

“AI” means artificial intelligence as defined in the United States National Artificial Intelligence Initiative Act of 2020 (15 U.S.C. 9401(3) [section 5002(3) of Pub. L. 116–283]).

“Applicable Law” means all applicable provisions of (a) constitutions, treaties, statutes, laws (including the common law), rules, regulations, decrees, ordinances, codes, proclamations, declarations or orders of any Governmental Authority; (b) any consents or approvals of any Governmental Authority; and (c) any orders, decisions, advisory or interpretative opinions, injunctions, judgments, awards, decrees of, or agreements with, any Governmental Authority.

“BBA” means the Bipartisan Budget Act of 2015.

“Book Depreciation” means, with respect to any Company asset for each Fiscal Year, the Company's depreciation, amortization, or other cost recovery deductions determined for federal income tax purposes, except that if the Book Value of an asset differs from its adjusted tax basis at the beginning of such Fiscal Year, Book Depreciation shall be an amount which bears the same ratio to such beginning Book Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Year bears to such beginning adjusted tax basis; *provided*, that if the adjusted basis for federal income tax purposes of an asset at the beginning of such Fiscal Year is zero and the Book Value of the asset is positive, Book Depreciation shall be determined with reference to such beginning Book Value using any

permitted method selected by the Managers in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(g)(3).

“**Book Value**” means, with respect to any Company asset, the adjusted basis of such asset for federal income tax purposes, except as follows:

(a) the initial Book Value of any Company asset contributed by a Member to the Company shall be the gross Fair Market Value of such Company asset as of the date of such contribution;

(b) immediately prior to the distribution by the Company of any Company asset to a Member, the Book Value of such asset shall be adjusted to its gross Fair Market Value as of the date of such distribution;

(c) the Book Value of all Company assets may, in the sole discretion of the Managers, be adjusted to equal their respective gross Fair Market Values, as determined by the Managers, as of the following times:

(i) the acquisition of an additional Membership Interest in the Company by a new or existing Member in consideration for more than a *de minimis* Capital Contribution;

(ii) the distribution by the Company to a Member of more than a *de minimis* amount of property (other than cash) as consideration for all or a part of such Member’s Membership Interest; and

(iii) the liquidation of the Company within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g);

(d) the Book Value of each Company asset shall be increased or decreased, as the case may be, to reflect any adjustments to the adjusted tax basis of such Company asset pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Account balances pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m); *provided*, that Book Values shall not be adjusted pursuant to this paragraph (d) to the extent that an adjustment pursuant to paragraph (c) above is made in conjunction with a transaction that would otherwise result in an adjustment pursuant to this paragraph (d); and

(e) if the Book Value of a Company asset has been determined pursuant to paragraph (a) or adjusted pursuant to paragraphs (c) or (d) above, such Book Value shall thereafter be adjusted to reflect the Book Depreciation taken into account with respect to such Company asset for purposes of computing Net Income and Net Losses.

“**Business Day**” means a day other than a Saturday, Sunday or other day on which commercial banks in the City of New York are authorized or required to close.

“**Capital Account**” has the meaning set forth in Section 3.03.

“**Capital Contribution**” means, for any Member, the total amount of cash and cash equivalents and the Book Value of any property contributed to the Company by such Member.

“**Capital Commitment**” means the total amount of capital that each Member agrees to contribute to the Company over a specified period, as set forth in the Members Schedule.

“**Certificate of Formation**” has the meaning set forth in the Recitals.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Company**” has the meaning set forth in the Preamble.

“**Company Interest Rate**” has the meaning set forth in Section 6.03(b).

“**Company Minimum Gain**” means “partnership minimum gain” as defined in Treasury Regulations Section 1.704-2(b)(2), substituting the term “Company” for the term “partnership” as the context requires.

“**Confidential Information**” has the meaning set forth in Section 13.03(a).

“**CoreWeave**” means CoreWeave, Inc. with the address, Capital Commitment and Membership Interest as shown on the Members Schedule.

“**Covered Person**” has the meaning set forth in Section 10.01(a).

“**Default Declaration**” has the meaning set forth in Section 6.02(c).

“**Defaulting Member**” has the meaning set forth in Section 6.02(c).

“**Default Notice**” has the meaning set forth in Section 6.02(c).

“**Delaware Act**” means the Delaware Limited Liability Company Act, Title 6, Chapter 18, §§ 18-101, *et seq.*

“**Electronic Transmission**” means any form of communication not directly involving the physical transmission of paper, including the use of, or participation in, one or more electronic networks or databases (including one or more distributed electronic networks or databases), that creates a record that may be retained, retrieved and reviewed by a recipient thereof and that may be directly reproduced in paper form by such a recipient through an automated process.

“**Estimated Tax Amount**” of a Member for a Fiscal Year means the Member’s Tax Amount for such Fiscal Year as estimated in good faith from time to time by the Managers. In making such estimate, the Managers shall take into account amounts shown on Internal Revenue Service Form 1065 filed by the Company and similar state or local forms filed by the Company for the preceding taxable year and such other adjustments as the Managers reasonably determine are necessary or appropriate to reflect the estimated operations of the Company for the Fiscal Year.

“**Excess Amount**” has the meaning set forth in Section 6.02(c).

“**Executive Director**” has the meaning set forth in Section 7.07.

“**Fair Market Value**” of any asset as of any date means the purchase price that a willing buyer having all relevant knowledge would pay a willing seller for such asset in an arm’s length transaction, as determined in good faith by the Managers based on such factors as the Managers, in the exercise of their reasonable business judgment, consider relevant.

“**Family Member**” has the meaning set forth in Section 9.02(c).

“**Fiscal Year**” means the calendar year, unless the Company is required to have a taxable year other than the calendar year, in which case Fiscal Year shall be the period that conforms to its taxable year.

“**GAAP**” means United States generally accepted accounting principles in effect from time to time.

“**Governmental Authority**” means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of law), or any arbitrator, court or tribunal of competent jurisdiction.

“**Hub**” means the AI-focused working area located on or near Princeton’s campus, which has the mission statement as stated on Schedule A.

“**Hub Term**” has the meaning set forth in Section 2.06Section 9.02(c).

“**Initial Member**” has the meaning set forth in the term Member.

“**Independent Manager**” has the meaning set forth in Section 7.02(a)Section 9.02(c).

“**IP**” means intellectual property creations of the mind that are legally recognized and protected from unauthorized use by others. This includes a wide range of intangible assets such as inventions, literary and artistic works, designs, symbols, names, and images used in commerce. IP can be broadly categorized into several types, including patents, copyrights, trademarks, and trade secrets. IP includes any and all creations, inventions, and innovations that are the result of intellectual effort and creativity. This includes, but is not limited to, the following:

- (i) Patents and legal rights granted for new inventions, including processes, machines, and compositions of matter.
- (ii) Copyrights and protection for original works of authorship, such as literary, musical, and artistic works, including software and databases.

- (iii) Trademarks and distinctive signs, symbols, or expressions that identify and distinguish products or services of a particular source.
- (iv) Trade secrets and confidential business information that provides a competitive edge, such as formulas, practices, processes, designs, instruments, or compilations of information.
- (v) AI-related innovations and creations involving AI, including AI algorithms, machine learning models, neural networks, AI-generated content, and any software or systems that utilize AI technologies.

“**Joinder Agreement**” means the joinder agreement in substantially the same form and substance attached hereto as Exhibit A.

“**Lien**” means any mortgage, pledge, security interest, option, right of first offer, encumbrance or other restriction or limitation of any nature whatsoever.

“**Liquidator**” has the meaning set forth in Section 12.03(a).

“**Managers**” means (a) each Person identified as of the date hereof as a Manager in Section 7.02 and (b) each Person who is hereafter elected as a Manager in accordance with Section 7.02. Managers need not be Members of the Company or residents of the State of Delaware but must be natural individuals.

“**Managers Schedule**” has the meaning set forth in Section 7.02(c).

“**Marital Relationship**” means a civil union, domestic partnership, marriage, or any other similar relationship that is legally recognized in any jurisdiction.

“**Member**” means (a) each Person identified on the Members Schedule as of the date hereof as a Member who has executed this Agreement or a counterpart thereof (each, an “**Initial Member**”); and (b) each Person who is hereafter admitted as a Member in accordance with the terms of this Agreement and the Delaware Act, in each case so long as such Person is shown on the Company’s books and records as the owner of Membership Interests. The Members shall constitute “members” (as that term is defined in the Delaware Act) of the Company.

“**Member Nonrecourse Debt**” means “partner nonrecourse debt” as defined in Treasury Regulations Section 1.704-2(b)(4), substituting the term “Company” for the term “partnership” and the term “Member” for the term “partner” as the context requires.

“**Member Nonrecourse Debt Minimum Gain**” means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if the Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Treasury Regulations Section 1.704-2(i)(3).

“Member Nonrecourse Deduction” means “partner nonrecourse deduction” as defined in Treasury Regulations Section 1.704-2(i), substituting the term “Member” for the term “partner” as the context requires.

“Members Schedule” has the meaning set forth in Section 3.01.

“Membership Interest” means an interest in the Company owned by a Member, including such Member’s right (a) to its distributive share of Net Income, Net Losses and other items of income, gain, loss and deduction of the Company; (b) to its distributive share of the assets of the Company; (c) to vote on, consent to or otherwise participate in any decision of the Members as provided in this Agreement; and (d) to any and all other benefits to which such Member may be entitled as provided in this Agreement or the Delaware Act. The Membership Interest of each Member shall be expressed as a percentage interest and shall be as set forth on the Members Schedule.

“Microsoft” means Microsoft Corporation with the address, Capital Commitment and Membership Interest as shown on the Members Schedule.

“Net Income” and **“Net Loss”** mean, for each Fiscal Year or other period specified in this Agreement, an amount equal to the Company’s taxable income or taxable loss, or particular items thereof, determined in accordance with Code Section 703(a) (where, for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or taxable loss), but with the following adjustments:

(a) any income realized by the Company that is exempt from federal income taxation, as described in Code Section 705(a)(1)(B), shall be added to such taxable income or taxable loss, notwithstanding that such income is not includable in gross income;

(b) any expenditures of the Company described in Code Section 705(a)(2)(B), including any items treated under Treasury Regulations Section 1.704-1(b)(2)(iv)(I) as items described in Code Section 705(a)(2)(B), shall be subtracted from such taxable income or taxable loss, notwithstanding that such expenditures are not deductible for federal income tax purposes;

(c) any gain or loss resulting from any disposition of Company property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Book Value of the property so disposed, notwithstanding that the adjusted tax basis of such property differs from its Book Value;

(d) any items of depreciation, amortization and other cost recovery deductions with respect to Company property having a Book Value that differs from its adjusted tax basis shall be computed by reference to the property’s Book Value (as adjusted for Book Depreciation) in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(g);

(e) if the Book Value of any Company property is adjusted as provided in the definition of Book Value, then the amount of such adjustment shall be treated as an item of gain or loss and included in the computation of such taxable income or taxable loss; and

(f) to the extent an adjustment to the adjusted tax basis of any Company property pursuant to Code Sections 732(d), 734(b) or 743(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis).

“**NJEDA**” means New Jersey Economic Development Authority with the address, Capital Commitment and Membership Interest as shown on the Members Schedule.

“**Nonrecourse Deductions**” has the meaning set forth in Treasury Regulations Section 1.704-2(b).

“**Nonrecourse Liability**” has the meaning set forth in Treasury Regulations Section 1.704-2(b)(3).

“**Officers**” has the meaning set forth in Section 7.06.

“**Permitted Transfer**” means a Transfer of Membership Interests carried out pursuant to Section 9.02. “**Permitted Transferee**” means a recipient of a Permitted Transfer.

“**Person**” means an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

“**Post-Hub Reporting Period**” means three (3) year period immediately following the end of the Hub Term, during which the Company shall focus on measuring and reporting the continuing impacts of the Hub’s activities in accordance with Section 11.01(c).

“**Princeton**” means The Trustees of Princeton University with the address, Capital Commitment and Membership Interest as shown on the Members Schedule.

“**Prohibited Activities**” means the conduct or purveyance of “adult” (i.e., pornographic, lewd, prurient, obscene or otherwise similarly disreputable) activities, services, products or materials (including nude or semi-nude performances or the sale of sexual aids or devices); any auction or bankruptcy or fire or “lost-our-lease” or “going-out-of-business” or similar sale; sales by transient merchants; or any activity constituting a nuisance.

“**Quarterly Estimated Tax Amount**” of a Member for any calendar quarter of a Fiscal Year means the excess, if any of (a) the product of (i) a quarter (1/4) in the case of the first calendar quarter of the Fiscal Year, half (1/2) in the case of the second calendar quarter of the Fiscal Year, three-quarters (3/4) in the case of the third calendar quarter of the Fiscal Year, and

one (1) in the case of the fourth calendar quarter of the Fiscal Year and (ii) the Member's Estimated Tax Amount for such Fiscal Year over (b) all distributions previously made during such Fiscal Year to such Member.

“Regulatory Allocations” has the meaning set forth in Section 5.02(e).

“Related Party Agreement” means any agreement, arrangement or understanding between the Company and any Member or any Affiliate of a Member or any Officer or employee of the Company, as such agreement may be amended, modified, supplemented or restated in accordance with the terms of this Agreement.

“Representative” means, with respect to any Person, any and all directors, trustees, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

“Revised Partnership Audit Rules” has the meaning set forth in Section 11.04(c).

“Secretary of State” has the meaning set forth in the Recitals.

“Securities Act” means the Securities Act of 1933.

“Shortfall Amount” has the meaning set forth in Section 6.02(c).

“Spouse” means a spouse, a party to a civil union, a domestic partner, a same-sex spouse or partner, or any individual in a Marital Relationship with a Member.

“Subsidiary” means, with respect to any Person, any other Person of which a majority of the outstanding shares or other equity interests having the power to vote for directors or comparable managers are owned, directly or indirectly, by the first Person.

“Subject Agreements” has the meaning set forth in Section 13.12 **Section 6.02(a)**.

“Tax Advance” has the meaning set forth in Section 6.02(a).

“Tax Amount” of a Member for a Fiscal Year means the product of (a) the Tax Rate for such Fiscal Year and (b) the Adjusted Taxable Income of the Member for such Fiscal Year with respect to its Membership Interest.

“Tax Matters Representative” has the meaning set forth in Section 11.04(a).

“Tax Rate” of a Member, for any period, means the highest marginal combined federal, state and local tax rate applicable to a corporation doing business in New Jersey, taking into account (a) the character (for example, long-term or short-term capital gain, ordinary or exempt) of the applicable income and (b) if applicable, the deduction under IRC Section 199A.

“Taxing Authority” has the meaning set forth in Section 6.03(b).

“**Transfer**” means to, directly or indirectly, sell, transfer, assign, pledge, encumber, hypothecate or similarly dispose of, either voluntarily or involuntarily, by operation of law or otherwise, or to enter into any contract, option or other arrangement or understanding with respect to the sale, transfer, assignment, pledge, encumbrance, hypothecation or similar disposition of, any Membership Interests owned by a Person or any interest (including a beneficial interest) in any Membership Interests owned by a Person. “**Transfer**” when used as a noun shall have a correlative meaning. “**Transferor**” and “**Transferee**” mean a Person who makes or receives a Transfer, respectively.

“**Treasury Regulations**” means the final or temporary regulations issued by the United States Department of Treasury pursuant to its authority under the Code, and any successor regulations.

“**Withholding Advances**” has the meaning set forth in Section 6.03(b).

Section 1.02 Interpretation. For purposes of this Agreement: (a) the words “include,” “includes” and “including” shall be deemed to be followed by the words “without limitation”; (b) the word “or” is not exclusive; and (c) the words “herein,” “hereof,” “hereby,” “hereto” and “hereunder” refer to this Agreement as a whole. The definitions given for any defined terms in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and gender-neutral forms. Unless the context otherwise requires, references herein: (x) to Articles, Sections, and Exhibits mean the Articles and Sections of, and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented or modified from time to time to the extent permitted by the provisions thereof; and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Exhibits and Schedules referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

ARTICLE II ORGANIZATION

Section 2.01 Formation.

(a) The Company was formed on April , 2025, pursuant to the provisions of the Delaware Act, upon the filing of the Certificate of Formation with the Secretary of State.

(b) This Agreement shall constitute the “limited liability company agreement” (as that term is used in the Delaware Act) of the Company. The rights, powers, duties, obligations and liabilities of the Members shall be determined pursuant to the Delaware Act and this Agreement. To the extent that the rights, powers, duties, obligations and

liabilities of any Member are different by reason of any provision of this Agreement than they would be under the Delaware Act in the absence of such provision, this Agreement shall, to the extent permitted by the Delaware Act, control. [NAME] is the incorporator and the incorporation of the Company by [NAME] is hereby ratified.

Section 2.02 Name. The name of the Company is “NJ AI Hub, LLC” or such other name or names as may be designated by the Managers; *provided*, that the name shall always contain the words “Limited Liability Company” or the abbreviation “L.L.C.” or the designation “LLC.” The Managers shall give prompt notice to each of the Members of any change to the name of the Company.

Section 2.03 Principal Office. The principal office of the Company is located at 619 Alexander Road, West Windsor, New Jersey 08540, or such other place as may from time to time be determined by the Managers. The Managers shall give prompt notice of any such change to each of the Members.

Section 2.04 Registered Office; Registered Agent.

(a) The registered office of the Company shall be the office of the initial registered agent named in the Certificate of Formation or such other office (which need not be a place of business of the Company) as the Managers may designate from time to time in the manner provided by the Delaware Act and Applicable Law.

(b) The registered agent for service of process on the Company in the State of Delaware shall be the initial registered agent named in the Certificate of Formation or such other Person or Persons as the Managers may designate from time to time in the manner provided by the Delaware Act and Applicable Law.

Section 2.05 Purpose; Powers.

(a) The purposes of the Company are to engage in any lawful act or activity for which limited liability companies may be formed under the Delaware Act and to engage in any and all activities necessary or incidental thereto, including but not limited to, completing the mission as stated on the mission statement on Schedule A; *provided*, that, notwithstanding the above, the Company shall not engage in Prohibited Activities.

(b) The Company shall have all the powers necessary or convenient to carry out the purposes for which it is formed, including the powers granted by the Delaware Act.

Section 2.06 Term. The term of the Company commenced on the date the Certificate of Formation was filed with the Secretary of State and shall continue in existence until the earlier of: (i) eight (8) years after the date the Certificate of Formation was filed with the Secretary of State; (ii) a written approval signed by all of the Managers extending the term for an additional defined period; or (iii) dissolution of the Company in accordance with the provisions of this Agreement. The term of the Hub shall commence on a date determined by the Managers and shall operate until the earlier of: (i) five (5) years from the date its operations commence as

determined by the Managers (unless a written approval is signed by all of the Managers (except the Independent Manager) extending the term for an additional defined period); or (ii) dissolution of the Company in accordance with the provisions of this Agreement (the “**Hub Term**”).

Section 2.07 Hub Period. The Members shall make Capital Contributions exclusively utilized for activities related to the Hub until the expiration of the Hub Term. Upon the conclusion of the Hub Term, any remaining Capital Contributions shall be allocated solely towards activities associated with the Post-Hub Reporting Period as described in Section 11.01(c).

ARTICLE III CAPITAL CONTRIBUTIONS; CAPITAL COMMITMENTS; CAPITAL ACCOUNTS

Section 3.01 Initial Capital Contributions. Contemporaneously with the execution of this Agreement, each Member has made an initial Capital Contribution, has agreed to the Capital Commitment, and is deemed to own Membership Interests, in each case in the amounts set forth opposite, or next to, such Member’s name and address on Schedule B attached hereto (the “**Members Schedule**”). The Members Schedule shall provide a non-exhaustive list of other roles or responsibilities of specific Members (inclusive of the services provided for through in-kind Capital Contributions). Members with Capital Contributions that include in-kind contributions shall contribute such in-kind contributions in the amounts, and within thirty (30) days of the dates, as shown on the Members Schedule; *provided*, that (i) there shall be no pre-payment penalty if any portion is paid in advance of the dates shown on the Members Schedule such that amounts pre-paid prior to a due date can be attributable to a later period’s payment, (ii) notwithstanding anything to the contrary in Section 3.09, assuming the total amount and value of such Member’s Capital Contribution’s remains the same as listed on the Members Schedule and such Member makes such Capital Contributions by the final payment date listed on the Members Schedule, there shall be no late payment penalty and Section 3.09 shall not be triggered if a Member’s Capital Contributions are not contributed to the Company on the specific dates, and in the amounts, as listed on the Members Schedule, and (iii) after such payment due date, the Company’s and other Member’s rights to such assets from such contributing Member as part of such Member’s Capital Contribution shall continue throughout the Term of this Agreement, and for any assets contributed in-kind, until the Managers determine that the Company and other Members have received value from such assets that equates to the amount allocated to such Member’s Capital Contribution as shown on the Members Schedule. For the avoidance of doubt, the value of any in-kind distributions shall be determined by the Managers (and not specific Members) upon (i) receipt of the in-kind distribution, and (ii) annually thereafter; provided, that Members shall produce any documentation upon a reasonable request from the Managers to assist the Managers in verifying the value of such in-kind contributions including, but not limited to, pay stubs, fund transfers, invoices. The Managers shall maintain and update the Members Schedule upon the issuance or Transfer of any Membership Interests to any new or existing Member in accordance with this Agreement.

Section 3.02 Additional Capital Commitments. No Member shall be required to make any additional Capital Contributions to the Company beyond their Capital Commitment. Any

future or additional Capital Commitments made by any Member shall only be made with the consent of a majority of the Managers. To the extent that a Member makes an additional Capital Commitment to the Company, the Managers shall revise the Members Schedule to reflect an increase in the Membership Interest of the contributing Member that fairly and equitably reflects the value of its additional Capital Commitment in relation to the aggregate amount of all Capital Commitment made by the Members.

Section 3.03 Maintenance of Capital Accounts. The Company shall establish and maintain for each Member a separate capital account (a “**Capital Account**”) on its books and records in accordance with this Section 3.03. Each Capital Account shall be established and maintained in accordance with the following provisions:

- (a) Each Member’s Capital Account shall be increased by the amount of:
 - (i) such Member’s Capital Contributions, including such Member’s initial Capital Contribution and any additional Capital Contributions;
 - (ii) any Net Income or other item of income or gain allocated to such Member pursuant to ARTICLE V; and
 - (iii) any liabilities of the Company that are assumed by such Member or secured by any property distributed to such Member.
- (b) Each Member’s Capital Account shall be decreased by:
 - (i) the cash amount or Book Value of any property distributed to such Member pursuant to ARTICLE VI and Section 12.03(c);
 - (ii) the amount of any Net Loss or other item of loss or deduction allocated to such Member pursuant to ARTICLE V; and
 - (iii) the amount of any liabilities of such Member assumed by the Company or that are secured by any property contributed by such Member to the Company.

Section 3.04 Succession Upon Transfer. In the event that any Membership Interests are Transferred in accordance with the terms of this Agreement, the Transferee shall succeed to the Capital Account of the Transferor to the extent it relates to the Transferred Membership Interests and, subject to Section 5.04, shall receive allocations and distributions pursuant to ARTICLE V, ARTICLE VI and ARTICLE XII in respect of such Membership Interests.

Section 3.05 Negative Capital Accounts. In the event that any Member shall have a deficit balance in its Capital Account, such Member shall have no obligation, during the term of the Company or upon dissolution or liquidation of the Company, to restore such negative balance or make any Capital Contributions to the Company by reason thereof, except as may be required by Applicable Law or in respect of any negative balance resulting from a withdrawal of capital or dissolution in contravention of this Agreement.

Section 3.06 No Withdrawals from Capital Accounts. No Member shall be entitled to withdraw any part of its Capital Account or to receive any distribution from the Company, except as otherwise provided in this Agreement. No Member shall receive any interest, salary, management or service fees or drawing with respect to its Capital Contributions or its Capital Account, except as otherwise provided in this Agreement. The Capital Accounts are maintained for the sole purpose of allocating items of income, gain, loss and deduction among the Members and shall have no effect on the amount of any distributions to any Members, in liquidation or otherwise.

Section 3.07 Loans From Members. The Company shall not make any loans to any Member without the express written consent of all of the Managers (except the Independent Manager). Any loan by any Member to the Company shall be evidenced by a promissory note and shall bear interest at the rate and on such other terms as determined by the Managers, provided that the rate shall not be less than the applicable federal rate and shall not exceed the maximum rate of interest permitted under Applicable Law. Loans by any Member to the Company shall not be considered Capital Contributions and shall not affect the maintenance of such Member's Capital Account, other than to the extent provided in Section 3.03(a)(iii), if applicable.

Section 3.08 Modifications. The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulations Section 1.704-1(b) and shall be interpreted and applied in a manner consistent with such Treasury Regulations. If the Managers determine that it is prudent to modify the manner in which the Capital Accounts, or any increases or decreases to the Capital Accounts, are computed in order to comply with such Treasury Regulations, the Managers may authorize such modifications without the consent any Member.

Section 3.09 Default.

(a) If a Member fails to make a required Capital Contribution when due in accordance with the Members Schedule and Section 3.01, the Company shall provide written notice to the defaulting Member (the "**Default Notice**"). The Default Notice shall specify the amount of the shortfall and state that the failure to pay may be deemed a default if not cured within thirty (30) days following the date of the Default Notice.

(b) If the defaulting Member does not cure the shortfall within thirty (30) days following the date of the Default Notice, the Managers may, at their discretion, declare the Member to be in default (a "**Defaulting Member**"). The Managers shall provide written notice to the Defaulting Member and the other Members of such declaration (the "**Default Declaration**").

(c) Upon the Default Declaration, the Defaulting Member shall have an additional ninety (90) days to cure the default by making the required Capital Contribution in full. The Managers may, at their discretion, extend this cure period if they determine that such an extension is in the best interest of the Company.

(d) During the cure period, the other Members shall have the option, but not the obligation, to cover the Defaulting Member's shortfall by making additional Capital Contributions in proportion to their respective Membership Interests or as otherwise agreed among the Members. Any Member who elects to cover the shortfall shall notify the Managers in writing of their intention to do so.

(e) If the Defaulting Member fails to cure the default within the cure period, the Managers may, at their discretion (i) the Managers may reduce the value of the Defaulting Member's Capital Account by up to one hundred percent (100%) prior to the sale of such Defaulting Member's Membership Interest; (ii) the Managers may offer the Defaulting Member's Membership Interest for sale to the other Members or to the Company after such reduction, and the purchase price for the Defaulting Member's Membership Interest shall be determined by the Managers, with the other Members, and then the Company, having the option, but not the obligation, to purchase the Defaulting Member's Membership Interest on such terms; (iii) charge such Defaulting Member an interest on the amount due equal to the highest legally permissible interest rate in New Jersey plus associated or related expenses, fees or costs (or such lesser amounts as determined by the Managers), or (iv) the Managers may pursue any other remedies available under this Agreement or Applicable Law, including seeking damages or specific performance, or a combination of any of the options described herein.

(f) The Managers shall provide written notice to the Defaulting Member and the other Members of any actions taken pursuant to paragraph.

(g) The failure of the Company or the Managers to exercise any right or remedy provided under this paragraph shall not constitute a waiver of such right or remedy or any other right or remedy available under this Agreement or Applicable Law.

(h) The provisions of this paragraph shall survive the termination, dissolution, liquidation, and winding up of the Company.

ARTICLE IV MEMBERS

Section 4.01 Admission of New Members.

(a) New Members may be admitted from time to time with unanimous consent from the Managers (except the Independent Manager) (i) in connection with the issuance of Membership Interests by the Company, or (ii) in connection with a Transfer of Membership Interests, subject to compliance with the provisions of ARTICLE IX, and in either case, following compliance with the provisions of Section 4.01(b).

(b) In order for any Person not already a Member of the Company to be admitted as a Member, whether pursuant to an issuance or Transfer of Membership Interests, such Person shall have (i) executed and delivered to the Company a written undertaking substantially in the form of the Joinder Agreement, and (ii) provided to the

Company any information required from such Person under Section 11.07. Upon the amendment of the Members Schedule by the Managers and the satisfaction of any other applicable conditions, including the receipt by the Company of payment for the issuance of Membership Interests, such Person shall be admitted as a Member and deemed listed as such on the books and records of the Company. The Managers shall also adjust the Capital Accounts of the Members as necessary in accordance with Section 3.03.

Section 4.02 No Personal Liability. Except as otherwise provided in the Delaware Act, by Applicable Law or expressly in this Agreement, (a) no Member or its employees, officers, trustees or directors shall be obligated personally for any debt, obligation or liability of the Company or other Members, whether arising in contract, tort or otherwise, solely by reason of being a Member and (b) no Member shall in any event have any liability whatsoever in excess of (i) the amount of its Capital Commitments set forth in the Members Schedule, and (ii) its share of assets and undistributed profits of the Company, if any.

Section 4.03 No Withdrawal; Bankruptcy. Subject to Section 4.08, so long as a Member continues to hold any Membership Interests, such Member shall not have the ability to withdraw or resign as a Member prior to the dissolution and winding up of the Company and any such withdrawal or resignation or attempted withdrawal or resignation by a Member prior to the dissolution or winding up of the Company shall be null and void. As soon as any Person who is a Member ceases to hold any Membership Interests, such Person shall no longer be a Member. A Member shall not cease to be a Member as a result of the bankruptcy of such Member or as a result of any other events specified in § 18-304 of the Delaware Act.

Section 4.04 Power of Members. The Members shall have the power to exercise any and all rights or powers granted to Members pursuant to the express terms of this Agreement and the Delaware Act. Except as otherwise specifically provided by this Agreement or required by the Delaware Act, no Member, in its capacity as a Member, shall have the power to act for or on behalf of, or to bind, the Company.

Section 4.05 No Interest in Company Property. No real or personal property owned by the Company shall be deemed to be owned by any Member individually, but shall be owned by, and title shall be vested solely in, the Company. Without limiting the foregoing, each Member hereby irrevocably waives during the term of the Company any right that such Member may have to maintain any action for partition with respect to the property owned by the Company.

Section 4.06 Certification of Membership Interests.

(a) The Managers may, but shall not be required to, issue certificates to the Members representing the Membership Interests held by such Member.

(b) If the Managers shall issue certificates representing Membership Interests in accordance with Section 4.06(a), then in addition to any other legend required by Applicable Law, all certificates representing issued and outstanding Membership Interests shall bear a legend substantially in the following form:

THE MEMBERSHIP INTERESTS REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A LIMITED LIABILITY COMPANY AGREEMENT AMONG THE COMPANY AND ITS MEMBERS, A COPY OF WHICH IS ON FILE AT THE PRINCIPAL EXECUTIVE OFFICE OF THE COMPANY. NO TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION OF THE MEMBERSHIP INTERESTS REPRESENTED BY THIS CERTIFICATE MAY BE MADE EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF SUCH LIMITED LIABILITY COMPANY AGREEMENT.

THE MEMBERSHIP INTERESTS REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS AND MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED EXCEPT PURSUANT TO (A) A REGISTRATION STATEMENT EFFECTIVE UNDER SUCH ACT AND LAWS, OR (B) AN EXEMPTION FROM REGISTRATION THEREUNDER.

Section 4.07 Other Activities; Business Opportunities. Each Member acknowledges that this Agreement and all its rights and obligations are non-exclusive. Nothing contained in this Agreement shall prevent any Member or any of its Affiliates, either with itself or with one or more third parties, from engaging in any other activities or businesses, regardless of whether those activities or businesses are the same, similar to or competitive with the business of the Company. None of the Members nor any of their Affiliates shall be obligated to account to the Company or to the other Member for any profits or income earned or derived from other such activities or businesses. None of the Members nor any of their Affiliates shall be obligated to inform the Company or the other Members of any business opportunity of any type or description. The Company hereby waives, to the extent permitted by Applicable Law, any claim based on the corporate opportunity doctrine or otherwise that could limit a Member's (or its Affiliates') ability to pursue business opportunities or that would require a Member (or its Affiliates) to disclose any information on business opportunities to the Company or offer any such opportunity to the Company. With respect to Microsoft and CoreWeave, the Company further acknowledges that Microsoft is, and CoreWeave is or may be, a professional venture capital investor, and as such invests in numerous portfolio companies, some of which may be deemed competitive with the Company's business (as currently conducted or as currently proposed to be conducted). The Company hereby acknowledges and agrees that, to the extent permitted under Applicable Law, neither Microsoft nor CoreWeave shall be liable to the Company for any claim arising out of, or based upon the investment by Microsoft or CoreWeave, as applicable, in any entity competitive with the Company, or actions taken by any employee or officer of or consultant to Microsoft or CoreWeave, as applicable, to assist any such competitive company, whether or not such action was taken as a member of the board of directors of such competitive company or otherwise, and whether or not such action has a detrimental effect on the Company.

Section 4.08 Required Withdrawal.

(a) In the event that a Member is subject to a Cause event (as defined below), a majority of the Managers may force the withdrawal of such Member from the Company. Upon such vote, the Member shall be deemed to have withdrawn from the Company effective immediately, and the Company shall proceed to purchase the withdrawing Member's interest in accordance with the terms set forth in ARTICLE IX.

(b) For purposes of this Agreement, a "Cause" event shall be deemed to have occurred if a Member (i) is convicted of, or pleads guilty or no contest to, a felony or any crime involving moral turpitude, fraud, embezzlement, or any other act of dishonesty that materially and adversely affects the business or reputation of the Company; (ii) engages in willful misconduct or gross negligence in the performance of their duties to the Company, including but not limited to, a material breach of fiduciary duty; (iii) becomes insolvent, makes a general assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, or has a receiver, trustee, or custodian appointed for a substantial part of their property; (iv) misappropriates or embezzles funds or property of the Company; or (v) becomes incapacitated or otherwise unable to perform their duties to the Company for a period of ninety (90) consecutive days or for an aggregate of one hundred twenty (120) days in any twelve (12) month period.

ARTICLE V ALLOCATIONS

Section 5.01 Allocation of Net Income and Net Loss. For each Fiscal Year (or portion thereof), after giving effect to the special allocations set forth in Section 5.02, Net Income and Net Loss of the Company shall be allocated among the Members pro rata in accordance with their Membership Interests.

Section 5.02 Regulatory and Special Allocations. Notwithstanding the provisions of Section 5.01:

(a) If there is a net decrease in Company Minimum Gain (determined according to Treasury Regulations Section 1.704-2(d)(1)) during any Fiscal Year, each Member shall be specially allocated Net Income for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulations Section 1.704-2(g). The items to be so allocated shall be determined in accordance with Treasury Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 5.02 is intended to comply with the "minimum gain chargeback" requirement in Treasury Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(b) Member Nonrecourse Deductions shall be allocated in the manner required by Treasury Regulations Section 1.704-2(i). Except as otherwise provided in Treasury Regulations Section 1.704-2(i)(4), if there is a net decrease in Member Nonrecourse Debt Minimum Gain during any Fiscal Year, each Member that has a share of such Member Nonrecourse Debt Minimum Gain shall be specially allocated Net

Income for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to that Member's share of the net decrease in Member Nonrecourse Debt Minimum Gain. Items to be allocated pursuant to this paragraph shall be determined in accordance with Treasury Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2). This Section 5.02(b) is intended to comply with the "minimum gain chargeback" requirements in Treasury Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(c) Nonrecourse Deductions shall be allocated to the Members in accordance with their Membership Interests.

(d) In the event any Member unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), Net Income shall be specially allocated to such Member in an amount and manner sufficient to eliminate the Adjusted Capital Account Deficit created by such adjustments, allocations or distributions as quickly as possible. This Section 5.02(d) is intended to comply with the "qualified income offset" requirement in Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(e) The allocations set forth in paragraphs (a), (b), (c), and (d) above (the "**Regulatory Allocations**") are intended to comply with certain requirements of the Treasury Regulations under Code Section 704. Notwithstanding any other provisions of this ARTICLE V (other than the Regulatory Allocations), the Regulatory Allocations shall be taken into account in allocating Net Income and Net Losses among Members so that, to the extent possible, the net amount of such allocations of Net Income and Net Losses and other items and the Regulatory Allocations to each Member shall be equal to the net amount that would have been allocated to such Member if the Regulatory Allocations had not occurred.

Section 5.03 Tax Allocations.

(a) Subject to Section 5.03(b), Section 5.03(c) and Section 5.03(d), all income, gains, losses and deductions of the Company shall be allocated, for federal, state and local income tax purposes, among the Members in accordance with the allocation of such income, gains, losses and deductions pursuant to Section 5.01 and Section 5.02, except that if any such allocation for tax purposes is not permitted by the Code or other Applicable Law, the Company's subsequent income, gains, losses and deductions shall be allocated among the Members for tax purposes, to the extent permitted by the Code and other Applicable Law, so as to reflect as nearly as possible the allocation set forth in Section 5.01 and Section 5.02.

(b) Items of Company taxable income, gain, loss and deduction with respect to any property contributed to the capital of the Company shall be allocated among the Members in accordance with Code Section 704(c) and the traditional method with curative allocations of Treasury Regulations Section 1.704-3(c), so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its Book Value.

(c) If the Book Value of any Company asset is adjusted pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(f) as provided in clause (c) of the definition of Book Value in Section 1.01, subsequent allocations of items of taxable income, gain, loss and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Book Value in the same manner as under Code Section 704(c).

(d) Allocations of tax credit, tax credit recapture and any items related thereto shall be allocated to the Members according to their interests in such items as determined by the Managers taking into account the principles of Treasury Regulations Section 1.704-1(b)(4)(ii).

(e) Allocations pursuant to this Section 5.03 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Net Income, Net Losses, distributions or other items pursuant to any provisions of this Agreement.

Section 5.04 Allocations in Respect of Transferred Membership Interests. In the event of a Transfer of Membership Interests during any Fiscal Year made in compliance with the provisions of ARTICLE IX, Net Income, Net Losses and other items of income, gain, loss and deduction of the Company attributable to such Membership Interests for such Fiscal Year shall be determined using the interim closing of the books method.

ARTICLE VI DISTRIBUTIONS

Section 6.01 General.

(a) Subject to Section 6.02, distributions of available cash shall be made to the Members in accordance with their respective Membership Interests when and in such amounts as determined by the Managers in their sole discretion. After making all distributions required for a given Fiscal Year under Section 6.02, distributions determined to be made by the Managers pursuant to this Section 6.01(a) shall be paid to the Members in accordance with their respective Membership Interests.

(b) Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make any distribution to Members if such distribution would violate Section 18-607 of the Delaware Act or other Applicable Law.

Section 6.02 Tax Advances.

(a) Subject to any restrictions in the Company's then applicable debt-financing arrangements, and subject to the determination by the Managers to retain any other amounts necessary to satisfy the Company's obligations, at least five (5) Business Days before each date prescribed by the Code for a calendar-year corporation to pay quarterly installments of estimated tax, the Company shall use commercially reasonable efforts to distribute cash to each Member in proportion to and to the extent of such

Member's Quarterly Estimated Tax Amount for the applicable calendar quarter (each such distribution, a "**Tax Advance**").

(b) If, at any time after the final Quarterly Estimated Tax Amount has been distributed pursuant to Section 6.02(a) with respect to any Fiscal Year, the aggregate Tax Advances to any Member with respect to such Fiscal Year are less than such Member's Tax Amount for such Fiscal Year (a "**Shortfall Amount**"), then the Company shall use commercially reasonable efforts to distribute cash in proportion to and to the extent of each Member's Shortfall Amount. The Company shall use commercially reasonable efforts to distribute Shortfall Amounts with respect to a Fiscal Year before the 75th day of the next succeeding Fiscal Year; *provided*, that if the Company has made distributions other than pursuant to this Section 6.02, the Managers may apply such distributions to reduce any Shortfall Amount.

(c) If the aggregate Tax Advances made to any Member pursuant to Section 6.02 for any Fiscal Year exceed such Member's Tax Amount (an "**Excess Amount**"), such Excess Amount shall reduce subsequent Tax Advances that would be made to such Member pursuant to this Section 6.02, except to the extent taken into account as an advance pursuant to Section 6.02(d).

(d) Any distributions made pursuant to this Section 6.02 shall be treated for purposes of this Agreement as advances on distributions pursuant to Section 6.01 and shall reduce, dollar-for-dollar, the amount otherwise distributable to such Member pursuant to Section 6.01.

Section 6.03 Tax Withholding; Withholding Advances.

(a) **Tax Withholding.** Each Member agrees to furnish the Company with any representations and forms as shall be reasonably requested by the Managers to assist it in determining the extent of, and in fulfilling, any withholding obligations it may have.

(b) **Withholding Advances.** The Company is hereby authorized at all times to make payments ("**Withholding Advances**") with respect to each Member in amounts required to discharge any obligation of the Company (as determined by the Tax Matters Representative based on the advice of legal or tax counsel to the Company) to withhold or make payments to any federal, state, local or foreign taxing authority (a "**Taxing Authority**") with respect to any distribution or allocation by the Company of income or gain to such Member and to withhold the same from distributions to such Member. Any funds withheld from a distribution by reason of this Section 6.03(b) shall nonetheless be deemed distributed to the Member in question for all purposes under this Agreement. If the Company makes any Withholding Advance in respect of a Member hereunder that is not immediately withheld from actual distributions to the Member, then the Member shall promptly reimburse the Company for the amount of such payment, plus interest at a rate equal to the prime rate published in the Wall Street Journal on the date of payment plus two percent (2.0%) per annum (the "**Company Interest Rate**"), compounded annually, on such amount from the date of such payment until such amount is repaid (or deducted from a distribution) by the Member (any such payment shall not constitute a Capital

Contribution). Each Member's reimbursement obligation under this Section 6.03(b) shall continue after such Member transfers its Membership Interests.

(c) **Indemnification.** Each Member hereby agrees to be responsible for any liability with respect to taxes, interest or penalties that may be asserted by reason of the Company's failure to deduct and withhold tax on amounts distributable or allocable to such Member. The provisions of this Section 6.03(c) and the obligations of a Member pursuant to Section 6.03(b) shall survive the termination, dissolution, liquidation and winding up of the Company and the withdrawal of such Member from the Company or Transfer of its Membership Interests. The Company may pursue and enforce all rights and remedies it may have against each Member under this Section 6.03(c), including bringing a lawsuit to collect repayment with interest of any Withholding Advances.

(d) **Overwithholding.** Neither the Company nor the Managers shall be liable for any excess taxes withheld in respect of any distribution or allocation of income or gain to a Member. In the event of an overwithholding, a Member's sole recourse shall be to apply for a refund from the appropriate Taxing Authority.

(e) **Withholding Process for NJEDA.** NJEDA has advised the Members that NJEDA is a tax-exempt entity under United States federal, state and local laws, and has never been subject to, and is unlikely to be subject to, any tax withholding requirements of the United States federal, state or local laws. Based on the foregoing, notwithstanding anything else herein to the contrary, before withholding and paying over to any United States federal, state or local taxing authority any amount purportedly representing a tax liability of NJEDA, the Managers shall provide NJEDA with written notice of the claim of any such United States taxing authority that such withholding and payment is required by law and shall provide NJEDA with the opportunity to contest such claim during any period. To the extent that such contest subjects the Company to any potential liability to such taxing authority or any other Governmental Authority for any withholding payment, interest, or penalties thereon, NJEDA consents to such withholding and payment. If withholding is made, the Managers shall use their commercially reasonable efforts to apply for and obtain a refund of amounts that are withheld as to NJEDA, based on NJEDA's tax-exempt status, *provided*, that NJEDA cooperates in such efforts and agrees to reimburse the Company and the Members for reasonable out-of-pocket expenses incurred by the Company or the Members in connection therewith.

Section 6.04 Distributions in-Kind.

(a) The Managers are hereby authorized, as they may reasonably determine, to make distributions to the Members in the form of securities or other property held by the Company; *provided*, that Tax Advances shall only be made in cash. In any non-cash distribution, the securities or property so distributed shall be distributed among the Members in the same proportion and priority as cash equal to the Fair Market Value of such securities or property would be distributed among the Members pursuant to Section 6.01.

(b) Any distribution of securities shall be subject to such conditions and restrictions as the Managers determine are required or advisable to ensure compliance with Applicable Law. In furtherance of the foregoing, the Managers may require that the Members execute and deliver such documents as the Managers may deem necessary or appropriate to ensure compliance with all federal and state securities laws that apply to such distribution and any further Transfer of the distributed securities and may appropriately legend the certificates that represent such securities to reflect any restriction on Transfer with respect to such laws and in accordance with Section 4.06.

ARTICLE VII MANAGEMENT

Section 7.01 Management of the Company. The business and affairs of the Company shall be managed, operated and controlled by or under the direction of the Managers. Subject to the provisions of Section 7.05, the Managers shall have, and are hereby granted, full and complete power, authority and discretion for, on behalf of and in the name of the Company, to take such actions as they may deem necessary or advisable to carry out any and all of the objectives and purposes of the Company.

Section 7.02 Number, Election, and Term of Managers.

(a) The number of Managers shall be fixed from time to time by the unanimous affirmative vote of the Managers (not including the Independent Manager). The Company shall initially have five (5) Managers, with four (4) out of the five (5) Managers each appointed by one Initial Member such that each Initial Member shall appoint their own Manager, and one of the five (5) Managers shall be appointed by a unanimous affirmative vote of the existing Managers (the “**Independent Manager**”). The Independent Manager shall be replaced upon the consent of all of Managers (except the Independent Manager). The initial Managers shall be Mike Egan (on behalf of Microsoft), Corey Sanders (on behalf of CoreWeave), Hilary Parker (on behalf of Princeton), and Kathleen Coviello (on behalf of NJEDA).

(b) Each Manager shall be appointed from time-to-time by the affirmative election of the Initial Member who appointed such Initial Member’s initial Manager in the sole discretion of the applicable Initial Member. Each Manager, including each of the initial Managers named in this Agreement, shall serve for a term ending at the next meeting of Initial Members called for the purpose of electing Managers, or until the Manager’s earlier, death, resignation or removal. Each Manager may be removed and replaced at any time in the sole discretion of the Initial Member who appointed such Manager.

(c) The Managers shall maintain a schedule of all Managers with their respective mailing addresses (the “**Managers Schedule**”) and shall update the Managers Schedule upon the removal or replacement of any Manager in accordance with this Section 7.02 or Section 7.03. A copy of the Managers schedule as of the execution of this Agreement is attached hereto as Schedule C.

Section 7.03 Removal; Resignation; Vacancies.

(a) No Member may remove another Member's Manager without the consent of the Member who appointed such Manager.

(b) A Manager may resign at any time by delivering a written resignation to the Company. Any such resignation shall be effective upon receipt thereof unless it is specified to be effective at some other time or upon the occurrence of some other event. The acceptance of a resignation by the other Managers shall not be necessary to make it effective.

(c) The resignation or removal of a Manager who is also a Member shall not constitute a withdrawal or expulsion of the Manager as a Member of the Company or otherwise affect the Manager's rights as a Member. If a Manager resigns or is removed, the Member who appointed such Manager shall elect a successor promptly and as soon as reasonably possible.

Section 7.04 Action by Managers.

(a) If there is more than one Manager serving, all decisions requiring action of the Managers or relating to the business or affairs of the Company shall be decided by the affirmative vote or consent of a majority of the Managers. Each Member has the right to one observer seat. The Managers shall meet in-person or virtually at least once a quarter to oversee operations of the Hub and make strategic decisions.

(b) On any matter that is to be voted on by Managers, a Manager may vote in person or by proxy, and such proxy may be granted in writing, by means of Electronic Transmission or as otherwise permitted by Applicable Law. Every proxy shall be revocable in the discretion of the Manager executing it unless otherwise provided in such proxy; *provided*, that such right to revocation shall not invalidate or otherwise affect actions taken under such proxy prior to such revocation.

(c) Any action of the Managers may be taken without a meeting if either (i) a written consent of a majority of the Managers shall approve such action; *provided*, that prior written notice of such action is provided to all Managers at least five (5) Business Days before such action is taken, or (ii) a written consent constituting all of the Managers (except the Independent Manager) shall approve such action. Such consent shall have the same force and effect as a vote at a meeting and may be stated as such in any document or instrument filed with the Secretary of State of Delaware.

Section 7.05 Actions Requiring Approval of all Managers. Without the unanimous written approval of all of the Managers (except the Independent Manager), the Company shall not, and shall not enter into any commitment to:

(a) Amend, modify or waive the Certificate of Formation or this Agreement; *provided*, that the Managers may, without the consent of the Members, amend the

Members Schedule following any new issuance, redemption, repurchase or Transfer of Membership Interests in accordance with this Agreement;

(b) Convert the Company into another type of entity or materially change the nature of the business or purpose of the Company, including the mission statement in Schedule A;

(c) Issue additional Membership Interests or admit additional Members to the Company;

(d) Incur any indebtedness, pledge or grant Liens on any assets or guaranty, assume, endorse or otherwise become responsible for the obligations of any other Person;

(e) Make any loan, advance or capital contribution in any Person;

(f) Appoint or remove the Company's auditors or make any changes in the accounting methods or policies of the Company (other than as required by GAAP);

(g) Enter into, amend, waive or terminate any Related Party Agreement;

(h) Enter into or effect any transaction or series of related transactions involving the purchase, lease, license, exchange or other acquisition (including by merger, consolidation, acquisition of stock or acquisition of assets) by the Company of any assets or equity interests of any Person;

(i) Enter into or effect any transaction or series of related transactions involving the sale, lease, license, exchange or other disposition (including by merger, consolidation, sale of stock or sale of assets) by the Company of any assets;

(j) Establish a Subsidiary or enter into any joint venture or similar business arrangement;

(k) Settle any lawsuit, action, dispute or other proceeding or otherwise assume any liability or agree to the provision of any equitable relief by the Company;

(l) Initiate or consummate an initial public offering or make a public offering and sale of the Membership Interests or any other securities;

(m) Make any investments in any other Person; or

(n) Merge, consolidate, dissolve, wind-up or liquidate the Company or initiate a bankruptcy proceeding involving the Company.

Section 7.06 Business Plan and Budgets. Not less than annually, the Managers shall approve a business plan and monthly and annual operating budgets for the Company in detail for the upcoming Fiscal Year, including capital and operating expense budgets, cash flow projections, covenant compliance calculations of all outstanding and projected indebtedness, and profit and loss projections, all itemized in reasonable detail. The Managers shall amend the

business plan and budgets when material changes occur and otherwise as they determine appropriate or necessary. The Managers shall provide a copy of the business plan and budgets and each amendment thereto or modification thereof to each Member.

Section 7.07 Officers. The Managers may appoint individuals as officers of the Company (the “**Officers**”) as they deem necessary or desirable to carry on the business of the Company and the Managers may delegate to such Officers such power and authority as the Managers deem advisable. No Officer need be a Member of the Company. Any individual may hold two or more offices of the Company. Each Officer shall hold office until a successor is designated by the Managers or until the Officer’s earlier death, resignation or removal. Any Officer may resign at any time on written notice to the Managers. Any Officer may be removed by the Managers with or without cause at any time. A vacancy in any office occurring because of death, resignation, removal or otherwise, may, but need not, be filled by the Managers. Notwithstanding the foregoing, Princeton shall select the Executive Director to lead the Hub, with the involvement and subject to the approval of the Managers in accordance with Section 7.04. In consultation with the Managers, Princeton may remove who is selected as the Executive Director at any time upon written notice to the Members. In the event that Princeton removes the Executive Director, Princeton shall select a replacement with the involvement and subject to the approval of the Managers in accordance with Section 7.04, typically within ninety (90) days (but no later than one hundred and twenty (120) days) following the effective date of such removal. In such event, Princeton shall name an interim Executive Director to serve from the time the exiting Executive Director is removed until the new Executive Director, as approved by the Managers, begins service. The Executive Director shall (i) be an employee of Princeton reporting to the Vice President and Secretary of Princeton, (ii) provide regular reports to the Managers, (iii) meet upon request with the Managers to discuss progress, (iv) not be a Manager, (v) be an Officer, and (vi) have the customary authority to bind the Company in any transaction in the ordinary course of business up to \$100,000. The management of the Hub shall consist of the Executive Director and dedicated staff hired by the Executive Director. It may include staff hired by the parties and assigned to activities at the Hub. Any assigned employees by the parties, including the Executive Director, shall be governed by a service agreement approved by the Managers between the Company and such parties.

Section 7.08 Other Activities of Managers; Business Opportunities. Managers shall devote so much time and attention to the business of the Company as they deem appropriate in their sole discretion. Nothing contained in this Agreement shall prevent any Manager from engaging in any other activities or businesses, regardless of whether those activities or businesses are the same, similar to or competitive with the Company. None of the Managers shall be obligated to account to the Company or to the Members for any profits or income earned or derived from other such activities or businesses. None of the Managers shall be obligated to inform the Company or the Members of any business opportunity of any type or description. The Company hereby waives, to the extent permitted by Applicable Law, any claim based on the corporate opportunity doctrine or otherwise that could limit a Manager’s ability to pursue business opportunities or that would require a Manager to disclose any information on business opportunities to the Company or offer any such opportunity to the Company. Any Manager shall be deemed to be acting at all times solely as the representative of the Member who appointed such Manager and, to the fullest extent permitted by Applicable Law, such Manager shall not be

deemed to have any fiduciary duties to the Company or any other Member. The Member's and the Company acknowledge and waive any conflicts a Manager may have related to or presented by a Manager's responsibilities to a Member in that individual's capacity as an employee or officer of a Member.

Section 7.09 Compensation and Reimbursement of Managers; No Employment.

(a) The Managers shall not be compensated for their services as Managers, but the Company shall reimburse the Managers for all ordinary, necessary and direct expenses incurred by the Managers in performance of their duties as Managers. All reimbursements for expenses shall be reasonable in amount. Nothing contained in this Section 7.09 shall be construed to preclude any Manager from serving the Company in any other capacity and receiving reasonable compensation for such services.

(b) This Agreement does not, and is not intended to, confer upon any Manager any rights with respect to continued employment by the Company, and nothing herein should be construed to have created any employment agreement with any Manager.

Section 7.10 Committees. The Managers shall establish bylaws approved by the Managers to outline procedures for governance, including the provision of standing committees, yearly re-approvals by the Managers of each Manager's and each Member's roles and responsibilities, and any additional meeting protocols the Managers believe are necessary.

Section 7.11 Advisory Board.

(a) **Establishment of an Advisory Board.** The parties and the Executive Director shall jointly work to establish an advisory board (the "**Advisory Board**") to assist the Managers, as needed. The Advisory Board shall be composed of at least one representative from each of the parties involved, and include additional members drawn from various sectors such as academic institutions, corporate entities, and the investment community.

(b) **Criteria for Membership.** Proposed members of the Advisory Board should possess expertise in one or more of the following areas:

(i) **AI Innovation:** Individuals with a deep understanding of artificial intelligence technologies and their applications.

(ii) **Start-Up Ventures:** Experts with experience in launching and scaling start-up companies.

(iii) **Higher Education:** Representatives from academic institutions who can provide insights into educational trends and research.

(iv) **Workforce Development:** Professionals focused on developing and enhancing the skills of the workforce to meet the demands of the AI industry.

(v) **Other Relevant Areas:** Individuals with expertise in fields that are pertinent to the objectives of the Hub.

Additionally, it is essential that some members have established relationships within the State of New Jersey’s AI ecosystem to ensure that the Advisory Board is well-connected and can effectively contribute to the Hub’s mission.

(c) **Role and Responsibilities.** The Advisory Board shall convene regularly to provide guidance and advice to the Hub. Their responsibilities shall include:

(i) Offering strategic insights and recommendations to support the Hub’s initiatives.

(ii) Facilitating connections and collaborations between the Hub and key stakeholders in the AI community.

(iii) Assisting in identifying opportunities for growth and development within the AI sector.

(iv) Ensuring that the Hub’s activities align with the broader goals of fostering innovation, education, and workforce development in the State of New Jersey.

Section 7.12 No Personal Liability. Except as otherwise provided in the Delaware Act, by Applicable Law or expressly in this Agreement, no Manager shall be obligated personally for any debt, obligation or liability of the Company, whether arising in contract, tort or otherwise, solely by reason of being a Manager.

Section 7.13 Responsible AI Standards. The Managers and the Executive Director will jointly develop “Responsible AI” standards as voluntary guidelines for developing and using AI systems in a responsible way to ensure the AI systems used by the Company are consistent and interoperable, and that they are designed and used ethically and safely, in each case consistent with the views of a majority of the Managers.

ARTICLE VIII REPRESENTATIONS AND WARRANTIES

Section 8.01 Member Representations and Warranties. Each Member hereby represents and warrants to the other Members and the Company as follows:

(a) **Compliance with Laws and Regulations:** In connection with the operation of the Hub and the Company, it shall comply with all Applicable Laws (including applicable federal, state, and local laws, statutes, ordinances, rules, and regulations). This includes, but is not limited to, compliance with all relevant industry standards and regulatory requirements.

(b) **Licenses and Permits:** It has obtained and shall maintain all necessary licenses, permits, approvals, and authorizations required by law to conduct its business and perform its obligations under this Agreement. Each Member further warrants that it shall comply with all terms and conditions of such licenses and permits.

(c) **Insurance Requirements:** It shall secure and maintain workers' compensation and disability insurance as required by Applicable Laws, including but not limited to the laws of the State of New Jersey. Each Member shall maintain general liability coverage of at least \$1,000,000 per occurrence and \$2,000,000 in the aggregate. Each Member shall provide evidence of such insurance upon request and ensure that all insurance policies remain in full force and effect throughout the term of this Agreement. The Members supplying employees to the Company shall (i) maintain insurance as described in Section 8.02(b), and (ii) (A) maintain employment practices liability insurance with limits of not less than \$1,000,000 each occurrence and in the aggregate, or, (B) (I) rely on self-insurance, (II) indemnify and hold harmless the Hub, the Company, the Managers and the Members from any and all employment related lawsuits, losses, costs, damages or other exposures from uninsured risks from such Member's employees, and (III) not hold the Hub, the Company, the Managers or the other Members responsible for claims resulting from such Member's employees.

(d) **Non-Discrimination and Diversity Compliance:** In connection with the operation of the Hub and the Company, it shall comply with all Applicable Laws (including applicable New Jersey laws) and regulations regarding non-discrimination and contractor and supplier diversity. This includes, to the extent legally permissible, adherence to laws and policies that promote equal opportunity and prohibit discrimination based on race, color, religion, sex, national origin, age, disability, or any other protected characteristic. To the extent legally permissible, each Member shall also take affirmative steps, to the extent required or permitted by Applicable Laws, to ensure diversity among its contractors and suppliers.

(e) **Intellectual Property:** In the event the Company owns any IP that all of the Managers (except the Independent Manager) agree would be in the best interests of the Company to sell, each Member shall have the first right to offer to purchase such IP. The Company shall notify all Members in writing of its intention to sell the IP, providing a detailed description of the IP and the terms of the proposed sale. Each Member shall have a period of thirty (30) days from the date of such notice to submit a bid to purchase the IP. The Member who submits the highest bid within this period shall be entitled to purchase the IP on the terms specified in their bid; *provided*, that such terms are acceptable to the Company. In the event a Member purchases IP, the Company shall carry out the sale in a way that is tax efficient for all Members as determined by the Managers. If no Member submits a bid within the specified period, or if the highest bid is not acceptable to the Company, the Company shall then be free to accept a third party bid or offer the IP for sale to the public or any third party as approved by the Managers; *provided*, that to the extent the Company receives any offers from the Members, the Company may only accept a bid from a third party that is higher than the highest bid received from the Members. This covenant shall ensure that the Members have the first

opportunity to acquire any IP produced by the Company before it is made available to the public, thereby preserving the value and potential benefits of the IP within the Company's membership. The Company shall have no rights to pre-existing IP of any of the Members or IP developed independently of the Company and any involvement of the other Members. The Company shall have no rights to IP developed by any Member(s) using Company resources (including, but not limited to, Company space, funding, or computing resources) except to the extent expressly provided for in a separate written agreement among the Company and such Member(s) that developed such IP. For the avoidance of doubt, absent such a separate written agreement governing research and IP, ownership of IP developed using Company resources shall follow inventorship (for patentable IP) or authorship (for copyrightable IP), as the case may be, and neither the Company nor any Member shall have rights to IP developed by another Member or another Member's personnel solely by virtue of the use of the Company's or other Member's resources (including, but not limited to, space, funding, or computing resources).

(f) **Non-Profit Cooperation:** It shall cooperate fully and in good faith with a decision by the unanimous consent of the Managers (except the Independent Manager) to facilitate the successful operation and potential restructuring of the Company or the Hub into a non-profit entity. The Company is initially established as a for-profit joint venture. The parties acknowledge the possibility of future conversion to a non-profit entity, the addition of a non-profit entity to own the Company, the addition of a non-profit entity to be owned by the Company, or the restructuring to establish a parallel non-profit entity in which all Members are also members of the non-profit entity. Each party commits to providing all necessary assistance, including but not limited to, executing documents, providing information, and taking any other actions reasonably required to effectuate such restructuring or conversion, ensuring compliance with all Applicable Laws, and maintaining the mission and objectives of the incubator, with all related costs and expenses shared pro rata among the Members based on Membership Interests.

Section 8.02 Company Representations and Warranties. The Company hereby represents and warrants to the Members as follows:

(a) The Company shall procure and maintain professional liability insurance to cover any claims arising from professional services provided by the Company. This insurance shall meet or exceed NJEDA's requirements as communicated in writing to the Company, which initially require that the Company procure professional liability/errors and omissions liability insurance sufficient to protect from any liability arising out of professional obligations performed pursuant to this Agreement with limits of not less than \$1,000,000 each occurrence and in the aggregate for all operations conducted.

(b) The Company, or the Members in cases where they are supplying employees to the Company, will maintain workers' compensation insurance as statutorily required by the laws of the State of New Jersey and shall include an endorsement to extend coverage to any State, which may be interpreted to have legal jurisdiction, and employers' liability insurance with limits of no less than \$100,000 per accident, \$500,000

for disease as the policy limit, and \$100,000 for disease per employee. This insurance shall comply with all Applicable Laws and regulations.

(c) The Company shall maintain such umbrella/excess liability providing limits in addition to, and following form over employers' liability, commercial general liability, and automobile liability with limits of no less than \$10,000,000 each occurrence and in the aggregate. If such insurance contains a general aggregate limit, it shall apply separately to the specified premises or project. All endorsements (additional insured, primary non-contributory and waiver of subrogation) will follow the underlying policy form or be endorsed accordingly.

(d) Notwithstanding Section 8.03(a), to the extent necessary, the Company shall (i) procure and maintain commercial property insurance to cover the contents at the Hub facility in an amount equal to 100% of the full replacement cost of the business personal property and tenant Improvements and betterments (if applicable) and (ii) provide for protection against the perils insured under the ISO special causes of loss form CP 10 30 00 (or a substitute providing equivalent terms and conditions), including flood and earthquake (if available). Any coinsurance requirement in the policy shall be eliminated through the attachment of an agreed amount endorsement, the activation of an agreed value option, or as is otherwise appropriate under the particular policy form. This insurance shall provide adequate coverage for any potential loss or damage to the Company's property and shall meet the minimum amounts required as advised by NJEDA.

(e) The Company shall secure and maintain commercial general liability insurance to cover any claims arising from the Company's operations at the Hub facility with a limit of not less than \$1,000,000 for each occurrence and \$2,000,000 as the general aggregate limit. Insurance shall be written on an ISO occurrence form CG 00 01 (or a substitute form providing equivalent coverage) and shall cover liability arising out of, occasioned by, or resulting from: bodily injury, property damage, products/completed operations, personal injury and advertising injury, premises operations, independent contractors, and liability assumed under an insured contract. Any deductible, or self-insured retention, applicable to the aforementioned insurance shall be written using ISO endorsement CG 03 00 (or a substitute form providing equivalent coverage) which otherwise requires the Company to be responsible for the deductible or retention.

(f) If dedicated vehicles are needed for Company business, the Company shall maintain automobile liability insurance to cover any owned, hired or non-owned automobiles/vehicles used by the Company or its staff; *provided*, that such obligation shall be deemed satisfied if such insurance is procured by any Member and the Company is named as an insured party on the policy (including hired and non-owned coverage). Limits of liability for bodily injury and property damage shall not be less than \$1,000,000 combined single limit.

(g) The Company shall maintain network security/cyber liability insurance with limits of not less than \$1,000,000 each occurrence and in the aggregate which shall

include, but not be limited to, coverage for network breach (including breach of the Privacy Act or the Health Insurance Portability and Accountability Act or associated regulations), ransomware and social engineering; *provided*, that such obligation shall be deemed satisfied if such insurance is procured by any Member and the Company is named as an insured party on the policy (including if Princeton's network is used instead of the Company having its own network).

(h) The Company shall maintain directors and officers liability insurance, with limits of not less than \$1,000,000 for each occurrence and in the aggregate, providing coverage to past and present directors and officers of the Company for allegations of negligent acts, errors or omissions.

(i) With regards to the insurance described in Sections 8.02(a) and 8.02(f)-(h), coverage may be provided on a claims-made basis as long as the retroactive date is prior to commencement of work at the site (must be indicated on certificate of insurance) and continuous coverage is maintained, or an extended discovery period exercised for a period of five (5) years beginning from the time the policy is terminated.

(j) The Company shall name each of the other parties to this Agreement as additional insureds on all insurance policies procured and maintained by the Company in accordance with this Section 8.02 either within the policy form definition of an insured or via endorsement to the policy.

(k) The Company shall secure and maintain in force, at its own expense, the insurance as described in this Section 8.02 throughout the term of this Agreement. All required insurance shall be provided by insurance companies with an A-VIII or better rating by A.M. Best & Company. All policies must be endorsed to provide thirty (30) days written notice of cancellation or material change to the Members. If the insurer cannot provide thirty (30) days written notice, then it will become the obligation of the Company to provide the same to the Members within forty-eight (48) hours of receipt of notification from their insurance company.

(l) The Company shall provide the Members with current certificates of insurance for all coverages and applicable renewals thereof. Renewal certificates shall be provided within thirty (30) days of the expiration of the insurance. No work is permitted to begin until evidence of the required insurance is provided. The certificates of insurance shall indicate the contract number or purchase order number and title of the contract in the "Description of Operations" box and shall list the Members in the "Certificate Holder" box. The certificates and any notice of cancellation shall be mailed to the Members in accordance with Section 13.04.

(m) The Company hereby waives, and shall cause any subcontractors to waive, all rights of subrogation against the Members for recovery of damages to the extent those damages are covered by any insurance policies the Company, or its subcontractor, is required to maintain. The Company agrees, and shall cause its subcontractor to agree, to obtain, at its own cost, any endorsement necessary to provide such a waiver under the applicable insurance coverage.

Section 8.03 Princeton Representations and Warranties. Princeton hereby represents and warrants to the Company and the other Members as follows:

(a) Princeton shall procure and maintain property insurance and commercial general liability insurance for the building and contents at the Hub. This insurance shall provide adequate coverage for any potential loss or damage to the building and its contents.

(b) Princeton shall provide professional liability coverage and workers' compensation insurance for employees of Princeton working at the Hub. This insurance shall comply with all Applicable Laws and regulations and shall be maintained in full force and effect throughout the term of this Agreement.

(c) The cost of the insurance provided by Princeton may be contributed as part of Princeton's "in-kind" contribution to the Hub. By including these representations and warranties, Princeton affirms its commitment to maintaining adequate insurance coverage for the building and its contents to protect the interests of all parties involved in the Hub; *provided*, that staff of any other Member (besides Princeton) working at the Hub will be covered by the professional liability coverage and workers' compensation insurance of such Member.

ARTICLE IX TRANSFER

Section 9.01 General Restrictions on Transfer.

(a) Except as permitted pursuant to Section 9.02, no Member shall Transfer all or any portion of its Membership Interest in the Company without the unanimous consent of the Managers (except the Independent Manager). No Transfer of Membership Interests to a Person not already a Member of the Company shall be deemed completed until the prospective Transferee is admitted as a Member of the Company in accordance with Section 4.01(b) hereof.

(b) Notwithstanding any other provision of this Agreement (including Section 9.02), each Member agrees that it shall not Transfer all or any portion of its Membership Interest in the Company, and the Company agrees that it shall not issue any Membership Interests:

(i) except as permitted under the Securities Act and other applicable federal or state securities or blue sky laws, and then, with respect to a Transfer of Membership Interests, only upon delivery to the Company of an opinion of counsel in form and substance satisfactory to the Company to the effect that such Transfer may be effected without registration under the Securities Act;

(ii) if such Transfer or issuance would cause the Company to be considered a "publicly traded partnership" under Section 7704(b) of the Code

within the meaning of Treasury Regulations Section 1.7704-1(h)(1)(ii), including the look-through rule in Treasury Regulations Section 1.7704-1(h)(3);

(iii) if such Transfer or issuance would affect the Company's existence or qualification as a limited liability company under the Delaware Act;

(iv) if such Transfer or issuance would cause the Company to lose its status as a partnership for federal income tax purposes;

(v) if such Transfer or issuance would cause the Company to be required to register as an investment company under the Investment Company Act of 1940, as amended; or

(vi) if such Transfer or issuance would cause the assets of the Company to be deemed "plan assets" as defined under the Employee Retirement Income Security Act of 1974 or its accompanying regulations or result in any "prohibited transaction" thereunder involving the Company.

(c) Any Transfer or attempted Transfer of any Membership Interest in violation of this Agreement shall be null and void, no such Transfer shall be recorded on the Company's books and the purported Transferee in any such Transfer shall not be treated (and the purported Transferor shall continue be treated) as the owner of such Membership Interest for all purposes of this Agreement.

(d) For the avoidance of doubt, any Transfer of a Membership Interest permitted by this Agreement shall be deemed a sale, transfer, assignment or other disposal of such Membership Interest in its entirety as intended by the parties to such Transfer, and shall not be deemed a sale, transfer, assignment or other disposal of less than all of the rights and benefits described in the definition of the term "Membership Interest," unless otherwise explicitly agreed to by the parties to such Transfer.

Section 9.02 Permitted Transfers. The provisions of Section 9.01(a) shall not apply to any Transfer by any Member of all or any portion of its Membership Interest to any of the following:

(a) Any Person as required by law or a change in law;

(b) Any Affiliate of such Member; or

(c) With respect to any Member that is a natural Person, (i) such Member's Spouse, parent, siblings, descendants (including adoptive relationships and stepchildren) and the Spouses of each such natural persons (collectively, "**Family Members**"); (ii) a trust under which the distribution of Membership Interests may be made only to such Member or any Family Member of such Member; (iii) a charitable remainder trust, the income from which shall be paid to such Member during their life; (iv) a corporation, partnership or limited liability company, the stockholders, partners or members of which are only such Member or Family Members of such Member; or (v) by will or by the laws

of intestate succession, to such Member's executors, administrators, testamentary trustees, legatees or beneficiaries.

ARTICLE X EXCULPATION AND INDEMNIFICATION

Section 10.01 Exculpation of Covered Persons.

(a) **Covered Persons.** As used herein, the term "**Covered Person**" shall mean (i) each Member; (ii) each officer, director, trustee, stockholder, partner, member, Affiliate, employee, invitee, independent contractor, agent or representative of each Member; and (iii) each Manager, Officer, employee, agent or representative of the Company.

(b) **Standard of Care.** No Covered Person shall be liable to the Company or any other Covered Person for any suits, demands, expenses, loss, damage or claim of whatsoever kind or nature arising out of or in connection with any action taken or omitted to be taken by such Covered Person in their capacity as a Covered Person, so long as such action or omission does not constitute gross negligence, bad faith, fraud or willful misconduct by such Covered Person.

Section 10.02 Liabilities and Duties of Covered Persons.

(a) **Limitation of Liability.** This Agreement is not intended to, and does not, create or impose any fiduciary duty on any Covered Person. Furthermore, each of the Members and the Company hereby waives any and all fiduciary duties that, absent such waiver, may be implied by Applicable Law, and in doing so, acknowledges and agrees that the duties and obligation of each Covered Person to each other and to the Company are only as expressly set forth in this Agreement. The provisions of this Agreement, to the extent that they restrict the duties and liabilities of a Covered Person otherwise existing at law or in equity, are agreed by the Members to replace such other duties and liabilities of such Covered Person.

(b) **Duties.** Whenever in this Agreement a Covered Person is permitted or required to make a decision (including a decision that is in such Covered Person's "discretion" or under a grant of similar authority or latitude), such Covered Person shall be entitled to consider only such interests and factors as such Covered Person desires, including its own interests, and shall have no duty or obligation to give any consideration to any interest of or factors affecting the Company or any other Person. Whenever in this Agreement a Covered Person is permitted or required to make a decision in such Covered Person's "good faith," the Covered Person shall act under such express standard and shall not be subject to any other or different standard imposed by this Agreement or any other Applicable Law.

Section 10.03 Release. Except as provided in Section 4.02, each party shall be responsible for, and at its own expense defend itself against, and hereby releases the other parties

from any and all suits, claims losses, demands, expenses, or damages of whatsoever kind or nature, arising out of or in connection with any act or omission by such other party or its employees, representatives, agents, independent contractors or invitees, related to this Agreement. Except for breaches the Confidential Information provisions as set forth in Section 13.03 or a violation of the IP rights of a Member by another arising solely in connection with this Agreement, in no event shall any party be entitled to special, incidental, indirect, consequential, or punitive damages, including without limitation, lost profits, lost revenues or business interruption, arising out of or related to this Agreement, or any party's acts or omissions in connection with the Hub and its operations, regardless of the nature of the claim and regardless of whether any party is aware of the possibility of such damages or losses.

Section 10.04 Survival. The provisions of this ARTICLE X shall survive the dissolution, liquidation, winding up and termination of the Company.

ARTICLE XI COMPLIANCE; TAX MATTERS

Section 11.01 Financial Statements. The Company shall furnish to each Member the following reports:

(a) **Annual Financial Statements.** As soon as available, and in any event within one hundred and twenty (120) days after the end of each Fiscal Year, audited consolidated balance sheets of the Company as at the end of each such Fiscal Year and audited consolidated statements of income, cash flows and Members' equity for such Fiscal Year, in each case setting forth in comparative form the figures for the previous Fiscal Year, accompanied by the certification of independent certified public accountants of recognized national standing selected by the Managers, certifying to the effect that, except as set forth therein, such financial statements have been prepared in accordance with GAAP, applied on a basis consistent with prior years, and fairly present in all material respects the financial condition of the Company as of the dates thereof and the results of their operations and changes in their cash flows and Members' equity for the periods covered thereby. Such reports shall include key performance indicator data as agreed to by the Managers.

(b) **Quarterly Financial Statements.** As soon as available, and in any event within forty five (45) days after the end of each quarterly accounting period in each Fiscal Year (other than the last fiscal quarter of the Fiscal Year), unaudited consolidated balance sheets of the Company as at the end of each such fiscal quarter and for the current Fiscal Year to date and unaudited consolidated statements of income, cash flows and Members' equity for such fiscal quarter and for the current Fiscal Year to date, in each case setting forth in comparative form the figures for the corresponding periods of the previous fiscal quarter, all in reasonable detail and all prepared in accordance with GAAP, consistently applied (subject to normal year-end audit adjustments and the absence of notes thereto), and certified by the principal financial or accounting officer of the Company. Such reports shall include key performance indicator data as agreed to by the Managers.

(c) **Other Statements.**

(i) Prior to the termination of the Hub, the Company shall provide metrics to the Members on the Hub's engagements and interactions with startup companies at least annually or more frequently if agreed by a majority of the Managers, which metrics shall include, without limitation, (i) information on employment including numbers, functions and costs of employees, (ii) the names and industries of the companies the Hub is working with, (iii) the volume and type of community engagements or touchpoints including any community events, and (iv) any other information that a majority of the Managers agree to distribute.

(ii) Upon future termination of the Hub activities as approved by the Managers, there shall follow a three-year reporting period in which continuing impacts of the Hub's activities during its operation period shall be measured and reported to all parties on a yearly basis within thirty (30) days after the end of each quarterly accounting period in each Fiscal year (other than the last fiscal quarter of the Fiscal Year). The Members agree that a third party may be retained for such services at an annual fee to be determined and approved by the Managers. Such reports shall include key performance indicator data as agreed to by the Managers.

Section 11.02 Inspection Rights. Upon reasonable notice from a Member, the Company shall afford such Member and its Representatives reasonable access during normal business hours to (i) the Company's properties; (ii) the corporate, financial and similar records, reports and documents of the Company, including all books and records, minutes of proceedings, internal management documents, reports of operations, reports of adverse developments, copies of any management letters and communications with Members or Managers, and to permit each Member and its Representatives to examine such documents and make copies thereof or extracts therefrom; and (iii) any Officers, senior employees and accountants of the Company, and to afford each Member and its Representatives the opportunity to discuss and advise on the affairs, finances and accounts of the Company with such Officers, senior employees and accountants (and the Company hereby authorizes such employees and accountants to discuss with such Member and its Representatives such affairs, finances and accounts); *provided*, that (x) the requesting Member shall bear its own expenses and all reasonable expenses incurred by the Company in connection with any inspection or examination requested by such Member pursuant to this Section 11.02 and (y) if the Company provides or makes available any report or written analysis for any Member pursuant to this Section 11.02, it shall promptly provide or make available such report or analysis to or for the other Members.

Section 11.03 Income Tax Status. It is the intent of this Company and the Members that this Company shall be treated as a partnership for U.S., federal, state and local income tax purposes. Neither the Company nor any Member shall make an election for the Company to be classified as other than a partnership pursuant to Treasury Regulations Section 301.7701-3.

Section 11.04 Tax Matters Representative.

(a) **Appointment; Removal.** The Members hereby appoint the Independent Manager as the “partnership representative” as provided in Code Section 6223(a) (the “**Tax Matters Representative**”). The Tax Matters Representative may resign at any time. The Tax Matters Representative may be removed at any time with the consent of a majority of the Managers. In the event of the resignation or removal of the Tax Matters Representative, a majority of the Managers shall select a replacement Tax Matters Representative.

(b) **Tax Examinations and Audits.** The Tax Matters Representative is authorized and required to represent the Company (at the Company’s expense) in connection with all examinations of the Company’s affairs by Taxing Authorities, including resulting administrative and judicial proceedings, and to expend Company funds for professional services and costs associated therewith. The Tax Matters Representative shall have sole authority to act on behalf of the Company in any such examinations and any resulting administrative or judicial proceedings, and shall have sole discretion to determine whether the Company (either on its own behalf or on behalf of the Members) shall contest or continue to contest any tax deficiencies assessed or proposed to be assessed by any Taxing Authority.

(c) **US Federal Tax Proceedings.** To the extent permitted by Applicable Law, the Tax Matters Representative shall cause the Company to annually elect out of the partnership audit procedures set forth in Subchapter C of Chapter 63 of the Code as amended by the BBA (the “**Revised Partnership Audit Rules**”) pursuant to Code Section 6221(b). For any year in which Applicable Law does not permit the Company to elect out of the Revised Partnership Audit Rules, then within forty-five (45) days of any notice of final partnership adjustment, the Tax Matters Representative shall cause the Company to elect the alternative procedure under Code Section 6226, and furnish to the Internal Revenue Service and each Member (including former Members) during the year or years to which the notice of final partnership adjustment relates a statement of the Member’s share of any adjustment set forth in the notice of final partnership adjustment.

(d) **Tax Returns and Tax Deficiencies.** Each Member agrees that such Member shall not treat any Company item inconsistently on such Member’s federal, state, foreign or other income tax return with the treatment of the item on the Company’s return except as required by Applicable Law. Any deficiency for taxes imposed on any Member (including penalties, additions to tax or interest imposed with respect to such taxes and taxes imposed pursuant to Code Section 6226) shall be paid by such Member and if required to be paid (and actually paid) by the Company, shall be recoverable from such Member as provided in Section 6.03(b).

(e) **Section 754 Election.** The Tax Matters Representative shall make an election under Code Section 754 if requested in writing by a majority of the Managers.

(f) **Indemnification.** The Company shall defend, indemnify, and hold harmless the Tax Matters Representative against any and all liabilities sustained as a result of any act or decision concerning Company tax matters and within the scope of the

Tax Matters Representative's responsibilities, so long as such act or decision was done or made in good faith and does not constitute gross negligence or willful misconduct.

(g) **Limitation.** Notwithstanding any other provision of this Section 11.04, any material tax elections by or on behalf of the Company, material changes in tax accounting practices of the Company or material determinations with respect to tax audits or disputes, in each case, that would reasonably be expected to have a disproportionate and materially adverse impact on a Member relative to the other Members, shall be subject to approval by the Managers.

(h) **Survival.** The provisions of this Section 11.04 and the obligations of a Member or former Member pursuant to Section 11.04 shall survive the termination, dissolution, liquidation, and winding up of the Company and the withdrawal of such Member from the Company or Transfer of such Member's Membership Interests.

Section 11.05 Tax Returns. At the expense of the Company, the Managers (or any Officer that the Managers may designate pursuant to Section 7.06) shall endeavor to cause the preparation and timely filing (including extensions) of all tax returns required to be filed by the Company pursuant to the Code as well as all other required tax returns in each jurisdiction in which the Company owns property or does business. The Managers or designated Officer shall cause to be delivered to each Person who was a Member at any time during such Fiscal Year: (i) estimated tax information, within ninety five (95) days after the end of the Fiscal Year of the Company, (ii) as soon as reasonably possible after the end of each Fiscal Year of the Company, but in no event later than one hundred and twenty (120) days after the end of each Fiscal Year, IRS Schedule K-1 to Form 1065, and (iii) such other information with respect to the Company as may be necessary for the preparation of such Person's federal, state and local income tax returns for such Fiscal Year.

Section 11.06 Company Funds. All funds of the Company shall be deposited in its name, or in such name as may be designated by the Managers, in such checking, savings or other accounts, or held in its name in the form of such other investments as shall be designated by the Managers. The funds of the Company shall not be commingled with the funds of any other Person. All withdrawals of such deposits or liquidations of such investments by the Company shall be made exclusively upon the signature or signatures of such Officer or Officers as the Managers may designate.

Section 11.07 Corporate Transparency Act Compliance.

(a) Capitalized terms used herein and not otherwise defined in this Section 11.07 have the meanings set forth below:

“**Acceptable Identification Document**” means, with respect to a natural Person, one of the following documents validly issued to such Person: (i) a nonexpired U.S. passport issued by the U.S. government; (ii) a nonexpired U.S. state, local government, or Indian tribal identification document issued for the purpose of identifying such Person; (iii) a nonexpired U.S. state-issued driver's license; or (iv) if such Person does not have any of the documents listed in

clauses (i) to (iii), a nonexpired passport issued to such Person by a foreign government.

“**Beneficial Owner**” has the meaning set forth in the CTA.

“**CTA**” means the Corporate Transparency Act (31 U.S.C. § 5336), enacted as part of the National Defense Authorization Act for Fiscal Year 2021, as amended, and the rules and regulations thereunder.

“**CTA Information**” means, with respect to a natural Person: (i) the full legal name of such Person, including any suffix; (ii) their date of birth; (iii) their complete current residential street address, including any apartment or suite number; (iv) a unique identifying number from an Acceptable Identification Document issued to such Person; and (v) an image of such Acceptable Identification Document of sufficient quality that includes: (A) a legible image of such unique identifying number; and (B) a recognizable photograph of such Person.

“**Indirect Owner**” means, with respect to any Entity Member (as defined herein), any natural Person who from time to time, directly or indirectly, owns or controls any Ownership Interest (as defined under the CTA) in the Company through such Entity Member.

(b) Each Member shall promptly, but within not more than five (5) days:

(i) provide to the Company any information that the Company deems necessary or advisable to obtain from such Member in order for the Company or any Person in which the Company holds an interest to comply with the CTA, including: (A) such Member’s, or with respect to a Member that is not a natural Person (an “**Entity Member**”), each of such Entity Member’s Indirect Owners’, true and correct CTA Information or the true and correct FinCEN Identifier (as defined under the CTA) assigned to them by the Financial Crimes Enforcement Network of the U.S. Department of the Treasury (“**FinCEN**”); and (B) such information or documents as may be necessary in order for the Company or any Person in which the Company holds an interest to determine whether such Member or any of such Member’s Indirect Owners or controllers are Beneficial Owners of the Company or any Person in which the Company holds an interest (collectively, “**Beneficial Ownership Information**”);

(ii) notify the Company of any change or inaccuracy in or to any of such Member’s, or in the case of an Entity Member, any of such Entity Member’s Indirect Owners’, CTA Information most recently provided to the Company, including: (A) a change in such Member’s or Indirect Owner’s legal name, date of birth, or residential street address; (B) a change in the name, date of birth, address, or unique identifying number on such Member’s or Indirect Owner’s Acceptable Identification Document; or (C) in the case of an Entity Member, as may result

from a change in the direct or indirect ownership or control of such Entity Member; and

(iii) notify the Company of any amendment, modification, supplement, or other change (other than an immaterial change that could not reasonably be expected to affect who may be a Beneficial Owner of the Company or any entity in which the Company holds an interest) in or to any Beneficial Ownership Information previously provided by such Member to the Company.

ARTICLE XII DISSOLUTION AND LIQUIDATION

Section 12.01 Events of Dissolution. The Company shall be dissolved and its affairs wound up only upon the occurrence of any of the following events:

(a) An election to dissolve the Company made by unanimous consent from the Managers (except the Independent Manager);

(b) The sale, exchange, involuntary conversion, or other disposition or transfer of all or substantially all the assets of the Company;

(c) The entry of a decree of judicial dissolution under Section 18-802 of the Delaware Act; or

(d) At any time there are no Members, unless the Company is continued in accordance with the Delaware Act.

Section 12.02 Effectiveness of Dissolution. Dissolution of the Company shall be effective on the day on which the event described in Section 12.01 occurs, but the Company shall not terminate until the winding up of the Company has been completed, the assets of the Company have been distributed as provided in Section 12.03 and the Certificate of Formation shall have been cancelled as provided in Section 12.04.

Section 12.03 Liquidation. If the Company is dissolved pursuant to Section 12.01, the Company shall be liquidated and its business and affairs wound up in accordance with the Delaware Act and the following provisions:

(a) **Liquidator.** A Person selected by the Managers, shall act as liquidator to wind up the Company (the “**Liquidator**”). The Liquidator shall have full power and authority to sell, assign, and encumber any or all of the Company’s assets and to wind up and liquidate the affairs of the Company in an orderly and business-like manner.

(b) **Accounting.** As promptly as possible after dissolution and again after final liquidation, the Liquidator shall cause a proper accounting to be made by a recognized firm of certified public accountants of the Company’s assets, liabilities and operations through the last day of the calendar month in which the dissolution occurs or the final liquidation is completed, as applicable.

(c) **Distribution of Proceeds.** The Liquidator shall liquidate the assets of the Company and distribute the proceeds of such liquidation in the following order of priority, unless otherwise required by mandatory provisions of Applicable Law:

(i) *first*, to the payment of all of the Company's debts and liabilities to its creditors (including Members, if applicable) and the expenses of liquidation (including sales commissions incident to any sales of assets of the Company);

(ii) *second*, to the establishment of and additions to reserves that are determined by the Liquidator to be reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company; and

(iii) *third*, to the Members in accordance with the positive balances in their respective Capital Accounts, as determined after taking into account all Capital Account adjustments for the taxable year of the Company during which the liquidation of the Company occurs.

(d) **Discretion of Liquidator.** Notwithstanding the provisions of Section 12.03(c) that require the liquidation of the assets of the Company, but subject to the order of priorities set forth in Section 12.03(c), if upon dissolution of the Company the Liquidator reasonably determines that an immediate sale of part or all of the Company's assets would be impractical or could cause undue loss to the Members, the Liquidator may defer the liquidation of any assets except those necessary to satisfy Company liabilities and reserves, and may, upon approval of a majority of the Managers, distribute to the Members, in lieu of cash, as tenants in common and in accordance with the provisions of Section 12.03(c), undivided interests in such Company assets as the Liquidator deems not suitable for liquidation. Any such distribution in-kind shall be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreements governing the operating of such properties at such time. For purposes of any such distribution, any property to be distributed shall be valued at its Fair Market Value as determined by the Liquidator in good faith.

Section 12.04 Cancellation of Certificate. Upon completion of the distribution of the assets of the Company as provided in Section 12.03(c) hereof, the Company shall be terminated and the Liquidator shall cause the cancellation of the Certificate of Formation in the State of Delaware and of all qualifications and registrations of the Company as a foreign limited liability company in jurisdictions other than the State of Delaware and shall take such other actions as may be necessary to terminate the Company.

Section 12.05 Survival of Rights, Duties and Obligations. Dissolution, liquidation, winding up or termination of the Company for any reason shall not release any party from any loss that at the time of such dissolution, liquidation, winding up or termination already had accrued to any other party or thereafter may accrue in respect of any act or omission prior to such dissolution, liquidation, winding up or termination.

Section 12.06 Recourse for Claims. Each Member shall look solely to the assets of the Company for all distributions with respect to the Company, such Member's Capital Account, and such Member's share of Net Income, Net Loss and other items of income, gain, loss and deduction, and shall have no recourse therefor (upon dissolution or otherwise) against the Liquidator or any other Member.

ARTICLE XIII MISCELLANEOUS

Section 13.01 Expenses. Except as otherwise expressly provided herein, all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with the preparation and execution of this Agreement, or any amendment or waiver hereof, and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses; *provided*, that all Members shall equally share the initial organizational expenses of the Company including reasonable legal fees for the drafting and finalization of this Agreement.

Section 13.02 Further Assurances. In connection with this Agreement and the transactions contemplated hereby, the Company and each Member hereby agrees, at the request of the Company or any other Member, to execute and deliver such additional documents, instruments, conveyances and assurances and to take such further actions as may be required to carry out the provisions hereof and give effect to the transactions contemplated hereby.

Section 13.03 Confidentiality.

(a) Each Member acknowledges that during the term of this Agreement, it shall have access to and may become acquainted with trade secrets, proprietary information and confidential information belonging to the Company, its Affiliates and the other Members that are not generally known to the public, including, but not limited to, information concerning business plans, financial statements and other information provided pursuant to this Agreement, operating practices and methods, expansion plans, strategic plans, marketing plans, contracts, customer lists or other business documents that the Company treats as confidential, in any format whatsoever (including oral, written, electronic or any other form or medium) (collectively, "**Confidential Information**"). In addition, each Member acknowledges that: (i) the Company has invested, and continues to invest, substantial time, expense and specialized knowledge in developing its Confidential Information; (ii) the Confidential Information provides the Company with a competitive advantage over others in the marketplace; and (iii) the Company and the other Members would be irreparably harmed if the Confidential Information were disclosed to competitors or made available to the public. Without limiting the applicability of any other agreement to which any Member is subject, no Member shall, directly or indirectly, disclose or use (other than solely for the purposes of such Member monitoring and analyzing its investment in the Company) at any time, including use for personal, commercial or proprietary advantage or profit, either during its association with the Company or thereafter, any Confidential Information of the Company or of another Member of which such Member is or becomes aware. Each

Member in possession of Confidential Information shall take all appropriate steps to safeguard such information and to protect it against disclosure, misuse, espionage, loss and theft.

(b) Nothing contained in Section 13.03(a) shall prevent any Member from disclosing Confidential Information: (i) upon the order of any court or administrative agency; (ii) upon the request or demand of any regulatory agency or authority having jurisdiction over such Member; (iii) to the extent compelled by legal process or required or requested pursuant to subpoena, interrogatories or other discovery requests; (iv) as required under any law including the New Jersey Open Public Records Act (N.J.S.A. 47:1A-1 *et seq.*), the New Jersey Open Public Meetings Act (N.J.S.A. 10:4-6 *et seq.*), New Jersey record retention laws (N.J.S.A. 52:15C-14), and any other New Jersey laws, (v) to the extent necessary in connection with the exercise of any remedy hereunder; (vi) to the other Members (except for Confidential Information pertaining to another Member); (vii) to such Member's Representatives who, in the reasonable judgment of such Member, need to know such Confidential Information and agree to be bound by the provisions of this Section 13.03 as if a Member; or (viii) to any potential Permitted Transferee in connection with a proposed Transfer of Membership Interests from such Member, as long as such Transferee agrees to be bound by the provisions of this Section 13.03 as if a Member (except for Confidential Information pertaining to another Member); *provided*, that in the case of clause (i), (ii), (iii), (iv) or (viii) such Member shall notify the Company and other Members of the proposed disclosure as far in advance of such disclosure as practicable (but in no event make any such disclosure before notifying the Company and other Member) and use reasonable efforts to ensure that any Confidential Information so disclosed is accorded confidential treatment satisfactory to the Company or the other Members, as applicable, when and if available.

(c) The restrictions of Section 13.03(a) shall not apply to Confidential Information that: (i) is or becomes generally available to the public other than as a result of a disclosure by a Member in violation of this Agreement; (ii) is or has been independently developed or conceived by such Member without use of Confidential Information; or (iii) becomes available to such Member or any of its Representatives on a non-confidential basis from a source other than the Company, the other Member or any of their respective Representatives; *provided*, that such source is not known by the receiving Member to be bound by a confidentiality agreement regarding the Company.

(d) Notwithstanding anything to the contrary herein, the parties hereby agree to collaborate in the issuance of a joint press release that shall announce, in general terms, the relationship and objectives established by this Agreement. The following terms shall govern the issuance of such a press release:

(i) Cooperation in Issuance: The parties shall work together to draft and issue a joint press release that accurately reflects the nature and goals of their relationship as memorialized in this Agreement.

(ii) Use of Names, Trademarks, and Logos: Each of the Member's hereby agrees to receive the consent of a Member (or its Manager) before using such Member's or its Affiliates respective names, trademarks, and logos. If a Manager of a Member requests it, a Member shall provide the necessary requirements and obtain approval for the use of their and their Affiliates respective names, trademarks, and logos in any joint press release. This ensures that all branding elements are used appropriately and in accordance with each Member's guidelines.

(iii) Approval Process: The final version of the joint press release must be reviewed and approved by all parties involved. No press release shall be publicly issued without the explicit consent and agreement of all parties.

(iv) Public Issuance: The joint press release may only be made public once all parties have given their consent and agreement to the final content. This ensures that the information released is accurate and mutually agreed upon.

(e) The Managers and the Members each by itself and on behalf of the Company, acknowledge that: (i) the Managers may be required by N.J.S.A. 19:44A-20.27 (L. 2005, c. 271) and regulations promulgated thereunder to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission; (ii) it is the responsibility of the Managers to determine whether such filing is necessary; and (iii) failure to make such filing, if required, can result in the imposition of financial penalties by the New Jersey Election Law Enforcement Commission.

(f) The obligations of each Member under this Section 13.03 shall survive (i) the termination, dissolution, liquidation and winding up of the Company, (ii) the withdrawal of such Member from the Company, and (iii) such Member's Transfer of its Membership Interests.

Section 13.04 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 13.04):

If to the Company:

Attention: Executive Director
C/O NJ AI Hub, LLC
619 Alexander Road

West Windsor, New Jersey 08540

with a copy to (which shall not constitute notice):

Nixon Peabody LLP
677 Broadway, 10th Floor
Albany, New York 12207-2996
Facsimile: +1 (866) 890-4699
E-mail: ttidgewell@nixonpeabody.com
Attention: Todd Tidgewell

If to a Member or Manager, to such Member's or Manager's respective mailing address as set forth on the Members Schedule or Managers Schedule, as applicable.

Section 13.05 Headings. The headings in this Agreement are inserted for convenience or reference only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Agreement or any provision of this Agreement.

Section 13.06 Severability. If any term or provision of this Agreement is held to be invalid, illegal or unenforceable under Applicable Law in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

Section 13.07 Entire Agreement. This Agreement, together with the Certificate of Formation and all related Exhibits and Schedules, constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter.

Section 13.08 Successors and Assigns. Subject to the restrictions on Transfers set forth herein, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. This Agreement may not be assigned by any Member except as permitted by this Agreement and any assignment in violation of this Agreement shall be null and void.

Section 13.09 No Third-Party Beneficiaries. Except as provided in ARTICLE X, which shall be for the benefit of and enforceable by Covered Persons as described therein, this Agreement is for the sole benefit of the parties hereto (and their respective heirs, executors, administrators, successors and assigns) and nothing herein, express or implied, is intended to or shall confer upon any other Person, including any creditor of the Company, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 13.10 Amendment. No provision of this Agreement may be amended or modified except by an instrument in writing executed by the Company and all of the Managers (except the Independent Manager). Any such written amendment or modification shall be binding upon the Company and each Member. Notwithstanding the foregoing, amendments to the Members Schedule and the Managers Schedule may be made by the Managers in accordance with Section 3.01 and Section 7.02(c).

Section 13.11 Waiver. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. For the avoidance of doubt, nothing contained in this Section 13.01 shall diminish any of the explicit and implicit waivers described in this Agreement, including in Section 13.14 hereof.

Section 13.12 Governing Law. Except to the extent required by law, this Agreement shall be governed by the laws of the State of New Jersey without regard to its conflict of laws principles. Notwithstanding anything herein to the contrary, all tort claims against NJEDA shall be governed by the New Jersey Tort Claims Act, N.J.S.A. 59:1-1 *et seq.*, and all contract claims against NJEDA shall be governed by the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 *et seq.* All agreements regarding the Company, except this Agreement, shall be governed by the laws of the State of New Jersey. The parties to all such agreements shall agree to irrevocably submit to exclusive jurisdiction and venue in the Superior Court of Mercer County in New Jersey with respect to any action, claim, or other legal proceeding. The authority and powers of NJEDA are and shall be governed by the provisions of the New Jersey Economic Development Authority Act (New Jersey Statutes Annotated 34:1B-1 *et seq.*; P.L. 1974, c80, as amended and supplemented) and shall be construed in accordance with New Jersey law. The Members acknowledge that NJEDA reserves all immunities, defenses, rights and actions arising out of its status as a sovereign state or entity, including those under the Eleventh Amendment of the United States Constitution and the laws and Constitution of the State of New Jersey. No waiver of any such immunities, defenses, rights or actions shall be implied or otherwise deemed to exist by reason of NJEDA entering into this Agreement or any agreement related thereto (collectively, the “**Subject Agreements**”), by any express or implied provision thereof, or by any actions or omissions to act by NJEDA or any representative or agent of NJEDA, whether taken or omitted to be taken pursuant to any Subject Agreement or prior to the entry by NJEDA into any Subject Agreement. Nothing contained herein, however, shall relieve NJEDA of any obligation it may have under this Agreement to contribute capital or return distributions.

Section 13.13 Dispute Resolution. In the event of a dispute arising in connection with this Agreement, the Company or the Hub, the parties agree to first attempt to resolve the matter through good faith discussions between senior leaders of each party. Each party shall designate a senior leader who has the authority to resolve the dispute. These discussions shall commence

within ten (10) business days of a written notice of the dispute being provided by one party to the other party or parties. If the dispute is not resolved through initial discussions within thirty (30) days of the commencement of such discussions, the parties agree to proceed to mediation. The mediation shall be conducted by a neutral third-party mediator mutually agreed upon by the parties. The mediation shall take place within sixty (60) days of the failure to resolve the dispute through initial discussions. The costs of the mediation shall be shared equally by the parties, unless otherwise agreed. If the dispute remains unresolved after mediation, the parties agree to participate in non-binding mediation before a mediator agreed upon by the parties. The non-binding mediation shall be conducted within ninety (90) days of the failure to resolve the dispute through the initial mediation. The mediator shall provide a recommended resolution, but such recommendation shall not be binding on the parties. The costs of the non-binding mediation shall be shared equally by the parties, unless otherwise agreed. If the dispute is not resolved through the non-binding mediation, the parties may pursue any other legal or equitable remedies available to them under Applicable Law. However, the parties agree that they shall not initiate any legal proceedings until the dispute resolution process outlined above has been fully exhausted, except where immediate injunctive relief is necessary to prevent irreparable harm. All parties hereby agree that, in case of the initiation and submission to legal proceedings, they irrevocably submit to exclusive jurisdiction and venue in the Superior Court of Mercer County in New Jersey with respect to any action, claim, or other legal proceeding. For the avoidance of doubt, notwithstanding anything else herein to the contrary, the parties may agree by mutual written consent to amend any of the time periods mentioned in this Section 13.13.

Section 13.14 Waiver of Jury Trial. Each party hereto hereby acknowledges and agrees that any controversy that may arise under this Agreement is likely to involve complicated and difficult issues and, therefore, each such party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to this Agreement or the transactions contemplated hereby.

Section 13.15 Equitable Remedies. Each party hereto acknowledges that a breach or threatened breach by such party of any of such party's obligations under this Agreement would give rise to irreparable harm to the other parties, for which monetary damages would not be an adequate remedy, and hereby agrees that in the event of a breach or a threatened breach by such party of any such obligations, each of the other parties hereto shall, in addition to any and all other rights and remedies that may be available to them in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction (without any requirement to post bond).

Section 13.16 Attorneys' Fees. In the event that any party hereto institutes any legal suit, action or proceeding, including arbitration, against another party in respect of a matter arising out of or relating to this Agreement, the prevailing party in the suit, action or proceeding shall not be entitled to receive, in addition to all other damages to which it may be entitled, the costs incurred by such party in conducting the suit, action or proceeding, including reasonable attorneys' fees and expenses and court costs, unless permitted by law.

Section 13.17 Remedies Cumulative. The rights and remedies under this Agreement are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise, except to the extent expressly provided in Section 10.02 to the contrary.

Section 13.18 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of Electronic Transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

THE MEMBERS:

**NEW JERSEY ECONOMIC
DEVELOPMENT AUTHORITY**

By: _____
Name:
Title:

THE COMPANY:

NJ AI HUB, LLC

By: _____
Name:
Title:

**THE TRUSTEES OF PRINCETON
UNIVERSITY**

By: _____
Name:
Title:

MICROSOFT CORPORATION

By: _____
Name:
Title:

COREWEAVE, INC.

By: _____
Name:
Title:

EXHIBIT A

FORM OF JOINDER AGREEMENT

This Joinder Agreement (the "Agreement") is made and entered into as of _____, _____, by and between the undersigned new member (the "New Member") and NJ AI Hub, LLC, a Delaware limited liability company (the "Company").

RECITALS

WHEREAS, the Company is governed by that certain Operating Agreement dated as of _____, _____ (as amended or restated, the "Operating Agreement");

WHEREAS, the New Member desires to become a member of the Company and to be bound by the terms and conditions of the Operating Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Joinder to Operating Agreement.** The New Member hereby agrees to become a party to, and to be bound by, all of the terms and conditions of the Operating Agreement as if the New Member were an original signatory thereto. The New Member acknowledges that they have received a copy of the Operating Agreement and have reviewed its terms and conditions.
2. **Acknowledgment of Membership Interest.** The Company hereby acknowledges that the New Member has been admitted as a member of the Company as of the date hereof and that the New Member's membership interest in the Company shall be as set forth in the books and records of the Company.
3. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey, without regard to its conflict of laws principles.

IN WITNESS WHEREOF, the parties hereto have executed this Joinder Agreement as of the day and year first above written.

(New Member Name)

NJ AI HUB, LLC

By: _____
Name:
Title:

By: _____
Name:
Title: Authorized Person

SCHEDULE A

MISSION STATEMENT

- The Hub's activities will include, without limitation, promoting AI commercialization and accelerating start-up ventures, advancing AI innovation, engaging with New Jersey's industry players and institutions of higher education to promote AI innovation, supporting AI education and workforce training at scale in New Jersey, and providing decision makers with thought leadership on the ethical and responsible use of AI.
- The parties anticipate that the Hub will focus on several industry application sectors with strong footprints in New Jersey such as, but not limited to, life sciences, energy and climate resilience, telecommunications and cybersecurity, and infrastructure and logistics.

SCHEDULE B

MEMBERS SCHEDULE

Member Name	Member Address	Total Capital Commitment	Total Cash Contribution	Total In-Kind Contribution	Membership Interest
New Jersey Economic Development Authority	36 West State Street Trenton, New Jersey 08608	\$15,000,000	\$15,000,000	\$0.00	40%
The Trustees of Princeton University	1 Nassau Hall Princeton, New Jersey 08544	\$7,500,000	\$0.00	\$7,500,000	20%
Microsoft Corporation	1 Microsoft Way Redmond, Washington 98052	\$7,500,000	\$2,500,000	\$5,000,000	20%
CoreWeave, Inc.	290 West Mount Pleasant Avenue, Suite 4100, Livingston, New Jersey 07039	\$7,500,000	\$7,500,000	\$0.00	20%
Total:		\$37,500,000	\$25,000,000	\$12,500,000	100%

Member Name	Roles and Responsibilities
New Jersey Economic Development Authority	<ol style="list-style-type: none"> 1) Forge partnerships and maintain relationships with, e.g., strategic corporates or venture capital firms. 2) Promote the Hub events. 3) Provide additional funding or connections to aid in retaining companies in New Jersey.
The Trustees of Princeton University	<ol style="list-style-type: none"> 1) As part of the Capital Commitments by Princeton listed above (not as an additional Capital Commitment): (i) \$5,300,000 shall go towards a fit out physical space for the Hub programming on or near Princeton’s campus, (ii) \$1,200,000 shall go towards rent, maintenance, utilities and any other related charges during the five-year period, and (iii) \$1,000,000 shall be provided for staff salaries and benefits including the Executive Director. Expenses paid for by Princeton for staff salaries and benefits including the Executive Director beyond this amount shall constitute additional Capital Commitments. Princeton may allocate different amounts to

	<p>different in-kind contributions than those listed here if it determines it is necessary and it notifies the Managers (i) the Capital Contribution has been swapped between space and salary, and (ii) the capex expenditure within 90 days of the date hereof.</p> <ol style="list-style-type: none"> 2) Encourage engagement with the Hub programming among faculty, staff, and students. 3) Engage with New Jersey higher education community to foster effective AI education and training at scale. 4) Promote the Hub events and, subject to availability and Princeton policies, provide space for larger convenings.
Microsoft Corporation	<ol style="list-style-type: none"> 1) As part of the Capital Commitments by Microsoft listed above (not as an additional Capital Commitment): (i) \$500,000 in in-kind contributions shall provide on-site staff dedicated to the Hub for five (5) years for Microsoft-led programming elements, and (ii) \$500,000 in in-kind contributions shall support the Hub's efforts to facilitate networking, mentorship, business development coaching, and workforce development for regional companies and trainees, e.g., TechSpark Program. 2) Provide technical AI support, vision, product advice, and business use cases for start-ups and companies connecting to the Hub. 3) Provide Azure credits for the Hub and participating start-ups. Any Azure credits by Microsoft shall be deemed an additional Capital Commitment subject to Section 3.02 (requiring prior approval for additional Capital Commitments).
CoreWeave, Inc.	<ol style="list-style-type: none"> 1) Provide staff to support the Hub for CoreWeave-led programming elements. 2) Support the Hub efforts to facilitate networking, mentorship, and business development coaching for regional companies and trainees, including regional-based internships. 3) Provide CoreWeave compute credits for the Hub and participating start-ups, as appropriate and at its discretion. Any such credits by Coreweave shall be deemed an additional Capital Commitment subject to Section 3.02 (requiring prior approval for additional Capital Commitments).

Member Name	Cash Contributions							
	Total	Q1	Q2	Q3	Q4	Q5	Q6	Q7
New Jersey Economic Development Authority	\$15,000,000	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000
		Q8	Q9	Q10	Q11	Q12	Q13	Q14
		\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000
		Q15	Q16	Q17	Q18	Q19	Q20	
		\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	

Member Name	Cash Contributions							
	Total	Q1	Q2	Q3	Q4	Q5	Q6	Q7
CoreWeave, Inc.	\$7,500,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000
		Q8	Q9	Q10	Q11	Q12	Q13	Q14
		\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000
		Q15	Q16	Q17	Q18	Q19	Q20	
		\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	

Member Name	In-Kind Contributions					
	Total	Fiscal Year 1	Fiscal Year 2	Fiscal Year 3	Fiscal Year 4	Fiscal Year 5
The Trustees of Princeton University	\$7,500,000	\$5,946,000	\$651,000	\$408,000	\$245,000	\$250,000

Member Name	Cash Contributions					
	Total	Fiscal Year 1	Fiscal Year 2	Fiscal Year 3	Fiscal Year 4	Fiscal Year 5
Microsoft Corporation	\$2,500,000	\$1,000,000	\$375,000	\$375,000	\$375,000	\$375,000
	In-Kind Contributions (TechSpark)					
	Total	Fiscal Year 1	Fiscal Year 2	Fiscal Year 3	Fiscal Year 4	Fiscal Year 5
	\$5,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000

SCHEDULE C

MANAGERS SCHEDULE

Manager Name	Manager Address
Kathleen Coviello, NJEDA	36 West State Street, Trenton, New Jersey 08608
Mike Egan, Microsoft	One Microsoft Way, Redmond, Washington 98052
Hilary Parker, Princeton	President's Office, 1 Nassau Hall, Princeton, New Jersey 08544
Corey Sanders, CoreWeave	290 West Mount Pleasant Avenue, Suite 4100, Livingston, New Jersey 07039

Independent Manager Name	Independent Manager Address
Independent Manager – To Be Approved by the Managers (in accordance with Section 7.02(a))	To Be Updated by the Independent Manager



MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan, Chief Executive Officer
DATE: April 9, 2024
Subject: Strategic Innovation Center Investment in the NJII Venture Studio

Summary:

Members of the Board are requested to approve:

- An aggregate investment of up to \$5.8 million including \$1.2 million to fund operating expenses of NJII Venture Studio LLC (“the Studio”), and \$4.6 to fund investment from NJII Fund I LLC (“the Fund”), two newly formed limited liability companies, that form in combination a new Strategic Innovation Center, the NJII Venture Studio (“the SIC”), to be owned on a 1:1 basis by the New Jersey Economic Development Authority and the New Jersey Innovation Institute (“NJII”).
- Authorization to the CEO to execute all documents required, including the Operating Agreement (Appendix A) attached hereto in the appendix to this memo in substantially final form.
- The Members are also asked to approve a 4.5% administrative fee to NJEDA for administrative costs plus associated Authority legal costs as allowed through the Economic Recovery Fund (“ERF”) statute.

Background:

Strategic Innovation Centers:

In July 2021, the Board of the New Jersey Economic Development Authority (“NJEDA”) approved policies for utilizing the Economic Recovery Fund (ERF), created by P.L. 1992, c. 16, to undertake development of or to invest in strategic innovation centers to accelerate economic recovery and drive the long-term growth of the State’s innovation economy. Strategic Innovation Centers are defined as facilities that either, directly support research and development (R&D), innovation, or entrepreneurship, or are aimed at solving specific problems in new and innovative ways through a combination of services such as mentorship, networking opportunities, hands-on training, business support services, education opportunities, and/or access to testing, fabrication, or manufacturing facilities and equipment.

The policy approval included the use of fifty-five million (\$55,000,000) appropriated to the NJEDA’s ERF for the purpose of developing Strategic Innovation Centers in accordance with the policies. The 2023, 2024 and 2025 State appropriations acts allocated an additional seventy million (\$70,000,000), seventy-five million (\$75,000,000), and fifty million (\$50,000,000) respectively. In March 2025, EDA, with approval from the Joint Budget Oversight Committee (JBOC), reallocated seven million eight hundred fifteen thousand dollars (\$7,815,000) from the closeout of the Edison Loan Program to the Strategic Innovation Center initiative, bringing the total amount

to two-hundred fifty million (\$257,815,000) available for Strategic Innovation Center (SIC) investments. NJEDA’s policy anticipates capturing a 4.5% administrative fee at approval of each project, in accordance with Board approved program policy. Additionally, the ERF statute authorizes the use of ERF funding for the costs of a project, including legal expenses (including special counsel retained by the Attorney General’s Office). Inclusive of the commitments itemized below and associated administrative fee there remains available \$156,765,000 of unallocated SIC funds before approval of the NJII Venture Studio.

To date, the Members have approved the following use of SIC funding:

- Investment in HAX, LLC (approved October 13, 2021): \$25,000,000
- Investment in Helix (DevCo) (approved December 8, 2021): \$10,000,000
- Allocation to Maternal and Infant Health Innovation Center (approved May 8, 2024): \$3,000,000
- Investment in NJ FAST powered by Plug and Play (approved July 17, 2024): \$17,100,000
- Investment in Atlantic County NJ Aerospace LLC (approved December 19, 2024): \$8,600,000
- Allocation to Maternal and Infant Health Innovation Center (approved February 24, 2025): \$7,000,000

The approved policies for Strategic Innovation Center projects consider how NJEDA staff will:

1. Address opportunities for the Authority to take a lead role in developing Strategic Innovation Centers such as building and/or overseeing the operations of the Strategic Innovation Center or collaborating with another party through an early investment that serves as a catalyst for the project.
2. Consider unsolicited proposals or investment opportunities for Strategic Innovation Center projects in the State. In all cases, funding is limited to twenty-five million (\$25,000,000) for any single project with a requirement for matching private capital, and the project must align with the ERF targeted industries¹ or demonstrate that it will meaningfully support increasing diversity and inclusion within the State’s entrepreneurial economy. Additionally, all Strategic Innovation Center projects using ERF funds under these policies must be approved by the Board.

Following evaluation (Confidential Appendix I), EDA staff have determined the project, herein, the NJII Venture Studio, meets the outlined policy requirements for a SIC investment given that it directly supports R&D, innovation and entrepreneurship for start-up companies in the Information and High Technology industries.

Background on NJII Venture Studio LLC

NJII, a corporation of the New Jersey Institute of Technology (“NJIT”), submitted the proposal for an investment to the NJEDA in January 2024 for the NJII Venture Studio. Venture Capital as an institutional investment model, traditionally, invests in operating startups and small- to medium-sized enterprises with high growth potential. Meanwhile, a venture studio as a business model systematically ideates, builds and scales multiple startups from the ground up, leveraging

¹ “Targeted industry” means any industry identified from time to time by the Authority which shall initially include advanced transportation and logistics, advanced manufacturing, aviation, autonomous vehicle and zero-emission vehicle research or development, clean energy, life sciences, hemp processing, information and high technology, finance and insurance, professional services, film and digital media, non-retail food and beverage businesses including food innovation, and other innovative industries that disrupt current technologies or business models.

shared resources, expertise, and a hands-on approach. What is critical about this process is demonstrating a significant market need as well as contracting customers and partners before the company is launched. Through intentionally building a company and structuring it in this manner, a modest investment will result in a robust company that will be well positioned for success while retaining the majority of the equity. This is essentially the process that NJII demonstrated with their investment in BioCentriq, which returned more than 5x invested capital on exit. In October 2024, NJII, and the NJEDA announced a non-binding letter of intent to establish the NJII Venture Studio.

After review of the SIC proposal, Staff’s recommendation is to provide financial support in the form of an equity investment into the NJII Venture Studio pursuant to the Strategic Innovation Center policy, as the project aligns with the objectives of the Strategic Innovation Centers initiative (Confidential Appendix I).

Venture Studio and Fund Strategy

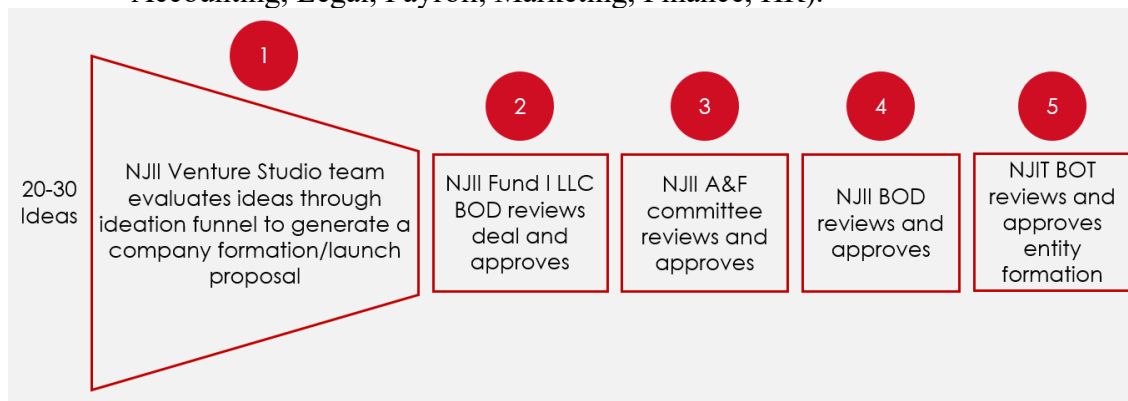
A fundamental challenge of the innovation economy is that the most promising early technologies have few pathways for incubation and capitalization. Research institutions are among the most fertile sources of innovative technologies but can struggle to establish early market fit or identify well-suited startup business founders. Secondly, venture capital firms generally focus on startup companies that are well past the venture’s ideation stage.

Over the next four years, the NJII Venture Studio plans to build 3-4 companies per year (8-10 total) with an industry-agnostic approach where each company will be built with the following characteristics:

- An ability to achieve a major valuation inflection point within 18 months of founding (e.g., profitability, first customer).
- A corporate partner at inception who has committed resources (e.g., in-kind, investment) and/or has committed to being a customer.
- A dedicated and experienced management team.
- Strong intellectual property.

Each company will be formed as a for-profit C-Corp with the NJII Venture Studio owning a meaningful stake.

- Up to \$1M will be invested into each company and disbursed based upon milestones.
- The companies will execute an 18-month sprint plan leading to a major valuation inflection point.
- Each company will receive hands-on support from the Studio including customer and investor networking and streamlined back-end support from NJII (e.g., Accounting, Legal, Payroll, Marketing, Finance, HR).



Given the early-stage of the startups produced from the studio, it is expected the first exit from the portfolio will be 5-7 years after investment.

SIC Management

The Venture Studio will be managed and administered by NJII. The Studio will execute an Investment Manager Agreement with Cornucopian Capital Management LLC as the investment manager. The Investment Manager has the requisite expertise and agrees to act as the independent investment manager for the Fund under the terms and conditions of this Agreement.

The **New Jersey Innovation Institute (NJII)** is a 501c3 organization wholly owned by the New Jersey Institute of Technology (NJIT). As an independent corporation, NJII is uniquely positioned to be agile, entrepreneurial, and opportunistic. NJII is focused on accelerating technology and fostering innovation in order to have a positive economic impact in New Jersey. To date, NJII has generated over \$330M in revenue during its ten years of operation across its four divisions (Healthcare grants, Defense contracts, Continued Learning & Development Initiative certificate programs, and Entrepreneurship) and today has a team of 120 staff. NJII combines the vast resources of an R-1 university, strong and far-reaching industry and government relationships, and proven methods for building industry centric ecosystems.

NJII is uniquely positioned to foster the formation of innovative companies in that it has an abundance of:

- Ideas for profitable/high-impact companies.
- Existing support staff to support early phases of company maturation.
- A diverse team of industry leaders.
- Physical space.
- Close connections with industry experts.
- In many instances, initial customers.
- Domain experts and partners for non-dilutive funding (e.g., grants).

The Venture Studio Managers will actively participate in venture pipeline assessment and down selection during weekly Venture Studio meetings. The Venture Studio operations will be overseen by the Venture Studio Director, and staff.

Key Studio Manager roles:

NJII President: The NJII President is the fiduciary for NJII which is the conduit between NJIT and the outside world. This individual is responsible for harnessing the vast resources of the state's polytechnic university NJIT through NJII. This individual represents the collective wisdom of both the NJII Board of Directors and NJIT Board of Trustees who are both involved in the decision-making process to authorize the creation of a new company through the NJII Venture Studio. These boards are comprised of industry experts, leaders in research and investors.

NJII Vice President of Entrepreneurship: The NJII Vice President is responsible for NJII's entrepreneurship division which is tasked with spurring innovation and accelerating translational research in partnership with their various colleagues from NJIT. This individual oversees multiple NJII entrepreneurship programs (e.g., events, mentoring, accelerating) and has substantial relationships with the various stakeholders in the New Jersey startup ecosystem. The NJII President has a direct line of sight to new technologies and ideas at NJIT as well as those within

NJII and routinely meets with key ecosystem stakeholders to identify potential new opportunities.

NJII has identified and formed an agreement with **Cornucopian Capital Management (Cornucopian)**, to be executed in concert with the closing of the Venture Studio and the Fund. The Fund, the Venture Studio, and NJII will engage the services of an independent third-party investment manager with oversight of the Fund's investment decisions, including participation from the very inception of a studio concept. Of note, Cornucopian Capital Management is an approved Qualified Venture Firm on the New Jersey Innovation Evergreen Fund platform in good standing.

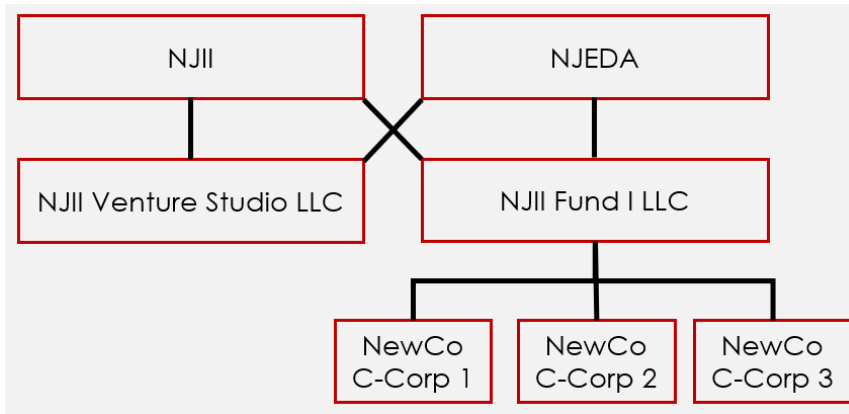
Cornucopian's strategy is to create opportunities for investment, principally in the areas of preventative health innovation, early commercialization, and scaling of transformational products and services for improving health span. Originating as a family office, the core team of five and total team of 13, leveraging experienced operators and advisors, is based in Montclair, NJ, with an office in New York. **Aryeh Ganz** founded Cornucopian Capital and is a co-founder and managing partner of Barnstorm Foundry, a Bay Area-based venture studio for Medicine 3.0 startups. Through Barnstorm Foundry, Aryeh forged a groundbreaking relationship with UC Davis, a global leader in biological sciences and engineering. Prior to founding Cornucopian, Aryeh founded SAGEN Trust Company, Inc. ("SAGEN"), a private family office operating since 2001. Aryeh has also founded numerous non-profits and projects in Israel, the U.S. and the U.K. addressing poverty, social services, community development, and Torah education.

To extend support for the venture studio and impact of the SIC, NJII and NJEDA will form an advisory board engaging in strategy, pipeline/idea cultivation, evaluation, talent recruitment, etc. and provide recommendations on a quarterly basis. This group shall be comprised of members of corporate partners, investors, university partners, and city and state representatives.

Governance of the Studio will be under the supervision of the Board of Directors. The Board has the authority to manage, operate, and control the business and affairs of the Company. The Board may perform any acts deemed necessary or appropriate to achieve the purposes of the Company, at the Company's expense. The Board is comprised of three members, one from each of NJII and NJEDA, plus a third independent member to be identified as a condition of closing. This individual may be replaced with the consent of both parties.

Structure and Business Model

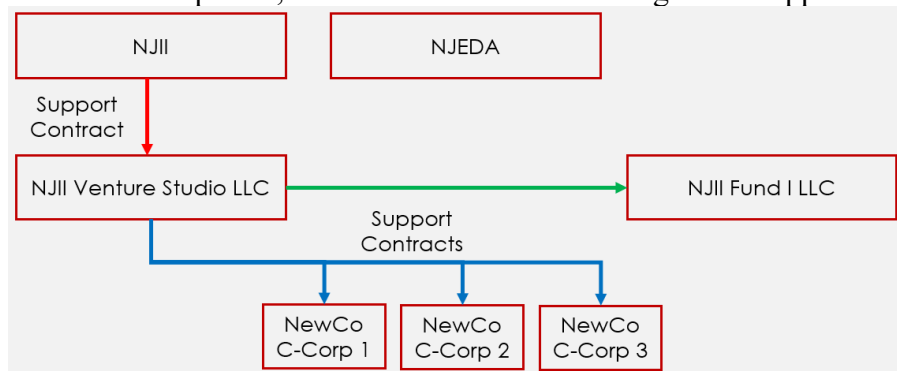
NJII will form two New Jersey limited liability companies as follows: (1) NJII Venture Studio LLC ("Venture Studio"); and (2) the NJII Fund I LLC ("Fund"). The Venture Studio will enter into an agreement with NJII to operate and oversee the studio for a term of four (4) years. The Venture Studio will launch 8-10 companies over the four (4) year period using technologies developed at NJIT and other academic or corporate institutions. The Venture Studio will support the growth of New Jersey startups by providing the infrastructure needed to support startups. The Fund will make equity investments in all participating companies with the goal of helping start-up businesses scale quickly. NJEDA will invest up to one million two hundred thousand dollars (\$1,200,000) for the Venture Studio's operating expenses including two hundred thousand dollars (\$200,000) for investment manager compensation over the first four (4) year period matched on a 1:1 basis with NJII, in alignment with the investment period for the fund. NJEDA shall not be responsible for any expenses beyond the approved budget. NJEDA's capital commitment to the Fund will be up to four million six hundred thousand dollars (\$4,600,000) for investment and, all matched on a 1:1 basis by NJII.



To date, NJII has demonstrated its ability to start for profit companies through its success with BioCentriq as well as with Healthcare Innovation Solutions (HCIS). Continuing this trend and starting 3-4 companies per year through the Venture Studio model is contingent upon the number of ideas and innovations that NJII has access to. The Venture Studio will primarily be pulling ideas from its existing work at NJII as well as all of the faculty and staff innovations at NJIT. This body of research consists of >\$160M per year in research expenditures which results in >20 provisional patents per year and a large number of trade secrets. NJIT is ranked in the top 50 Universities in the country for Entrepreneurship and has a strong ecosystem supporting translational research such as its \$6M NSF translational research program that provides 40 companies with funding over 4 years.

It is anticipated that there will be sufficient ideas emanating from these efforts at NJIT/NJII to support the creation of 3-4 companies per year, but the Venture Studio will also partner with other New Jersey universities and corporations to identify portfolio opportunities. One of, if not the biggest challenges in building a successful company, is to build a team that is willing to put the time and effort into the company for a long period. Executives who can run and build companies are tough to find and are special in that they value above everything else the pursuit of building a company. NJII is ideally positioned in the northeast corridor to pull from multiple markets (e.g. academia, corporate, government, startup).

Success of the startups will become evident as companies complete their 18-month sprint plans. Beyond the initial 18-month sprint plan, the Manager will conduct annual audits. By the nature of the venture studio model, it is possible that companies will falter and fall behind in their 18-month Sprint Plan. Based upon their weekly cash flow projections, the NJII Venture Studio LLC team will ultimately decide if the company has fallen too far behind and must be terminated where additional distributions of their allocated funding will not be made. Overall, because the companies will live within the NJII venture studio for no less than 3 years, and the SIC represents such a meaningful investor to the companies, there will be constant oversight and support.



The Venture Studio shall quarterly prepare and submit detailed, written progress reports to NJEDA. Annually, the Venture Studio shall provide audited financials prepared by a qualified accounting firm approved by the Board of Directors, as drawn out in the appendices of the operating agreements. The operating budget for the studio appears in the Studio Operating Agreement, Appendix D. Ancillary documentation to govern the fund and studio operations, in which EDA is not a party, have been reviewed by staff. This document set includes: the Participant services agreement between NJII and prospective Participant Companies (applicable if companies wish to use NJII services); The Participant Participation agreement between NJII Venture Studio and prospective Participant Companies (for use by all Participant Companies by the Studio; Review of Venture Studio Services agreement between NJII as the Manager of the studio and the NJII Venture Studio; Review of the Investment Manager Agreement between NJII Venture Studio and the Investment Manager. The Agreements are included in the confidential section of this memo for information of the Board of the Authority.

Community Engagement and Economic Development

The SIC will be located at the Profeta Center for Innovation and Entrepreneurship, which supports both NJIT students and members of the Newark community interested in becoming future entrepreneurs, innovators, and business leaders. NJII is designed to be the conduit between NJIT and the outside world while providing a significant economic impact for New Jersey. As a standalone corporation, NJII is uniquely positioned to accelerate technology translation, foster innovation and upskill workers by being able to move quickly and be nimble while leveraging the resources of NJIT.

The Venture Studio managed by NJII will initially establish an academic agreement with NJIT, one of the most diverse universities in the country. Both institutions have a strong commitment to DEI, which are baked into their framework for building companies and allocating funding that are expected to have a positive impact on investment performance and economic development. Cornucopian Capital, the selected Investment Manager, has provided verification of its DEI policy and measurable impact, as well. The Managing Member will report to the NJEDA, not less often than quarterly, regarding the Managing Member's efforts to identify New Jersey-based businesses for deal origination, including its ongoing outreach efforts in New Jersey to identify New Jersey firms for investment, the origin of referrals, and the nature of any gaps or problems in identifying New Jersey businesses for possible investment.

Recommendation:

Members of the Board are requested to approve:

- An aggregate investment of up to \$5.8 million including \$1.2 million to fund operating expenses of NJII Venture Studio LLC (“the Studio”), and \$4.6 to fund investment from NJII Fund I LLC (“the Fund”), two newly formed limited liability companies, that form in combination a new Strategic Innovation Center, the NJII Venture Studio (“the SIC”), to be owned on a 1:1 basis by NJEDA and NJII.
- Authorization to the CEO to execute all documents required, including the Operating Agreement (Appendix A) attached hereto in the appendix to this memo in substantially final form.
- The Members are also asked to approve a 4.5% administrative fee to NJEDA for administrative costs plus associated Authority legal costs as allowed through the Economic Recovery Fund (“ERF”) statute.



Tim Sullivan, CEO

Prepared by:

Ram Akella – EVP, Innovation Impact

Tim Rollender – Senior Advisor, Strategic Innovation Initiatives

Attachment:

Appendix A – NJII Venture Studio LLC Operating Agreement

Appendix B – NJII Venture Studio LLC Side Letter to Operating Agreement

Appendix C – NJII Fund I LLC Operating Agreement

Appendix D – NJII Fund I LLC Side Letter to Operating Agreement

Appendix E – **CONFIDENTIAL** Administrative Services Agreement

Appendix F – **CONFIDENTIAL** Investment Manager Agreement

Appendix G – **CONFIDENTIAL** NJII Venture Studio Participation Agreement

Appendix H – **CONFIDENTIAL** Participant Services Agreement

Appendix I – **CONFIDENTIAL** Strategic Innovation Center Documentation, Eligibility and Evaluation Checklist

Appendix A

OPERATING AGREEMENT

This Operating Agreement (this “**Agreement**”) of NJII Venture Studio LLC, a New Jersey limited liability company (the “**Company**”), is entered into as of [_____], 2025 (the “**Effective Date**”) by and among the Company, New Jersey Economic Development Authority, a body corporate and politic of the State of New Jersey with a principal place of business at 36 West State Street, Trenton, NJ 08625 (“**NJEDA**”), New Jersey Innovation Institute, Inc., a New Jersey non-profit corporation with a principal place of business at 211 Warren St, Newark, NJ, 07103, (“**NJII**”, collectively, the “**Members**”).

Section 1. **Definitions; Provisions.**

1.1 The terms defined in this section have the meanings ascribed to them below.

- (a) “Affiliate” of a person means (1) any person directly or indirectly controlling, controlled by, or under common control with a specified person; (2) any officer, director, managing member, member, stockholder, or partner of the specified person; or (3) any person of which the specified person is an officer, director, managing member, member, stockholder, or partner of such person.
- (b) “Approval of the Board” means the affirmative vote or written consent of a majority of the Directors then on the Board.
- (c) “Approval of the Members” means the affirmative vote or written consent of the holders of a majority of the then-outstanding Units.
- (d) “Business” means the business of identifying and launching companies in New Jersey that demonstrate a significant market need in collaboration with the Fund and other entities designated from time to time. In connection with these efforts, Company shall support the development of the seed companies including through provision of a variety of back-office, administrative and other services. In connection with the Business, Company may create one or more entities to house the further commercialization of technologies developed.
- (e) “Fund” means NJII Fund I LLC.
- (f) “Fund Operating Agreement” means the operating agreement of the Fund, as amended and restated from time to time.
- (g) “LLC Act” means the New Jersey Revised Uniform Limited Liability Act, N.J. Rev. Stat. 42:2C-1 et. seq.,
- (h) “Managing Member” means NJII.
- (i) “Material Breach” means (1) the Managing Member’s material non-compliance with the requirements of this Agreement, the VS Services Agreement or the Side Letter (2) the Managing Member’s conviction for fraud, gross negligence, willful misconduct, or violations of securities laws, (3) the NJEDA’s failure to pay invoices issued in accordance with the Annual Budget, or (4) the insolvency or bankruptcy of the Managing Member or NJEDA including becoming the subject matter of any proceeding relating to its bankruptcy, insolvency, receivership, liquidation, dissolution, winding up or entering into a plan of arrangement or similar agreement with its creditors.
- (j) “Program Operations Period” means the five year period commencing on the Fund’s closing date, to be followed by two (2) years of reporting on the status and performance

of each Participant Company. The Program Operations period may be extended by unanimous agreement of the Members.

- (k) “Side Letter” means that certain letter agreement between NJEDA, NJII, and the Company providing for certain additional obligations of the Company and NJII in relation to NJEDA.

Section 2. Organizational Matters.

2.1 **Organization.** This Agreement governs the relationship between the Members and the Company. The number of Units held by each Member as of the date hereof is set forth in **Schedule A**. The Company is organized under the LLC Act, and except as expressly stated in this Agreement, the LLC Act governs the rights, powers, duties, and obligations of both the Company and its Members. The Members intend the Company to be classified as a partnership for U.S. federal income tax purposes effective as of the Effective Date. The Managing Member shall, for and on behalf of the Company, take all steps as may be required or advisable to maintain the Company’s classification as a partnership for United States federal income tax purposes. Each Member shall reasonably cooperate with the Managing Member, the Partnership Representative and the Company in connection with the foregoing. No new Member may be admitted to the Company without the unanimous approval of the Members.

2.2 **Principal Office.** The principal office of the Company is located at 211 Warren Street, Newark, New Jersey 07103, or such other location in New Jersey as may be determined by Approval of the Board (the “**Principal Address**”).

2.3 **Name.** The Company will conduct business under its own name unless otherwise approved by the Board. The Company shall hold its assets under its legal name. Upon an affirmative vote of the Board, the Company may change its name or operate under a DBA (doing business as) name. The Company shall conduct its business from the Principal Address, or at such other location as may be approved by the Board from time to time.

2.4 **Certificate of Formation.** On March 14, 2024, the Members who were members of the Company at the time caused to be filed with the appropriate office or agency of the State of New Jersey, on behalf of the Company, a certificate of formation in accordance with the LLC Act (the “**Certificate of Formation**”). The Members shall execute such other documents and instruments and take such other actions as they deem necessary or appropriate to effectuate and permit the formation of the Company under the LLC Act or to conduct Business in any jurisdiction. The Members shall take appropriate action, including preparing and filing such amendments to the Certificate of Formation from time to time as the LLC Act may require.

2.5 **Registered Agent and Office.** The registered agent for the Company is Registered Agents Inc., and the registered office of the Company will be Five Greentree Centre, 525 Route 73 North Suite 104, Marlton, New Jersey 08053. The Board may designate a new registered agent or registered office from time to time.

2.6 **Scope and Purposes.** The Company is formed to engage in lawful business activities permitted under the LLC Act, including collaboration with the Fund and similar entities for the purpose of identifying investment opportunities, raising capital for projects or businesses, and

related services, as approved by the Members. The objective of the Company is to launch 8-10 companies over a period of four (4) years, commencing on the later of the capitalization of (a) the Company or (b) the Fund, using technologies developed at New Jersey Institute of Technology (“NJIT”), other academic institutions, and NJII or NJIT corporate partners. The technologies will have a focus on high technology and information technology across multiple mutually agreed upon industry verticals. The Company will support the growth of the New Jersey startups by providing the infrastructure needed to support startups. The Company will support a minimum of 2-3 new startups per year, each of which shall at all times be headquartered and operate in the State of New Jersey (each, a “**Participant Company**”) with an initial team of two (2) full-time equivalent employees. To select a Participant Company, the Managing Member will source and evaluate approximately 100 ventures per year to identify ventures with a feasible pathway to revenue. The Managing Member will present approximately 20 vetted opportunities per year to the investment manager of the Fund who will evaluate these ideas in partnership with the Managing Member to select the 2-3 Participant Companies per year. The Fund will provide the initial pre-seed investment to each Participant Company.

2.7 Term and Termination.

- (a) The term of the Company commenced on the date the Certificate of Formation was filed and will continue until the Company is dissolved or otherwise ceases to exist according to the LLC Act.
- (b) The Company shall be dissolved, and its activities shall be wound up only upon the occurrence of any of the following events:
 - (1) the sale, exchange, or other disposition by the Company of all or substantially all of the Company’s assets; or
 - (2) upon the unanimous approval of the Members to dissolve the Company.

Section 3. Management.

3.1 Board of Directors.

- (a) Board of Directors. Except as otherwise provided in this Agreement, the Company will be managed by a Board of Directors (the “**Board**”). Unless delegated to the Managing Member, the Board has the authority to manage, operate, and control the business and affairs of the Company. The Board may perform any acts deemed necessary or appropriate to achieve the purposes of the Company, at the Company’s expense.
- (b) Composition of the Board. The number of persons (each, a “**Director**”) comprising the Board shall be three (3).
- (c) Vacancies. Vacancies in any Director position shall be filled in accordance with Section 3.1(d), if applicable.

(d) Director Appointment Rights. The Board shall be comprised of the following Directors:

- (1) One (1) Director appointed by the NJEDA.
- (2) One (1) Director appointed by NJII, which shall initially be Michael Johnson.
- (3) One (1) Director appointed by mutual agreement between NJII and NJEDA, which shall initially be Atam Dhawan.

In the absence of any designation from the Member with the right to designate a Director as specified above, such Board seat shall remain vacant until otherwise filled as provided above.

3.2 Actions by the Board.

- (a) Manner of Acting. The Board may act by resolutions adopted at a meeting at which a quorum is present or by unanimous written consent. Any act approved by the Approval of the Board will be the act of the Board, unless the vote of a greater proportion or number of Directors is otherwise required by the LLC Act or by this Agreement. A majority of all of the Directors then in office constitutes a quorum of the Board. A quorum may be present at a meeting in person, telephonically or by other means at which each Director present can hear all other Directors.
- (b) The Board has the power to delegate any of its power and authority to any officer or to the Managing Member of the Company except those powers specifically reserved for the Board in this Agreement in Section 3.6. The Board may, from time to time, designate and appoint one or more individuals to serve as an officer of the Company (an “**Officer**”). Any Officer so designated will have such authority and perform such duties as the Board may, from time to time, delegate to them subject to the first sentence of this Section 3.2(b). The Board may assign titles to particular Officers. Unless and until the Board otherwise decides, if the title is one commonly used for officers of a business corporation, the assignment of that title will constitute the delegation to such Officer of the authority and duties that are normally associated with that office.

3.3 Meetings of the Board.

- (a) The Board shall meet at such times and places as determined by the Board from time to time. The Board shall hold meetings, whether regular or special, within the State of New Jersey. At its meetings, the Board shall transact business in such order as may be determined from time to time by resolution of the Board.
- (b) Regular Meetings. The Board shall hold regular meetings at such times and places as may be designated from time to time by resolution of the Board. Notice of such meetings will not be required. The Board is not required to designate any regular meetings.
- (c) Special Meetings. Special meetings of the Board may be called by any Director on at least seventy-two (72) hours’ notice to each other Director. Such notice need not state

the purpose or purposes of, or the business to be transacted at, such meeting, except as may otherwise be required by law or provided for in this Agreement.

3.4 Directors of the Board.

- (a) No Director, acting individually, will have any individual authority, right, or power, solely by virtue of being a Director, to bind the Company.
- (b) Devotion of Time. Each Director shall devote such time and attention to the business of the Company as is necessary to fulfill his or her duties and obligations under this Agreement; provided however, the Company and the Members acknowledge that no Director shall, solely as by virtue of being a Director, be bound to devote all of such person's business time to the affairs of the Company.
- (c) Removal of a Director. A Director may be removed only for "cause" as determined by unanimous vote of the Members and replaced in accordance with Section 3.1(d).

3.5 Members.

- (a) The names, mailing addresses, and Units of each Member, each of whom is hereby admitted as a Member, are set out in Schedule A attached hereto. The Managing Member shall update Schedule A or cause it to be updated upon the issuance or Transfer of any Units to any new or existing Member in accordance with this Agreement. No Member will have any authority, right, or power, solely by virtue of being a Member, to bind the Company or to directly manage or control the business and affairs of the Company.
- (b) Any action required or permitted to be taken at a meeting of Members may be taken without a meeting if Members holding the number of Units sufficient to approve such action at a meeting where all the Members were present consent in writing to such action assuming same is permitted pursuant to the LLC Act. The record date for determining Members entitled to take action without a meeting will be the date the first Member signs such a written consent. Any action taken under this Section 3.5(b) is effective upon the latest to occur of (1) the date when Members holding the number of Units necessary to approve such action have signed the consent, (2) the effective date, if any, specified in the written consent, and (3) the date that the written consents are delivered to the Board. The Company shall give prompt notice of any such consent to all Members. The Company shall file any such written consents in the Company's minute book.
- (c) Managing Member.
 - (1) The Members hereby delegate all of the day-to-day business, property and affairs of the Company to be managed by the Managing Member. The initial Managing Member is NJII.
 - (2) The Managing Member may act on behalf of the Company and actions taken in accordance with the provisions of this Agreement shall bind the Company.

The Managing Member shall have all rights and authority relative to the operation of the Company not expressly delegated to the Board or Members as stated herein. Only the Managing Member shall have any authority or right to act on behalf of or bind the Company, unless otherwise provided herein or unless specifically authorized by the pursuant to a duly adopted resolution expressly authorizing such action.

(3) The Managing Member shall procure and maintain standard commercial general liability, commercial auto liability, workers compensation, umbrella/excess liability (if applicable), professional liability (if applicable) and other insurances as required for the Company by NJEDA.

(4) The Managing Member agrees to: (a) comply with all applicable laws and regulations; (b) obtain and comply with all legally required licenses and permits, etc.; (c) secure and maintain Workers' Compensation and Disability insurance and comply with all New Jersey laws regarding same; and (d) comply with all New Jersey laws & regulations regarding non-discrimination and contractor / supplier diversity.

3.6 Decisions Requiring Unanimous Board Approval. Without limiting any additional consent or approval that may be required pursuant to this Agreement or the LLC Act, the following actions require the unanimous approval of the Board:

- (a) any amendment to the Certificate of Formation or this Agreement;
- (b) the authorization, issuance, redemption or repurchase of any equity interests;
- (c) the incurrence of any indebtedness;
- (d) the incurrence of any material liability other than in the ordinary course of business;
- (e) the commencement of insolvency or bankruptcy;
- (f) any liquidation, merger, or amalgamation, or the sale of all or substantially all of the assets of the Company;
- (g) the sale of any business or assets of the Company including investments in Participant Companies, other than assets sold in the ordinary course of business;
- (h) any material changes in tax policy or tax elections;
- (i) any change in the external auditors of the Company, other than to one of the "big four" national auditing firms, the auditing firm used by NJII or a well-respected regional auditing firm with a major presence in the State of New Jersey;
- (j) any fundamental change in the business scope and purpose of the Company;
- (k) transfer of equity interests in the Company;

- (l) replacement of a Director of the Company;
- (m) appointment and replacement of the Managing Member other than as permitted by Section 4.3(g);
- (n) approval/amendment of the academic agreement between the Company and NJIT
- (o) any Distribution of non-cash assets; and
- (p) such other decisions as are so specified in this Agreement or required by law.

3.7 Conflicts of Interest, Other Business. Except as prohibited by this Agreement including in Section 4, a Member and a Director is entitled to engage in and possess interests in other business ventures of any and every type and description, independently or with others.

Section 4. Members.

4.1 Ownership. A Member's ownership interest in the Company is represented by units of ownership interest ("**Units**"). The total number of authorized Units is 100. Each Member is entitled to one (1) vote for each Unit held by the Member with respect to all matters requiring a vote, consent, or other approval of the Members. Each Unit issued represents that percentage of ownership in the Company calculated by dividing the Unit by the total number of Units issued and outstanding among all the Members and multiplying by 100, calculated out to two decimal digits ("**Ownership Percentage**"). Each Member intends that such Member's ownership interest in the Company and in the Units will for all purposes be deemed to be personal property. All real and personal property owned by the Company is deemed to be owned by the Company, and no Member individually has or will have any ownership rights with respect to such property by virtue of the Member's ownership interest in the Company. The Company shall be equally owned between NJEDA and NJII and any corporate sponsorships/grants or such other non-dilutive contributions to the Company are not deemed to be equity investments. All income from operations, income and gain from investment activities, and each item of income, deduction or credit of the Company will be allocated equally between NJEDA and NJII.

4.2 Except as permitted by this Agreement, a Member shall not withdraw from the Company, shall not assign the Member's interest in the Company, and shall not take any voluntary action that would have any such effect before the dissolution and winding up of the Company.

4.3 Member Services and Compensation.

(a) Except as approved by the Board and set forth in a separate written agreement with the Company, a Member will not be entitled to receive a salary or other compensation, whether or not "employed" by the Company, for the services the Member provides to, for, or on behalf of the Company (the "**Member Services**"), other than the distributions described in this Agreement.

(b) Notwithstanding Section 4.3(a), all Members agree that the Company is authorized to enter into certain services agreement with NJII to provide staff support, LLC administration,

security, and information technology services, and a lease of parts of the premises at 211 Warren Street, Newark, NJ for Venture Studio, priced at a fully allocated cost consistent with the Annual Budget (the “**VS Services Agreement**”). The Venture Studio’s staffing, governance and management plan is attached hereto as Appendix B and Appendix C.

(c) NJII will provide Participant Companies with appropriate business training, operating services, management guidance, and investment introductory services in order to transform research and innovation into commercially viable products and services (each, a “**Sprint Plan**”).

(d) Each Participant Company and Venture Studio shall enter into a Participant Company participation agreement (a “**PC Participation Agreement**”) defining the relationship and expectations of both parties, including, but not be limited to, providing venture capital, post-Sprint Plan monitoring and support of the Participant Companies, introductions to contacts at NJIT, other strategic partners, and capital partners, and physical space.

(e) Pursuant to the Participant Company services agreement (each, a “**PC Services Agreement**”), the Venture Studio shall offer each Participant Company access to back-office resources through NJII (including but not limited to, payroll, information technology, human resources, and legal services). These shall be billed at cost to the individual Participant Companies and neither NJII nor the Venture Studio may generate any profits from these services. For the avoidance of doubt, Participant Companies shall not be required to enter into a PC Services Agreement.

(f) NJEDA must approve the VS Services Agreement, each Sprint Plan, each PC Participation Agreement, each PC Services Agreement, and each Annual Budget prior to execution.

4.4 Member Expenses. Subject to the terms of the VS Services Agreement, the Company shall reimburse a Member for all ordinary, reasonable and documented out of pocket expenses incurred in the performance of the Member’s services on behalf of the Company that were pre-approved by the Board or subject to an agreement approved by the Board. The Company shall not reimburse any expenses that are not appropriately documented or that were not pre-approved or incurred pursuant to an agreement approved by the Board. The Board shall approve the annual budget of the Company for each Fiscal Year before the commencement of that Fiscal Year (the “**Annual Budget**”) in a form consistent with Appendix D, including allocations for Member expenses and other operational costs necessary for the Venture Studio’s activities. Reimbursements and expenditures shall be subject to the limits and guidelines established within the Annual Budget. The Company may supersede the provisions of this Section 4.4 by adoption of an expense policy by the Board.

4.5 Ownership of Intellectual Property. Each Member acknowledges that any intellectual property (e.g., inventions, technology, audio visual works, designs, systems, trademarks, trade secrets, slogans, logos, processes, materials, methods, works of authorship or design, etc.) created or developed while providing Member Services, whether alone or jointly, will be the property of the Company as a work made for hire under U.S. copyright law. If any such property is not deemed

a work for hire, the Member irrevocably assigns all rights, including copyrights and patents, to the Company. The Member agrees to take necessary actions, at the Company's expense, to ensure the Company's ownership of these rights. The Company will handle and cover the cost of all patent or copyright filings. For clarity, each Member retains ownership of its own intellectual property or that of third parties used in providing the Member Services.

4.6 Confidentiality.

(a) Each Member expressly acknowledges that such Member might receive confidential and proprietary information relating to the Company, including information relating to the Company's financial condition, prospects, business plans, and intellectual property and that the disclosure of such confidential information to a third party would cause irreparable injury to the Company. Except with the prior written consent of the Board, a Member shall not disclose or use for any purpose (other than to monitor or make decisions with respect to its investment in the Company or in connection with the performance of services for or on behalf of the Company) such information. Notwithstanding the foregoing, a Member may disclose any such information to a third party (other than on a "need to know" basis in connection with the performance of services for or on behalf of the Company or for the purpose of monitoring its investment in the Company, or the preparation of financial reports, tax returns, or regulatory compliance filings, to a Member's Affiliate or Representative (each of whom must have agreed, before such disclosure, to maintain the confidentiality of such information)). A Member will be liable to the Company for damages arising out of any such disclosure to or by such third parties. Each Member shall use reasonable efforts to preserve the confidentiality of such information. The obligations of a Member under this Section 4.6 will survive until the second anniversary of the termination of this Agreement.

(b) A Member will not be bound by the confidentiality obligations of Section 4.6(a) with respect to any information that is currently or becomes: (1) required to be disclosed by a Member under applicable law or court order, but in each case only to the extent required, provided that such Member provides prompt notice to the Company of such requirement to the extent permitted by law and cooperates with the Company, at the Company's expense, in opposing or limiting such requirement; (2) required to be disclosed to protect such Member's interest in the Company or enforce such Member's rights under this Agreement (but in each case only to the extent of such requirement and only after good-faith consultation with the Company); (3) publicly known or available in the absence of any improper or unlawful action on the part of such Member; or (4) known or available to such Member via legitimate means on a non-confidential basis other than through or on behalf of the Company or the other Members.

(c) No Conflicts. A Member shall neither disclose nor use, during the course of such Member's relationship with the Company, any confidential information of any other Member except as otherwise agreed in writing. Each Member represents that the Member's acceptance of confidential information from the Company, the Member's entrance into a relationship with the Company and the other Members, and the execution of and compliance with the terms of this Agreement do not and will not conflict with, violate the terms of, or constitute a breach of any material agreement or understanding to which such Member is a party or by which such Member may otherwise be bound.

4.7 Remedies. The Members recognize that irreparable injury will result to the Company and its business and property, if a Member breaches the confidentiality or conflicts provisions of this Agreement and that the issuance of Units by the Company to the Members is undertaken in reliance, among other matters, upon the covenants by the Members set forth in Sections 4.5 and 4.6 (the “**Restrictive Covenants**”). Accordingly, in the event of a breach or threatened breach by a Member of any of the Restrictive Covenants, the Company will be entitled to seek from any court of competent jurisdiction in the State of New Jersey, preliminary or final injunctive relief as well as any equitable accounting of all profits, compensation, or benefits arising out of such breach and any damages for the breach of this Agreement that may be applicable. In addition, the Company will be entitled to recover all court costs, reasonable attorneys’ fees and other expenses from the breaching Member. These remedies are independent, severable, and cumulative and will be in addition to any other rights and remedies to which the Company is entitled. The Restrictive Covenants will be construed as agreements independent of any other provision of this Agreement and will survive the termination of this Agreement as indicated.

Section 5. Capital; Financing; Distributions; Allocations; and Tax Matters.

5.1 Capital Accounts. The Company shall establish and maintain a capital account for each Member. No interest will be payable on a Member’s capital account.

- (a) The Company shall credit each Member’s capital account with the dollar amount of:
 - (1) money contributed as capital by that Member to the Company from time to time;
 - (2) the share of profits of the Company allocated to that Member;
 - (3) any items in the nature of income or gain that are specially allocated to that Member under this Section 5.1; and
 - (4) the fair market value of property contributed by such Member (net of any liabilities secured by such property that the Company assumed or took subject to).

- (b) The Company shall debit each Member’s capital account by the dollar amount of:
 - (1) the share of losses of the Company allocated to such Member or for which that Member is responsible under this Agreement;
 - (2) cash distributed to that Member under any provision of this Agreement;
 - (3) any items in expenses or losses that are specially allocated to that Member under this Section 5.1; and
 - (4) the fair market value of any property distributed to such Member (net of liabilities secured by such property that the Member assumed or took subject to).

- (c) Other matters related to adjustment of capital accounts, tax, allocations or related matters will be handled in accordance with applicable regulations (the “**Regulations**”) under the Internal Revenue Code of 1986, as amended (the “**Code**”), and, to the extent applicable, U.S. generally accepted accounting standards consistently applied, as determined by the Board in its reasonable discretion unless otherwise stated herein.

5.2 Capital Contributions.

(a) All capital contributions to the Company shall be in cash. Capital contributions by NJII shall be made on a 1:1 match basis with NJEDA in accordance with the Annual Budget and each Member shall equally fund the Company based on the Annual Budget.

(b) NJII shall contribute no less than one million two hundred thousand dollars (\$1,200,000) to the Company pursuant to the Annual Budget. NJEDA shall contribute up to one million two hundred thousand dollars (\$1,200,000) to the Company pursuant to the Annual Budget.

(c) As further set out in the Annual Budget, capital contributions to the Company shall be used for (1) payments to the Managing Member for annual services for the establishment, operation and maintenance of the Company as detailed in the VS Services Agreement, and (2) fund operating expenses of the Company such as, rent, utilities, etc., each in accordance with the Annual Budget. NJEDA shall bear no responsibility for any costs associated with the Company in excess of one million two hundred thousand dollars (\$1,200,000); however, NJEDA may, at its option, incur additional costs or expenses to promote the Company on behalf of NJEDA or its Affiliates, which expenses will not be accounted for in the Annual Budget and will be the sole responsibility of NJEDA.

(d) Each Party acknowledges and agrees that each Party shall contribute two hundred thousand dollars (\$200,000) to the Company for the purpose of hiring the Investment Manager. This amount shall cover each Member's share of the Investment Manager's compensation, fees, and associated costs related to the Investment Manager's engagement. Any additional costs exceeding two hundred thousand (\$200,000) must be approved in writing by the Members.

(e) Capital calls will be made by the Managing Member in accordance with the Annual Budget on a quarterly basis with a minimum of thirty (30) calendar days' written notice to each Party for each capital call.

(f) If the Fund's Investment Period (as such term is defined in the Fund Operating Agreement) is suspended or the Fund is terminated, NJEDA may, in its sole discretion, cease providing any additional capital to fund operating expenses of the Venture Studio.

5.3 Allocation of Profits and Losses.

(a) The Company shall allocate all Company items of Profits and Losses in accordance with the Ownership Percentage set forth for each Member on Schedule A, as amended from time to time, and in accordance with this Section.

(b) If Members are admitted to the Company on different dates, the Company shall allocate the Profits or Losses allocated to the Members for each Fiscal Year during which Members are so admitted among the Members in accordance with the Ownership Percentage set forth for each Member on Schedule A for the relevant period during such Fiscal Year in accordance with

Code Section 706, using any convention permitted by law and selected by the Partnership Representative.

(c) Except as otherwise provided in this Agreement, the Company shall divide all items of Company income, gain, loss, deduction, and any other allocations not otherwise provided for among the Members in the same proportions as they share Profits and Losses for the Fiscal Year in question.

(d) In accordance with Code Section 704(c) and the Regulations, income, gain, loss, and deduction (including depreciation) with respect to any property contributed to the capital of the Company by a Member shall, solely for tax purposes, be allocated by the Company among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its Gross Asset Value at the time it was contributed to the Company. If the Gross Asset Value of any Company asset is adjusted in accordance with Section 5.3(g), subsequent allocations of income, gain, loss and deduction with respect to such asset will take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations.

(e) To the extent that any allocation of income or gain made in accordance with this Agreement includes the allocation of an item of income or gain that is recaptured as ordinary income, such ordinary income will be allocated to the Members who received the allocation of the depreciation or cost recovery deductions that generated the ordinary income recapture in proportion to their shares of such deductions, provided that such allocation of ordinary income will be limited to the amount of income or gain allocated to each such Member for the period to which such allocation relates.

(f) The Company shall not allocate any item of Losses or deduction to a Member to the extent said allocation would cause or increase any deficit in said Member's capital account as of the end of the tax year to which such allocation relates. In determining the above, a Member's capital account will be reduced for the items described in Regulation Sections 1.704-1(b)(2)(ii)(d)(4), (5), and (6). If any Member with a capital account deficit unexpectedly receives any adjustment, allocation, or distribution described in Regulation Sections 1.704-1(b)(2)(ii)(d)(4), (5), or (6), then the Company shall specially allocate items of income and gain to such Member in an amount and manner sufficient to eliminate the deficit in said Member's capital account created by such adjustment, allocation, or distribution as quickly as possible. If any Member has a deficit in the Member's capital account at the end of any tax year that is in excess of the sum of (1) the amount the Member is obligated to restore and (2) the amount the Member is deemed to be obligated to restore in accordance with the penultimate sentence of Regulation Section 1.704(b)(4)(iv)(f), the Company shall specially allocate to the Member items of income and gain in the amount of such excess as quickly as possible.

(g) “**Gross Asset Value**” means, with respect to any asset, such asset's adjusted basis for federal income tax purposes, except as follows:

(1) the initial Gross Asset Value of any asset contributed by a Member to the Company will be the gross fair market value of such asset, as agreed to by the contributing Member and the other Members;

(2) the Gross Asset Value of all Company assets will be adjusted to equal their respective gross fair market values, as determined by the Company, as of the following times: (1) the acquisition of any additional Units in the Company by any existing Member or additional Member in exchange for more than a de minimis capital contribution; or (2) the distribution by the Company to a Member of more than a de minimis amount of Company assets as consideration for an interest in the Company; and

(3) the Gross Asset Value of any Company asset distributed to any Member will be the gross fair market value of such asset on the date of distribution, as determined by the Members. If the Gross Asset Value of an asset has been determined or adjusted under Section 5.3(g)(1) or Section 5.3(g)(2), such Gross Asset Value will thereafter be adjusted by the depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

(h) **“Profits”** and **“Losses”** means for each Fiscal Year, an amount equal to the Company’s net taxable income or loss, as the case may be, for such Fiscal Year, determined in accordance with Code Section 703(a) (but including in taxable income or loss, for this purpose, all items of income, gain, loss or deduction required to be stated separately by Code Section 703(a)(1)), with the following adjustments:

(1) any income of the Company exempt from federal income tax and not otherwise taken into account in computing Profits or Losses in accordance with this definition will be added to such taxable income or loss;

(2) any expenditures of the Company described in Code Section 705(a)(2)(B) (or treated as expenditures described in Code Section 705(a)(2)(B) in accordance with Regulation Section 1.704-1(b)(2)(iv)(i)) and not otherwise taken into account in computing Profits or Losses in accordance with this definition will be subtracted from such taxable income or loss;

(3) if the Gross Asset Value of any Company asset is adjusted in accordance with Section 5.3(g)(1) or Section 5.3(g)(2), the amount of such adjustment will be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits or Losses;

(4) gain or loss resulting from any disposition of any asset of the Company with respect to which gain or loss is recognized for federal income tax purposes will be computed by reference to the Gross Asset Value of the asset disposed of, notwithstanding that the adjusted tax basis of such asset differs from its Gross Asset Value; and

(5) Notwithstanding any other provision of Section 5.3(h), any items that are specially allocated under this Section will not be taken into account in computing Profit or Loss.

5.4 Expenses; Distributions.

(a) **Payments before Distributions.** Before payment of Distributions, the Company shall pay its Operating Expenses, as and when due, and then any guaranteed payments due to any Member.

(b) **Distributions.** Subject to the terms of this Agreement and following the satisfaction of any requirements of Section 5.4(a), the Company is entitled to make such Distributions of cash and other Company assets among the Members in such aggregate amounts as the Board may determine from time to time with the Approval of a Majority of the Board, provided that the Company shall make all such Distributions only in the following order and priority:

(1) First, to the Members in proportion to and to the extent of their positive capital accounts.

(2) Then, to the Members according to their Ownership Percentages.

(c) **Distributions on Liquidation.** Upon the liquidation of the Company, the Company shall distribute its cash and other assets available for distribution among the Members as set forth in Section 9.4.

(d) **Persons Receiving Distributions.** The Company shall make each Distribution to the persons shown on the Company's books and records as Members as of the date of such Distribution; provided, however, that any transferor and transferee of Units may mutually agree as to which of them should receive payment of any particular Distribution.

(e) **"Distribution"** means, except as otherwise provided in this Agreement, each distribution made by the Company to a Member, whether in cash, property, or securities of the Company and whether by liquidating distribution, redemption, repurchase, or otherwise; provided that none of the following will be deemed to be a Distribution: (1) any recapitalization or exchange or conversion of securities of the Company, and any subdivision (by Unit split or otherwise) or any combination (by reverse Unit split or otherwise) of any outstanding Units; (2) repayment of loans and other indebtedness of the Company to a Member or an Affiliate of a Member; and (3) payments of salaries, fees or bonuses, reimbursements of expenses, and other compensation or recompense to a Member or an Affiliate of a Member for services rendered to, or expenses incurred on behalf of, the Company or its Affiliates (which such payments will be deemed Operating Expenses of the Company).

(f) **"Operating Expenses"** means (1) the operating expenses incurred in the ordinary course of business and determined in accordance with generally accepted accounting principles, (2) any current installment due for any debt payment to any institution, private lender, or third party in accordance with such debt's terms, and (3) any other expenses incurred by the Company that are pre-approved by the Board in accordance with this Agreement.

5.5 **Fiscal Year & Yearly Budget.** The fiscal year of the Company begins on January 1 and ends on December 31 (a **"Fiscal Year"**).

5.6 Books and Records. The Company shall keep complete and accurate books of account and other necessary financial, accounting, and tax records on a cash basis, unless otherwise determined by the Board, and otherwise in accordance with generally accepted accounting principles (“GAAP”) applied on a consistent basis and applicable law. The Company shall permit each Member, at such Member’s expense, to visit and inspect the Company’s properties, examine its books of account and records; and discuss the Company’s affairs, finances, and accounts with its officers, during normal business hours of the Company as may be reasonably requested by a Member; provided, however, that the Company shall not be obligated pursuant to this Section 5.6 to provide access to any information that it reasonably and in good faith considers to be a trade secret or the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

5.7 Reports.

(a) The Company shall maintain current and accurate records of the Company’s financial condition. The Company shall furnish balance sheets, income statements, and statements of cash flows reflecting the financial condition and results of operations of the Company to (1) the Directors on no less than a monthly basis and (2) the Members on no less than a quarterly basis.

(b) During the Program Operations Period, the Managing Member will provide quarterly reports to NJEDA in the format as shown in Appendix A, and will meet with the NJEDA representative to discuss progress. Such reports shall include details on Participant Companies from the Managing Member.

(c) The Managing Member will provide the Members with the Company’s annual audited financial reports and K-1’s within 90 calendar days of the end of the Fiscal Year.

5.8 Bank Accounts. Funds of the Company must be deposited in the Company’s name in one or more bank accounts approved by the Board. To the extent authorized by the Board, designated Officers have the power to sign checks on behalf of the Company.

5.9 Tax Matters.

(a) The Company shall cause federal, state, and local income tax returns of the Company and related filings for the Members to be prepared, at the Company’s expense, by an accounting firm or accountant selected by the Members and furnished to each Member before the statutory date for filing, subject to extensions permitted by law. The Company shall allocate the proportionate part of each item of income, gain, loss, deduction or credit earned, realized or available by or to the Company to the Members in accordance with Section 5.3.

(b) The Company shall amortize organizational expenses as permitted under Code Section 709. The Board must approve tax decisions and elections for the Company not specified in this Agreement.

(c) The Company shall give prompt notice to each Member upon receipt of advice or information that the Internal Revenue Service (“**IRS**”) intends to examine the Company’s income tax returns for any year.

(d) Partnership Representative. NJII is hereby designated as the “**Partnership Representative**” for purposes of Code Section 6221 and is hereby delegated the power to manage and control, on behalf of the Company, any administrative proceeding at the Company level with the IRS relating to the determination of any item of Company income, gain, loss, deduction, or credit for federal income tax purposes. The Partnership Representative shall, within ten (10) days of the receipt of any notice from the IRS in any administrative proceeding at the Company level relating to the determination of any Company item of income, gain, loss, deduction or credit, provide, or cause the Company to provide, a copy of such notice to each Member. The Board may at any time with the Approval of the Board designate a new Partnership Representative; provided, however, that only a Member may be so designated.

(e) The Company shall use reasonable efforts to elect the application of 26 USC §6221(b) and shall take such actions as may be necessary or advisable to effectuate the election.

(f) If the Company has made the election described in Section 5.9(e) (the “**Election**”) and such election is in effect, then each Member and the Company shall execute and file the necessary forms for making and maintaining the Election, and each Member shall deliver to the Company the consent of the spouse of such Member if such consent is required for the Election under any community or marital property laws or otherwise. The Members and the Company shall take such other actions as may be deemed necessary or advisable by the Board to exercise or maintain the Election. A Member shall not, without the consent required by Section 5.9(e), take any action or position, or make any transfer or other disposition of the Member’s Units that may result in the termination or revocation of the Election.

(g) If the Election is not in effect for any given taxable period, each Member (for such purposes, an “**Indemnifying Member**”) shall indemnify, defend, and hold harmless each other Member, former Member, and the Company for any losses or liabilities arising out of any adjustment to items of income, gain, loss, deduction, or credit of the Company that would, if an Election were in effect for the given taxable period, have been applied by the Code to the Indemnifying Member rather than to the Company. The obligations of an Indemnifying Member under this Section 5.9(g) will survive the termination of this Agreement or the termination of an Indemnifying Member’s status as a Member.

Section 6. Transfers of Units.

6.1 A Member shall not, directly or indirectly, sell, transfer, pledge, hypothecate, assign, exchange, donate, make a gift of, or otherwise dispose of (“**Transfer**”) the Member’s Units without the unanimous consent of all Members. Any Transfer that does not comply with the terms of this Agreement is void ab initio and of no force or effect and will not be binding on the Company or the other Members.

6.2 Stipulation of Value. If it becomes necessary to determine the fair market value of the Units held by a Member, the Board shall choose, in good faith, an independent third-party appraiser to determine the fair market value of each such Unit, as the case may be (the “**Stipulation of Value**”). The Company shall reasonably agree with the appraiser on the methodology to be employed by the appraiser to establish the Stipulation of Value. If a Member disputes the Stipulation of Value prepared for the Company, the Member may retain, at the Member’s expense, an independent financial advisor experienced in valuing closely held companies similar to the Company to provide a valuation (a “**Supplemental Valuation**”). The Member must submit any Supplemental Valuation within 30 days of the announcement of the Stipulation of Value prepared for the Company. Upon the earlier of the submission of all such Supplemental Valuations or the day after the Supplemental Valuations are due for submission, the Company shall compare the Stipulation of Value prepared for the Company and every properly submitted Supplemental Valuation. If the lowest valuation (the “**Floor Valuation**”) is at least 80% of the highest valuation (the “**Cap Valuation**”), then the Company shall use the average of all the compared valuations to establish the final Stipulation of Value, which will be binding on the Members and the Company. If the Floor Valuation is less than 80% of the Cap Valuation, then the persons who prepared the Floor and Cap Valuations shall together select an independent financial advisor experienced in valuing closely held companies similar to the Company to provide a valuation (the “**Independent Valuation**”). If the Independent Valuation is higher than the Cap Valuation, the Stipulation of Value will be the Cap Valuation; if the Independent Valuation is lower than the Floor Valuation, the Stipulation of Value will be the Floor Valuation; otherwise, the Stipulation of Value will be the Independent Valuation. This determination of the Stipulation of Value will be binding on the Members and the Company. The value of the Member’s Units will be equal to the pro rata portion of the Stipulation of Value represented by (1) the ratio of the Member’s Units to all of the Units on a fully diluted basis times (2) the Stipulation of Value.

Section 7. Indemnification by NJII.

7.1 Notwithstanding anything to the contrary contained herein, NJII shall be liable for all injuries to persons (natural and otherwise), including without limitation death, and all physical and other damage(s) sustained by persons while performing or resulting from the performed work under this Agreement, if and to the extent the same results from any act, omission, negligence, fault or default of NJII or subcontractors, or their employees, agents, servants, independent contractors or subcontractors retained by NJII pursuant to this Agreement.

7.2 NJII agrees to defend, indemnify and hold harmless the NJEDA, the State of New Jersey, and each of their respective officers, directors, commissioners, employees and representatives (collectively, the “**Indemnitees**”) from any and all claims, judgments and liabilities, including but not limited to, claims, judgments and liabilities for injuries to persons (natural or otherwise, and including without limitation death and other damage(s) if and to the extent the same results from any act, omission, negligence, fault or default of NJII or its subcontractors, or their agents, employees, servants, independent contractors or subcontractors and from any claims against, or liability incurred by the Indemnitees by reason of claims against NJII or its subcontractors, or their employees, agents, servants, independent contractors or subcontractors for any matter whatsoever in connection with the services performed under this Agreement, including, but not limited to,

claims for compensation, injury or death, and agree to reimburse the Indemnitees for reasonable attorneys' fees incurred in connection with the above.

7.3 NJII acknowledges and agrees that NJEDA is prohibited by law from indemnifying any entity, member or affiliate

Section 8. Liability of Company, Directors, Officers, and Members; Indemnification.

8.1 Liability.

(a) Subject to Section 7, in carrying out his/her duties under this Agreement, a Director and/or Officer will not be liable to the Company or to the Members only for the Director's and/or Officer's own intentional breach or intentional misconduct in the performance of the Director's and/or Officer's obligations under this Agreement; a Director and/or Officer will not be liable to the Company or to the Members for good-faith actions or failures to act, for any errors of judgment, or for any act or omission believed in good faith to be within the scope of authority conferred by this Agreement. Actions or omissions taken in reliance upon the advice of legal counsel as being within the scope of authority conferred by this Agreement will be conclusive evidence of such good faith; however, good faith may be determined without obtaining such advice.

(b) In carrying out the Member's duties under this Agreement, a Member will be liable to the Company or to the Members only for the Member's own intentional breach or intentional misconduct in the performance of the Member's obligations under this Agreement; a Member will not be liable to the Company or to the Members for good-faith actions or failures to act, for any errors of judgment, or for any act or omission believed in good faith to be within the scope of authority conferred by this Agreement. Actions or omissions taken in reliance upon the advice of legal counsel as being within the scope of authority conferred by this Agreement will be conclusive evidence of such good faith; however, good faith may be determined without obtaining such advice.

(c) Neither the Company nor any Member will be responsible or liable for any indebtedness or other obligation or liability of the Company or any other Member incurred or arising either before or after the execution of this Agreement except as provided in this Agreement. This Agreement does not, and should not be deemed to, create a relationship or agreement between the Members with respect to any activities whatsoever other than activities within the scope, business purposes, and activities of the Company and the Members as described in this Agreement.

8.2 Company Indemnification.

(a) The Company shall indemnify, defend, and hold harmless the Directors, the Officers, the Members, and their Affiliates and Representatives (each, an "**Indemnified Person**") against and from any and all losses, claims, damages, liabilities, expenses (including legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative (together, "**Claims**"), in which the Indemnified Person may be involved, or threatened to be involved, as a party or otherwise by reason of the person's status as an Indemnified Person, which relates to or

arises out of the Company' property, business, or affairs, regardless of whether the Indemnified Person is a Director, Officer, Member, or an Affiliate or Representative of a Director, Officer or Member at the time any such liability or expense is paid or incurred.

(b) The Company's indemnification obligation is subject to the conditions that (1) the Indemnified Person acted in good faith and in a manner it believed to be in or not opposed to the best interests of the Company, (2) the Indemnified Person's conduct did not constitute fraud, gross negligence or intentional misconduct, (3) in connection with any criminal action or proceeding, the Indemnified Person had no reasonable cause to believe the conduct was unlawful, and (4) with respect to Claims by or in the right of the Company, the Indemnified Person is not adjudged to be negligent or liable for intentional misconduct, unless a court or similar tribunal determines that indemnification is nonetheless appropriate.

(c) Notwithstanding the provisions of Section 8.2(b)(3) and 8.2(b)(4), an Indemnified Person will be entitled to indemnification to the extent the Indemnified Person has been successful on the merits with respect to any Claim. In no event will any Member be required to make an additional capital contribution to effectuate the indemnification provisions in Section 8.2.

(d) **"Representative"** means, with respect to an entity, any of that entity's directors, officers, managers, employees, agents, consultants, advisors, and other representatives.

8.3 Member Indemnification. Subject to Section 7.3, each Member shall indemnify, defend, and hold harmless the Company, the other Members, and their Affiliates and Representatives from and against any and all Claims relating to or arising out of, such Member's intentional misconduct or intentional breach of this Agreement. Any activity or liability of a Member (1) outside the scope or purpose of the Company or this Agreement or (2) before the beginning of the term of the Company is not governed by this Section 8.3.

8.4 Material Breaches.

(a) Either Member (the **"Non-Breaching Party"**) may provide written notice to the other Member (the **"Breaching Party"**) of the Breaching Party's Material Breach of this Agreement. The Breaching Party shall have 90 days to cure such Material Breach, and if the Breaching Party fails to cure such Material Breach during the notice period, the Non-Breaching Party may exercise its rights under Section 8.4.

(b) Material Breach by NJII. In the event of an uncured default or a Material Breach by NJII as a Member or as the Managing Member, NJEDA shall have the right to replace NJII as the Managing Member. If NJEDA replaces NJII as the Managing Member, NJII will have the option to terminate the VS Services Agreement including, without limitation, the lease, and NJII shall, in NJEDA's discretion, either (1) continue as a non-voting Member or (2) be fully redeemed from the Company at fair market value.

(c) Material Breach by NJEDA. In the event of a Material Breach by NJEDA, NJEDA shall, in NJII's discretion, either (1) continue as a non-voting Member or (2) be fully redeemed from the Company at fair market value.

Section 9. Dissolution; Liquidation.

9.1 Authority Following Dissolution. When the term of the Company has ended in accordance with the terms of this Agreement, the Company will continue to exist solely for the purposes of winding up its affairs in an orderly manner, liquidating its remaining assets, and satisfying the claims of its creditors and the Members. A Member shall not take any action that is inconsistent with the lawful winding up of the Company. The Board shall oversee and administer the winding up and liquidation of the Company.

9.2 Capital Accounts on Liquidation. If the Company is “liquidated” within the meaning of Regulation Section 1.7041(b)(2)(ii)(g), the Company shall make distributions under this Section 9.2 to the Members who have positive capital accounts in compliance with Regulation Section 1.7041(b)(2)(ii)(b)(2).

9.3 Completion of Liquidation. Upon request, each Member shall sign and, if necessary, file or publish any document necessary to terminate the Company or to complete the winding up of its business activities.

9.4 Application and Distribution Upon Liquidation. After the Company is liquidated, the Board shall apply and distribute the cash proceeds from the liquidation, to the extent sufficient, in the following order:

- (1) First, to the payment and discharge of all of the Company’s debts and liabilities to third parties;
- (2) Second, to the payment and discharge of all of the Company’s debts and liabilities to the Members;
- (3) Third, to the Members in accordance with their Ownership Percentages.

Section 10. General Provisions.

10.1 Notices. All notices, demands, and communications (each, a “**Notice**”) required or provided for in this Agreement must be in writing. The party giving a Notice shall either (a) deliver the Notice personally, which will be effective upon delivery or (b) send the Notice by facsimile or overnight mail, which will be effective upon sending, to each Member at its address set forth on Schedule A. Each Member is entitled to designate another address for purposes of this Section by Notice to the Company and to the other Members. Any written consent or written notice contemplated by this Agreement can be provided by email to the recipient’s email account with the Company or such other email account as the recipient may designate. A notice delivered or sent by email does not constitute Notice within the meaning of this Section 10.1 and is only for the convenience of the parties; provided, however, that an email recipient is entitled to expressly waive Notice.

10.2 This Agreement constitutes the entire agreement and understanding of the Members with respect to the matters covered hereby and supersedes all previous written, oral or implied agreements, representations, statements, promises and understandings between them with respect

to such matters. No Member is relying on any oral or written representation of the Company or of any Member or Director not contained within this Agreement. It is acknowledged and agreed that the Managing Member and the Company without any further act, approval or vote of any Member may enter into the Side Letter which has the effect of establishing rights under, or altering or supplementing the terms of, this Agreement. The parties hereto agree that any terms contained in the Side Letter shall govern with respect to NJEDA notwithstanding the provisions of this Agreement. For the avoidance of doubt, in the event of a conflict between the provisions of the Side Letter and this Agreement, the provisions of the Side Letter shall control.

10.3 This Agreement cannot be amended or changed except by a written agreement executed by the Company and approved as otherwise required by this Agreement. Notwithstanding anything herein to the contrary, this Agreement may not be amended, modified or terminated and the observance of any term hereof may not be waived with respect to any Member without the written consent of such Member, unless such amendment, modification, termination, or waiver (a) applies to all Members in the same fashion, and (b) does not adversely affect the rights of such Member hereunder in a manner disproportionate to any adverse effect such amendment, modification, termination or waiver would have on the rights of any other Member hereunder.

10.4

(a) This Agreement shall be exclusively governed by and construed in accordance with the laws of the State of New Jersey, without giving effect to any provision (whether of the State of New Jersey or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New Jersey other than non-waivable provisions of U.S. federal law. The parties hereby agree that the courts of the State of New Jersey situated in Mercer County, New Jersey, and the appellate courts having jurisdiction thereover, shall have exclusive jurisdiction with respect to any and all disputes arising under or in connection with this Agreement. By execution of this Agreement, each Member irrevocably and unconditionally (1) accepts for itself and its properties the exclusive jurisdiction and venue of the above courts and (2) agrees to be bound by any judgment as to it or its properties rendered by the above courts and involving this Agreement or any related document. Without limiting the foregoing, each party hereby irrevocably and unconditionally waives, forfeits, and agrees not to use as a defense, to the fullest extent permitted by applicable law any objection which it may now or hereafter have to the laying of jurisdiction or venue in the above courts (including any defense that it is not personally subject to the jurisdiction or venue of the above courts) and any claim that any such forum is an inconvenient forum.

(b) In the event of a dispute arising out of this Agreement, the parties agree to first attempt to resolve any dispute by mutual, good faith negotiation between the parties.

(c) Any and all claims made or to be made against NJEDA based in tort law for damages shall be governed by and subject to the provisions of the New Jersey Tort Claims Act, N.J.S.A. 59:1-1 et seq. Notwithstanding any provision in this Agreement to the contrary, each party agrees that any and all claims made or to be made against NJEDA based in contract law for damages shall be governed by and subject to the provisions of the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 et seq.

10.5 If any provision in this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, such provision will be enforced to the extent it can be so enforced and such determination will not affect the remaining provisions of this Agreement, all of which will remain in full force and effect.

10.6 The failure of any Member to enforce at any time any of the provisions of this Agreement may not be construed to be a waiver of any such provision or of any other provision, nor in any way affect the validity of this Agreement or the right of any Member to enforce each and every such provision in the future. No waiver of any breach of this Agreement will be construed or held to be a waiver of any other or subsequent breach. Any party may waive any provision of this Agreement provided such waiver is in writing and signed by the party.

10.7 The rights and remedies of the Members set forth in this Agreement are not exclusive, and each Member is entitled to all rights and remedies available to such Member under applicable legal or equitable principles.

10.8 The headings of the Sections in this Agreement are for reference purposes only and are not intended to affect in any way the meaning or interpretation of this Agreement.

Section 11. Advisory Board.

The Members shall work together to establish an advisory board (the “**Advisory Board**”) to provide help and advice to the Company’s leadership on: (a) cultivating a network of would-be executives, (b) establishing relationships with New Jersey corporates, (c) running a startup and (d) startup governance, etc. The Advisory Board shall initially consist of one representative from NJII, one representative from NJEDA, and up to three (3) additional members from the New Jersey startup ecosystem, to be mutually agreed between NJII and NJEDA. Additionally, NJEDA will be granted an observer seat to attend all Advisory Board meetings and other events coordinated by the Company.

[signature pages follow]

This Operating Agreement has been signed as of the Effective Date.

COMPANY:

NJII VENTURE STUDIO LLC

By: New Jersey Innovation Institute, Inc, its managing member

By: _____

Name: Michael Johnson

Title: Managing Member

MEMBERS:

NEW JERSEY INNOVATION INSTITUTE, INC

By: _____

Name: Michael Johnson

Title: Managing Member

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

By: _____

Name: Tim Sullivan

Title: Chief Executive Officer

SCHEDULE A
to
OPERATING AGREEMENT

Member's Name and Address	Units	Ownership Percentage*	Initial Capital Contributions
New Jersey Economic Development Authority 36 West State Street, Trenton, NJ 08625	50	50%	\$1,200,000
New Jersey Innovation Institute, Inc. 211 Warren St, Newark, NJ 07103	50	50%	\$1,200,000
TOTAL	100	100%	N/A

* Ownership percentage is calculated on an outstanding-unit basis, not taking into consideration any option pool, warrants, or other non-outstanding securities that may be described on this Schedule A and is rounded to two decimal places for the purpose of display in this table.

Capitalization Summary:

Authorized: 100 Units

Issued and Outstanding Units: 100 Units

APPENDIX A
REPORTING

The Venture Studio shall quarterly prepare and submit detailed, written progress reports to NJEDA. Annually, the Venture Studio shall provide audited financials prepared by a qualified accounting firm approved by the Board of Directors.

These reports will include:

- Unaudited quarterly financials
- Program overview and development
- Upcoming list of activities and programs
- Identify risks and plans to mitigate such risks
- Summary of program results and metrics, including:
 - o Funding raised by Participant Companies (e.g., grants, venture capital)
 - o Mentorship network
 - o Participant Company failure rate (starting in Year 2)
 - o Related jobs created in the State from Participant Companies
 - o Demographic profile of each Participant Company, including (i) geographic origin of the company and (ii) whether any company is a State-certified minority- or women-owned business enterprise
 - o Media coverage of activity and events
 - o Thought leadership activity via events, web visits, web blogs, YouTube, social media & podcasts

APPENDIX B

VENTURE STUDIO MANAGERS

Venture Studio Managers will actively participate in venture pipeline assessment and down selection during weekly Venture Studio meetings.

Manager Biographies

1) NJII President: The NJII President is the fiduciary for NJII which is the conduit between NJIT and the outside world. This individual is responsible for harnessing the vast resources of the state's polytechnic university NJIT through NJII. This individual represents the collective wisdom of both the NJII Board of Directors and NJIT Board of Trustees who are both involved in the decision-making process to authorize the creation of a new company through the NJII Venture Studio. These boards are comprised of industry experts, leaders in research and investors.

2) NJII Vice President of Entrepreneurship: The NJII Vice President is responsible for NJII's entrepreneurship division which is tasked with spurring innovation and accelerating translational research in partnership with their various colleagues from NJIT. This individual oversees multiple NJII entrepreneurship programs (e.g., events, mentoring, accelerating) and has substantial relationships with the various stakeholders in the New Jersey startup ecosystem. The NJII President has a direct line of sight to new technologies and ideas at NJIT as well as those within NJII and routinely meets with key ecosystem stakeholders to identify potential new opportunities.

APPENDIX C

VENTURE STUDIO OPERATING MODEL & GOVERNANCE

1. Venture Studio Staffing Plan

Director, Venture Studio

The Venture Studio Director will champion vetted deals to the investment committee. To do this, the Director will lead a team that is simultaneously building and qualifying investment deals while supporting the operations of the Studio entity itself. The Director's core responsibilities are the following:

- Identify/sourcing new ideas (and performing initial screening with basic criteria) to feed into the top of the funnel (i.e. invest analyst)
- Pre-investment Strategic Partnering, primarily with corporate stakeholders. Securing a corporate partner as a co-investor, customer, or potential acquiring entity.
- Team building – identify and secure individuals to be the Founder/CEO of studio companies and additional staffing (likely consultants) as needed.
- Lead the creation of the business plan/sprint plan and financials
- Provide input into Phase 1 and 2 screening process
- Pitching/presenting qualified investments to the NJII Administrative Managers

One Full Time Equivalent (NJII Staff – Division of Entrepreneurship)

The Director of the Venture Studio, a full-time employee of the Venture Studio LLC, will receive operational support from two employees in the NJII Division of Entrepreneurship:

- Director, Entrepreneurship
- Role: Holistic operation support across marketing/branding/digital presence, pipeline cultivation, screening, due diligence, and NewCo formation.
- Assistant Vice President, Artificial Intelligence & Machine Learning
- Role: Deep technology advisor as well as business and go-to-market strategy consulting.

2. Venture Studio Governance Board

NJII President: The NJII President is the fiduciary for NJII, which is the conduit between NJIT and the outside world. This individual is responsible for harnessing the vast resources of the state's polytechnic university NJIT through NJII. This individual represents the collective wisdom of both the NJII Board of Directors and NJIT Board of Trustees who are both involved in the decision-making process to authorize the creation of a new company through the NJII Venture Studio. These boards are comprised of industry experts, leaders in research and investors.

NJEDA: One representative appointed by the NJEDA will serve on the Governance Board.

Investment Professional (TBD): Partner-level participant from an Investment Firm

3. Venture Studio Advisory Council

NJII and NJEDA will form an advisory board to support the Venture Studio Team with strategy, pipeline/idea cultivation, evaluation, talent recruitment, etc. and provide recommendations on a quarterly basis. This group shall be comprised of members of corporate partners, investors, university partners, and city and state representatives.

4. Venture Studio Reporting

The Venture Studio shall quarterly prepare and submit detailed, written progress reports to NJEDA. Annually, the Venture Studio shall provide audited financials prepared by a qualified accounting firm approved by the Board of Directors.

These reports will include:

- Program overview and development
- Upcoming list of activities and programs
- Identify risks and plans to mitigate such risks
- Summary of program results and metrics, including:
 - Funding raised by Participant Companies (e.g., grants, venture capital)
 - Mentorship network
 - Participant Company failure rate (starting in Year 2)
 - Related jobs created in the State from Participant Companies
 - Demographic profile of each Participant Company, including (i) geographic origin of the company and (ii) whether any company is a State-certified minority- or women-owned business enterprise
 - Media coverage of activity and events
 - Thought leadership activity via events, web visits, web blogs, YouTube, social media & podcasts

APPENDIX D

VENTURE STUDIO OPERATING BUDGET

	YR1 (FY25)	YR2 (FY26)	YR3 (FY27)	YR4 (FY28)	YR5 (FY29)	YR6 (FY30)	YR7 (FY31)
Salaries							
FTE 1 - Venture Studio Director*	\$154,000	\$161,700	\$169,785	\$178,274	\$187,188	\$0	\$0
FTE 2 - FTE equivalent*	\$68,300	\$71,715	\$75,301	\$79,066	\$83,019	\$0	\$0
Fringe (24.6%)	\$54,686	\$57,420	\$60,291	\$63,306	\$66,471	\$0	\$0
Operating Expenses							
Investment Manager	\$100,000	\$100,000	\$100,000	\$100,000	\$0	\$0	\$0
Student Support (2)	\$41,600	\$41,600	\$41,600	\$41,600	\$0	\$0	\$0
Occupancy Lease**	\$10,312	\$20,625	\$21,244	\$21,881	\$22,537	\$0	\$0
Other Program Expenses (Events, Marketing, Consultants)	\$12,250	\$12,250	\$12,250	\$12,250	\$12,250	\$0	\$0
Incorporation Fees	\$10,000	\$15,000	\$15,000	\$10,000	\$0	\$0	\$0

Materials ***	\$20,000	\$1,300	\$1,300	\$1,300	\$1,300	\$0	\$0
NewCo Support Costs****	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Misc VS Support Costs**** *	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Total Expenses	\$481,148	\$491,610	\$506,771	\$517,677	\$382,765	\$10,000	\$10,000
Cumulative Expenses	\$481,148	\$972,758	\$1,479,528	\$1,997,205	\$2,379,971	\$2,389,971	\$2,399,971

*5% annual raise

** Phase 1: 625 sq ft @ \$33/sq ft with 3% increase

***Expenses associated with the physical space (Desks, Partitions, Chairs)

****Expenses associated with operating the Venture Studio LLC (Legal, audit, finance, HR, IT)

Appendix B

NJII VENTURE STUDIO LLC
211 Warren Street
Newark, NJ 07103

[REDACTED], 2025

New Jersey Economic Development Authority
36 West State Street
P.O. Box 990
Trenton, NJ 08625-0990
Attn: Timothy Sullivan, Chief Executive Officer

Re: Joint Venture in NJII Venture Studio LLC

Ladies and Gentlemen:

This letter agreement (the “**Letter Agreement**”) is written in connection with an investment by **NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY** (the “**Investor**”) in **NJII Venture Studio LLC**, a New Jersey limited liability company (the “**Company**”) and entered into with the Company and New Jersey Innovation Institute, Inc., a New Jersey corporation, in its capacity as the managing member of the Company (the “**Managing Member**”). Each capitalized term used in this Letter Agreement and not otherwise defined in this Letter Agreement has the meaning specified in the Operating Agreement of the Company dated as of [REDACTED], 2025 (as amended, restated or modified from time to time, the “**Operating Agreement**”). Subject to the restrictions and limitations set forth in this Letter Agreement, the Investor, Managing Member, and the Company hereby agree as follows:

1. INVESTMENTS IN NEW JERSEY-BASED BUSINESSES.

(a) The Managing Member will report to the Investor, not less often than quarterly, regarding the Managing Member’s efforts to identify New Jersey-based businesses for deal origination by the Company, including its ongoing outreach efforts in New Jersey to identify New Jersey firms for investment, the origin of referrals, and the nature of any gaps or problems in identifying New Jersey businesses for possible investment. Such reports to the Investor will include such other information as may be reasonably requested by the Investor, including information regarding the number and nature of New Jersey-based investments considered and consummated by the Company, the life cycle stage of such investments, and the estimated number of jobs created in New Jersey from consummated investments by the Company (to the extent such an estimate can be reasonably determined).

(b) Additionally, the Managing Member will cause the Company to report, not less often than annually, on diversity and inclusion with respect to the Company’s consummated investments to the extent investment diversity and inclusion statistics or policies are reasonably available. The Managing Member shall cause the Company to provide such information, on the form provided by the Investor to the Managing Member, to each investment of the Company to complete in order to compile the information called for by this paragraph; *provided, however* that the Investor acknowledges and understands that the completion of this form by each such investment shall be voluntary.

2. NJ FOUNDERS & FUNDERS EVENTS. The Managing Member will cause a representative of the Managing Member to participate in New Jersey’s semi-annual NJ Founders & Funders Event or another Investor sanctioned event related to the entrepreneurial community in New Jersey.

3. NEW JERSEY OFFICE. The Company shall at all times maintain an office in New Jersey.

4. AUTHORITY AND POWER; IMMUNITY.

(a) The Managing Member and the Company acknowledge and agree that the authority and powers of the Investor are and shall be governed by the provisions of the New Jersey Economic Development Authority Act (New Jersey Statutes Annotated 34:1B-1 et seq.; P.L. 1974, c80, as amended and supplemented) and shall be construed in accordance with New Jersey law.

(b) The Managing Member and the Company each acknowledge that the Investor reserves all immunities, defenses, rights and actions arising out of its status as a sovereign state or entity, including those under the Eleventh Amendment of the United States Constitution and the laws and Constitution of the State of New Jersey. No waiver of any such immunities, defenses, rights or actions shall be implied or otherwise deemed to exist by reason of the Investor entering into the Operating Agreement, this Letter Agreement or any agreement related thereto (collectively, the “*Subject Agreements*”), by any express or implied provision thereof, or by any actions or omissions to act by the Investor or any representative or agent of the Investor, whether taken or omitted to be taken pursuant to any Subject Agreement or prior to the entry by the Investor into any Subject Agreement. The Managing Member acknowledges that any power of attorney granted in the Operating Agreement shall not be used by the Managing Member as the basis for execution of any document that waives the Investor’s sovereign immunity.

5. DISPUTE RESOLUTION.

(a) Notwithstanding anything to the contrary in the Subject Agreements, any claims asserted against the Investor shall be subject to the New Jersey Tort Claims Act (N.J.S.A. 59:1-1 et seq.) and the New Jersey Contractual Liability Act (N.J.S.A. 59:13-1 et seq.) as if incorporated herein, as each may be amended from time to time.

(b) By reason of the laws, regulations and public policies of the State of New Jersey applicable to the Investor as a governmental entity and instrumentality of the State of New Jersey, the Managing Member and the Company each freely agree that, notwithstanding anything to the contrary in the Subject Agreements, any action, claim, or other legal proceeding (i) brought by the Managing Member, the Company, or their respective Affiliates against the Investor shall be brought and heard only in, and shall be subject to the exclusive jurisdiction of, the trial division of the Superior Court of the State of New Jersey, and that such proceeding shall be governed by the procedural rules and laws of the State of New Jersey, without regard to principles of conflicts of law, and (ii) brought by the Investor against the Company, the Managing Member or their respective Affiliates may be brought in, and subject to the jurisdiction of, the Superior Court of the State of New Jersey, in which case such proceeding shall be governed by the procedural rules and laws of the State of New Jersey, without regard to principles of conflicts of law. In order to effectuate the purpose of the first sentence of this paragraph, the Managing Member and the Company each agree to irrevocably waive any objection either may now or hereafter have to the laying of jurisdiction or venue in the courts of the State of New Jersey with respect to any action, claim, or other legal proceeding described above and each waive any claim that any such action, claim or proceeding brought in any such court has been brought in an inconvenient or improper forum.

Notwithstanding any provision to the contrary in the Subject Agreements, the Managing Member and the Company each agree that the Investor shall not be deemed to have waived any objection that it may now or hereafter have to the laying of jurisdiction or venue of any action, claim, or other legal proceeding in any courts other than the courts of the State of New Jersey, nor be deemed to waive any claim

that any such action, claim or proceeding brought in any such court has been brought in a court without jurisdiction or an inconvenient or improper forum.

6. INDEMNIFICATION. The Investor hereby represents to the Managing Member and the Company that, under the laws of the State of New Jersey, the Investor is not authorized to indemnify the Managing Member and its Affiliates. Based on the foregoing, the Managing Member and the Company each agree that, notwithstanding the provisions of the Subject Agreements, none of the Subject Agreements shall impose any indemnification obligations on the Investor or be applied or construed to require the Investor to provide indemnification to any person or entity thereunder, including, but not limited to, the Managing Member, the Company, or any of their respective Affiliates.

7. DISCLOSURE.

(a) The Investor represents that it is a governmental entity and instrumentality subject to New Jersey state laws, regulations and policies and applicable case law which could result in the disclosure of information (including Confidential Information) regarding the Company and any investment of the Company that is provided to the Investor, including, without limitation, the Open Public Records Act (N.J.S.A. 47:1A-1 et seq.) and the Open Public Meetings Act (N.J.S.A. 10:4-6 et seq.) as each may be amended from time to time (together, including all applicable regulations and policies and applicable case law, and the New Jersey common law right to know, the “**Public Records Acts**”).

(b) Notwithstanding anything else in the Subject Agreements, based on the foregoing representation, neither the Company nor the Managing Member, shall make any claim against the Investor if, pursuant to the Public Records Acts, the Investor makes available to the public any report, notice or other information received by the Investor from the Company or the Managing Member which the Investor reasonably believes is required to be disclosed or made public by the Investor pursuant to the Public Records Acts or any comparable laws, regulations or policies to which the Investor is subject. The Investor agrees to use reasonable efforts, subject to the Investor’s obligations under the Public Records Acts, including without limitation, the obligation to comply with required time frames (i) to notify the Managing Member promptly of any Public Records Acts disclosure requests for Confidential Information that would reasonably be viewed as leading to public disclosure of information that is required to be kept confidential pursuant to the Subject Agreements and (ii) to provide such additional cooperation as the Investor reasonably determines is appropriate and as is consistent with applicable law, including the Public Records Acts, with any efforts by the Managing Member to protect such Confidential Information. The Managing Member shall cooperate in the defense of any action against the Investor or State of New Jersey arising from or related to the non-disclosure of any Confidential Information requested by the Managing Member.

(c) The Investor shall not be liable to the Company or the Managing Member for breaches of the Operating Agreement by its third party agents, advisors, consultants or representatives; *provided* that the Investor shall not provide any such third parties with any Confidential Information unless such third party is subject to an existing obligation to maintain the confidentiality of such Confidential Information.

(d) Because the Investor is subject to the Public Records Acts, the Managing Member acknowledges and agrees that notwithstanding anything to the contrary contained in the Subject Agreements or this Letter Agreement, the Investor may, with or without the receipt of a specific information request, disclose or report to the public, on its website or otherwise, identifying information about the Company, which shall be limited to a brief description of the Managing Member; the Managing Member’s logo, if any; a link to the Managing Member’s website, to the extent such website is operational and available to the public; vintage year; name and address of Company; and the Company’s purpose (e.g., venture capital, buyout, etc.).

8. OPINIONS. The Managing Member agrees that for purposes of any provision of the Subject Agreements requiring the delivery of an opinion of counsel by the Investor, the opinion may be rendered by the Attorney General of the State of New Jersey or such special counsel designated by the Office of the Attorney General.

9. PLACEMENT AGENT FEES. The Managing Member and the Company each represent and warrant that, to its knowledge, the Company, the Managing Member, any Affiliates of the foregoing, their respective partners, directors, officers, or employees have not employed or retained any company, person or other entity to solicit or secure the Investor's investment in the Company, and none of the aforementioned parties had paid or agreed to pay any company, person, or other entity any fee, commission, percentage, brokerage fee, gift, political contribution, charitable contribution or any other compensation contingent upon or resulting from the Investor's investment in the Company.

10. EXPENSES.

(a) The Managing Member and the Company each acknowledge that the people responsible for managing the Investor and its investments (the "*NJ Managers*") are employees of the State of New Jersey and are subject to certain New Jersey ethical laws, regulations and guidelines (the "*NJ Ethics Requirements*"). In an effort to ensure compliance with the NJ Ethics Requirements, the Investor has requested clarification with regard to the treatment of certain expenses relating to conferences, seminars and meetings which the NJ Managers attend.

(b) From time to time, the Managing Member or the Company may pay the Investor's expenses in attending conferences, seminars and meetings relating to the Company, including annual meetings of the Company, which may include the cost of meals, transportation and accommodations. For the avoidance of doubt, such expenses, if paid by the Managing Member or the Company, shall be deemed to be services to be provided by the Managing Member under the Operating Agreement, for which the Managing Member is being compensated in accordance with the Operating Agreement. Such expenses, if paid by the Company, shall be deemed to be Company expenses, allocated to the Investor in accordance with the Operating Agreement. For the avoidance of doubt, this paragraph will not be deemed to create any obligation on the part of the Managing Member or the Company to pay any of the Investor's expenses unless otherwise required under the Operating Agreement.

11. TAX WITHHOLDING. The Investor has advised the Managing Member that the Investor is a tax-exempt entity under United States federal, state and local laws, and has never been subject to, and is unlikely to be subject to, any tax withholding requirements of the United States federal, state or local laws. Based on the foregoing, before withholding and paying over to any United States federal, state or local taxing authority any amount purportedly representing a tax liability of the Investor, the Managing Member shall provide the Investor with written notice of the claim of any such United States taxing authority that such withholding and payment is required by law and shall provide the Investor with the opportunity to contest such claim during any period. To the extent that such contest subjects the Company to any potential liability to such taxing authority or any other governmental authority for any withholding payment, interest, or penalties thereon, the Investor consents to such withholding and payment. If withholding is made, the Managing Member shall use its commercially reasonable efforts to apply for and obtain a refund of amounts that are withheld as to the Investor, based on the Investor's tax-exempt status, provided that the Investor cooperates in such efforts and agrees to reimburse the Company for reasonable out-of-pocket expenses incurred by the Company in connection therewith.

12. LISTED AND PROHIBITED TRANSACTIONS. The Managing Member and the Company (i) shall use its commercially reasonable efforts to assure that any investment is not a "listed transaction" as defined in U.S. Treasury Regulation Section 1.6011-4(b)(2), and (ii) shall not knowingly

make an investment that is (x) a “prohibited reportable transaction” as defined by Section 4965(e) of the Code, or (y) a “reportable transaction” as defined by Section 6707A(c)(1) of the Code (except that the Company may, directly or indirectly, enter into any such reportable transaction (other than a listed transaction or prohibited reportable transaction) if it complies with the reporting requirements of Treasury Regulation Section 1.6011-4(d)). If the Managing Member becomes aware that the Company becomes, or has engaged directly or indirectly in a transaction that is, a listed transaction, a reportable transaction (other than a reportable transaction (which is not a listed or prohibited reportable transaction) for which it complied with the reporting requirements of Treasury Regulation Section 1.6011-4(d)) or a prohibited reportable transaction, it shall promptly notify the Members.

13. POWER OF ATTORNEY. The Managing Member agrees that the power of attorney rights granted to the Managing Member is intended to be ministerial in scope and limited solely to those items permitted under the relevant grant of authority, and such power of attorney rights are not intended to be a general power of attorney to independently exercise discretionary judgment on behalf of the Investor. The parties hereto agree that no exercise of such power by the Managing Member which contravenes any federal, state or local law, to which the Investor is or may become subject, is authorized by the Investor and no such exercise shall be deemed valid.

14. CONFLICT WAIVER. The Investor has notified the Managing Member that waiving any conflict of interest with legal counsel would constitute a violation of the New Jersey Rules of Professional Conduct 1.7(a) and 1.7(b), and the Managing Member and the Company each hereby agree that, notwithstanding any provision of the Operating Agreement or any other waiver contained in the Subject Agreements, any such waiver shall not apply to the Investor.

15. ARBITRATION/JURY TRIAL. Notwithstanding anything in the Subject Agreements or any amendment that might be made to Subject Agreements in the future, the Managing Member and the Company shall not submit any claims or disputes related to the Company, any Subject Agreements to arbitration or jury trial and all claims and disputes shall be adjudicated by a court of competent jurisdiction as set forth in paragraph 5 of this Letter Agreement. The Managing Member agrees that the Investor shall not in any event be required to submit any claims against or dispute with the Managing Member or the Company to arbitration or jury trial.

16. FCPA. The Managing Member is familiar with and shall comply with (and shall cause their officers, directors and employees to comply with) the U.S. Foreign Corrupt Practices Act of 1977, as amended (“*FCPA*”), and other relevant bribery and/or corruption laws and regulations.

17. OFAC/PATRIOT ACT COMPLIANT INVESTMENTS. The Managing Member shall take reasonable measures to avoid any investment in the Company by a person and shall avoid transactions, that would violate (a) any relevant anti-money laundering legislation, rules or regulations, including the USA PATRIOT Act or (b) any rules, regulations or orders administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury (“*OFAC*”), including any investment in the Company by or transaction with (i) any person appearing on OFAC’s Specially Designated Nationals and Blocked Persons List, (ii) any person headquartered in or organized under the laws of a country subject to comprehensive sanctions, (iii) any person owned or controlled by any one or more Persons described in the foregoing, or (iv) any other person with whom a transaction is prohibited by OFAC. For purposes of this paragraph 17, the Managing Member’s obtaining and good faith reliance on representations and warranties made by any person at or before the time of the person’s investment in the Company or at the time of such transaction, as applicable, shall constitute reasonable inquiry. The Managing Member confirms that the term “person” in this paragraph includes governments, territories and other political entities.

18. COMPANY INDEBTEDNESS. Notwithstanding anything to the contrary in the Subject Agreements, the Managing Member confirms and agrees that the Company may not incur debt, or guaranty debt of investments, without the prior written consent of the Investor.

19. REPRESENTATIONS. The Managing Member and the Company each represent and warrant to the Investor on the date hereof that:

(a) The Company and the Managing Member have been duly formed and is validly existing and in good standing in the state of New Jersey.

(b) The Company has the necessary power and authority to consummate the transactions contemplated by the Operating Agreement.

(c) Unless otherwise disclosed by the Managing Member as of the date hereof, there is no legal action, suit, arbitration or other legal, administrative or other governmental investigation, inquiry or proceeding (whether U.S. federal, state, or local or foreign) pending or, to the knowledge of the Company and the Managing Member, threatened against (A) the Company, the Managing Member, or any of their respective properties, assets or business or (B) any Managing Member or managing member of the Managing Member. To the knowledge of the Company and the Managing Member, there is no reasonable basis for any such action, suit, arbitration, investigation, inquiry or proceeding that may reasonably be expected to have a material adverse effect on the Managing Member or the Company. During the preceding three years, to the knowledge of the Company and the Managing Member, none of the entities or the individuals referred to in clauses (A) and (B) above has (1) been the subject of any actual action, suit, arbitration, legal, administrative or other governmental investigation, inquiry or proceeding (whether U.S. federal, state, or local or foreign) that claims or alleges on the part of such person fraud, misrepresentation, willful misconduct, breach of fiduciary duty or violation of any federal or state securities law, rule or regulation, or (2) settled any actual or threatened action, suit, arbitration, legal, administrative or other governmental investigation, inquiry or proceeding (whether U.S. federal, state, or local or foreign) of the type described in the immediately preceding clause (1).

(d) To the knowledge of the Managing Member, the Subject Agreements and their respective exhibits and schedules, taken as a whole, do not, as of the date hereof, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(e) The execution, delivery and performance of the Subject Agreements and the offer and sale of limited liability company interests to the Investor pursuant thereto will not (i) result in the violation of any of the terms or conditions of any agreement or instrument to which the Managing Member or the Company, is bound or affected, the result of which would be a material breach of such agreement or instrument (ii) violate any order, writ, judgment or decree by which the Managing Member or the Company is bound or affected, or (iii) require the filing or registration with, or the approval, authorization license or consent of, any court or governmental department, agency or authority which has not already been duly and validly obtained, except in the case of this clause (iii) (A) where the failure of which would not have a material adverse effect on the condition, financial or otherwise, of the Managing Member and/or the Company and (B) notice filings under applicable securities laws.

20. AUDIT/INSPECTION RIGHTS. Appropriate records and books of account shall be kept, on the accrual basis, at the principal place of business of the Company during the term of the Company and for at least five years following the dissolution of the Company. Upon ten (10) days prior written notice to the Managing Member, at any time while the Company continues and for five years thereafter, the Investor

(or any Person designated by the Investor, including but not limited to the New Jersey Office of the State Comptroller) may fully examine and/or audit, during normal business hours and without undue disruption, the Company's books, records, accounts, assets, including bank balances, and such other information as is reasonably necessary to enable the requesting Investor (or such designated Person) to review the state of the investment activities of the Company and may make, or cause to be made, any such examination or audit at the Investor's expense.

21. GOVERNING LAW. This letter shall be governed by the laws of the State of New Jersey.

22. MEDIA ATTENTION. The Managing Member agrees to use commercially reasonable efforts to provide the Investor with prompt notice of (a) any material public media attention or material public scrutiny of which the Managing Member is aware and which, in the Managing Member's reasonable judgment, is reasonably likely to have a material adverse effect on the public profile of the Company or the Investor, and (b) any event or activity of the Company which requires a publicly available filing with a securities regulatory authority or other governmental agency to be made by the Company or the Managing Member that discloses the Investor's name. For greater certainty, such events and activities do not include routine filings of the Company including beneficial ownership reports, insider reports or filings related to licenses to carry on business in local jurisdictions.

23. AFFILIATE TRANSFERS. The Managing Member agrees that it will not unreasonably withhold its consent to any assignment or transfer by the Investor of its interest in the Company to Affiliates of the Investor.

24. MISCELLANEOUS.

(a) The execution and delivery of this Letter Agreement by the Managing Member constitutes the representation that (i) the Managing Member is authorized under the terms of the Operating Agreement and otherwise to execute this Letter Agreement, and (ii) the terms of this Letter Agreement are binding upon, and in full force and effect against, the Managing Member and the Company. The execution and delivery of this Letter Agreement by the Investor constitutes the representation that (x) the Investor is authorized to execute this Letter Agreement and (y) the terms of this Letter Agreement are binding upon, and in full force and effect against, it. This letter shall survive delivery of fully executed originals of the Operating Agreement and the Investor's admission to the Company as a Member.

(b) This Letter Agreement may not be modified or amended unless expressly agreed to in writing by the Investor, the Managing Member, and the Company. Any consent, waiver or approval contemplated by this Letter Agreement shall be effective only if provided in writing by the party against which enforcement of such consent, waiver or approval is sought. The Investor shall not have any right or power to assign or delegate any of its rights or obligations under this Letter Agreement in whole or in part, other than as part of a transfer of all or any portion of the Investor's interest in the Company to an Affiliate of the Investor to the extent of the interest so transferred.

(c) The terms of this Letter Agreement shall become effective upon (a) the execution and delivery of this Letter Agreement by each of the parties hereto.

(d) This Letter Agreement may be executed by PDF in multiple counterparts which, when taken together, shall constitute one and the same agreement. Pursuant to written policy, the Investor allows documents to be signed electronically and hereby agrees, and the Managing Member and the Company each hereby agree, to be bound by electronic signatures with respect to the Subject Agreements.

(e) The Managing Member acknowledges that: (i) it may be required by N.J.S.A. 19:44A-20.27 (L. 2005, c. 271) and regulations promulgated thereunder to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission; (ii) it is the responsibility of the Managing Member to determine whether such filing is necessary; and (iii) failure to make such filing, if required, can result in the imposition of financial penalties by the New Jersey Election Law Enforcement Commission.

(f) This Letter Agreement and supplements the Subject Agreements. Accordingly, any and all rights established herein, and any terms of this Letter Agreement which alter and/or supplement the Operating Agreement or any related agreement, shall govern with respect to the Investor. Notwithstanding the foregoing, in the event that there is a conflict between a provision of this Letter Agreement and a provision of any Subject Agreement, the provision of this Letter Agreement shall control and govern.

(g) All notices, elections, approvals, and communications arising under this letter shall be made or provided in accordance with and otherwise governed by the Operating Agreement.

(h) If any provision of this Letter Agreement is invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

(i) This Letter Agreement shall be treated as confidential by the parties hereto in the same manner as the Operating Agreement; *provided* that the Managing Member may, in its reasonable discretion, deliver redacted copies of this Letter Agreement to third parties in connection with the formation or operation of the Company.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

NJII VENTURE STUDIO LLC

By: New Jersey Innovation Institute, Inc, its managing member

By: _____

Name: Michael Johnson

Title: Managing Member

NEW JERSEY INNOVATION INSTITUTE, INC

By: _____

Name: Michael Johnson

Title: Managing Member

AGREED AND ACCEPTED:

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

By: _____

Name: Tim Sullivan

Title: Chief Executive Officer

Appendix C

OPERATING AGREEMENT

This Operating Agreement (this “**Agreement**”) of NJII Fund I LLC, a New Jersey limited liability company (the “**Fund**”), is entered into as of [_____], 2025 (the “**Effective Date**”) by and among the Fund, New Jersey Economic Development Authority, a body corporate and politic of the State of New Jersey with a principal place of business at 36 West State Street, Trenton, NJ 08625 (“**NJEDA**”), and New Jersey Innovation Institute, Inc., a New Jersey non-profit corporation with a principal place of business at 211 Warren St, Newark, NJ, 07103, (“**NJII**”, and together with NJEDA, the “**Members**”).

Section 1. **Definitions; Provisions.**

1.1 The terms defined in this section have the meanings ascribed to them below.

- (a) “Administrative Manager ” means NJII.
- (b) “Affiliate” of a Person means (1) any Person directly or indirectly controlling, controlled by, or under common control with a specified Person; (2) any officer, director, managing member, member, stockholder, or partner of the specified Person; or (3) any Person of which the specified Person is an officer, director, managing member, member, stockholder, or partner of such Person.
- (c) “Approval of the Board” means the affirmative vote or written consent of a majority of the Directors then on the Board.
- (d) “Approval of the Members” means the affirmative vote or written consent of the holders of a majority of the then-outstanding Units.
- (e) “LLC Act” means the New Jersey Revised Uniform Limited Liability Act, N.J. Rev. Stat. 42:2C-1 et. seq.,
- (f) “Material Breach” means (1) the Administrative Manager’s material non-compliance with the requirements of this Agreement or the Side Letter (2) the Administrative Manager’s conviction for fraud, gross negligence, willful misconduct, or violations of securities laws, (3) the NJEDA’s failure to make capital contributions in accordance with Section 5.2(b), or (4) the insolvency or bankruptcy of the Administrative Manager’s or NJEDA including becoming the subject matter of any proceeding relating to its bankruptcy, insolvency, receivership, liquidation, dissolution, winding up or entering into a plan of arrangement or similar agreement with its creditors.
- (g) “Participant Companies” has the meaning as set forth in the Venture Studio’s Operating Agreement.
- (h) “Person” means any individual, corporation, limited liability company, partnership (whether general, limited or limited liability), association, joint venture, joint stock company, unincorporated organization, trust or other legal entity or organization, having legal personality, or the right to sue in its own name.
- (i) “Program Operations Period” has the meaning as set forth in the Venture Studio’s Operating Agreement.
- (j) “Side Letter” means that certain letter agreement between NJEDA, NJII, and the Fund providing for certain additional obligations of the Fund and NJII in relation to NJEDA.
- (k) “Venture Studio” means NJII Venture Studio LLC, a New Jersey limited liability company.
- (l) “Venture Studio Operating Agreement” means the operating agreement of the

Venture Studio, as amended and restated from time to time.

Section 2. Organizational Matters.

2.1 **Organization.** This Agreement governs the relationship between the Members and the Fund. The number of Units held by each Member as of the date hereof is set forth in **Schedule A**. The Fund is organized under the LLC Act, and except as expressly stated in this Agreement, the LLC Act governs the rights, powers, duties, and obligations of both the Fund and its Members. The Members intend the Fund to be classified as a partnership for U.S. federal income tax purposes effective as of the Effective Date. The Administrative Manager shall, for and on behalf of the Fund, take all steps as may be required or advisable to maintain the Fund's classification as a partnership for United States federal income tax purposes. Each Member shall reasonably cooperate with the Administrative Manager, the Partnership Representative and the Fund in connection with the foregoing. No new Member may be admitted to the Fund without the unanimous approval of the Members.

2.2 **Principal Office.** The principal office of the Fund is located at 211 Warren Street, Newark, New Jersey 07103, or such other location in New Jersey as may be determined by Approval of the Board (the "**Principal Address**").

2.3 **Name.** The Fund will conduct business under its own name unless otherwise approved by the Board. The Fund shall hold its assets under its legal name. Upon an affirmative vote of the Board, the Fund may change its name or operate under a DBA (doing business as) name. The Fund shall conduct its business from the Principal Address, or at such other location as may be approved by the Board from time to time.

2.4 **Certificate of Formation.** On [March 14, 2024], the Members who were members of the Fund at the time caused to be filed with the appropriate office or agency of the State of New Jersey, on behalf of the Fund, a certificate of formation in accordance with the LLC Act (the "**Certificate of Formation**"). The Members shall execute such other documents and instruments and take such other actions as they deem necessary or appropriate to effectuate and permit the formation of the Fund under the LLC Act or to conduct business in any jurisdiction. The Members shall take appropriate action, including preparing and filing such amendments to the Certificate of Formation from time to time as the LLC Act may require.

2.5 **Registered Agent and Office.** The registered agent for the Fund is Registered Agents Inc., and the registered office of the Fund will be Five Greentree Centre, 525 Route 73 North Suite 104, Marlton, New Jersey 08053. The Board may designate a new registered agent or registered office from time to time.

2.6 **Scope and Purposes.** The Fund is formed to engage in lawful business activities permitted under the LLC Act, including collaboration with the Venture Studio. The objective of the Fund is to invest in Participant Companies in such amounts and at such times as determined by the Investment Manager in its sole discretion as further provided in the Investment Management Agreement.

2.7 **Term and Termination.**

- (a) The term of the Fund commenced on the date the Certificate of Formation was filed and will continue until December 31, 2034, subject to one-year extensions in the discretion of the Administrative Manager with the consent of NJEDA.
- (b) The Fund shall be earlier dissolved, and its activities shall be wound up only upon the occurrence of any of the following events:
 - (1) the sale, exchange, or other disposition by the Fund of all or substantially all of the Fund's assets; or
 - (2) upon the unanimous approval of the Members to dissolve the Fund.

Section 3. Management.

3.1 Board of Directors.

- (a) Board of Directors. Except as otherwise provided in this Agreement, the Fund will be managed by a Board of Directors (the “**Board**”). Unless delegated to the Administrative Manager, the Board has the authority to manage, operate, and control the business and affairs of the Fund. The Board may perform any acts deemed necessary or appropriate to achieve the purposes of the Fund, at the Fund's expense.
- (b) Composition of the Board. The number of persons (each, a “**Director**”) comprising the Board shall be three (3).
- (c) Vacancies. Vacancies in any Director position shall be filled in accordance with Section 3.1(d), if applicable.
- (d) Director Appointment Rights. The Board shall be comprised of the following Directors:
 - (1) One (1) Director appointed by the NJEDA.
 - (2) One (1) Director appointed by NJII, which shall initially be Michael Johnson.
 - (3) One (1) Director appointed by mutual agreement between NJII and NJEDA, which shall initially be Atam Dhawan.

In the absence of any designation from the Member with the right to designate a Director as specified above, such Board seat shall remain vacant until otherwise filled as provided above.

3.2 Actions by the Board.

- (a) Manner of Acting. The Board may act by resolutions adopted at a meeting at which a quorum is present or by unanimous written consent. Any act approved by the Approval of the Board will be the act of the Board, unless the vote of a greater proportion or number of Directors is otherwise required by the LLC Act or by this Agreement. A

majority of all of the Directors then in office constitutes a quorum of the Board. A quorum may be present at a meeting in person, telephonically or by other means at which each Director present can hear all other Directors.

- (b) The Board has the power to delegate any of its power and authority to any officer or to the Administrative Manager of the Fund except those powers specifically reserved for the Board in this Agreement in Section 3.6. The Board may, from time to time, designate and appoint one or more individuals to serve as an officer of the Fund (an “**Officer**”). Any Officers so designated will have such authority and perform such duties as the Board may, from time to time, delegate to them subject to the first sentence of this Section 3.2(b). The Board may assign titles to particular Officers. Unless and until the Board otherwise decides, if the title is one commonly used for officers of a business corporation, the assignment of that title will constitute the delegation to such Officer of the authority and duties that are normally associated with that office.

3.3 Meetings of the Board.

- (a) The Board shall meet at such times and places as determined by the Board from time to time. The Board shall hold meetings, whether regular or special, within the State of New Jersey. At its meetings, the Board shall transact business in such order as may be determined from time to time by resolution of the Board.
- (b) Regular Meetings. The Board shall hold regular meetings at such times and places as may be designated from time to time by resolution of the Board. Notice of such meetings will not be required. The Board is not required to designate any regular meetings.
- (c) Special Meetings. Special meetings of the Board may be called by any Director on at least seventy-two (72) hours’ notice to each other Director. Such notice need not state the purpose or purposes of, or the business to be transacted at, such meeting, except as may otherwise be required by law or provided for in this Agreement.

3.4 Directors of the Board.

- (a) No Director, acting individually, will have any individual authority, right, or power, solely by virtue of being a Director, to bind the Fund.
- (b) Devotion of Time. Each Director shall devote such time and attention to the business of the Fund as is necessary to fulfill his or her duties and obligations under this Agreement; provided however, the Fund and the Members acknowledge that no Director shall, solely as by virtue of being a Director, be bound to devote all of such person’s business time to the affairs of the Fund.
- (c) Removal of a Director. A Director may be removed only for “cause” as determined by unanimous vote of the Members and replaced in accordance with Section 3.1(d).

3.5 Members.

- (a) The names, mailing addresses, and Units of each Member, each of whom is hereby admitted as a Member, are set out in Schedule A attached hereto. The Administrative Manager shall update Schedule A or cause it to be updated upon the issuance or Transfer of any Units to any new or existing Member in accordance with this Agreement. No Member will have any authority, right, or power, solely by virtue of being a Member, to bind the Fund or to directly manage or control the business and affairs of the Fund.
- (b) Any action required or permitted to be taken at a meeting of Members may be taken without a meeting if Members holding the number of Units sufficient to approve such action at a meeting where all the Members were present consents in writing to such action assuming same is permitted pursuant to the LLC Act. The record date for determining Members entitled to take action without a meeting will be the date the first Member signs such a written consent. Any action taken under this Section 3.5(b) is effective upon the latest to occur of (1) the date when Members holding the number of Units necessary to approve such action have signed the consent, (2) the effective date, if any, specified in the written consent, and (3) the date that the written consents are delivered to the Board. The Fund shall give prompt notice of any such consent to all Members. The Fund shall file any such written consents in the Fund's minute book.
- (c) Administrative Manager.
 - (1) The Members hereby delegate all of the day-to-day business, property and affairs of the Fund to be managed by the Administrative Manager. The initial Administrative Manager is NJII.
 - (2) The Administrative Manager may act on behalf of the Fund and actions taken in accordance with the provisions of this Agreement shall bind the Fund. The Administrative Manager shall have all rights and authority relative to the operation of the Fund not expressly delegated to the Board or Members as stated herein. Only the Administrative Manager shall have any authority or right to act on behalf of or bind the Fund, unless otherwise provided herein or unless specifically authorized by the Board pursuant to a duly adopted resolution expressly authorizing such action.
 - (3) The Administrative Manager shall procure and maintain standard commercial general liability, commercial auto liability, workers compensation and disability insurance, umbrella/excess liability (if applicable), professional liability (if applicable) and other insurances as required for the Fund by NJEDA and New Jersey law.
 - (4) The Administrative Manager agrees to: (a) comply with all applicable laws and regulations; (b) obtain and comply with all legally required licenses and permits, etc.; and (c) comply with all New Jersey laws & regulations regarding non-discrimination and contractor / supplier diversity.

3.6 Decisions Requiring Unanimous Board Approval. Without limiting any additional consent or approval that may be required pursuant to this Agreement or the LLC Act, the following actions require the unanimous approval of the Board:

- (a) any amendment to the Certificate of Formation or this Agreement;
- (b) the authorization, issuance, redemption or repurchase of any equity interests;
- (c) the incurrence of any indebtedness;
- (d) the incurrence of any material liability other than in the ordinary course of business;
- (e) the commencement of insolvency or bankruptcy;
- (f) any liquidation, merger, or amalgamation, or the sale of all or substantially all of the assets of the Fund;
- (g) the sale of any business or assets of the Fund including investments in Participant Companies, other than assets sold in the ordinary course of business;
- (h) any material changes in tax policy or tax elections;
- (i) any change in the external auditors of the Fund, other than to one of the “big four” national auditing firms, the auditing firm used by NJII or a well-respected regional auditing firm with a major presence in the State of New Jersey;
- (j) any fundamental change in the business scope and purpose of the Fund;
- (k) transfer of equity interests in the Fund;
- (l) replacement of a Director of the Fund who is appointed under Section 3.1(d)(3);
- (m) appointment and replacement of the Administrative Manager except as permitted by Section 5.2(b) and Section 8.4(b);
- (n) approval/amendment of the academic agreement between the Fund and NJIT;
- (o) any Distribution of non-cash assets; and
- (p) such other decisions as are so specified in this Agreement or required by law.

3.7 Major Decision Rights. Without the written consent of NJEDA, the Fund shall not:

- (a) select the Investment Manager (and approve all related fees and expenses) to oversee the investment activities of the Fund in Participant Companies;

- (b) incur debt, or guaranty debt of Participant Companies;
- (c) invest more than 15% of the Fund's committed capital (determined on a cost basis at the time of investment) in any one Participant Company;
- (d) make any investment in publicly traded securities (excluding (i) private placements of public company securities, (ii) securities which were not publicly traded at the time of such investment, (iii) securities acquired in a "going private" transaction or series of transactions and (iv) short-term investments such as money market funds; and
- (e) reinvest proceeds from the sale of securities during the Investment Period if doing so shall cause the aggregate cost basis of the Fund's investments following any such reinvestment to exceed 100% of the Fund's capital commitments.

3.8 Conflicts of Interest, Other Business. Except as prohibited by this Agreement including in Section 4, a Member and a Director is entitled to engage in and possess interests in other business ventures of any and every type and description, independently or with others.

Section 4. Members.

4.1 Ownership. A Member's ownership interest in the Fund is represented by units of ownership interest ("**Units**"). The total number of authorized Units is 100. Each Member is entitled to one (1) vote for each Unit held by the Member with respect to all matters requiring a vote, consent, or other approval of the Members. Each Unit issued represents that percentage of ownership in the Fund calculated by dividing the Unit by the total number of Units issued and outstanding among all the Members and multiplying by 100, calculated out to two decimal digits ("**Ownership Percentage**"). Each Member intends that such Member's ownership interest in the Fund and in the Units will for all purposes be deemed to be personal property. All real and personal property owned by the Fund is deemed to be owned by the Fund, and no Member individually has or will have any ownership rights with respect to such property by virtue of the Member's ownership interest in the Fund.

4.2 Except as permitted by this Agreement, a Member shall not withdraw from the Fund, shall not assign the Member's interest in the Fund, and shall not take any voluntary action that would have any such effect before the dissolution and winding up of the Fund.

4.3 Except as approved by the Board and set forth in a separate written agreement with the Fund, a Member will not be entitled to receive a salary or other compensation, whether or not "employed" by the Fund, for the services the Member provides to, for, or on behalf of the Fund, other than the Distributions described in this Agreement.

4.4 Investment Manager.

(a) All investment oversight and decisions for the Fund are to be determined by an independent third-party investment manager (the "**Investment Manager**"), pursuant to a management agreement between the Fund, the Venture Studio, and the Investment Manager (the

“**Investment Management Agreement**”). The Members shall approve the initial Investment Management Agreement. The Investment Manager shall approve the Fund’s initial and follow-on investments and exit transactions in each Participant Company. The Investment Manager must be an experienced investment management group or retained third-party advisory firm. The Investment Manager shall be reviewed and approved by NJEDA and NJII and serve at the Members’ discretion. The Investment Manager cost shall be paid by the Venture Studio and contained in the Venture Studio’s budget.

4.5 The Members each agree that the Investment Management Agreement shall provide that the Investment Manager shall be entitled to a carried interest of up to five percent (5%) of the profits of the Fund, calculated after the return of all contributed capital and a preferred return of eight percent (8%) per annum, compounded annually, to the NJEDA and NJII (i.e., a whole of Fund waterfall), subject to a market end of term clawback provision guaranteed by the individual members of the Investment Manager. The Investment Manager and its Affiliates shall not invest in any Participant Company without the consent of NJII and NJEDA. The Investment Manager shall also be subject to the major decision rights limitations in Section 3.7 and shall be subject to removal for “cause” (to be defined in the Investment Management Agreement).

4.6 Investment Period.

(a) Investments by the Fund in Participant Companies must occur within the earlier of (i) four (4) years from the Effective Date and (ii) the date on which the Fund is fully invested (together, the “**Investment Period**”) with the Fund deploying at least 15% of its capital commitments each year, and 100% of its capital commitment deployed through the Investment Period. The Investment Period may be suspended (and later reinstated) or terminated by NJEDA in the event of a Material Breach by the Administrative Manager or if NJII is terminated as the Managing Member (as such term is defined in the Venture Studio Operating Agreement) in accordance with the terms of the Venture Studio Operating Agreement. During the Investment Period, NJII will not invest in a Participant Company outside of the Fund. After the Investment Period, NJII shall provide NJEDA with a right of first refusal for its pro rata share of any investments made by NJII in Participant Companies outside of the Fund.

(b) If NJEDA exercises its right to suspend or terminate the Investment Period (a “**Suspension Event**”) the Fund will enter a Suspension Period. Notwithstanding any other provision of this Agreement, NJEDA shall not be required to contribute capital to the Fund in respect of its capital commitment during any suspension of the Investment Period (the “**Suspension Period**”) except for:

- (i) funding follow-on investments in the securities of existing Participant Companies;
- (ii) operational purposes (e.g., Fund administration, tax filings, payment of management fees); and
- (iii) completion of transactions in which the Fund has entered into a binding written commitment prior to the commencement of the Suspension Period.

(c) The Investment Period may be reinstated by NJEDA prior to the date that is one hundred and eighty (180) days following the Suspension Event. If the Suspension Period has not

been terminated pursuant to the preceding sentence prior to the date that is one hundred and eighty (180) days following the Suspension Event, the Suspension Period shall become permanent, and the Investment Period will be terminated.

4.7 Confidentiality.

(a) Each Member expressly acknowledges that such Member might receive confidential and proprietary information relating to the Fund, including information relating to the Fund's financial condition, prospects, business plans, and intellectual property and that the disclosure of such confidential information to a third party would cause irreparable injury to the Fund. Except with the prior written consent of the Board, a Member shall not disclose or use for any purpose (other than to monitor or make decisions with respect to its investment in the Fund or in connection with the performance of services for or on behalf of the Fund) such information. Notwithstanding the foregoing, a Member may disclose any such information on a "need to know" basis to the Member's Affiliates and Representatives (each of whom must have agreed, before such disclosure, to maintain the confidentiality of such information) in connection with the performance of services for or on behalf of the Fund or for the purpose of monitoring its investment in the Fund, or the preparation of financial reports, tax returns, or regulatory compliance filings. A Member will be liable to the Fund for damages arising out of any such disclosure to or by such Representatives. Each Member shall use reasonable efforts to preserve the confidentiality of such information. The obligations of a Member under this Section 4.7 will survive until the second anniversary of the termination of this Agreement.

(b) A Member will not be bound by the confidentiality obligations of Section 4.7(a) with respect to any information that is currently or becomes: (1) required to be disclosed by a Member under applicable law or court order, but in each case only to the extent required, provided that such Member provides prompt notice to the Fund of such requirement to the extent permitted by law and cooperates with the Fund, at the Fund's expense, in opposing or limiting such requirement; (2) required to be disclosed to protect such Member's interest in the Fund or enforce such Member's rights under this Agreement (but in each case only to the extent of such requirement and only after good-faith consultation with the Fund); (3) publicly known or available in the absence of any improper or unlawful action on the part of such Member; or (4) known or available to such Member via legitimate means on a non-confidential basis other than through or on behalf of the Fund or the other Members.

(c) No Conflicts. A Member shall neither disclose nor use, during the course of such Member's relationship with the Fund, any confidential information of any other Member except as otherwise agreed in writing. Each Member represents that the Member's acceptance of confidential information from the Fund, the Member's entrance into a relationship with the Fund and the other Members, and the execution of and compliance with the terms of this Agreement do not and will not conflict with, violate the terms of, or constitute a breach of any material agreement or understanding to which such Member is a party or by which such Member may otherwise be bound.

4.8 Remedies. The Members recognize that irreparable injury will result to the Fund and its business and property, if a Member breaches the confidentiality or conflicts provisions of this

Agreement and that the issuance of Units by the Fund to the Members is undertaken in reliance, among other matters, upon the covenants by the Members set forth in Section 4.7 (the “**Restrictive Covenants**”). Accordingly, in the event of a breach or threatened breach by a Member of any of the Restrictive Covenants, the Fund will be entitled to seek from any court of competent jurisdiction in the State of New Jersey, preliminary or final injunctive relief as well as any equitable accounting of all profits, compensation, or benefits arising out of such breach and any damages for the breach of this Agreement that may be applicable. In addition, the Fund will be entitled to recover all court costs, reasonable attorneys’ fees and other expenses from the breaching Member. These remedies are independent, severable, and cumulative and will be in addition to any other rights and remedies to which the Fund is entitled. The Restrictive Covenants will be construed as agreements independent of any other provision of this Agreement and will survive the termination of this Agreement as indicated.

Section 5. Capital; Financing; Distributions; Allocations; and Tax Matters.

5.1 Capital Accounts. The Fund shall establish and maintain a capital account for each Member. No interest will be payable on a Member’s capital account.

- (a) The Fund shall credit each Member’s capital account with the dollar amount of:
 - (1) money contributed as capital by that Member to the Fund from time to time;
 - (2) the share of profits of the Fund allocated to that Member;
 - (3) any items in the nature of income or gain that are specially allocated to that Member under this Section 5.1; and
 - (4) the fair market value of property contributed by such Member (net of any liabilities secured by such property that the Fund assumed or took subject to).

- (b) The Fund shall debit each Member’s capital account by the dollar amount of:
 - (1) the share of losses of the Fund allocated to such Member or for which that Member is responsible under this Agreement;
 - (2) cash distributed to that Member under any provision of this Agreement;
 - (3) any items in expenses or losses that are specially allocated to that Member under this Section 5.1; and
 - (4) the fair market value of any property distributed to such Member (net of liabilities secured by such property that the Member assumed or took subject to).

- (c) Other matters related to adjustment of capital accounts, tax, allocations or related matters will be handled in accordance with applicable regulations (the “**Regulations**”) under the Internal Revenue Code of 1986, as amended (the “**Code**”), and, to the extent applicable, U.S. generally accepted accounting standards consistently applied, as determined by the Board in its reasonable discretion unless otherwise stated herein.

5.2 Capital Contributions.

(a) Capital Contributions. Members’ contributions to the Fund shall be in cash. Capital contributions by NJII shall be made on a one to one match basis with NJEDA.

(b) **Capital Commitments, Size, and Timing.** The Fund's total commitments shall be up to nine million two hundred thousand dollars (\$9,200,000). NJEDA's capital commitment shall be up to four million six hundred thousand dollars (\$4,600,000). NJII's capital commitment shall be up to four million six hundred thousand dollars (\$4,600,000). The amount and timing of capital calls will be determined upon mutual agreement between the Administrative Manager and Investment Manager. The Administrative Manager shall give a minimum of fifteen (15) calendar days' written notice to each Member in advance of each capital call. If NJII fails to make a capital contribution pursuant to a capital call, NJEDA may remove NJII as Administrative Manager.

5.3 Allocation of Profits and Losses.

(a) The Fund shall allocate all Fund items of Profits and Losses in accordance with the Ownership Percentage set forth for each Member on Schedule A, as amended from time to time, and in accordance with this Section.

(b) If Members are admitted to the Fund on different dates, the Fund shall allocate the Profits or Losses allocated to the Members for each Fiscal Year during which Members are so admitted among the Members in accordance with the Ownership Percentage set forth for each Member on Schedule A for the relevant period during such Fiscal Year in accordance with Code Section 706, using any convention permitted by law and selected by the Partnership Representative.

(c) Except as otherwise provided in this Agreement, the Fund shall divide all items of Fund income, gain, loss, deduction, and any other allocations not otherwise provided for among the Members in the same proportions as they share Profits and Losses for the Fiscal Year in question.

(d) In accordance with Code Section 704(c) and the Regulations, income, gain, loss, and deduction (including depreciation) with respect to any property contributed to the capital of the Fund by a Member shall, solely for tax purposes, be allocated by the Fund among the Members so as to take account of any variation between the adjusted basis of such property to the Fund for federal income tax purposes and its Gross Asset Value at the time it was contributed to the Fund. If the Gross Asset Value of any Fund asset is adjusted in accordance with Section 5.3(g), subsequent allocations of income, gain, loss and deduction with respect to such asset will take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations.

(e) To the extent that any allocation of income or gain made in accordance with this Agreement includes the allocation of an item of income or gain that is recaptured as ordinary income, such ordinary income will be allocated to the Members who received the allocation of the depreciation or cost recovery deductions that generated the ordinary income recapture in proportion to their shares of such deductions, provided that such allocation of ordinary income will be limited to the amount of income or gain allocated to each such Member for the period to which such allocation relates.

(f) The Fund shall not allocate any item of Losses or deduction to a Member to the extent said allocation would cause or increase any deficit in said Member's capital account as of the end of the tax year to which such allocation relates. In determining the above, a Member's capital account will be reduced for the items described in Regulation Sections 1.704-1(b)(2)(ii)(d)(4), (5), and (6). If any Member with a capital account deficit unexpectedly receives any adjustment, allocation, or distribution described in Regulation Sections 1.704-1(b)(2)(ii)(d)(4), (5), or (6), then the Fund shall specially allocate items of income and gain to such Member in an amount and manner sufficient to eliminate the deficit in said Member's capital account created by such adjustment, allocation, or distribution as quickly as possible. If any Member has a deficit in the Member's capital account at the end of any tax year that is in excess of the sum of (1) the amount the Member is obligated to restore and (2) the amount the Member is deemed to be obligated to restore in accordance with the penultimate sentence of Regulation Section 1.704(b)(4)(iv)(f), the Fund shall specially allocate to the Member items of income and gain in the amount of such excess as quickly as possible.

(g) “**Gross Asset Value**” means, with respect to any asset, such asset's adjusted basis for federal income tax purposes, except as follows:

(1) the initial Gross Asset Value of any asset contributed by a Member to the Fund will be the gross fair market value of such asset, as agreed to by the contributing Member and the other Members;

(2) the Gross Asset Value of all Fund assets will be adjusted to equal their respective gross fair market values, as determined by the Fund, as of the following times: (1) the acquisition of any additional Units in the Fund by any existing Member or additional Member in exchange for more than a de minimis capital contribution; or (2) the distribution by the Fund to a Member of more than a de minimis amount of Fund assets as consideration for an interest in the Fund; and

(3) the Gross Asset Value of any Fund asset distributed to any Member will be the gross fair market value of such asset on the date of distribution, as determined by the Members. If the Gross Asset Value of an asset has been determined or adjusted under Section 5.3(g)(1) or Section 5.3(g)(2), such Gross Asset Value will thereafter be adjusted by the depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

(h) “**Profits**” and “**Losses**” means for each Fiscal Year, an amount equal to the Fund's net taxable income or loss, as the case may be, for such Fiscal Year, determined in accordance with Code Section 703(a) (but including in taxable income or loss, for this purpose, all items of income, gain, loss or deduction required to be stated separately by Code Section 703(a)(1)), with the following adjustments:

(1) any income of the Fund exempt from federal income tax and not otherwise taken into account in computing Profits or Losses in accordance with this definition will be added to such taxable income or loss;

(2) any expenditures of the Fund described in Code Section 705(a)(2)(B) (or treated as expenditures described in Code Section 705(a)(2)(B) in accordance with

Regulation Section 1.704-1(b)(2)(iv)(i)) and not otherwise taken into account in computing Profits or Losses in accordance with this definition will be subtracted from such taxable income or loss;

(3) if the Gross Asset Value of any Fund asset is adjusted in accordance with Section 5.3(g)(1) or Section 5.3(g)(2), the amount of such adjustment will be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits or Losses;

(4) gain or loss resulting from any disposition of any asset of the Fund with respect to which gain or loss is recognized for federal income tax purposes will be computed by reference to the Gross Asset Value of the asset disposed of, notwithstanding that the adjusted tax basis of such asset differs from its Gross Asset Value; and

(5) Notwithstanding any other provision of Section 5.3(h), any items that are specially allocated under this Section will not be taken into account in computing Profit or Loss.

5.4 Expenses; Distributions.

(a) Payments before Distributions. Before payment of Distributions, the Fund shall pay its Operating Expenses, as and when due, and then any guaranteed payments due to any Member.

(b) Distributions. Subject to the terms of this Agreement and following the satisfaction of any requirements of Section 5.4(a), the Fund is entitled to make such Distributions of cash and other Fund assets among the Members in such aggregate amounts as the Board may determine from time to time with the Approval of a Majority of the Board, provided that the Fund shall make all such Distributions only in the following order and priority:

(1) First, to the Members in proportion to and to the extent of their positive capital accounts.

(2) Then, to the Members according to their Ownership Percentages.

(c) Distributions on Liquidation. Upon the liquidation of the Fund, the Fund shall distribute its cash and other assets available for distribution among the Members as set forth in Section 9.4.

(d) Persons Receiving Distributions. The Fund shall make each Distribution to the Persons shown on the Fund's books and records as Members as of the date of such Distribution; provided, however, that any transferor and transferee of Units may mutually agree as to which of them should receive payment of any particular Distribution.

(e) **"Distribution"** means, except as otherwise provided in this Agreement, each distribution made by the Fund to a Member, whether in cash, property, or securities of the Fund and whether by liquidating distribution, redemption, repurchase, or otherwise; provided that none of the following will be deemed to be a Distribution: (1) any recapitalization or exchange or conversion of securities of the Fund, and any subdivision (by Unit split or otherwise) or any

combination (by reverse Unit split or otherwise) of any outstanding Units; (2) repayment of loans and other indebtedness of the Fund to a Member or an Affiliate of a Member; and (3) payments of salaries, fees or bonuses, reimbursements of expenses, and other compensation or recompense to a Member or an Affiliate of a Member for services rendered to, or expenses incurred on behalf of, the Fund or its Affiliates (which such payments will be deemed Operating Expenses of the Fund).

(f) **“Operating Expenses”** means (1) the operating expenses incurred in the ordinary course of business and determined in accordance with generally accepted accounting principles, (2) any current installment due for any debt payment to any institution, private lender, or third party in accordance with such debt’s terms, and (3) any other expenses incurred by the Fund that are pre-approved by the Board in accordance with this Agreement.

5.5 Fiscal Year & Yearly Budget. The fiscal year of the Fund begins on January 1 and ends on December 31 (a **“Fiscal Year”**).

5.6 Books and Records. The Fund shall keep complete and accurate books of account and other necessary financial, accounting, and tax records on a cash basis, unless otherwise determined by the Board, and otherwise in accordance with generally accepted accounting principles (**“GAAP”**) applied on a consistent basis and applicable law. The Fund shall permit each Member, at such Member’s expense, to visit and inspect the Fund’s properties, examine its books of account and records; and discuss the Fund’s affairs, finances, and accounts with its officers, during normal business hours of the Fund as may be reasonably requested by a Member; provided, however, that the Fund shall not be obligated pursuant to this Section 5.6 to provide access to any information that it reasonably and in good faith considers to be a trade secret or the disclosure of which would adversely affect the attorney-client privilege between the Fund and its counsel.

5.7 Reports.

(a) The Administrative Manager shall maintain current and accurate records of the Fund’s financial condition. The Administrative Manager shall furnish balance sheets, income statements, and statements of cash flows reflecting the financial condition and results of operations of the Fund to (1) the Directors on no less than a monthly basis and (2) the Members on no less than a quarterly basis.

(b) During the term of the Fund, the Administrative Manager will provide quarterly reports to NJEDA in the format as shown in Appendix A, and will meet with the NJEDA’s Representative to discuss progress. Such reports shall include details on Participant Companies from the Administrative Manager.

(c) The Administrative Manager will provide the Members with the Fund’s annual audited financial reports and K-1’s within 90 calendar days of the end of the Fiscal Year.

5.8 Bank Accounts. Funds of the Fund must be deposited in the Fund’s name in one or more bank accounts approved by the Board. To the extent authorized by the Board, designated Officers have the power to sign checks on behalf of the Fund.

5.9 Tax Matters.

(a) The Fund shall cause federal, state, and local income tax returns of the Fund and related filings for the Members to be prepared, at the Fund's expense, by an accounting firm or accountant selected by the Members and furnished to each Member before the statutory date for filing, subject to extensions permitted by law. The Fund shall allocate the proportionate part of each item of income, gain, loss, deduction or credit earned, realized or available by or to the Fund to the Members in accordance with Section 5.3.

(b) The Fund shall amortize organizational expenses as permitted under Code Section 709. The Board must approve tax decisions and elections for the Fund not specified in this Agreement.

(c) The Fund shall give prompt notice to each Member upon receipt of advice or information that the Internal Revenue Service (“**IRS**”) intends to examine the Fund's income tax returns for any year.

(d) **Partnership Representative.** NJII is hereby designated as the “**Partnership Representative**” for purposes of Code Section 6221 and is hereby delegated the power to manage and control, on behalf of the Fund, any administrative proceeding at the Fund level with the IRS relating to the determination of any item of Fund income, gain, loss, deduction, or credit for federal income tax purposes. The Partnership Representative shall, within ten (10) days of the receipt of any notice from the IRS in any administrative proceeding at the Fund level relating to the determination of any Fund item of income, gain, loss, deduction or credit, provide, or cause the Fund to provide, a copy of such notice to each Member. The Board may at any time with the Approval of the Board designate a new Partnership Representative; provided, however, that only a Member may be so designated.

(e) The Fund shall use reasonable efforts to elect the application of 26 USC §6221(b) and shall take such actions as may be necessary or advisable to effectuate the election.

(f) If the Fund has made the election described in Section 5.9(e) (the “**Election**”) and such election is in effect, then each Member and the Fund shall execute and file the necessary forms for making and maintaining the Election, and each Member shall deliver to the Fund the consent of the spouse of such Member if such consent is required for the Election under any community or marital property laws or otherwise. The Members and the Fund shall take such other actions as may be deemed necessary or advisable by the Board to exercise or maintain the Election. A Member shall not, without the consent required by Section 5.9(e), take any action or position, or make any transfer or other disposition of the Member's Units that may result in the termination or revocation of the Election.

(g) If the Election is not in effect for any given taxable period, each Member (for such purposes, an “**Indemnifying Member**”) shall indemnify, defend, and hold harmless each other Member, former Member, and the Fund for any losses or liabilities arising out of any adjustment to items of income, gain, loss, deduction, or credit of the Fund that would, if an Election were in effect for the given taxable period, have been applied by the Code to the Indemnifying Member

rather than to the Fund. The obligations of an Indemnifying Member under this Section 5.9(g) will survive the termination of this Agreement or the termination of an Indemnifying Member's status as a Member.

Section 6. Transfers of Units.

6.1 A Member shall not, directly or indirectly, sell, transfer, pledge, hypothecate, assign, exchange, donate, make a gift of, or otherwise dispose of ("**Transfer**") the Member's Units without the unanimous consent of all Members. Any Transfer that does not comply with the terms of this Agreement is void ab initio and of no force or effect and will not be binding on the Fund or the other Members.

6.2 **Stipulation of Value.** If it becomes necessary to determine the fair market value of the Units held by a Member, the Board shall choose, in good faith, an independent third-party appraiser to determine the fair market value of each such Unit, (the "**Stipulation of Value**"). The Fund shall reasonably agree with the appraiser on the methodology to be employed by the appraiser to establish the Stipulation of Value. If a Member disputes the Stipulation of Value prepared for the Fund, the Member may retain, at the Member's expense, an independent financial advisor experienced in valuing closely held companies similar to the Fund to provide a valuation (a "**Supplemental Valuation**"). The Member must submit any Supplemental Valuation within 30 days of the announcement of the Stipulation of Value prepared for the Fund. Upon the earlier of the submission of all such Supplemental Valuations or the day after the Supplemental Valuations are due for submission, the Fund shall compare the Stipulation of Value prepared for the Fund and every properly submitted Supplemental Valuation. If the lowest valuation (the "**Floor Valuation**") is at least 80% of the highest valuation (the "**Cap Valuation**"), then the Fund shall use the average of all the compared valuations to establish the final Stipulation of Value, which will be binding on the Members and the Fund. If the Floor Valuation is less than 80% of the Cap Valuation, then the Persons who prepared the Floor and Cap Valuations shall together select an independent financial advisor experienced in valuing closely held companies similar to the Fund to provide a valuation (the "**Independent Valuation**"). If the Independent Valuation is higher than the Cap Valuation, the Stipulation of Value will be the Cap Valuation; if the Independent Valuation is lower than the Floor Valuation, the Stipulation of Value will be the Floor Valuation; otherwise, the Stipulation of Value will be the Independent Valuation. This determination of the Stipulation of Value will be binding on the Members and the Fund. The value of the Member's Units will be equal to the pro rata portion of the Stipulation of Value represented by (1) the ratio of the Member's Units to all of the Units on a fully diluted basis times (2) the Stipulation of Value.

Section 7. Indemnification by NJII.

7.1 Notwithstanding anything to the contrary contained herein, NJII shall be liable for all injuries to persons (natural and otherwise), including without limitation death, and all physical and other damage(s) sustained by Persons while performing or resulting from the performed work under this Agreement, if and to the extent the same results from any act, omission, negligence, fault or default of NJII or subcontractors, or their employees, agents, servants, independent contractors or subcontractors retained by NJII pursuant to this Agreement.

7.2 NJII agrees to defend, indemnify and hold harmless the NJEDA, the State of New Jersey, and each of their respective officers, directors, commissioners, employees and representatives (collectively, the “**Indemnitees**”) from any and all claims, judgments and liabilities, including but not limited to, claims, judgments and liabilities for injuries to Persons (natural or otherwise, and including without limitation death and other damage(s) if and to the extent the same results from any act, omission, negligence, fault or default of NJII or its subcontractors, or their agents, employees, servants, independent contractors or subcontractors and from any claims against, or liability incurred by the Indemnitees by reason of claims against NJII or its subcontractors, or their employees, agents, servants, independent contractors or subcontractors for any matter whatsoever in connection with the services performed under this Agreement, including, but not limited to, claims for compensation, injury or death, and agree to reimburse the Indemnitees for reasonable attorneys’ fees incurred in connection with the above.

7.3 NJII acknowledges and agrees that NJEDA is prohibited by law from indemnifying any person.

Section 8. Liability of Fund, Directors, Officers, and Members; Indemnification.

8.1 Liability.

(a) Subject to Section 7, in carrying out his/her duties under this Agreement, a Director and/or Officer will not be liable to the Fund or to the Members only for the Director’s and/or Officer’s own intentional breach or intentional misconduct in the performance of the Director’s and/or Officer’s obligations under this Agreement; a Director and/or Officer will not be liable to the Fund or to the Members for good-faith actions or failures to act, for any errors of judgment, or for any act or omission believed in good faith to be within the scope of authority conferred by this Agreement. Actions or omissions taken in reliance upon the advice of legal counsel as being within the scope of authority conferred by this Agreement will be conclusive evidence of such good faith; however, good faith may be determined without obtaining such advice.

(b) In carrying out the Member’s duties under this Agreement, a Member will be liable to the Fund or to the Members only for the Member’s own intentional breach or intentional misconduct in the performance of the Member’s obligations under this Agreement; a Member will not be liable to the Fund or to the Members for good-faith actions or failures to act, for any errors of judgment, or for any act or omission believed in good faith to be within the scope of authority conferred by this Agreement. Actions or omissions taken in reliance upon the advice of legal counsel as being within the scope of authority conferred by this Agreement will be conclusive evidence of such good faith; however, good faith may be determined without obtaining such advice.

(c) Neither the Fund nor any Member will be responsible or liable for any indebtedness or other obligation or liability of the Fund or any other Member incurred or arising either before or after the execution of this Agreement except as provided in this Agreement. This Agreement does not, and should not be deemed to, create a relationship or agreement between the Members with respect to any activities whatsoever other than activities within the scope, business purposes, and activities of the Fund and the Members as described in this Agreement.

8.2 Fund Indemnification.

(a) The Fund shall indemnify, defend, and hold harmless the Directors, the Officers, the Members, and their Affiliates and Representatives (each, an “**Indemnified Person**”) against and from any and all losses, claims, damages, liabilities, expenses (including legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative (together, “**Claims**”), in which the Indemnified Person may be involved, or threatened to be involved, as a party or otherwise by reason of the Person’s status as an Indemnified Person, which relates to or arises out of the Fund’ property, business, or affairs, regardless of whether the Indemnified Person is a Director, Officer, Member, or an Affiliate or Representative of a Director, Officer or Member at the time any such liability or expense is paid or incurred.

(b) The Fund’s indemnification obligation is subject to the conditions that (1) the Indemnified Person acted in good faith and in a manner it believed to be in or not opposed to the best interests of the Fund, (2) the Indemnified Person’s conduct did not constitute fraud, gross negligence or intentional misconduct, (3) in connection with any criminal action or proceeding, the Indemnified Person had no reasonable cause to believe the conduct was unlawful, and (4) with respect to Claims by or in the right of the Fund, the Indemnified Person is not adjudged to be negligent or liable for intentional misconduct, unless a court or similar tribunal determines that indemnification is nonetheless appropriate.

(c) Notwithstanding the provisions of Section 8.2(b)(3) and 8.2(b)(4), an Indemnified Person will be entitled to indemnification to the extent the Indemnified Person has been successful on the merits with respect to any Claim. In no event will any Member be required to make an additional capital contribution to effectuate the indemnification provisions in Section 8.2.

(d) “**Representative**” means, with respect to an entity, any of that entity’s directors, officers, managers, employees, agents, consultants, advisors, and other representatives.

8.3 Member Indemnification. Subject to Section 7.3, each Member shall indemnify, defend, and hold harmless the Fund, the other Members, and their Affiliates and Representatives from and against any and all Claims relating to or arising out of, such Member’s intentional misconduct or intentional breach of this Agreement. Any activity or liability of a Member (1) outside the scope or purpose of the Fund or this Agreement or (2) before the beginning of the term of the Fund is not governed by this Section 8.3.

8.4 Material Breaches.

(a) Either Member (the “**Non-Breaching Party**”) may provide written notice to the other Member (the “**Breaching Party**”) of the Breaching Party’s Material Breach of this Agreement. The Breaching Party shall have 90 days to cure such Material Breach, and if the Breaching Party fails to cure such Material Breach during the notice period, the Non-Breaching Party may exercise its rights under this Section 8.4.

(b) Material Breach by NJII. In the event of an uncured default or a Material Breach

by NJII as a Member or as the Administrative Manager, NJEDA shall have the right to replace NJII as the Administrative Manager. If NJEDA replaces NJII as the Administrative Manager, the Fund will cease making any new investments only until the Administrative Manager is replaced, but the Fund's Investment Manager will continue to manage the Fund's existing investments, and NJII shall, in NJEDA's discretion, either (1) continue as a non-voting Member or (2) be fully redeemed from the Fund at fair market value.

(c) **Material Breach by NJEDA.** In the event of a Material Breach by NJEDA, NJEDA shall, in NJII's discretion, either (1) continue as a non-voting Member or (2) be fully redeemed from the Fund at fair market value.

Section 9. Dissolution; Liquidation.

9.1 **Authority Following Dissolution.** When the term of the Fund has ended in accordance with the terms of this Agreement, the Fund will continue to exist solely for the purposes of winding up its affairs in an orderly manner, liquidating its remaining assets, and satisfying the claims of its creditors and the Members. A Member shall not take any action that is inconsistent with the lawful winding up of the Fund. The Board shall oversee and administer the winding up and liquidation of the Fund.

9.2 **Capital Accounts on Liquidation.** If the Fund is "liquidated" within the meaning of Regulation Section 1.7041(b)(2)(ii)(g), the Fund shall make distributions under this Section 9.2 to the Members who have positive capital accounts in compliance with Regulation Section 1.7041(b)(2)(ii)(b)(2).

9.3 **Completion of Liquidation.** Upon request, each Member shall sign and, if necessary, file or publish any document necessary to terminate the Fund or to complete the winding up of its business activities.

9.4 **Application and Distribution Upon Liquidation.** After the Fund is liquidated, the Board shall apply and distribute the cash proceeds from the liquidation, to the extent sufficient, in the following order:

- (1) First, to the payment and discharge of all of the Fund's debts and liabilities to third parties;
- (2) Second, to the payment and discharge of all of the Fund's debts and liabilities to the Members;
- (3) Third, to the Members in accordance with their Ownership Percentages.

Section 10. General Provisions.

10.1 **Notices.** All notices, demands, and communications (each, a "**Notice**") required or provided for in this Agreement must be in writing. The party giving a Notice shall either (a) deliver the Notice personally, which will be effective upon delivery or (b) send the Notice by facsimile or overnight mail, which will be effective upon sending, to each Member at its address set forth on Schedule A. Each Member is entitled to designate another address for purposes of this Section by

Notice to the Fund and to the other Members. Any written consent or written notice contemplated by this Agreement can be provided by email to the recipient's email account with the Fund or such other email account as the recipient may designate. A notice delivered or sent by email does not constitute Notice within the meaning of this Section 10.1 and is only for the convenience of the Fund and the Members; provided, however, that an email recipient is entitled to expressly waive Notice.

10.2 This Agreement constitutes the entire agreement and understanding of the Members with respect to the matters covered hereby and supersedes all previous written, oral or implied agreements, representations, statements, promises and understandings between them with respect to such matters. No Member is relying on any oral or written representation of the Fund or of any Member or Director not contained within this Agreement. It is acknowledged and agreed that the Administrative Manager and the Fund without any further act, approval or vote of any Member may enter into the Side Letter which has the effect of establishing rights under, or altering or supplementing the terms of, this Agreement. The Members agree that any terms contained in the Side Letter shall govern with respect to NJEDA notwithstanding the provisions of this Agreement. For the avoidance of doubt, in the event of a conflict between the provisions of the Side Letter and this Agreement, the provisions of the Side Letter shall control.

10.3 This Agreement cannot be amended or changed except by a written agreement unanimously approved by the Board and executed by the Fund and the Members. Notwithstanding anything herein to the contrary, this Agreement may not be amended, modified or terminated and the observance of any term hereof may not be waived with respect to any Member without the written consent of such Member, unless such amendment, modification, termination, or waiver (a) applies to all Members in the same fashion, and (b) does not adversely affect the rights of such Member hereunder in a manner disproportionate to any adverse effect such amendment, modification, termination or waiver would have on the rights of any other Member hereunder.

10.4

(a) This Agreement shall be exclusively governed by and construed in accordance with the laws of the State of New Jersey, without giving effect to any provision (whether of the State of New Jersey or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New Jersey other than non-waivable provisions of U.S. federal law. The Members hereby agree that the courts of the State of New Jersey situated in Mercer County, New Jersey, and the appellate courts having jurisdiction thereover, shall have exclusive jurisdiction with respect to any and all disputes arising under or in connection with this Agreement. By execution of this Agreement, each Member irrevocably and unconditionally (1) accepts for itself and its properties the exclusive jurisdiction and venue of the above courts and (2) agrees to be bound by any judgment as to it or its properties rendered by the above courts and involving this Agreement or any related document. Without limiting the foregoing, each Member hereby irrevocably and unconditionally waives, forfeits, and agrees not to use as a defense, to the fullest extent permitted by applicable law any objection which it may now or hereafter have to the laying of jurisdiction or venue in the above courts (including any defense that it is not personally subject to the jurisdiction or venue of the above courts) and any claim that any such forum is an inconvenient forum.

(b) In the event of a dispute arising out of this Agreement, the Members agree to first attempt to resolve any dispute by mutual, good faith negotiation between the Members.

(c) Any and all claims made or to be made against NJEDA based in tort law for damages shall be governed by and subject to the provisions of the New Jersey Tort Claims Act, N.J.S.A. 59:1-1 et seq. Notwithstanding any provision in this Agreement to the contrary, each party agrees that any and all claims made or to be made against NJEDA based in contract law for damages shall be governed by and subject to the provisions of the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 et seq.

10.5 If any provision in this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, such provision will be enforced to the extent it can be so enforced and such determination will not affect the remaining provisions of this Agreement, all of which will remain in full force and effect.

10.6 The failure of any Member to enforce at any time any of the provisions of this Agreement may not be construed to be a waiver of any such provision or of any other provision, nor in any way affect the validity of this Agreement or the right of any Member to enforce each and every such provision in the future. No waiver of any breach of this Agreement will be construed or held to be a waiver of any other or subsequent breach. Any party may waive any provision of this Agreement provided such waiver is in writing and signed by the party.

10.7 The rights and remedies of the Members set forth in this Agreement are not exclusive, and each Member is entitled to all rights and remedies available to such Member under applicable legal or equitable principles.

10.8 The headings of the Sections in this Agreement are for reference purposes only and are not intended to affect in any way the meaning or interpretation of this Agreement.

[signature pages follow]

This Operating Agreement has been signed as of the Effective Date.

FUND: NJII Fund I LLC

By: _____
Name:
Title:

MEMBERS

New Jersey Economic Development Authority

By: _____
Name:
Title:

New Jersey Innovation Institute, Inc.

By: _____
Name:
Title:

SCHEDULE A
to
OPERATING AGREEMENT

Member's Name and Address	Units	Ownership Percentage*	Capital Commitments
New Jersey Economic Development Authority 36 West State Street, Trenton, NJ 08625	50	50.00%	\$4,600,000
New Jersey Innovation Institute, Inc. 211 Warren St, Newark, NJ 07103	50	50.00%	\$4,600,000
TOTAL	100	100%	N/A

* Ownership percentage is calculated on an outstanding-unit basis, not taking into consideration any option pool, warrants, or other non-outstanding securities that may be described on this Schedule A and is rounded to two decimal places for the purpose of display in this table.

Capitalization Summary:

Authorized: 100 Units

Issued and Outstanding Units: 100 Units

Appendix A

The Fund shall quarterly prepare and submit detailed, written progress reports to NJEDA. Annually, the Fund shall provide audited financials prepared by a qualified accounting firm approved by the Board of Directors.

The quarterly progress reports will include:

- Unaudited quarterly financials
- Program overview and development
- Upcoming list of activities and programs
- Identify risks and plans to mitigate such risks
- Summary of program results and metrics, including:
 - o Funding raised by Participant Companies (e.g., grants, venture capital)
 - o Mentorship network
 - o Participant Company failure rate (starting in Year 2)
 - o Related jobs created in the State from Participant Companies
 - o Demographic profile of each Participant Company, including (i) geographic origin of the company and (ii) whether any company is a State-certified minority- or women-owned business enterprise
 - o Media coverage of activity and events
 - o Thought leadership activity via events, web visits, web blogs, YouTube, social media & podcasts

Appendix D

NJII FUND I LLC
211 Warren Street
Newark, NJ 07103

[REDACTED], 2025

New Jersey Economic Development Authority
36 West State Street
P.O. Box 990
Trenton, NJ 08625-0990
Attn: Timothy Sullivan, Chief Executive Officer

Re: Joint Venture in NJII Fund I LLC
Ladies and Gentlemen:

This letter agreement (the “*Letter Agreement*”) is written in connection with an investment by **NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY** (the “*Investor*”) in **NJII Fund I LLC**, a New Jersey limited liability company (the “*Fund*”) and entered into with the Fund and New Jersey Innovation Institute, Inc., a New Jersey corporation, in its capacity as the administrative manager of the Fund (the “*Administrative Manager*”). Each capitalized term used in this Letter Agreement and not otherwise defined in this Letter Agreement has the meaning specified in the Operating Agreement of the Fund dated as of [REDACTED], 2025 (as amended, restated or modified from time to time, the “*Operating Agreement*”). Subject to the restrictions and limitations set forth in this Letter Agreement, the Investor, Administrative Manager, and the Fund hereby agree as follows:

1. INVESTMENTS IN NEW JERSEY-BASED BUSINESSES.

(a) The Administrative Manager will report to the Investor, not less often than quarterly, regarding the Administrative Manager’s efforts to identify New Jersey-based businesses for deal origination by the Fund, including its ongoing outreach efforts in New Jersey to identify New Jersey firms for investment, the origin of referrals, and the nature of any gaps or problems in identifying New Jersey businesses for possible investment. Such reports to the Investor will include such other information as may be reasonably requested by the Investor, including information regarding the number and nature of New Jersey-based investments considered and consummated by the Fund, the life cycle stage of such investments, and the estimated number of jobs created in New Jersey from consummated investments by the Fund (to the extent such an estimate can be reasonably determined).

(b) Additionally, the Administrative Manager will cause the Fund to report, not less often than annually, on diversity and inclusion with respect to the Fund’s consummated investments to the extent investment diversity and inclusion statistics or policies are reasonably available. The Administrative Manager shall cause the Fund to provide such information, on the form provided by the Investor to the Administrative Manager, to each investment of the Fund to complete in order to compile the information called for by this paragraph; *provided, however* that the Investor acknowledges and understands that the completion of this form by each such investment shall be voluntary.

2. NJ FOUNDERS & FUNDERS EVENTS. The Administrative Manager will cause a representative of the Administrative Manager to participate in New Jersey’s semi-annual NJ Founders & Funders Event or another Investor sanctioned event related to the entrepreneurial community in New Jersey.

3. NEW JERSEY OFFICE. The Fund shall at all times maintain an office in New Jersey.

4. AUTHORITY AND POWER; IMMUNITY.

(a) The Administrative Manager and the Fund acknowledge and agree that the authority and powers of the Investor are and shall be governed by the provisions of the New Jersey Economic Development Authority Act (New Jersey Statutes Annotated 34:1B-1 et seq.; P.L. 1974, c80, as amended and supplemented) and shall be construed in accordance with New Jersey law.

(b) The Administrative Manager and the Fund each acknowledge that the Investor reserves all immunities, defenses, rights and actions arising out of its status as a sovereign state or entity, including those under the Eleventh Amendment of the United States Constitution and the laws and Constitution of the State of New Jersey. No waiver of any such immunities, defenses, rights or actions shall be implied or otherwise deemed to exist by reason of the Investor entering into the Operating Agreement, this Letter Agreement or any agreement related thereto (collectively, the “*Subject Agreements*”), by any express or implied provision thereof, or by any actions or omissions to act by the Investor or any representative or agent of the Investor, whether taken or omitted to be taken pursuant to any Subject Agreement or prior to the entry by the Investor into any Subject Agreement. The Administrative Manager acknowledges that any power of attorney granted in the Operating Agreement shall not be used by the Administrative Manager as the basis for execution of any document that waives the Investor’s sovereign immunity.

5. DISPUTE RESOLUTION.

(a) Notwithstanding anything to the contrary in the Subject Agreements, any claims asserted against the Investor shall be subject to the New Jersey Tort Claims Act (N.J.S.A. 59:1-1 et seq.) and the New Jersey Contractual Liability Act (N.J.S.A. 59:13-1 et seq.) as if incorporated herein, as each may be amended from time to time.

(b) By reason of the laws, regulations and public policies of the State of New Jersey applicable to the Investor as a governmental entity and instrumentality of the State of New Jersey, the Administrative Manager and the Fund each freely agree that, notwithstanding anything to the contrary in the Subject Agreements, any action, claim, or other legal proceeding (i) brought by the Administrative Manager, the Fund, or their respective Affiliates against the Investor shall be brought and heard only in, and shall be subject to the exclusive jurisdiction of, the trial division of the Superior Court of the State of New Jersey, and that such proceeding shall be governed by the procedural rules and laws of the State of New Jersey, without regard to principles of conflicts of law, and (ii) brought by the Investor against the Fund, the Administrative Manager or their respective Affiliates may be brought in, and subject to the jurisdiction of, the Superior Court of the State of New Jersey, in which case such proceeding shall be governed by the procedural rules and laws of the State of New Jersey, without regard to principles of conflicts of law. In order to effectuate the purpose of the first sentence of this paragraph, the Administrative Manager and the Fund each agree to irrevocably waive any objection either may now or hereafter have to the laying of jurisdiction or venue in the courts of the State of New Jersey with respect to any action, claim, or other legal proceeding described above and each waive any claim that any such action, claim or proceeding brought in any such court has been brought in an inconvenient or improper forum.

Notwithstanding any provision to the contrary in the Subject Agreements, the Administrative Manager and the Fund each agree that the Investor shall not be deemed to have waived any objection that it may now or hereafter have to the laying of jurisdiction or venue of any action, claim, or other legal proceeding in any courts other than the courts of the State of New Jersey, nor be deemed to waive

any claim that any such action, claim or proceeding brought in any such court has been brought in a court without jurisdiction or an inconvenient or improper forum.

6. INDEMNIFICATION. The Investor hereby represents to the Administrative Manager and the Fund that, under the laws of the State of New Jersey, the Investor is not authorized to indemnify the Administrative Manager and its Affiliates. Based on the foregoing, the Administrative Manager and the Fund each agree that, notwithstanding the provisions of the Subject Agreements, none of the Subject Agreements shall impose any indemnification obligations on the Investor or be applied or construed to require the Investor to provide indemnification to any person or entity thereunder, including, but not limited to, the Administrative Manager, the Fund, or any of their respective Affiliates.

7. DISCLOSURE.

(a) The Investor represents that it is a governmental entity and instrumentality subject to New Jersey state laws, regulations and policies and applicable case law which could result in the disclosure of information (including Confidential Information) regarding the Fund and any investment of the Fund that is provided to the Investor, including, without limitation, the Open Public Records Act (N.J.S.A. 47:1A-1 et seq.) and the Open Public Meetings Act (N.J.S.A. 10:4-6 et seq.) as each may be amended from time to time (together, including all applicable regulations and policies and applicable case law, and the New Jersey common law right to know, the “*Public Records Acts*”).

(b) Notwithstanding anything else in the Subject Agreements, based on the foregoing representation, neither the Fund nor the Administrative Manager, shall make any claim against the Investor if, pursuant to the Public Records Acts, the Investor makes available to the public any report, notice or other information received by the Investor from the Fund or the Administrative Manager which the Investor reasonably believes is required to be disclosed or made public by the Investor pursuant to the Public Records Acts or any comparable laws, regulations or policies to which the Investor is subject. The Investor agrees to use reasonable efforts, subject to the Investor’s obligations under the Public Records Acts, including without limitation, the obligation to comply with required time frames (i) to notify the Administrative Manager promptly of any Public Records Acts disclosure requests for Confidential Information that would reasonably be viewed as leading to public disclosure of information that is required to be kept confidential pursuant to the Subject Agreements and (ii) to provide such additional cooperation as the Investor reasonably determines is appropriate and as is consistent with applicable law, including the Public Records Acts, with any efforts by the Administrative Manager to protect such Confidential Information. The Administrative Manager shall cooperate in the defense of any action against the Investor or State of New Jersey arising from or related to the non-disclosure of any Confidential Information requested by the Administrative Manager.

(c) The Investor shall not be liable to the Fund or the Administrative Manager for breaches of the Operating Agreement by its third party agents, advisors, consultants or representatives; *provided* that the Investor shall not provide any such third parties with any Confidential Information unless such third party is subject to an existing obligation to maintain the confidentiality of such Confidential Information.

(d) Because the Investor is subject to the Public Records Acts, the Administrative Manager acknowledges and agrees that notwithstanding anything to the contrary contained in the Subject Agreements or this Letter Agreement, the Investor may, with or without the receipt of a specific information request, disclose or report to the public, on its website or otherwise, identifying information about the Fund, which shall be limited to a brief description of the Administrative Manager; the Administrative Manager’s logo, if any; a link to the Administrative Manager’s website, to the extent such website is operational and available to the public; vintage year; name and address of Fund; and the Fund’s purpose (e.g., venture capital, buyout, etc.).

8. OPINIONS. The Administrative Manager agrees that for purposes of any provision of the Subject Agreements requiring the delivery of an opinion of counsel by the Investor, the opinion may be rendered by the Attorney General of the State of New Jersey or such special counsel designated by the Office of the Attorney General.

9. PLACEMENT AGENT FEES. The Administrative Manager and the Fund each represent and warrant that, to its knowledge, the Fund, the Administrative Manager, any Affiliates of the foregoing, their respective partners, directors, officers, or employees have not employed or retained any company, person or other entity to solicit or secure the Investor's investment in the Fund, and none of the aforementioned parties had paid or agreed to pay any company, person, or other entity any fee, commission, percentage, brokerage fee, gift, political contribution, charitable contribution or any other compensation contingent upon or resulting from the Investor's investment in the Fund.

10. EXPENSES.

(a) The Administrative Manager and the Fund each acknowledge that the people responsible for managing the Investor and its investments (the "*NJ Managers*") are employees of the State of New Jersey and are subject to certain New Jersey ethical laws, regulations and guidelines (the "*NJ Ethics Requirements*"). In an effort to ensure compliance with the NJ Ethics Requirements, the Investor has requested clarification with regard to the treatment of certain expenses relating to conferences, seminars and meetings which the NJ Managers attend.

(b) From time to time, the Administrative Manager or the Fund may pay the Investor's expenses in attending conferences, seminars and meetings relating to the Fund, including annual meetings of the Fund, which may include the cost of meals, transportation and accommodations. For the avoidance of doubt, such expenses, if paid by the Administrative Manager or the Fund, shall be deemed to be services to be provided by the Administrative Manager under the Operating Agreement, for which the Administrative Manager is being compensated in accordance with the Operating Agreement. Such expenses, if paid by the Fund, shall be deemed to be Fund expenses, allocated to the Investor in accordance with the Operating Agreement. For the avoidance of doubt, this paragraph will not be deemed to create any obligation on the part of the Administrative Manager or the Fund to pay any of the Investor's expenses unless otherwise required under the Operating Agreement.

11. TAX WITHHOLDING. The Investor has advised the Administrative Manager that the Investor is a tax-exempt entity under United States federal, state and local laws, and has never been subject to, and is unlikely to be subject to, any tax withholding requirements of the United States federal, state or local laws. Based on the foregoing, before withholding and paying over to any United States federal, state or local taxing authority any amount purportedly representing a tax liability of the Investor, the Administrative Manager shall provide the Investor with written notice of the claim of any such United States taxing authority that such withholding and payment is required by law and shall provide the Investor with the opportunity to contest such claim during any period. To the extent that such contest subjects the Fund to any potential liability to such taxing authority or any other governmental authority for any withholding payment, interest, or penalties thereon, the Investor consents to such withholding and payment. If withholding is made, the Administrative Manager shall use its commercially reasonable efforts to apply for and obtain a refund of amounts that are withheld as to the Investor, based on the Investor's tax-exempt status, provided that the Investor cooperates in such efforts and agrees to reimburse the Fund for reasonable out-of-pocket expenses incurred by the Fund in connection therewith.

12. LISTED AND PROHIBITED TRANSACTIONS. The Administrative Manager and the Fund (i) shall use its commercially reasonable efforts to assure that any investment is not a "listed transaction" as defined in U.S. Treasury Regulation Section 1.6011-4(b)(2), and (ii) shall not knowingly

make an investment that is (x) a “prohibited reportable transaction” as defined by Section 4965(e) of the Code, or (y) a “reportable transaction” as defined by Section 6707A(c)(1) of the Code (except that the Fund may, directly or indirectly, enter into any such reportable transaction (other than a listed transaction or prohibited reportable transaction) if it complies with the reporting requirements of Treasury Regulation Section 1.6011-4(d)). If the Administrative Manager becomes aware that the Fund becomes, or has engaged directly or indirectly in a transaction that is, a listed transaction, a reportable transaction (other than a reportable transaction (which is not a listed or prohibited reportable transaction) for which it complied with the reporting requirements of Treasury Regulation Section 1.6011-4(d)) or a prohibited reportable transaction, it shall promptly notify the Members.

13. POWER OF ATTORNEY. The Administrative Manager agrees that the power of attorney rights granted to the Administrative Manager is intended to be ministerial in scope and limited solely to those items permitted under the relevant grant of authority, and such power of attorney rights are not intended to be a general power of attorney to independently exercise discretionary judgment on behalf of the Investor. The parties hereto agree that no exercise of such power by the Administrative Manager which contravenes any federal, state or local law, to which the Investor is or may become subject, is authorized by the Investor and no such exercise shall be deemed valid.

14. CONFLICT WAIVER. The Investor has notified the Administrative Manager that waiving any conflict of interest with legal counsel would constitute a violation of the New Jersey Rules of Professional Conduct 1.7(a) and 1.7(b), and the Administrative Manager and the Fund each hereby agree that, notwithstanding any provision of the Operating Agreement or any other waiver contained in the Subject Agreements, any such waiver shall not apply to the Investor.

15. ARBITRATION/JURY TRIAL. Notwithstanding anything in the Subject Agreements or any amendment that might be made to Subject Agreements in the future, the Administrative Manager and the Fund shall not submit any claims or disputes related to the Fund, any Subject Agreements to arbitration or jury trial and all claims and disputes shall be adjudicated by a court of competent jurisdiction as set forth in paragraph 5 of this Letter Agreement. The Administrative Manager agrees that the Investor shall not in any event be required to submit any claims against or dispute with the Administrative Manager or the Fund to arbitration or jury trial.

16. FCPA. The Administrative Manager is familiar with and shall comply with (and shall cause their officers, directors and employees to comply with) the U.S. Foreign Corrupt Practices Act of 1977, as amended (“*FCPA*”), and other relevant bribery and/or corruption laws and regulations.

17. OFAC/PATRIOT ACT COMPLIANT INVESTMENTS. The Administrative Manager shall take reasonable measures to avoid any investment in the Fund by a person and shall avoid transactions, that would violate (a) any relevant anti-money laundering legislation, rules or regulations, including the USA PATRIOT Act or (b) any rules, regulations or orders administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury (“*OFAC*”), including any investment in the Fund by or transaction with (i) any person appearing on OFAC’s Specially Designated Nationals and Blocked Persons List, (ii) any person headquartered in or organized under the laws of a country subject to comprehensive sanctions, (iii) any person owned or controlled by any one or more Persons described in the foregoing, or (iv) any other person with whom a transaction is prohibited by OFAC. For purposes of this paragraph 17, the Administrative Manager’s obtaining and good faith reliance on representations and warranties made by any person at or before the time of the person’s investment in the Fund or at the time of such transaction, as applicable, shall constitute reasonable inquiry. The Administrative Manager confirms that the term “person” in this paragraph includes governments, territories and other political entities.

18. FUND INDEBTEDNESS. Notwithstanding anything to the contrary in the Subject Agreements, the Administrative Manager confirms and agrees that the Fund may not incur debt, or guaranty debt of investments, without the prior written consent of the Investor.

19. REPRESENTATIONS. The Administrative Manager and the Fund each represent and warrant to the Investor on the date hereof that:

(a) The Fund and the Administrative Manager have been duly formed and is validly existing and in good standing in the state of New Jersey.

(b) The Fund has the necessary power and authority to consummate the transactions contemplated by the Operating Agreement.

(c) Unless otherwise disclosed by the Administrative Manager as of the date hereof, there is no legal action, suit, arbitration or other legal, administrative or other governmental investigation, inquiry or proceeding (whether U.S. federal, state, or local or foreign) pending or, to the knowledge of the Fund and the Administrative Manager, threatened against (A) the Fund, the Administrative Manager, or any of their respective properties, assets or business or (B) any Administrative Manager or managing member of the Administrative Manager. To the knowledge of the Fund and the Administrative Manager, there is no reasonable basis for any such action, suit, arbitration, investigation, inquiry or proceeding that may reasonably be expected to have a material adverse effect on the Administrative Manager or the Fund. During the preceding three years, to the knowledge of the Fund and the Administrative Manager, none of the entities or the individuals referred to in clauses (A) and (B) above has (1) been the subject of any actual action, suit, arbitration, legal, administrative or other governmental investigation, inquiry or proceeding (whether U.S. federal, state, or local or foreign) that claims or alleges on the part of such person fraud, misrepresentation, willful misconduct, breach of fiduciary duty or violation of any federal or state securities law, rule or regulation, or (2) settled any actual or threatened action, suit, arbitration, legal, administrative or other governmental investigation, inquiry or proceeding (whether U.S. federal, state, or local or foreign) of the type described in the immediately preceding clause (1).

(d) To the knowledge of the Administrative Manager, the Subject Agreements and their respective exhibits and schedules, taken as a whole, do not, as of the date hereof, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(e) The execution, delivery and performance of the Subject Agreements and the offer and sale of limited liability company interests to the Investor pursuant thereto will not (i) result in the violation of any of the terms or conditions of any agreement or instrument to which the Administrative Manager or the Fund, is bound or affected, the result of which would be a material breach of such agreement or instrument (ii) violate any order, writ, judgment or decree by which the Administrative Manager or the Fund is bound or affected, or (iii) require the filing or registration with, or the approval, authorization license or consent of, any court or governmental department, agency or authority which has not already been duly and validly obtained, except in the case of this clause (iii) (A) where the failure of which would not have a material adverse effect on the condition, financial or otherwise, of the Administrative Manager and/or the Fund and (B) notice filings under applicable securities laws.

20. AUDIT/INSPECTION RIGHTS. Appropriate records and books of account shall be kept, on the accrual basis, at the principal place of business of the Fund during the term of the Fund and for at least five years following the dissolution of the Fund. Upon ten (10) days prior written notice to the Administrative Manager, at any time while the Fund continues and for five years thereafter, the Investor (or

any Person designated by the Investor, including but not limited to the New Jersey Office of the State Comptroller) may fully examine and/or audit, during normal business hours and without undue disruption, the Fund's books, records, accounts, assets, including bank balances, and such other information as is reasonably necessary to enable the requesting Investor (or such designated Person) to review the state of the investment activities of the Fund and may make, or cause to be made, any such examination or audit at the Investor's expense.

21. GOVERNING LAW. This letter shall be governed by the laws of the State of New Jersey.

22. MEDIA ATTENTION. The Administrative Manager agrees to use commercially reasonable efforts to provide the Investor with prompt notice of (a) any material public media attention or material public scrutiny of which the Administrative Manager is aware and which, in the Administrative Manager's reasonable judgment, is reasonably likely to have a material adverse effect on the public profile of the Fund or the Investor, and (b) any event or activity of the Fund which requires a publicly available filing with a securities regulatory authority or other governmental agency to be made by the Fund or the Administrative Manager that discloses the Investor's name. For greater certainty, such events and activities do not include routine filings of the Fund including beneficial ownership reports, insider reports or filings related to licenses to carry on business in local jurisdictions.

23. AFFILIATE TRANSFERS. The Administrative Manager agrees that it will not unreasonably withhold its consent to any assignment or transfer by the Investor of its interest in the Fund to Affiliates of the Investor.

24. MISCELLANEOUS.

(a) The execution and delivery of this Letter Agreement by the Administrative Manager constitutes the representation that (i) the Administrative Manager is authorized under the terms of the Operating Agreement and otherwise to execute this Letter Agreement, and (ii) the terms of this Letter Agreement are binding upon, and in full force and effect against, the Administrative Manager and the Fund. The execution and delivery of this Letter Agreement by the Investor constitutes the representation that (x) the Investor is authorized to execute this Letter Agreement and (y) the terms of this Letter Agreement are binding upon, and in full force and effect against, it. This letter shall survive delivery of fully executed originals of the Operating Agreement and the Investor's admission to the Fund as a Member.

(b) This Letter Agreement may not be modified or amended unless expressly agreed to in writing by the Investor, the Administrative Manager, and the Fund. Any consent, waiver or approval contemplated by this Letter Agreement shall be effective only if provided in writing by the party against which enforcement of such consent, waiver or approval is sought. The Investor shall not have any right or power to assign or delegate any of its rights or obligations under this Letter Agreement in whole or in part, other than as part of a transfer of all or any portion of the Investor's capital commitment under the Operating Agreement to an Affiliate of the Investor to the extent of the capital commitment so transferred.

(c) The terms of this Letter Agreement shall become effective upon (a) the execution and delivery of this Letter Agreement by each of the parties hereto.

(d) This Letter Agreement may be executed by PDF in multiple counterparts which, when taken together, shall constitute one and the same agreement. Pursuant to written policy, the Investor allows documents to be signed electronically and hereby agrees, and the Administrative Manager and the Fund each hereby agree, to be bound by electronic signatures with respect to the Subject Agreements.

(e) The Administrative Manager acknowledges that: (i) it may be required by N.J.S.A. 19:44A-20.27 (L. 2005, c. 271) and regulations promulgated thereunder to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission; (ii) it is the responsibility of the Administrative Manager to determine whether such filing is necessary; and (iii) failure to make such filing, if required, can result in the imposition of financial penalties by the New Jersey Election Law Enforcement Commission.

(f) This Letter Agreement and supplements the Subject Agreements. Accordingly, any and all rights established herein, and any terms of this Letter Agreement which alter and/or supplement the Operating Agreement or any related agreement, shall govern with respect to the Investor. Notwithstanding the foregoing, in the event that there is a conflict between a provision of this Letter Agreement and a provision of any Subject Agreement, the provision of this Letter Agreement shall control and govern.

(g) All notices, elections, approvals, and communications arising under this letter shall be made or provided in accordance with and otherwise governed by the Operating Agreement.

(h) If any provision of this Letter Agreement is invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

(i) This Letter Agreement shall be treated as confidential by the parties hereto in the same manner as the Operating Agreement; *provided* that the Administrative Manager may, in its reasonable discretion, deliver redacted copies of this Letter Agreement to third parties in connection with the formation or operation of the Fund.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

NJII FUND I LLC

By: New Jersey Innovation Institute, Inc, its administrative manager

By: _____

Name: Michael Johnson

Title: Administrative Manager

NEW JERSEY INNOVATION INSTITUTE, INC

By: _____

Name: Michael Johnson

Title: Administrative Manager

AGREED AND ACCEPTED:

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

By: _____

Name: Tim Sullivan

Title: Chief Executive Officer

ADMINISTRATIVE SERVICES AGREEMENT

This Administrative Services Agreement (this “**Agreement**”) is made and entered into as of [XXXXX] [XX] (“Effective Date”) by and between New Jersey Innovation Institute, Inc. a New Jersey corporation (“**Provider**” or “**NJII**”) and NJII Venture Studio LLC, a New Jersey limited liability company (the “**Studio**”).

RECITALS

WHEREAS, Through relationships between the Studio, the Fund and the Provider intend to further the educational mission of NJII by fostering innovation and having a positive economic impact in New Jersey including through support and development of certain seed companies in New Jersey that address a demonstrated market need (the “Purpose”);

WHEREAS, Provider recognizes the need for and Provider has agreed to provide certain services to Studio on the terms and subject to the conditions contained herein in support of the Purpose;

WHEREAS, the parties to this Agreement are sometimes hereinafter referred to individually as a “Party” and collectively as the “Parties.”

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

Provision of Services.

- (a) **General.** Subject to the terms and conditions herein, Provider agrees to provide to Studio the services (each a “Service” and collectively, the “Services”) specified in the services schedule attached hereto as Exhibit A (the “Service Schedule”). In addition to a description of each Service, the Service Schedule shall set forth, where relevant: (i) applicable performance times and other required performance standards and criteria for each Service and (ii) pricing for each Service. The Service Schedule may be amended from time to time by the written agreement of the Parties. The Services shall be performed by Provider on a time and materials basis unless the Parties agree to alternative forms of compensation in the Service Schedule.
- (b) **Standard of Care.** Except as otherwise provided in, and subject to, the Service Schedule, Provider shall perform or provide the Services in good faith and in a timely, workmanlike and professional manner by individuals of suitable experience, training and skill using the same degree of care and priority as it utilizes in rendering such services for its operations.
- (c) **Contractors.** Provider may, in its sole discretion, perform such Services through the use of agents, contracts, subcontractors or third parties, provided that any such use of subcontractors or third parties will not eliminate or limit the obligations of Provider hereunder.
- (d) **Additional Services.** Any additional services requested by Studio which are not included among the Services described in the Service Schedule shall be negotiated in good faith, and if mutually agreed upon by the Parties hereto, shall be included in this Agreement through amendments to the Service Schedule, it being understood that the

fees for any such additional services shall be (i) if such additional Services are within the contemplated scope of the Services described in the Service Schedule, determined on a basis consistent with the fees for the Services initially set forth in the Service Schedule, and (ii) if such additional Services are outside the contemplated scope of the Services described in the Service Schedule, negotiated in good faith between the Parties hereto. Any such additional services so provided by Provider shall constitute Services under this Agreement and be subject in all respect to the provisions of this Agreement as if fully set forth on Exhibit B as of the date hereof.

- (e) Nothing in this Agreement shall require the Provider to perform or cause to be performed any Service to the extent the manner of such performance would constitute a violation of Applicable Laws, any applicable code of business conduct or any existing contract or agreement with a Third Party.
- (f) **Services Manager.** Provider shall designate an individual, who shall initially be the Vice President of Entrepreneurship, who shall have overall responsibility for the coordinating and managing of Provider's provision of Services under this Agreement (the "Services Manager"). The Services Manager shall work to promptly address any issues raised by Studio relating to this Agreement, and Provider shall promptly notify Studio of the appointment of a different Services Manager.
- (g) **Cooperation.** At either Party's reasonable request, the Parties shall meet and discuss the nature, quality, and level of Services covered by this Agreement and any modification either Party may desire to make to the Services and the other matters covered in the Service Schedule.
- (h) **Access to Facilities.** Access to Studio's facilities shall be provided pursuant to the following terms:
 - (i) In order to enable the provision of the Services by Provider, Studio agrees that it shall provide to Provider's and its affiliates' employees and any third-party service providers or subcontractors who provide Services, at no cost to Provider, access to any facilities, assets and books and records of Studio relevant to the Services, in all cases to the extent necessary for Provider to fulfill its obligations under this Agreement.

Service Fees; Expenses; Taxes.

- (a) **Service Fees.** In consideration for the Services, Studio shall provide Provider compensation for the Services on the terms and/or at the rates as set forth on the Service Schedule. No service or duty of Provider hereunder is intended to be provided *gratis* unless expressly so stated in writing. The fees for the Services do not include any excise, sales, use, value added or other taxes, tariffs or duties that may be applicable to the Services, any expenses or any changes in scope noted in Section 2(d) above
- (b) **Expenses; Taxes.** Studio is responsible for and shall pay (i) all documented out-of-pocket costs and expenses associated with the Services, and (ii) any and all taxes or any other governmental charges (excluding any taxes or charges based upon Provider's income) that may be imposed upon the purchase, sale, or use of the Services provided pursuant to this Agreement.

- (c) **Payment.** Provider will deliver to Studio an invoice setting forth the amounts due, if any, for each of the Services performed during the quarter (Provider fiscal year) for which the invoice is rendered, together with a reasonably detailed description of the Services provided, expenses incurred and the amounts charged therein. Terms of payment on any invoice will be thirty (30) days from the date of invoice. Payments due hereunder must be made by wire transfer, certified check, bank check or such other method as may be agreed upon by the Provider. Studio shall have no right of offset or withholding under this Agreement. Any amounts not paid when due shall be subject to interest charges paid by the Studio Manager, from the date due until paid, at the rate of 1.5% per month, or the highest interest rate allowable by law (whichever is less), payable monthly. If any amounts due to Provider from Studio become past due for any reason, Provider may at its option and without further notice withhold further Services and/or related deliverables until all invoices have been paid in full, and such withholding of Services shall not be considered a breach or default of any of Provider's obligations under this Agreement.
- (d) **Responsibility for Payment of Wages.** For such time as any employees of Provider or any of its affiliates are providing the Services to Studio under this Agreement, (i) such employees will remain employees of Provider or such affiliate, as applicable, and shall not be deemed to be employees of Studio for any purpose, and (ii) Provider or such affiliate, as applicable, shall be solely responsible for the payment and provision of all wages, bonuses and commissions, employee benefits, including severance and worker's compensation, and the withholding and payment of applicable taxes relating to such employment.

Discontinuation of Services. Studio may discontinue all or any portion of the Services or part thereof, provided by Provider by sending notice of such discontinuation to Provider not less than thirty (30) days prior to the date such Service is to be discontinued. Upon a discontinuation of Services by Studio, Studio will pay Provider fees for the terminated Services through the last day on which such Services are provided. Once a particular Service or all Services have been discontinued, Provider shall not be required to resume providing such Service or Services.

Term; Termination of Agreement.

- (a) **Term.** Unless earlier terminated or extended as provided herein, the term of this Agreement shall commence on the date hereof and end on the third (3rd) anniversary of the Effective Date (the "Initial Term"). Thereafter, the Agreement shall be automatically renewed for additional one year terms (each a "Renewal Term"), unless not less than 60 days prior to the end of the Initial Term or any Renewal Term, either Party notifies the other of its intent not to renew the Agreement. The Initial Term and Renewal Terms, if any, are collectively referred to herein as the "Term." Notwithstanding the foregoing, this Agreement shall automatically terminate upon NJII's removal as the Managing Member of the Studio.
- (b) **Termination.** This Agreement may be terminated at any time:
 - (i) by an agreement in writing signed by each of the Parties;
 - (ii) by Provider on sixty (60) days written notice;

- (iii) by Studio or Provider upon material breach or default by the other Party. Such termination shall be effective thirty (30) days after receipt by the breaching party of written notice by the non-breaching party of the breach if such breach or default is not cured within ten (10) days after such receipt;
- (iv) by Studio or Provider if (A) a trustee or receiver is appointed for the other party, (B) a court orders that any assets of the other party be attached, (C) the other party makes an assignment for the benefit of creditors, or (D) a voluntary or involuntary petition or proceeding is filed by or against the other party under any bankruptcy, reorganization, insolvency or similar law relating to the relief of creditors or debtors. Such termination shall be effective ten (10) days after receipt by the other Party of notice of such termination.

Confidentiality.

- (a) **Confidential Information.** The Parties acknowledge that by reason of their relationship hereunder, each Party may disclose or provide access to the other certain Confidential Information. "Confidential Information" shall mean (i) information concerning a Party's products, business and operations including, but not limited to, information relating to business plans, financial records, customers, suppliers, vendors, products, product samples, the Fund, costs, sources, strategies, inventions, procedures, sales aids or literature, technical advice or knowledge, contractual agreements, pricing, product specifications, trade secrets, procedures, distribution methods, inventories, marketing strategies and interests, algorithms, data, designs, drawings, work sheets, blueprints, concepts, samples, inventions, manufacturing processes, computer programs and systems and know-how or other intellectual property, of a Party and its affiliates that may be at any time furnished, communicated or delivered to a Party, whether in oral, tangible, electronic or other form; (ii) the terms of any agreement, including this Agreement, and the discussions, negotiations and proposals related to any agreement; (iii) information acquired during any tours of or while present at a Party's facilities; and (iv) all other non-public information provided by a Party hereunder. All Confidential Information shall remain the exclusive property of the disclosing Party.
- (b) **Use of Confidential Information; Standard of Care.** The receiving Party shall maintain the disclosing Party's Confidential Information in strict confidence and disclose the Confidential Information only to its employees, subcontractors, consultants and representatives who (i) have a need to know such Confidential Information in order to fulfill the business affairs and transactions between the Parties contemplated by this Agreement; (ii) have been informed of the confidential nature of the Confidential information furnished by the disclosing Party and the receiving Party's obligations with respect thereto; and (iii) are under confidentiality obligations no less restrictive as this Agreement. The receiving Party shall at all times remain responsible for breaches of this Agreement arising from the acts of its employees, subcontractors and representatives. Receiving Party shall use the same degree of care as it uses with respect to its own similar information, but no less than a reasonable degree of care, to protect the Confidential Information from any unauthorized use, disclosure, dissemination, or publication. Each Party shall only use the Confidential Information in furtherance of its performance of its

obligations under this Agreement, and agrees not to use the other Party's Confidential Information for any other purpose or for the benefit of any third party.

- (c) **Exceptions; Required Disclosures.** Confidential Information does not include information that: (i) was lawfully in the receiving Party's possession on a non-confidential basis before receipt from the disclosing Party, as established by competent evidence; (ii) at or after the time of disclosure, becomes generally available to the public other than through any act or omission of the receiving Party; (iii) is received by the receiving Party from a third party on a non-confidential basis free to make such disclosure without, to the best of the receiving Party's knowledge, breach of any legal or contractual obligation; (iv) is independently developed by the receiving Party without use of the Confidential Information, as demonstrated by competent evidence; or (v) is disclosed by receiving Party with the disclosing Party's prior written approval. If the receiving Party is confronted with legal action to disclose Confidential Information received under this Agreement, it shall, unless prohibited by applicable law, provide prompt written notice to the disclosing Party to allow the disclosing Party an opportunity to seek a protective order or other relief it deems appropriate, and the receiving Party shall reasonably assist the disclosing Party in such efforts. If disclosure is nonetheless required, the receiving Party shall limit its disclosure to only that portion of the Confidential Information which it is advised by its legal counsel must be disclosed.
- (d) **Unauthorized Use or Disclosure of Confidential Information; Equitable Relief.** In the event the receiving Party discovers that any Confidential Information has been used, disseminated or accessed in violation of this Agreement, it will immediately notify the disclosing Party; take all commercially reasonable actions available to minimize the impact of the use, dissemination or publication; and take any and all necessary steps to prevent any further breach of this Agreement. The receiving Party agrees and acknowledges that any breach or threatened breach regarding the treatment of the Confidential Information may result in irreparable harm to the disclosing Party for which there may be no adequate remedy at law. In such event the disclosing Party shall be entitled to seek an injunction, without the necessity of posting a bond, to prevent any further breach of this Agreement, in addition to all other remedies available in law or at equity.
- (e) **Return of Confidential Information; Survival.** The receiving Party shall promptly return or, at the disclosing Party's option and written request, certify destruction of all copies of Confidential Information at any time upon request or within thirty (30) days following the expiration or earlier termination of this Agreement. Notwithstanding any expiration or termination of this Agreement, the receiving Party's obligations to protect the Confidential Information pursuant to this Section will survive for five (5) years after the expiration or earlier termination of this Agreement except as to information that constitutes trade secrets which shall required treatment as Confidential Information for so long as it qualifies as trade secrets. Notwithstanding the foregoing, the receiving Party shall not be required to return or delete Confidential Information contained in regular backups of its data processing systems, provided that such Confidential Information shall be subject to the protections of this Section 6 until it shall be deleted in the ordinary course.

Compliance with Laws; Permits and Licenses. Studio agrees, at its own expense, to operate in full compliance with all governmental laws, regulations and requirements applicable to the duties conducted hereunder. It shall be the responsibility of the Studio to pay for any necessary licenses, permits, insurance and approvals as may be necessary for the performance of the Services under this Agreement, unless otherwise specified in writing and agreed to by the Provider.

Indemnification. Studio shall indemnify and hold Provider harmless from and against any third party liability, loss, damage or expense, including reasonable attorney's fees, resulting from or arising out of (i) the gross negligence or willful misconduct of Studio or the material failure of Studio to comply with applicable law, regulation or any other requirement of any governmental body in connection with the provision of the Services, (ii) any material breach by Studio of the provisions of this Agreement, or (iii) any injury to any person engaged in the provision of Services resulting from the gross negligence or willful misconduct of Studio.

Title to Intellectual Property. Neither Party shall acquire right, title or interest (including any license rights or rights of use) in any intellectual property owned or licensed by the other Party by reason of the provision of the Services. Neither Party shall remove or alter any copyright, trademark, confidentiality or other proprietary notices that appear on any intellectual property owned or licensed by the other Party. Neither Party shall attempt to decompile, translate, reverse engineer or make copies of any intellectual property owned or licensed by the other Party. Each Party shall promptly notify the other Party of any breach or attempted breach of this Section of which a Party becomes aware.

Services Warranty; Limitation of Liability. EACH PARTY ACKNOWLEDGES AND AGREES THAT ALL SERVICES ARE PROVIDED ON AN "AS-IS" BASIS, THAT THE STUDIO ASSUMES ALL RISK AND LIABILITY ARISING FROM OR RELATING TO ITS USE OF AND RELIANCE UPON THE SERVICES, AND THAT THE PROVIDER MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE SERVICES, AND HEREBY DISCLAIMS ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE. IN NO EVENT SHALL PROVIDER BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL, INDIRECT, STATUTORY, SPECIAL, EXEMPLARY OR PUNITIVE DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, LOSS OF USE, LOSS OF TIME, INCONVENIENCE, LOST BUSINESS OPPORTUNITIES, DAMAGE TO GOOD WILL OR REPUTATION, AND COSTS OF COVER, REGARDLESS OF WHETHER SUCH LIABILITY IS BASED ON BREACH OF CONTRACT, TORT, STRICT LIABILITY OR OTHERWISE, AND EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR SUCH DAMAGES COULD HAVE BEEN REASONABLY FORESEEN. SUBJECT TO THE STUDIO'S OBLIGATION TO PAY THE FEES TO THE PROVIDER AND THE INDEMNIFICATION OBLIGATIONS STATED ABOVE, EACH PARTY'S ENTIRE AGGREGATE LIABILITY FOR ANY CLAIMS RELATING TO THE SERVICES OR THIS AGREEMENT SHALL NOT EXCEED THE FEES PAID OR PAYABLE BY THE STUDIO TO THE PROVIDER UNDER THIS AGREEMENT IN THE TWELVE (12) MONTH PERIOD IMMEDIATELY PRECEDING THE EVENTS GIVING RISE TO SUCH LIABILITY. THIS SECTION SHALL SURVIVE THE TERMINATION OF

THE AGREEMENT. NO ACTION SHALL BE BROUGHT BY STUDIO FOR ANY CLAIM RELATING TO OR ARISING OUT OF THIS AGREEMENT MORE THAN ONE (1) YEAR AFTER THE ACCRUAL OF SUCH CAUSE OF ACTION.

Representations and Warranties.

- (a) Each Party represents and warrants to the other Party that: (i) such Party is duly formed or organized, validly existing and in good standing under the laws of its jurisdiction of formation or organization; (ii) such Party has the requisite capacity and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby; and (iv) this Agreement has been duly authorized, executed and delivered by such Party, and assuming that this Agreement constitutes a legal, valid and binding obligation of the other Party, this Agreement constitutes the legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, moratorium, reorganization or similar laws affecting the rights of creditors generally and the availability of equitable remedies (regardless of whether such enforceability is considered in a proceeding in equity or at law).
- (b) Studio represents, warrants and covenants to Provider that: (a) Studio owns all right, title, and interest in, or otherwise has full right and authority to permit the use of any information provided to Provider for use in the Services, (b) to the best of Studio's knowledge, said information is accurate, legal, conforms to ethical standards of the Studio's industry, does not infringe the rights of any third party, and use of the client content as well as any intellectual property in connection does not and will not violate the rights of any third parties, (c) Studio shall comply with all laws and regulations as they relate to the Services; and (d) Studio will obtain and maintain in force, at its own expense, all licenses, permits, insurance and approvals required for its performance under this Agreement, and will obtain all required inspections, authorizations and approvals prior to commencement of the Services.
- (c) Provider does not warrant the results or achievements of the Services provided or the resulting work product and deliverables. Provider hereby represents, warrants and covenants to Studio that the Services will be performed by qualified personnel and, to the extent controlled by Provider, in a professional and workmanlike manner in accordance with the generally accepted industry standards and practices.
- (d) Studio acknowledges that Provider will not conduct any type of intellectual property clearance search (e.g., copyright, trademark, utility patent or design patent searches). If Studio or any third party authorized by Studio modifies or uses the Services outside the scope of rights granted in this Agreement, or otherwise in violation of this Agreement, all representations and warranties of Provider shall be void.
- (e) Except for the express representations and warranties stated in this Agreement, Provider makes no warranties whatsoever. THE WARRANTY SET FORTH IN THIS SECTION IS EXCLUSIVE AND IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, WITH RESPECT TO THE SERVICES, WORK PRODUCT OR DELIVERABLES PROVIDED UNDER THIS AGREEMENT, OR AS TO THE RESULTS WHICH MAY BE OBTAINED THEREFROM.

CONSULTANT DISCLAIMS ANY AND ALL IMPLIED WARRANTIES INCLUDING, BUT NOT LIMITED TO, THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. COMPANY'S EXCLUSIVE REMEDY FOR BREACH OF THIS WARRANTY IS REPERFORMANCE OF THE SERVICES, OR IF REPERFORMANCE IS NOT POSSIBLE OR CONFORMING, REFUND OF AMOUNTS PAID UNDER THIS AGREEMENT FOR SUCH NON-CONFORMING SERVICES

Construction of Agreement. The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against either Party. No summary of this Agreement prepared by either Party shall affect the meaning or interpretation of this Agreement. This Agreement is the product of negotiation by the Parties having the assistance of counsel and other advisers. If an ambiguity or a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement. Accordingly, neither this Agreement nor any provision hereof shall be construed more strictly against one Party than against the other merely by virtue of the fact that it may have been prepared by one of the Parties or counsel for one of the Parties.

Force Majeure. Neither Party shall be liable hereunder for any failure or delay in the performance of its obligations under this Agreement, except for the payment of money if such failure or delay is on account of causes beyond its reasonable control, including civil commotion, war, fires, floods, accident, earthquakes, inclement weather, telecommunications line failures, electrical outages, network failures, governmental regulations or controls, casualty, strikes or labor disputes, terrorism, pandemics, exercise of civil authority, epidemics, local disease outbreaks, public health emergencies, communicable diseases, quarantines, acts of God, in addition to any and all events, regardless of their dissimilarity to the foregoing, beyond the reasonable control of the Provider deemed to render performance of the Agreement impracticable or impossible, for so long as such force majeure event is in effect.

Governing Law and Venue. This Agreement will be governed by and interpreted in accordance with the laws of the State of New Jersey, without giving effect to the principles of conflicts of law of New Jersey or any other jurisdiction. In the event of a dispute arising out of this Agreement, the Parties agree to attempt to resolve any dispute by mutual, good faith negotiation between the Parties. If they are unable to resolve the dispute, either Party may commence mediation through JAMS, or other forum otherwise mutually agreed to by the Parties. Mediation should be engaged in in good faith and the completion of same shall be a condition precedent to seeking money damages by way of litigation. Notwithstanding the obligation to mediate in good faith, the Parties acknowledge that a Party may have no adequate remedy at law and may be entitled to equitable relief by way of temporary and permanent injunction, and such other and further relief at law or equity as a court of competent jurisdiction may deem just and proper, in addition to any and all other remedies provided for herein. The Parties hereby agree that any legal action arising out of this Agreement seeking legal or equitable relief will be brought solely in any state or federal court located in Essex County,

New Jersey. Both Parties hereby submit to the exclusive jurisdiction and venue of any such court.

Waiver of Jury Trial. EACH PARTY DOES HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND IRREVOCABLY WAIVE ANY AND ALL OF SUCH PARTY'S RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR RELATING OR INCIDENTAL HERETO, INCLUDING, BUT NOT LIMITED TO, THE ACTIONS OF THE PARTIES IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT HEREOF.

Attorney's Fees. If either Party incurs any legal fees associated with the enforcement of this Agreement or any rights under this Agreement, the prevailing Party shall be entitled to recover its reasonable attorney's fees and any court, mediation, or other litigation expenses from the other Party.

Collection Expenses. If Provider incurs any costs, expenses, or fees, including reasonable attorney's fees and professional collection services fees, in connection with the collection or payment of any amounts due it under this Agreement, Studio agrees to reimburse Provider for all such costs, expenses and fees.

Cumulative Rights; Remedies. Each right, power, and remedy of each of the Parties now or hereafter existing at law or in equity shall be cumulative and concurrent and shall be in addition to every other right, power and remedy provided for in this Agreement, and the exercise of any right, power or remedy shall not preclude the simultaneous or later exercise of any other right or remedy. The Parties agree that (a) irreparable damage would occur if any of the provisions of this Agreement were not performed in accordance with their specific terms hereof or were otherwise breached, and (b) each Party will be entitled to specific performance of the terms hereof in addition to any other remedy to which such Party is entitled at law or in equity without the posting of any bond. For the avoidance of doubt, any Party may contemporaneously commence an action for specific performance or injunctive or other equitable relief and seek any other form of remedy at law or in equity that may be available for breach under this Agreement or otherwise in connection with this Agreement or the transactions contemplated hereby (including monetary damages).

Amendment; Waiver. The rights and obligations of the Parties under this Agreement may be waived (either generally or in a particular instance, either retroactively or prospectively, and either for a specified period of time or indefinitely) or amended if and only if such waiver or amendment is consented to in writing by both of the Parties hereto. Any waiver shall be limited to the circumstance or event specifically referenced in the written waiver document and shall not be deemed a waiver of any other term of this Agreement or of the same circumstance or event upon any recurrence thereof. The failure to enforce any provision of this Agreement shall not be deemed to be a waiver of such provision.

Severability. If any provision or portion of this Agreement shall be rendered by applicable law or held by a court of competent jurisdiction to be illegal, invalid, or unenforceable, the remaining provisions or portions shall remain in full force and effect.

Successors and Assigns. Except as otherwise stated herein, neither this Agreement nor any of the rights or obligations of any Party under this Agreement shall be assigned, in whole or in part (by operation of law or otherwise), by any Party without the prior written consent of the other Party. Subject to the foregoing, this Agreement shall bind and inure to the benefit of and be enforceable by the Parties and their respective successors and permitted assigns.

Independent Contractor. No partnership, joint venture, alliance, fiduciary or any relationship other than that of independent contractors is created hereby, expressly or by implication. Nothing in this Agreement shall constitute or be deemed to constitute any Party the agent or employee of the other Party for any purpose whatsoever, and no Party, by reason of this Agreement, shall have authority or power to bind the other or to contract in the name of, or create a liability against, the other in any way or for any purpose.

Survival. Each term and provision of this Agreement that should by its sense and context survive any termination or expiration of this Agreement, shall so survive regardless of the cause and even if resulting from the material breach of either Party to this Agreement.

Cooperation; Further Assurances. Each Party shall cooperate with and provide assistance to the other Party in carrying out the provisions of this Agreement and, in connection therewith, each Party hereto agrees to take any and all actions, including the execution and delivery of certificates, documents and instruments necessary or appropriate to give effect to the terms and conditions set forth in this Agreement.

Notices. All notices or other communications required under this Agreement shall be in writing and shall be deemed effective when received and made in writing by either (i) hand delivery, (ii) registered mail, (iii) certified mail, return receipt requested, or (iv) overnight mail, addressed to the Party to be notified at the following address or to such other address as such Party shall specify by like notice hereunder:

- (a) Provider
 - (i) New Jersey Innovation Institute
211 Warren Street
Newark, NJ
- (b) Studio
 - (i) NJII Venture Studio
211 Warren Street
Newark, NJ

Waiver. No waiver of any term or right in this Agreement shall be effective unless in writing, signed by an authorized representative of the waiving Party. The failure of either Party to enforce any provision of this Agreement shall not be construed as a waiver or modification of such provision, or impairment of its right to enforce such provision or any other provision of this Agreement thereafter.

Assignment; Third Party Beneficiaries. The Provider may subcontract its obligations and rights to a third-party. Otherwise, neither Party may assign or transfer any right or obligation under this Agreement without the prior written consent of the other Party, which consent shall be unreasonably withheld or delayed. Notwithstanding the foregoing, consent will not be required for an assignment made to any affiliated entity of a Party or if the assignment is carried out as part of a merger, restructuring or reorganization, or sale or transfer of all or substantially all of a Party's assets. There are no third party beneficiaries to this Agreement.

Entire Agreement; Modification. This Agreement, and any exhibits attached hereto, is the entire agreement between the Parties with respect to the subject matter hereof and supersedes any prior agreement or communications between the Parties, whether written, oral, electronic or otherwise. No change, modification, amendment, or addition of or to this Agreement or any part thereof shall be valid unless in writing and signed by authorized representatives of the Parties.

Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which together will constitute one and the same instrument, without necessity of production of the others. An executed signature page (i) delivered via facsimile or email transmission or (ii) an electronic signature shall be deemed as effective as an original executed signature page.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date set forth above.

PROVIDER

By: _____
Print Name: _____
Title: _____

STUDIO

By: _____
Print Name: _____
Title: _____

Exhibit A. Service Schedule

PROVISION OF NJII STAFF TO OPERATE THE NJII VENTURE STUDIO

Annual Direct Labor Cost* (inclusive of a 24.6% fringe rate): \$318,586

**FTE cost will increase 3% year over year.*

List of Reimbursable Activities by Dedicated Resource

Director, Venture Studio (100%) – Pipeline, Operations & Strategic Partnerships

- Identify/sourcing new ideas (and performing initial screening with basic criteria) to feed into the top of the funnel (i.e. invest analyst)
- Pre-investment Strategic Partnering, primarily with corporate stakeholders. Securing a corporate partner as a co-investor, customer, or potential acquiring entity.
- Team building – identify and secure individuals to be the Founder/CEO of studio companies and additional staffing (likely consultants) as needed.
- Lead the creation of the business plan/sprint plan and financials
- Provide input into Phase 1 and 2 screening process
- Pitching/presenting qualified investments to the NJII Administrative Managers

Director, Entrepreneurship (40%) – Post Company Formation Support

- Coach and engage with the studio companies in areas which the Studio has expertise.
- Facilitate introductions to NJIT and other academic collaborators, corporate partners, investors, subject matter experts and other members of its ecosystem to facilitate growth and development of the studio companies
- Facilitate access to regular NJII and/or ecosystem events including, but not limited to, networking sessions, demo days, investor showcases, etc. which the Company will have the opportunity to participate.
- Liaison with NJII central operations to offer back-office support (i.e., Accounting, HR, Legal, Payroll, IT, etc.) to the studio companies. These services will be provided at cost to the Company on an as-needed basis subject to the terms agreed upon in a separate future Services agreement.
- Liaison with NJIT (the Profeta Center for Entrepreneurship & Innovation) to secure/access space within the Studio's Newark site (the "Site").

- Provide access to appropriate business training, operating services, management guidance, and investment introductory services.

Assistant Vice President, Artificial Intelligence & Machine Learning (5%)

- Advisory services – technical and go-to-market strategy

NJIT Student Support (2 students, up to 20 hours per week).

- Students will support any and all of the reimbursable activities listed here within.

OPERATING EXPENSES

Any direct expenses for the administration of the legal entities that comprise the NJII Venture Studio will be incurred by NJII and, as such, shall be reimbursed up to \$10,000 per contract year for such expenses.

INVESTMENT MANAGER AGREEMENT

This **Investment Manager Agreement** ("Agreement") is entered into as of this ___ day of _____, 2025, by and among **NJII Venture Studio LLC** ("Venture Studio"), **NJII Fund 1 LLC** ("Fund"), and **[Investment Manager Name]** ("Investment Manager") (each a "Party" and collectively, the "Parties").

RECITALS

WHEREAS, the New Jersey Innovation Institute, Inc. ("NJII"), a New Jersey nonprofit corporation and a wholly owned subsidiary of the New Jersey Institute of Technology, and the New Jersey Economic Development Authority ("NJEDA"), an independent authority of the State of New Jersey, are the founding members ("Members") of the NJII Venture Studio and NJII Fund 1, LLC;

WHEREAS, NJII and NJEDA have collaborated to establish the NJII Venture Studio and NJII Fund 1, LLC with the purpose of fostering innovation, supporting early-stage ventures, and driving economic growth in New Jersey through investment, commercialization, and strategic partnerships;

WHEREAS, NJII and NJEDA, as founding members, shall provide governance, oversight, and strategic direction to the NJII Venture Studio and NJII Fund 1, LLC in alignment with their shared mission of advancing technological innovation and economic development in the State of New Jersey;

WHEREAS, the Fund has been established to make investments in portfolio companies ("Participant Companies");

WHEREAS, the Fund, the Venture Studio, and NJII desire to engage the services of an independent third-party investment manager with oversight of the Fund's investment decisions; and

WHEREAS, the Investment Manager has the requisite expertise and agrees to act as the independent investment manager for the Fund under the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Parties agree as follows:

1. Appointment of Investment Manager

1.1 **Appointment.** The Fund and the Venture Studio hereby appoint the Investment Manager to provide investment management services as described herein, and the Investment Manager hereby accepts such appointment and agrees to serve at the discretion of NJII and NJEDA, subject to the terms and conditions of this Agreement.

1.2 **Responsibilities.** The Investment Manager shall have full responsibility for all investment oversight and decisions for the Fund, including, but not limited to, the approval of initial and follow-on investments and exit transactions in Participant Companies. A detailed Scope of Work is provided in **Exhibit A** of this agreement.

1.3 **Independence.** The Investment Manager is and shall be an experienced investment management group or a retained third-party advisory firm, independent of the Members of the NJII Venture Studio and NJII Fund I, subject to review and approval by NJII and NJEDA.

1.4 **Non-Exclusive Relationship.** The Fund and the Venture Studio acknowledge and agree that the Investment Manager may act as an advisor to other clients and receive fees for such services. The advice given and the actions taken with respect to such clients may differ from advice given or the timing and nature of actions taken on behalf of the Fund or its investors. The interactions of the Investment Manager and its affiliates with such clients, including making an investment in a business that directly or indirectly competes with the Fund or its Participant Companies, do not represent a violation of the terms of this Agreement in and of themselves.

2. Investment Authority and Restrictions

2.1 **Investment Decisions.** The Investment Manager shall have full discretion to approve or reject the Fund's investments and follow-on investments in Participant Companies, as well as exit transactions, within the parameters of this Agreement.

2.2 **Investment Restrictions.** Without the prior written consent of NJEDA, the Investment Manager agrees that the Fund shall not: (a) **Incur or Guarantee Debt:** Incur any debt or guarantee the debt of Participant Companies. (b) **Concentration Limits:** Invest more than 15% of the Fund's committed capital (on a cost basis at the time of investment) in any single Participant Company. (c) **Public Securities:** Invest in publicly traded securities, except for (i) private placements of public company securities, (ii) securities not publicly traded at the time of investment, (iii) securities acquired in a "going private" transaction, and (iv) short-term investments such as money market funds. (d) **Reinvestment of Proceeds:** Reinvest proceeds from the sale of securities during the investment period if such reinvestment would cause the Fund's aggregate cost basis of investments to exceed 100% of its committed capital.

3. Compensation

3.1 **Management Fee.** The Venture Studio shall bear the cost of the Investment Manager's fees, which will be included in the Venture Studio's budget and outlined in the Investment Manager SOW in Exhibit A of this Agreement.

3.2 **Payment of Management Fee.** The Venture Studio agrees to pay the Investment Manager a retainer fee not to exceed \$8,334 per month. Total annual compensation shall not exceed \$100,000.

The Investment Manager shall be responsible for submitting monthly invoices, including activity reports, to the Venture Studio in order to receive payment. Venture Studio agrees to pay approved invoices within thirty (30) days of receipt. Invoice approval is based on alignment with Exhibit A below.

3.3. Expenses. The Venture Studio agrees to reimburse the Investment Manager, within the monthly and annual monetary limits articulated in 3.2 **Payment of Management Fee**, for reasonable and pre-approved expenses incurred in the course of providing services, including but not limited to travel and materials. The parties acknowledge and agree that the Investment Manager and its affiliates are relying on the “qualifying venture capital funds” exemption from registration as an investment adviser under the Investment Advisers Act of 1940, as amended, by virtue among other things of the Fund having no more than \$10 million in aggregate capital contributions and uncalled committed capital, and agree to cooperate in good faith to ensure that any actions taken conform to the requirements of such exemption. Notwithstanding the forgoing provisions of this Section 3.3., in the event that the Investment Manager incurs any costs, fees or expenses as a result of having to register or report as a result of the Fund failing to meet this or any other exemption, the Investment Manager will be entitled to reimbursement of such reasonable costs, fees and expenses over and above the monthly retainer set forth in Exhibit A and the annual monetary limits articulated in Section 3.2.

3.4 Carried Interest. The Investment Manager shall be entitled to a carried interest of up to **five percent (5%)** of the profits of the Fund, calculated after the return of all contributed capital and a preferred return of **eight percent (8%) per annum**, compounded annually, to NJII and NJEDA. The carried interest will be subject to a whole-of-fund waterfall and a market-end-of-term clawback provision, guaranteed by individual members of the Investment Manager.

3.5 Survival. Provisions of the **Carried Interest** clause (3.4) shall survive the expiration of this agreement.

4. Conflicts of Interest and Disclosure of Competing Investments

4.1 No Insider Investments. The Investment Manager and its affiliates shall not invest in any Participant Company without the prior written consent of NJII and NJEDA.

4.2 Disclosure of Competing Investments. The Investment Manager shall disclose in writing to the Venture Studio any known and material actual or potential conflicts of interest arising from investments made or contemplated by the Investment Manager for other clients or in portfolio companies or other entities that could reasonably be expected to influence the Investment Manager’s investment decisions for the Venture Studio. The Investment Manager shall provide such disclosure promptly upon becoming aware of any such actual or potential conflict. Failure to disclose any such conflict in a timely manner may be deemed a material breach of this Agreement if not otherwise remediated to the satisfaction of the Venture Studio and the Fund. If

the Investment Manager requests that the Venture Studio and the Fund consent to or waive any such conflict so disclosed, such consent or waiver shall not be unreasonably withheld.

5. Removal or Resignation of Investment Manager

5.1 Removal for Cause. NJII and NJEDA reserve the right to remove the Investment Manager for cause at any time, upon giving written notice. "Cause" shall mean the Investment Manager's (i) material breach of this Agreement, (ii) willful misconduct, gross negligence, or fraud, or (iii) failure to perform its duties in accordance with applicable law.

5.2 Removal Without Cause. NJII and NJEDA may also remove the Investment Manager without cause upon providing at least thirty (30) days' prior written notice.

5.3 Voluntary Resignation. Notwithstanding anything contained elsewhere in this Agreement to the contrary, the Investment Manager may resign as Investment Manager at any time upon providing at least thirty (30) days' prior written notice.

5.4 Carried Interest Termination Survival. The Investment Manager shall be entitled to a carried interest of up to **five percent (5%)** of the profits of the investments made prior to termination, removal or resignation, as the case may be, calculated after the return of all contributed capital and a preferred return of **eight percent (8%) per annum**, compounded annually, to NJII and NJEDA. The carried interest will be subject to a whole-of-fund waterfall and a market-end-of-term clawback provision, guaranteed by individual members of the Investment Manager.

6. Liability and Indemnification Clause

6.1 Standard of Care. The Investment Manager shall perform its duties under this Agreement with the care, skill, prudence, and diligence under the circumstances that a prudent and experienced professional investment manager would exercise in the conduct of an enterprise of a like character and with like aims (the "Standard of Care"). The Investment Manager shall at all times act in good faith and in the best interests of the Fund and its investors, consistent with the Standard of Care.

6.2. Limitation of Liability. Neither the Investment Manager nor any of the Indemnified Manager Parties (as defined below) shall be liable to the Fund, the Venture Studio, or any of their respective officers, directors, employees, agents or Members (collectively, the "Indemnified Parties") for any losses, damages, claims, or liabilities incurred by any of the Indemnified Parties or any third party as a result of the Investment Manager's performance under this Agreement, including without limitation for any mistake of fact or judgment or any action or inaction, except to the extent that such losses, damages, claims, or liabilities arise from the Investment Manager's bad faith, willful misconduct, gross negligence, or fraud as finally determined in a final decision on the merits in any action, suit or proceeding. Each of the Investment Manager and the Indemnified Manager Parties (as defined below) may consult with legal counsel, consultants and/or accountants in respect of this Agreement and shall be fully protected against liability and justified in any action or inaction taken in accordance with the advice or opinion of such legal counsel, consultants and/or

accountants to the maximum extent permitted by applicable law; provided, that such legal counsel, consultants and/or accountants were selected with reasonable care.

In no event shall the Investment Manager or any of the Indemnified Manager Parties (as defined below) be liable for any indirect, special, incidental, punitive, or consequential damages, including, but not limited to, lost profits or business interruption, even if the Investment Manager has been advised of the possibility of such damages.

6.3. Indemnification. The Fund and the Venture Studio (collectively, the "Indemnifying Parties") shall indemnify, defend, and hold harmless the Investment Manager, its owners, officers, directors, employees, agents, and affiliates (collectively, the "Indemnified Manager Parties") to the fullest extent permitted by law from and against any and all losses, liabilities, claims, damages, costs, and expenses (including reasonable attorneys' fees and costs of investigation) arising out of or in connection with any claims, demands, or actions brought by any of the Indemnifying Parties or any third-party against the Indemnified Manager Parties in connection with the Investment Manager's services provided under this Agreement, except to the extent such losses, liabilities, claims, or damages result from the Investment Manager's bad faith, willful misconduct, gross negligence, or fraud as finally determined in a final decision on the merits in any action, suit or proceeding. The Indemnifying Parties shall advance to the Investment Manager and any of the Indemnified Manager Parties reasonable attorneys' fees and other costs and expenses incurred in connection with the defense of any action or proceeding that arises out of such conduct. In the event that any such advance is made, the Investment Manager and any of the Indemnified Manager Parties receiving such advance shall agree to reimburse the Indemnifying Parties for such fees, costs and expenses to the extent that it shall be determined it was not entitled to indemnification under this Section. The foregoing provisions will survive termination of this Agreement.

6.4. Duty to Mitigate. The Indemnified Manager Parties shall take all reasonable steps to mitigate any losses, damages, or expenses for which they may seek indemnification under this Agreement.

6.5. Notification and Defense of Claims. In the event that any claim, demand, or action is made or brought against the Indemnified Manager Parties, the Indemnifying Parties shall be notified in writing as soon as practicable, and the Indemnifying Parties shall have the right, but not the obligation, to assume control of the defense of such claim, demand, or action, including the right to select counsel and to settle the claim, provided that any such settlement does not impose any financial or other obligations on the Indemnified Manager Parties without their prior written consent.

6.6. Survival. The provisions of this Liability and Indemnification Clause shall survive the termination or expiration of this Agreement.

7. Confidentiality and Data Protection Clause

7.1 Confidential Information. In the course of performing its duties under this Agreement, the Investment Manager may (a) receive or have access to confidential or proprietary information relating to the Fund, the Venture Studio, the Participant Companies, investors, or their respective officers, directors, employees, and affiliates (collectively, the "Fund Disclosing Parties"), and/or (b) provide confidential or proprietary information relating to the Investment Manager, its investors, its portfolio companies, its prospective portfolio companies, and/or other investments or entities, or their respective owners, investors, officers, directors, employees, agents, and affiliates (collectively, the "Manager Disclosing Parties"). Such information may include, but is not limited to, financial data, investment strategies, business plans, proprietary processes, trade secrets, investor details, and any other non-public information, whether written, oral, or electronic, designated as confidential or that should reasonably be understood to be confidential ("Confidential Information"). For purposes of this Section 7 and this Agreement, the "Receiving Parties" shall be deemed to mean (i) the Investment Manager with respect to any Confidential Information of the Fund Disclosing Parties and (ii) the Venture Studio and the Fund with respect to any Confidential Information of the Manager Disclosing Parties

7.2 Obligation of Confidentiality. Each of the Receiving Parties agrees that it shall:

- (a) Treat all Confidential Information as strictly confidential and use it solely for the purposes of providing services under this Agreement.
- (b) Not disclose, directly or indirectly, any Confidential Information to any third party without the prior written consent of the Venture Studio on behalf of the Fund Disclosing Parties or the Investment Manager on behalf of the Manager Disclosing Parties, as the case may be, except as required by law or regulatory authorities.
- (c) Take all reasonable precautions to protect the confidentiality of the Confidential Information, including implementing appropriate physical, technical, and administrative security measures.

7.3 Exceptions. The confidentiality obligations set forth in this Section shall not apply to any information that:

- (a) Is or becomes publicly available through no fault of the Receiving Parties;
- (b) Was lawfully in the possession of the Receiving Parties prior to receipt from the Fund Disclosing Parties or the Manager Disclosing Parties, as the case may be;
- (c) Is disclosed to the Receiving Parties by a third party lawfully in possession of such information and not under an obligation of confidentiality; or
- (d) Is independently developed by the Receiving Parties without reference to or reliance on the Confidential Information.

7.4 Permitted Disclosures. The Receiving Parties may disclose Confidential Information to their respective employees, affiliates, agents, or advisors, provided such persons or entities are bound by confidentiality obligations no less stringent than those contained herein.

Notwithstanding the foregoing, neither the Investment Manager nor the Venture Studio, the Fund, and/or its Members shall make any public disclosures, including but not limited to press releases, marketing materials, website content, or other public statements, that reference the other party, its name(s), logo(s), or any aspect of their relationship without obtaining prior written approval from the other Party. Such approval shall not be unreasonably withheld, conditioned, or delayed. This provision shall survive the termination of this Agreement and shall apply to all public communications made thereafter.

8. Data Protection

8.1 Compliance with Data Protection Laws. The Receiving Parties shall comply with all applicable data protection and privacy laws and regulations, including but not limited to the General Data Protection Regulation (GDPR), the California Consumer Privacy Act (CCPA), and any other relevant laws that govern the collection, processing, storage, and sharing of personal data ("Data Protection Laws").

8.2 Personal Data. In connection with the services provided and disclosures required under this Agreement, the Receiving Parties may have access to or process personal data of the Fund Disclosing Parties or the Manager Disclosing Parties, as the case may be. The Receiving Parties shall:

- (a) Only process such personal data for legitimate business purposes in accordance with this Agreement and the instructions of the Venture Studio or the Fund on behalf of the Fund Disclosing Parties or the Investment Manager on behalf of the Manager Disclosing Parties, as the case may be.
- (b) Implement appropriate technical and organizational measures to protect personal data against unauthorized or unlawful processing, accidental loss, destruction, or damage.
- (c) Notify the Venture Studio and the Fund on behalf of the Fund Disclosing Parties or the Investment Manager on behalf of the Manager Disclosing Parties, as the case may be, without undue delay if it becomes aware of any breach of personal data or other data security incidents affecting personal data.

8.3 Data Transfers. If any of the Receiving Parties transfers personal data outside the jurisdiction of the Data Protection Laws that apply to such data, it shall ensure that such transfers comply with applicable legal requirements, including entering into appropriate data transfer agreements, as necessary.

8.4 Return or Destruction of Confidential Information. Upon the termination or expiration of this Agreement, or upon written request from the Venture Studio or the Fund on behalf of the Fund

Disclosing Parties or the Investment Manager on behalf of the Manager Disclosing Parties, as the case may be, each of the Receiving Parties shall use its best efforts to promptly return or destroy all Confidential Information, including all copies, summaries, or derivations thereof, in its possession or control, except that one archival copy may be saved for purposes of complying with applicable legal or regulatory requirements.

8.5 Survival. The obligations of confidentiality and data protection contained in this section shall survive the termination or expiration of this Agreement for a period of two (2) years, or for as long as the Confidential Information remains confidential, whichever is longer.

9. Dispute Resolution

9.1 Good Faith Negotiations. In the event of any dispute, controversy, or claim arising out of or relating to this Agreement, including its breach, termination, or validity (each, a "Dispute"), the parties shall first attempt to resolve the Dispute through good faith negotiations. A party shall provide written notice of the Dispute to the other parties, outlining the nature of the issue and the desired resolution. The parties shall meet and confer within 30 business days of receipt of such notice in an effort to resolve the matter amicably.

9.2 Mediation. If the parties are unable to resolve the Dispute through good faith negotiations within 60 business days of the notice of Dispute, the parties agree to submit the Dispute to non-binding mediation. The mediation shall be conducted by a mutually agreed-upon mediator, or, if the parties cannot agree on a mediator, a mediator shall be appointed by the American Arbitration Association (AAA) in accordance with its rules. The mediation shall take place in Newark, NJ, and the parties shall share the costs of mediation equally. The mediation shall be confidential, and any information disclosed during mediation shall not be used in any subsequent legal proceedings without the consent of all parties.

9.3 Arbitration. If the Dispute is not resolved within 30 business days after the mediation process concludes, either party may submit the Dispute to final and binding arbitration, to be administered by the American Arbitration Association (AAA) in accordance with its rules for commercial arbitration. The arbitration shall take place in Newark, NJ, and the following provisions shall apply:

- **Selection of Arbitrator:** The arbitration shall be conducted by a single arbitrator selected by mutual agreement of the parties, or, if they cannot agree, by the AAA in accordance with its rules.
- **Arbitration Process:** The arbitration shall be conducted in English, and the arbitrator shall apply the laws of New Jersey. The arbitrator shall have the authority to award any remedies that would otherwise be available in a court of law, including damages, injunctive relief, and attorney's fees, subject to any limitations set forth in this Agreement.

- **Confidentiality:** The arbitration proceedings and all related materials shall be kept strictly confidential, except as necessary to enforce or challenge the arbitration award.
- **Costs and Fees:** The costs and expenses of the arbitration, including the arbitrator’s fees, shall be borne equally by the parties, unless the arbitrator determines otherwise. Each party shall bear its own attorney’s fees, unless the arbitrator awards fees as part of the decision.

9.4 Judicial Recourse and Enforcement. The arbitration award shall be final, binding, and enforceable by any court of competent jurisdiction. However, either party may seek interim or provisional relief in a court of law to prevent immediate and irreparable harm or to preserve the status quo pending arbitration, without waiving the right to arbitration.

10. Miscellaneous

10.1 Term and Termination. This Agreement shall commence on the Effective Date and remain in effect for 4 years, correlating with the Venture Studio Investment Period, unless earlier terminated in accordance with the provisions of Section 5 or extended in accordance with the provisions of Section 10.2.

10.2 Amendments. No amendment or modification of this Agreement shall be effective unless made in writing and signed by all Parties.

10.3 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey, without regard to its conflicts of law principles.

10.4 Entire Agreement. This Agreement constitutes the entire agreement between the Parties concerning the subject matter hereof, and supersedes all prior discussions, agreements, or understandings of any kind.

IN WITNESS WHEREOF, the Parties have executed this Investment Manager Agreement as of the date first written above.

NJII Venture Studio

By: _____
 Name: _____
 Title: _____
 Date: _____

NJII Fund 1

By: _____
 Name: _____
 Title: _____
 Date: _____

Investment Manager

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A: SCOPE OF WORK

This Scope of Work enumerates activities to be performed by the Investment Manager that are approved by the Venture Studio. Hourly estimates are provided for each activity that, collectively, represent the minimum annual time commitment required to provide the value sought by the Venture Studio.

YEAR 1 APPROVED ACTIVITIES

I. Phase 2 Opportunity Assessments: 30 hours

- a. Meeting Frequency: up to 10 per year
- b. Time per meeting: up to 1 hour
- c. Purpose & Objective: The function of this meeting is to approve an opportunity, built by the NJII Venture Studio Team (i.e. the Administrative Managers) to move into the Sprint Plan phase. The Investment Manager (IM) is not expected to engage in deal origination.
- d. Read-ahead prep time for each meeting: 2 hours
- e. The Phase 2 Assessment is a ~6-page Word document

II. Sprint Plan Assessments: 69 hours

Each sprint plan is approximately 15 pages, and it is accompanied by a financial model (Excel Spreadsheet). However, sprint planning is divided into 3rds (A, B, C) described below, with 2 intermediate assessments and 1 final approval before being sent for NJII and NJIT board approvals.

a. Sprint Plan: Stage 1 (30 hrs.)

- i. Meeting frequency: up to 10 per year (All of the 10 sprint plans will arrive at the Stage 1 Assessment)
- ii. Time per meeting: 1 hour
- iii. Purpose & Objective: This evaluation is expected to focus on the business fundamentals with respect to the 18-month inflection point. The organizing question is “how expenses and revenue evolve as we approach key milestones?” As such, a draft of the financial model (in spreadsheet

form) is expected to be completed, as well as 4 of the 10 sections of the Sprint Plan (I. Executive Summary, VI. Financial Model, VII. Business Model, and VIII. Go To Market Strategy).

iv. Read-ahead prep time for each meeting: 2 hours

b. Sprint Plan: Stage 2 Assessment (25 hrs.)

i. Meeting frequency: up to 5 per year (This assumes that roughly half of the Sprints Plan are disqualified at the first assessment.

ii. Time per meeting: 2 hours

iii. Purpose & Objective: Once the fundamentals are concrete, the team will move on to evaluate the market “context”. This work should inform by substantial input from customer discovery and include the completion of the following Sprint Plan sections: II. Approach & Background, III. Market Summary, IV: Market Research & Corporate Support, IX: Risk & Assumptions, X. Exit Strategy & Long-Term Funding.

iv. Read-ahead prep time for each meeting: 3 hours

c. Sprint Plan C: Final Assessment (14 hrs.)

i. Meeting frequency: up to 2 per year (Additional disqualifications will occur the second, Sprint Plan Assessment)

ii. Time per meeting: 2 hours

iii. Purpose & Objective: The substance of this meeting is the evaluation of the detailed, month-by-month, 18 to 24-month project plan (Section V of the Sprint Plan). At the conclusion of this meeting (assuming the approval of the Sprint Plan, the Investment Manager and the Administrative Managers agree that an opportunity is worthy of NJII Venture Studio investment. Looking forward, the subsequent NJII and NJIT board meetings are not expected to generate substantially new information about the investment opportunity.

iv. Read-ahead prep time for each meeting: 5 hours

III. Investment Decision Meeting: 2 hours

a. Meeting Frequency: up to 2 per year

b. Time per meeting: up to 1 hour

c. Purpose & Objective: At the stage, the NJII and NJIT board approvals have occurred. These meetings/approvals are not designed to generate new information about the investment. Nonetheless, these meetings and the interceding time may, in fact, have revealed new information. As such, this final meeting is designed to revisit the Sprint Plan in light of any new information and provide final and formal approval of the investment.

- d. Read-ahead prep time for each meeting: 1 hour

IV. Advisory Board Meetings: 8 hours

- a. Meeting Frequency: 4 per year
- b. Time per meeting: 2 hours
- c. Purpose & Objective: The Investment Manager is invited to attend and engage in the quarterly Advisory Meetings.

V. Annual Evaluation

YEAR 2 APPROVED ACTIVITIES

Years 2 through 4 include all the activities and expenses in Year 1. Years 2 through 4 will also include the need to manage, as needed, investments made in the previous investment years. Transactions that may arise are follow-on investments and exit transactions.

VI. PortCo Management Meeting: 18 hours

- a. Meeting Frequency: 6 per year
- b. Time per Meeting: 1 hour
- c. 2 hours pre/post-meeting effort

TRAVEL

The Investment Manager should expect to travel at least once per month to the Venture Studio offices in Newark, NJ for in-person meetings to execute on the approved activities. No other travel is required of the Investment Manager.

MANAGEMENT FEE, INVOICING & EVALUATION

The Venture Studio agrees to pay the Investment Manager a fixed retainer fee of \$8,334 per month. Monthly invoices must include the list of completed approved activities (referencing the items in I-IV above) and a summary of any additional work completed. Time commitments are expected to vary by month based on the organic nature of investment opportunity generation and the subsequent impact on the pipeline and investment management workflow. As such, the approval of monthly invoices will not consider hours expended by the Investment Management. While the Investment Manager does not have to keep or provide detailed timesheets, estimated total annual hours expended, as reported by the Investment Manager, will be compared to the annual estimates provided by the Venture Studio in support of the Annual Evaluation.

NJII VENTURE STUDIO PARTICIPATION AGREEMENT

This NJII VENTURE STUDIO PARTICIPATION AGREEMENT (this “**Agreement**”), dated as of _____ (the “**Effective Date**”), is by and among the NJII Venture Studio, a New Jersey limited liability company (“**the Studio**”), and _____ (the “**Company**”).

WHEREAS, the Studio has an interest in identifying, investing in, and building companies around early-stage technologies whose products and services will, among other things, help drive innovation and the commercialization of research; and

WHEREAS, the Studio, and the NJII Fund 1, LLC a New Jersey limited liability company (“**Fund 1**”), intend to further the educational mission of NJII by fostering innovation and having a positive economic impact in New Jersey including through support and development of certain seed companies in New Jersey that address a demonstrated market need; and

WHEREAS, the Studio has articulated a set of support services delivered over a term of up to 18 months (the “**Term**”) to further this endeavor and wish to invite the Company to participate in the Studio; and

WHEREAS, the Company wishes to participate in the Studio.

NOW, THEREFORE, in consideration of the mutual promises herein contained, the parties agree as follows:

Section 1. The Studio Contributions.

(a) The Studio will endeavor to coach and engage with the Company’s management in areas which the Studio has expertise.

(b) The Studio shall facilitate introductions to NJIT and other academic collaborators, corporate partners, investors, subject matter experts and other members of its ecosystem to facilitate the Company’s growth and development.

(c) The Studio shall facilitate access to regular NJII and/or ecosystem events including, but not limited to, networking sessions, demo days, investor showcases, etc. in which the Company will have the opportunity to participate.

(d) The Studio will offer back-office support (i.e., Accounting, HR, Legal, Payroll, IT, etc.) to the Company. These services will be provided at cost to the Company on an as-needed basis subject to the terms agreed upon in a separate future Services agreement.

(e) During the Term, the Studio shall provide space at no cost to the Company at its Newark site (the “**Site**”), subject to the Company’s and the Studio’s execution of a rental contract. At any time during the Term, the Studio has the right to revoke access to the Site upon at least 30 days written notice from the Studio.

(f) The Studio will provide access to appropriate business training, operating services, management guidance, and investment introductory services.

(g) In connection with this Agreement and the transactions contemplated hereunder, in no event shall any employee of an affiliate of the Studio be deemed to be employed by the Company and in no event shall any Company employee be deemed to be an employee of any of the Studio affiliates.

(h) This Agreement is not intended in any way, and shall not be deemed, to create any obligation on the part of the Studio to engage in any transaction or arrangement with the Company beyond the terms set forth in this Agreement.

Section 2. Company Obligations

(a) The Company shall deliver to the Studio the following material in support of Studio and Studio member reporting requirements:

- (i) as soon as practicable, but in any event within ten (10) business days after the end of each fiscal quarter, the Company shall provide reporting based on the milestones mutually agreed to in their Sprint Plan, including but not limited to: technical development, strategic partnerships, business development, hiring, and additional fundraising activities.
- (ii) as soon as practicable, but in any event within ninety (90) days after the end of each fiscal year of the Company: (i) a balance sheet as of the end of such year, (ii) statements of income and of cash flows for such year, and (iii) a statement of stockholders' equity as of the end of such year, all prepared in accordance with generally accepted accounting principles ("GAAP") (which shall be audited in the event that the Company has its financial statements audited and certified by independent public accountants);
- (iii) as soon as practicable, but in any event within forty-five (45) days after the end of each quarter of each fiscal year of the Company, unaudited statements of income and cash flows for such fiscal quarter, and an unaudited balance sheet as of the end of such fiscal quarter, all prepared in accordance with GAAP (except that such financial statements may (i) be subject to normal year-end audit adjustments; and (ii) not contain all notes thereto that may be required in accordance with GAAP);
- (iv) as soon as practicable, but in any event thirty (30) days before the end of each fiscal year, a budget and business plan for the next fiscal year, prepared on a monthly basis, including balance sheets, income statements, and statements of cash flow for such months and, promptly after prepared, any other budgets or revised budgets prepared by the Company (such as the budget and business plan

that is approved by the Board of Directors (or similar governing body) of the Company); and

- (v) such other information relating to the financial condition, business, prospects, or corporate affairs of the Company as the Studio may from time to time reasonably request; provided, however, that the Company shall not be obligated under this Section 2(a)(v) to provide information that would adversely affect the attorney-client privilege between the Company and its counsel.
- (vi) as soon as practicable, but in any event ten (10) days after the end of each fiscal quarter, the Company shall provide metrics required for quarterly NJEDA reports, including additional funding, jobs created in New Jersey, and any other meaningful company milestones.

If, for any period, the Company has any subsidiary whose accounts are consolidated with those of the Company, then in respect of such period the financial statements delivered pursuant to the foregoing sections shall be consolidated with the Company.

(b) The Company shall permit the Studio, at the Studio's own expense, to visit and inspect the Company's properties; examine the Company's books of account and records; and discuss the Company's affairs, finances, and accounts with the Company's officers, during normal business hours of the Company as may be reasonably requested by the Studio; provided, however, that the disclosure would not adversely affect the attorney-client privilege between the Company and its counsel.

(c) The Company shall allow one Studio representative to attend all Board of Directors meetings (or similar governing body) of the Company as a nonvoting observer. The Company will provide this representative with copies of all notices, minutes, consents, and other materials shared with the directors at the same time and in the same manner. The representative must agree to maintain confidentiality, ensuring that disclosure does not compromise the attorney-client privilege between the Company and its counsel.

(d) The Company shall provide the Studio representative with all board policies and rules of engagement to be followed by non-voting board observers.

(e) The Company shall make a good faith effort to have employees work in person (subject to vacation and other paid time off on behalf of the Company) at the Site.

(f) As requested by the Studio, the Company shall periodically present regarding the Company's business and progress to the Studio and other participating Studio companies.

(g) The Company shall, upon reasonable request by the Studio, provide Company representatives to attend conferences, panels, or related events, and provide relevant marketing materials for distribution related to the Company.

(h) The Company will endeavor to participate in regular Studio events and programming, and to collaborate with other participating Studio companies.

(i) The Company shall notify the Studio of the establishment of, or appointment of new members to, its board of directors (or similar governing body) and any scientific or technical advisory board.

(j) For no additional consideration, the Company grants to the Studio a non-sublicensable, non-transferable, royalty free license to its name, logos and brands solely for the promotion of the Company's participation in the Studio.

(k) The Company will not use the Studio name (or the names of any affiliate, or registered trademarks or trade names of the Studio or any of its affiliates) in any press release or other publication related to the Company or Studio's investment in the Company, without the prior written consent of the Studio.

(l) The Company will be designated as "An NJII Venture Studio Startup", which the Studio may revoke (including the Company's participation in the Studio) at any time by written notice to the Company.

(m) The covenants set forth in Sections 2(a) through (l) shall terminate and be of no further force or effect (i) immediately before the consummation of the Company's first underwritten public offering of its Common Stock under the Securities Act of 1933, as amended, (ii) upon the closing of a sale of the Company or all or substantially all of its assets, or (iii) upon expiration of the Term.

Section 3.

(a) Confidentiality. The Studio agrees that such party will keep confidential and will not disclose, divulge, or use for any purpose (other than to monitor or make decisions with respect to its investment in, and/or relationship with, the Company) any confidential financial information obtained from the Company pursuant to the terms of Section 2(a) of this Agreement, unless such confidential information (a) is known or becomes known to the public in general (other than as a result of a breach of this Section 3(a) by such party), (b) is or has been independently developed or conceived by such party without use of the Company's confidential information, or (c) is or has been made known or disclosed to such party by a third party without a breach of any obligation of confidentiality such third party may have to the Company; provided, however, that a party may disclose confidential information (i) to its attorneys, accountants, consultants, and other professionals to the extent reasonably necessary to obtain their services in connection with monitoring its investment in, and/or relationship with, the Studio and/or the Company; (ii) to any prospective purchaser of the Company Securities of the Company from such party, if such prospective purchaser agrees to be bound by the provisions of this Section 3(a); (iii) to any affiliate, partner, member, stockholder, or wholly owned subsidiary of such party in the ordinary course of business, provided that such party informs such person that such information is confidential and directs such person to maintain the confidentiality of such information; or (iv) as may otherwise be required by law, regulation, rule, court order or subpoena, provided that such party, to the extent legally permissible, promptly notifies the Studio and the Company of such disclosure and takes reasonable steps to minimize the extent of any such required disclosure.

(b) Other Activities. Each party hereto hereby agrees and acknowledges that the Studio (together with its affiliates) partners with and/or invests in numerous companies, some of which may

be deemed competitive with the Company, and no such party hereto (or any of its affiliates) will be liable for any claim arising out of, based upon, or related to (a) the investment by such party or any of its affiliates in any entity competitive with the Company, or (b) actions taken by any partner, officer or other representative of such party or any of its affiliates to assist any such competitive company, whether or not such action has a detrimental effect on the Company. No party shall have any right, by virtue of this Agreement or otherwise, to share or participate in other investments or activities (including research and development activities) of the Studio or to the income or proceeds derived therefrom. Without limiting the foregoing, the Studio and its affiliates may engage or invest in, independently or with others, any business activity of any type or description notwithstanding any potential adverse effect on the Company.

(c) Term. This Agreement shall remain in effect for 18 months from the Effective Date, except that the Term may be terminated in writing by the Studio upon at least 10 days' notice. Section 2a shall survive any termination of this Agreement.

(d) Notice. Any notice or other communication required or permitted to be delivered to any party under this Agreement shall be in writing and shall be deemed properly delivered, given and received when delivered (by hand, by registered mail, by courier or express delivery service or by electronic mail) to the address or electronic mail address set forth (or to such other address or electronic mail address as such party shall have specified in a written notice given to the other parties hereto)

NJII Venture Studio
211 Warren St
Newark, NJ 07103
Attention: Michael Johnson
Email: michael.johnson@njjii.com

Company Name
Address 1
Address 2
Attention: _____
Email: _____

(e) Assignment. This Agreement shall not be assignable by a party hereto (other than to a wholly owned affiliate) without the prior written consent of the Studio.

(f) Governing Law. The construction and performance of this Agreement shall be governed by the laws of the State of New Jersey without giving effect to the choice of law provisions thereof. The parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought in any state or federal court located in Essex County, the State of New Jersey, and each of the parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each

party agrees that service of process on such party as provided in Section 12 shall be deemed effective service of process on such party.

(g) No Waiver. No failure or delay on the part of any party in exercising any right hereunder, irrespective of the length of time for which such failure or delay shall continue, shall operate as a waiver of, or impair, any such right. No single or partial exercise of any right hereunder shall preclude any other or further exercise thereof or the exercise of any other right. No waiver of any right hereunder shall be effective unless given in a signed writing.

(h) Amendment. No amendment, waiver of compliance with any provision or condition hereof or consent pursuant to this Agreement shall be effective unless evidenced by an instrument in writing signed by the party against whom enforcement of any waiver, amendment, change, extension or discharge is sought. Such amendment, waiver or consent shall be effective only in the specific instance and for the purpose for which given.

(i) Headings. The headings set forth in this Agreement are for convenience only and will not control or affect the meaning or construction of the provisions of this Agreement.

(j) Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which together will constitute one and the same instrument. A telecopy, PDF or other reproduction of this Agreement may be executed by one or more parties hereto, and an executed copy of this Agreement may be delivered by one or more parties by facsimile, e-mail or similar electronic transmission device pursuant to which the signature of or on behalf of such party can be seen, and such execution and delivery shall be considered valid, binding and effective for all purposes. The parties hereby agree that no party shall raise the execution of facsimile, telecopy, PDF or other reproduction of this Agreement, or the fact that any signature or document was transmitted or communicated by facsimile, e-mail or similar electronic transmission device, as a defense to the formation of this Agreement. If one or more provisions contained in this Agreement shall be deemed or held to be invalid, illegal or unenforceable in any respect under any applicable law, then, so long as it does not deprive a party of the benefits of this Agreement in any material respect, this Agreement shall be construed with the invalid, illegal or unenforceable provision deleted, and the validity, legality and enforceability of the remaining provisions contained herein shall not be affected or impaired thereby.

(k) Entire Agreement. This Agreement (including the Exhibits hereto) constitutes the full and entire understanding and agreement between the parties with regard to the subject matter hereof, and supersedes all prior agreements, understandings, inducements or conditions, express or implied, oral or written, relating to the subject matter hereof.

(l) Further Assurances. Each party shall from time to time, at the request of and without further cost or expense to the other, execute and deliver such other instruments of conveyance and assumption and take such other actions as may reasonably be requested in order to carry out the provisions of this Agreement (including the Schedules and Exhibits hereto) and to more effectively consummate the transactions contemplated hereby and thereby.

(m) Construction. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all amendments thereto and rules and regulations promulgated thereunder,

unless the context requires otherwise. The word “including” (or words of similar import) shall mean including without limitation. The parties hereto intend that each representation, warranty, and covenant contained herein shall have independent significance. If any party hereto has breached any representation, warranty, or covenant contained herein in any respect, the fact that there exists another representation, warranty, or covenant relating to the same subject matter (regardless of the relative levels of specificity) which the party hereto has not breached shall not detract from or mitigate the fact that the party hereto is in breach of the first representation, warranty, or covenant. Unless otherwise specified in this Agreement, all references to currency, monetary values and dollars set forth herein shall mean United States (\$ or USD) dollars.

(n) Attorneys’ Fees. Each party hereto shall be responsible for its own attorneys’ fees incurred in connection with this Agreement and the transactions contemplated herein. Notwithstanding anything herein to the contrary, if any action at law or in equity (including, arbitration) is necessary to enforce or interpret the terms of this Agreement (or any agreement delivered hereunder), the prevailing party shall be entitled to reasonable attorneys’ fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

(o) Press Release. The parties shall mutually agree on a press release and other external communication (website, social media, etc.) regarding the Company’s participation in the Studio.

(p) Force Majeure. Except for payment obligations, neither party will be liable under this Agreement for any failure, or delay in performance, of its obligations hereunder, if performance is delayed or prevented by acts of God; fire; explosion; war; terrorism; earthquakes; riots; curtailment of air transportation; governmental laws, orders, or regulations; an epidemic; pandemic; public healthrelated orders or alerts issued by the US Centers for Disease Control, the World Health Organization, any governmental entity, any quasi-governmental entity, or similar authority (including, without limitation, “stay-at home” or “shelter-in-place” orders); or other causes beyond such party’s control (each, a “Force Majeure Event”). The party whose performance is affected by such Force Majeure Event (“Impacted Party”) shall provide the other party (“Other Party”) prompt notice of such Force Majeure Event. During the pendency of any Force Majeure Event, the Impacted Party will work to cure the Force Majeure Event if or to the extent commercially reasonable. However, if the Force Majeure Event continues for thirty (30) consecutive days, the Other Party may terminate this Agreement immediately without penalty to either party or discuss in good faith with the Impacted Party an extension of the time of performance as necessary to enable the Impacted Party to perform.

(q) Authority. The execution, delivery and performance by the Studio of this Agreement, and the consummation by the Studio of the transactions contemplated hereby are within the Studio’s company powers and have been duly authorized by all necessary member action on the part of the Studio, and no other action on the part of the Studio is necessary to authorize such execution, delivery or performance. This Agreement has been duly and validly executed and delivered by the Studio and constitutes the legal, valid and binding agreement of the Studio, enforceable against the Studio in accordance with its terms.

- a. The execution, delivery and performance by the Company of this Agreement, and the consummation by the Company of the transactions contemplated hereby are

within the Company's company powers and have been duly authorized by all necessary member action on the part of the Company, and no other action on the part of the Company is necessary to authorize such execution, delivery or performance. This Agreement has been duly and validly executed and delivered by the Company and constitutes the legal, valid and binding agreement of the Company, enforceable against the Company in accordance with its terms.

IN WITNESS WHEREOF, the parties hereto have executed this NJII Venture Studio Participation Agreement as of the date first written above.

NJII Venture Studio

By: _____ Name:
Title:

“The Company”

By: _____ Name:
Title:

PARTICIPANT SERVICES AGREEMENT by and between

NewCo

AND

NEW JERSEY INNOVATION INSTITUTE, INC.

Dated as of

TABLE OF CONTENTS

ARTICLE I DEFINITIONS	1
Section 1.1 Definitions.....	1
ARTICLE II SERVICES; STANDARD OF SERVICE	3
Section 2.1	
Section 2.2 Services	3
Section 2.3	
Section 2.4 Service Start Date	3
Section 2.5	
Section 2.6 Standard of Service	3
Section 2.7	
Nature and Scope of Services	3
Contingency Plan	3
Failure to Provide Services	3
Recourse	4

ARTICLE III OBLIGATIONS OF THE SERVICE RECIPIENT	4
Section 3.1 Cooperation	4
ARTICLE IV CHANGES AND OMITTED SERVICES	4
Section 4.1	
Section 4.2 Changes	4
Section 4.3	
Regulatory Changes	4
Omitted Services	5
ARTICLE V THIRD-PARTY CONSENTS	5
Section 5.1	
Section 5.2 Third-Party Consents	5
Assistance of Service Recipient	5
ARTICLE VI TOTAL SERVICE FEES	6
Section 6.1 Total Service Fees	6
ARTICLE VII INVOICES AND PAYMENT; TAX	7
Section 7.1	
Section 7.2 Invoices and Payment	7
Tax	7
ARTICLE VIII GOVERNANCE	8
Section 8.1	
Section 8.2 Membership	8
Section 8.3	
Responsibilities	8
Meetings	8
ARTICLE IX INTELLECTUAL PROPERTY LICENSES; DATA PROTECTION	8
Section 9.1	
Section 9.2 License Grant to Service Provider	8
Section 9.3	
Section 9.4 License Grant to Service Recipient	9
Improvements	9
Data Protection.....	9
ARTICLE X REPRESENTATIONS AND WARRANTIES	9
Section 10.1 Mutual Representations and Warranties	9

ARTICLE XI TERM AND TERMINATION	10
Section 11.1	
Term Section 11.2	10
Section 11.3	
Section 11.4 Extensions	10
Section 11.5	
Section 11.6 Mutual Termination	10
Termination by Service Recipient	11

Force Majeure Event	11
Consequences of Expiration or Termination	11
ARTICLE XII EXIT PLAN	12
Section 12.1 Exit Plan	12
ARTICLE XIII LIABILITY; INDEMNIFICATION	12
Section 13.1	
Section 13.2 Limitation of Liability.....	12
Indemnification	12
ARTICLE XIV CONFIDENTIALITY.....	13
Section 14.1	
Duty Section 14.2 of Confidence	13
Section 14.3	
Exceptions	13
Authorized Disclosures	14
ARTICLE XV MISCELLANEOUS.....	14
Section 15.1	Notices
Section 15.2	14
Section 15.3	Severability
Section 15.4	15
Section 15.5	Counterparts
Section 15.6	15
Section 15.7 Entire Agreement; No Third-Party Beneficiaries	
Section 15.8	15
Section 15.9 Governing	Law
Section 15.10	16
Submission to Arbitration	16
Assignment	17
Headings	17
Construction	17
Amendments and Waivers	17



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: April 9, 2025

SUBJECT: Hydrogen Demonstration Project MOU with Rutgers

Request

The Members are asked to approve:

1. Enter into a Memorandum of Understanding (“MOU”) with Rutgers University allowing NJEDA to provide up to \$13 million of RGGI funds to Rutgers University;
2. Delegation of authority to the Chief Executive Officer to approve of a one-year extension of the MOU;
3. Delegation of authority to the Chief Executive Officer to approve of the disbursement of each funding tranche.

Background:

The Regional Greenhouse Gas Initiative (RGGI) is a multi-state, market-based “cap-and-invest” program that establishes a regional cap on carbon dioxide (CO₂) emissions from the electric power generation sector and therefore allowing for auctioning of emissions rights. States use the proceeds from the CO₂ allowance auctions to invest in programs to help further reduce CO₂ and other greenhouse gas pollution, spur clean and renewable energy, and provide relief on energy bills.

Through its participation in RGGI auctions and fixed price allowance sales held between 2020 and 2022, New Jersey received funding that totaled approximately \$372 million. In 2023 and 2024, RGGI auctions and fixed price sales resulted in over \$465 million in funding to the State.

Three agencies, New Jersey Department of Environmental Protection (“NJDEP”), New Jersey Board of Public Utilities (“NJBPU”), and New Jersey Economic Development Authority (“NJEDA”), collaborate on the creation of New Jersey’s RGGI Strategic Funding Plan, which identifies how the RGGI auction proceeds will be utilized over 3-year funding periods.

As mandated in the current and previous RGGI Strategic Funding Plan (2020-2022 and 2023-2025), the Authority must spend its allocation on clean, equitable transportation programs in the commercial, industrial, and institutional sectors demonstrating net emission reductions and economic co-benefits.

Policy Alignment:

In 2018, Governor Murphy first shared his economic development strategic plan, “The State of Innovation: Building a Stronger and Fairer Economy in New Jersey”. The plan detailed goals and provided a framework to achieve tremendous economic growth for the State. More specifically, the plan set forth, amongst other key areas of focus, innovations in clean energy and advanced transportation as a path to catalyze economic growth.

Alongside the State’s economic agenda, New Jersey has ambitious climate policies to accelerate decarbonization. The New Jersey Global Warming Response Act (“GWRA”), P.L. 2007, c. 112; P.L. 2018, c. 197, set a goal of reducing carbon emissions to 80% below 2006 levels by the year 2050. In 2023, Governor Murphy subsequently accelerated this goal to 2035 with Executive Order 315.

Complementing the GWRA, the 2019 Energy Master Plan, emphasizing 100% clean energy, establishes emission reductions from medium- and heavy-duty transportation. Under the 2019 Energy Master Plan, 50% of heavy-duty vehicles must be zero-emission vehicles (ZEV) by 2050. To effectively meet this goal, medium- and heavy-duty fleets, which have proven difficult to electrify, must consider transitioning to a mix of hydrogen fuel cell electric trucks and battery electric trucks, depending on the use. Furthermore, the 2023-2025 Regional Greenhouse Gas Initiative (“RGGI”) Strategic Funding Plan calls on NJEDA to support clean hydrogen development using a portion of its RGGI allocation.

Regional Greenhouse Gas Initiative

RGGI is a cooperative effort among the states of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, Vermont, and Virginia to cap and reduce greenhouse gas emissions from the electricity generating sector. The program issues CO2 allowances and establishes participation in regional CO2 allowance auctions. The auction proceeds are allocated among states to support economic growth, decarbonization, and other focal areas.

To participate in the cap-and-trade program, New Jersey enacted the Global Warming Solutions Fund Act, P.L. 2007, c. 340 (N.J.S.A. 26:2C-45 to -57) (“GWSF”). The statute established specific state agency funding allocations and programmatic areas of focus. Funding under the GWSF is allocated by percentage to three state agencies (60% to the EDA, 20% to the BPU, and 20% to the DEP), and those agencies are required to spend funds within specific program areas.

Per the 2023-2025 RGGI Strategic Plan, NJEDA must dedicate 56% of its funding allocation to support transportation decarbonization. In promoting zero-emission vehicles, the NJEDA can direct RGGI funds towards technology innovation or pilot grant programs, including clean hydrogen. This Demonstration Project provides NJEDA an opportunity to further clean hydrogen innovation.

This recommendation to fund the Demonstration Project with RGGI dollars fosters future economic opportunity, technical innovation, environmental justice, and greenhouse gas mitigation throughout New Jersey. These benefits are part of NJEDA’s efforts to further the State’s climate and economic goals.

Background on Clean Hydrogen

Hydrogen is the most abundant element in the universe. On Earth, hydrogen is mostly found in combination with other elements, including water and hydrocarbons. To become a useful end

product, hydrogen must be separated from its bonded elements. Once separated, hydrogen can be used for industry, transportation, heating, and power generation. Hydrogen can be produced from fossil fuels, nuclear energy, and renewable energy sources. In moving away from fossil fuels, NJEDA is focused on clean hydrogen production from renewable sources.

Hydrogen is most applicable to industries that are difficult to decarbonize through battery electrification. In the transportation sector, electrifying medium- and heavy-duty vehicles remains a challenge. Batteries are not equipped for long-distance hauling and quick refueling. Clean hydrogen is a viable alternative to electrifying medium- and heavy-duty vehicles. Fuel cell electric vehicles (FCEVs) are fueled with either hydrogen gas or liquid stored in a tank on the vehicle, just as diesel is stored on internal combustion engine vehicles. Once stored, the hydrogen is converted to electricity through a fuel cell. Unlike conventional internal combustion engine vehicles, FCEVs emit no harmful tailpipe emissions – the only byproducts are heat and water, which comes out of the tailpipe. FCEVs are also highly efficient due to advanced technologies, such as regenerative braking systems that capture lost energy during braking. For medium- and heavy-duty vehicles, hydrogen has a high energy density by weight, optimal for long-distance hauling. Hydrogen fuel-cell vehicles can also be quickly refueled in comparison to EVs, which require substantial downtime to charge, thus impacting a company's bottom-line and consequentially the willingness to transition to zero-emission vehicles. Altogether, these attributes make hydrogen an attractive alternative to battery and diesel-powered vehicles.

Project Details

NJEDA will provide up to \$13,000,000 of RGGI funds to support Rutgers' Demonstration Project at Port Newark and Port Elizabeth Marine Terminals. NJEDA will disburse these funds in a series of installments contingent upon Rutgers meeting project milestones (Table 1). Using these funds, Rutgers would procure or cause to procure six Class 8 hydrogen fuel cell trucks, temporary hydrogen fueling facilities, and hydrogen fuel, which will be sourced from renewable energy. The trucks will be operated by one or two transportation logistic companies with operations based out of the port.

This demonstration project intends to monitor the vehicles for one year. During this time, the hydrogen fuel cell trucks will operate out of Port Newark and Port Elizabeth Marine Terminals with operations throughout the state. As the trucks operate, Rutgers will gather raw data to assess the vehicles' feasibility. This data will emphasize economic and environmental factors, including but not limited to total cost of ownership and tailpipe emissions.

Rutgers will submit regular progress reports to the Authority every three months for the duration of the project, beginning three months following the date the MOU becomes effective. These reports will include information pertaining to funding, procurement, health and safety, equipment operations, vehicle mileage, fuel consumption, and maintenance. All of this information along with additional information will be compiled and included in a comprehensive report, to be developed by Rutgers in consultation with the Authority, evaluating the economics and emissions of class 8 hydrogen fuel cell electric trucks compared to existing diesel and battery-electric trucks. The report's findings will be made publicly available.

Upon project completion, the vehicles will be repurchased by the vehicle manufacturer and any payment to Rutgers resulting from the buy-back of the vehicles will be remitted to the Authority.

The MOU's term is for 15 months after the date the fuel cell electric trucks are delivered. The parties may extend the MOU for one year by mutual consent.

Authority staff also seek to reserve the right to seek additional funding from the Board on or around October 8th, 2025, if it is determined that additional funding is warranted to further support the efforts with respect to furthering the activities described above.

Funding

Except for the initial disbursement, Rutgers must provide documentary evidence of all costs to be incurred by Rutgers (or any subcontractor of Rutgers) to the Authority prior to the Authority making any disbursement as outlined below. Such documentary evidence may be in the form of work orders, contracts, invoices, or any other form, as deemed appropriate by the Authority. No disbursement shall be made unless all of the work described in the prior disbursement has been completed to the Authority's satisfaction, unless otherwise provided in the MOU. Rutgers will be responsible for providing, to the Authority, a full accounting of all funds received and spent. If the funds are insufficient or are not readily available to complete the Project, NJEDA and Rutgers shall have the right to reduce the scope of this MOU in writing and as agreed to by both parties or otherwise terminate the MOU upon written notice to the other party. If the MOU expires or is terminated by either party, any unspent funds shall be returned to NJEDA.

The total amount of funding required to successfully demonstrate and report on the project, as identified by Rutgers, is \$11,867,772. Authority staff have also included a 9.5%, or \$1,132,227, buffer for cost overruns bringing the total amount of Authority funding for this project to \$13 million. If any expenses under any disbursement, as identified in the MOU, exceed the expected cost, or if unanticipated expenses arise during the course of the Project, it shall be considered a cost overrun. Cost overruns shall be paid exclusively at the discretion of NJEDA and within thirty (30) days or receipt of satisfactory documentary evidence of such cost overrun.

Disbursement Timing

The Initial Disbursement shall be made within ten (10) days of the Execution Date. For each subsequent disbursement, NJEDA shall disburse funds within ten (10) days of Rutgers' submission of documentary evidence for the disbursements, as described below.

Table 1. Disbursement Schedule

Disbursement	Amount	Disbursement to fund:
Initial Disbursement	\$4,225,232	1. Three hydrogen fuel cell electric trucks; 2. First lease payment for one Hyla mobile fueling station; 3. Refueling site engineering; 4. Site work; 5. Soft costs; and 6. Report development.
Second	\$3,285,077	1. Three hydrogen fuel cell electric trucks; 2. Second lease payment for one Hyla mobile fueling station; 3. Fueling technicians; 4. Temporary power; and 5. Report development.
Third	\$1,737,077	1. Fueling technicians; 2. Hydrogen fuel supply;

		3. On-site facilities (trailers, water, portable toilets); 4. Site work; 5. Soft costs; 6. Temporary power; and 7. Report development.
Fourth	\$1,050,077	1. Fueling technicians; 2. Hydrogen fuel supply; 3. On-site facilities (trailers, water, portable toilets); 4. Soft Costs; 5. Temporary power; and 6. Report development.
Fifth	\$1,140,077	1. Fueling technicians; 2. Hydrogen fuel supply; 3. On-site facilities (trailers, water, portable toilets); 4. Soft costs; 5. Temporary power; and 6. Report development.
Sixth	\$430,232	1. Report development.
Total	\$11,867,772	

Project Impact

The Demonstration Project will support a specific set of activities aimed at bolstering the State’s clean hydrogen ecosystem, including production, workforce development, and R&D. To elaborate further, this project aims to:

- Position New Jersey as a leader in clean hydrogen innovation -

Despite a growing emphasis on clean hydrogen in the climate space, the technology has struggled to penetrate the market. Commercialization of clean hydrogen is contingent on demonstration projects highlighting the technology’s long-term viability in certain use-cases. The Project will examine the technology’s feasibility by obtaining key technical and economic data on hydrogen fuel cell trucks, such as emissions reduction, vehicle downtime, miles-driven, and fuel consumption. Obtaining this data will strengthen stakeholder confidence in clean hydrogen, driving future investments in clean hydrogen technology development.

- Supporting workforce development -

NJEDA will work collaboratively with Rutgers University for the duration of the project. Engaging a university on this project enables academia to be hands-on with physical technology and infrastructure. Rutgers also actively works with other universities throughout the State and will invite these institutions to visit the project site while using the data from the project to develop a comprehensive report which will help provide direction for the industry in New Jersey.

- Creating a positive long-term economic impact in New Jersey -

The Demonstration Project will bolster economic opportunity across the State by advancing R&D and stakeholder confidence. Promoting R&D within the hydrogen space is critical for technical innovation, supply chain efficiency, and cost reductions associated

with hydrogen production and distribution. Alongside R&D, market confidence is vital for attracting future investments in clean hydrogen. This confidence is founded on successful demonstration projects, favorable regulatory environments, and clear evidence of the environmental and economic benefits of clean hydrogen.

- Promoting climate mitigation and energy justice within Overburdened Communities (OBCs) -

Port Newark and Port Elizabeth Marine Terminals are part of PANYNJ, which is collectively the largest container port on the East Coast and the third largest in the U.S. based on loaded 20-foot equivalent units, according to the 2023 PANYNJ Port at a Glance Report. The U.S. Environmental Protection Agency established the New York/New Jersey/Long Island Non-Attainment Area, meaning the area does not meet the national primary or secondary ambient air quality standard for a national ambient air quality standard.

In 2023, 7,810,005 twenty-foot equivalent units passed through PANYNJ, and statistics indicate that drayage trucks move roughly 85% of this cargo. While the 2023 report is not yet available, the 2022 PANYNJ Multi-Facility Emissions Inventory found that heavy-duty vehicles operating within PANYNJ produced 1,592 tons of nitrogen oxides, 50 tons of particulate matter 2.5, 85 tons of volatile organic compounds, 671 tons of carbon dioxide, and 425,950 tons of carbon dioxide equivalents, which represents a 90% increase of carbon dioxide equivalent levels over 2006 levels. These tailpipe emissions have been studied to have profound public health and climate impacts.

To alleviate environmental pollutants, NJEDA began exploring uses for clean hydrogen, particularly in communities surrounding busy ports. Studying the economics and emissions of hydrogen fuel cell trucks is a critical step in decommissioning diesel and gasoline-powered vehicles in the coming decades.

- Initiating stakeholder outreach in near-port and overburdened communities

Throughout the duration of the Project, NJEDA will collaborate with Rutgers and any sub-contractors of Rutgers to engage stakeholders in near-port communities and throughout the state. Rutgers will host a webinar inviting community organizations and residents who would like to learn more about the project. This webinar will include presentations from Rutgers faculty and students, PANYNJ staff, and others and will serve to demonstrate the economic and environmental benefits of the project, including emissions reductions, safety, and R&D advancements. Additionally, the webinar will include an opportunity for the public to offer feedback, facilitating an informative dialogue between the State and relevant stakeholders.

Recommendation

The Members are asked to approve:

1. Enter into a Memorandum of Understanding (“MOU”) with Rutgers University allowing NJEDA to provide up to \$13 million of RGGI funds to Rutgers University;

2. Delegation of authority to the Chief Executive Officer to approve of a one-year extension of the MOU;
3. Delegation of authority to the Chief Executive Officer to approve of the disbursement of each funding tranche.



Tim Sullivan, CEO

Prepared by:

Max Frank, Senior Project Officer

Attachments:

Hydrogen Demonstration Project MOU with Rutgers

**MEMORANDUM OF UNDERSTANDING
BETWEEN
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
AND
RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY
CENTER FOR ADVANCED INFRASTRUCTURE AND TRANSPORTATION**

This **MEMORANDUM OF UNDERSTANDING** ("MOU"), made on this ____ day of _____, 2025, and effective as of the date of the last signature of the parties hereto (the "Effective Date"), is between **NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY** ("NJEDA") and **RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY**, on behalf of its **CENTER FOR ADVANCED INFRASTRUCTURE AND TRANSPORTATION** ("RUTGERS") (each a "Party", and collectively "the Parties").

WHEREAS, NJEDA is an independent State authority established pursuant to N.J.S.A. 34:1B-1, et seq., in but not of the Department of Treasury, which serves as the State's principal agency for driving economic growth; and

WHEREAS, the Regional Greenhouse Gas Initiative ("RGGI") is a cooperative effort among the states of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island and Vermont to cap and reduce greenhouse gas emissions from the electricity generating sector; and

WHEREAS, each RGGI state established its own CO₂ Budget Trading Program which limits emissions of CO₂ from electric power plants, issues CO₂ allowances and establishes participation in regional CO₂ allowance auctions, which together compose a regional cap and market for allowances; and

WHEREAS, New Jersey enacted the Global Warming Response Act ("the Act"), N.J.S.A. 26:2C-37 to -68, which set a goal of reducing emissions of climate pollutants to 80% below 2006 levels by the year 2050. The Act enabled the State to participate in a CO₂ emission trading program, established specific state agency funding allocations and programmatic areas of focus, and established the Global Warming Solutions Fund ("RGGI Fund") at N.J.S.A. 26:2C-50, with rules at N.J.A.C. 7:27D-1 to -4.11; and

WHEREAS, the Act sets forth the terms and conditions applicable to the distribution of New Jersey's RGGI Fund allocations (N.J.S.A. 26:2C-51); and

WHEREAS, the RGGI Fund is allocated by percentage to three state agencies (60% to NJEDA, 20% to the Board of Public Utilities ("BPU"), and 20% to the Department of Environmental Protection ("DEP")), and those agencies are required to spend such funds within specific program areas; and

WHEREAS, N.J.S.A. 26:2C-51(b)(1) requires NJEDA to utilize its 60% allocation of RGGI Funds to provide grants and other forms of financial assistance to commercial, institutional, and industrial entities to support, among other things, end-use energy efficiency projects; and

WHEREAS, Rutgers is a leading national research university and the State of New Jersey's preeminent, comprehensive public institution of higher education; and

WHEREAS, RUTGERS' Center for Advance Infrastructure and Transportation ("CAIT"), located within the School of Engineering at Rutgers, is a national leader in the research and development of innovative transportation solutions with a focus on infrastructure health, mobility, resiliency, and energy system challenges, particularly in high-volume multimodal corridors like the Northeast; and

WHEREAS, Port Authority of New York and New Jersey ("PANYNJ") is a bistate agency between New York and New Jersey that builds, operates and maintains important transportation and trade infrastructure assets through air, land, rail and sea, including the Port Newark and Port Elizabeth Marine Terminals, which are collectively the largest container ports on the East Coast and the third largest in the U.S. based on loaded 20-foot equivalent units (each unit being the equivalent of a 20-foot shipping container); and

WHEREAS, the U.S. Environmental Protection Agency established the New York/New Jersey/Long Island Non-Attainment Area ("the "Area"), which is an area that does not meet the current Ozone National Ambient Air Quality Standards ("NAAQS"); and

WHEREAS, the Port Newark and Port Elizabeth Marine Terminals are located within the New York/New Jersey/ Long Island Non-Attainment Area and are two of the six marine terminals operated by PANYNJ; and

WHEREAS, PANYNJ marine terminals contributed 8.5% of the Area's total greenhouse gas emissions in 2022, according to Table ES.3, entitled "Emissions Summary by Source Category, tons per year" in the 2022 PANYNJ Multi-Facility Emissions Inventory¹, a report presenting mobile source air emissions from activities associated with the marine terminal facilities maintained by the PANYNJ and facilities leased to private terminal operators; and

WHEREAS, in 2023, 7,810,005 twenty-foot equivalent units passed through PANYNJ, and statistics indicate that drayage trucks (meaning a truck transporting freight over short distances, whether from port to destination or within the port) move roughly 85% of this cargo², according to PANYNJ's 2023 Port at a Glance report³; and

WHEREAS, the 2022 PANYNJ Multi-Facility Emissions Inventory (see Table ES.3, cited above) found that heavy-duty vehicles operating within the PANYNJ produced 1,592 tons of

¹The 2022 PANYNJ Multi-Facility Emissions Inventory is available at www.panynj.gov/port/en/our-port/sustainability/air-emissions-inventories-and-related-studies.html.

² See "Accessing the Port" at www.panynj.gov/port/en/shipping/truck.html#accessPort.

³ The 2023 Port at a Glance report is available at www.panynj.gov/port/en/port/publications.html.

nitrogen oxides, 50 tons of particulate matter, 85 tons of volatile organic compounds, 671 tons of carbon dioxide, and 425,950 tons of carbon dioxide equivalents; and

WHEREAS, in 2022, NJEDA began exploring uses for clean hydrogen that could accelerate the transition to a clean energy economy, complement electrification strategies, promote energy resiliency, stimulate equitable economic development, and help alleviate environmental and health burdens in environmental justice communities, particularly those surrounding busy ports; and

WHEREAS on May 2, 2023, NJEDA issued a Request for Information to inform the public of the potential development of a \$13 million program to fund the demonstration of clean hydrogen technologies in the hardest to decarbonize sectors of the economy; and

WHEREAS, the responses to the Request for Information emphasized the importance of reducing emissions at PANYNJ's Port Newark and the Elizabeth Marine Terminals by commissioning fuel cell electric drayage trucks; and

WHEREAS, CAIT proposed a detailed project plan to deploy and manage a demonstration project exhibiting hydrogen fuel cell electric vehicle technology at Port Newark and Elizabeth Marine Terminals; and

WHEREAS, in order to further the State's efforts to decarbonize the transportation sector, NJEDA desires to use up to \$13 million of its RGGI Fund allocation to engage RUTGERS to procure, pilot, and study the use of class 8 hydrogen fuel cell electric vehicles, which produce no harmful tailpipe emissions, as a replacement for class 8 diesel-powered vehicles at the Port Newark and Elizabeth Marine Terminals ("Project"), as described in the project plan; and

WHEREAS, NJEDA is satisfied that RUTGERS's Project will advance the goals of the Act; and

WHEREAS, N.J.S.A. 52:14-2 authorizes government entities to call upon any department, office, division or agency of the State to assist with its mission. This MOU shall be administered consistent with N.J.S.A. 52:14-1, et seq.; and

WHEREAS, the Parties have determined that they can assist each other with the implementation of the Program by providing the support outlined below and that it is mutually beneficial to enter into this MOU.

NOW, THEREFORE, the Parties hereby agree as follows:

1. Incorporation. The recitals set forth above are hereby incorporated into and made part of this MOU.
2. Purpose of MOU. The Parties are entering into this MOU to document the mutual understanding and intention of the Parties in carrying out their respective obligations under this MOU.
3. Responsibilities of NJEDA. NJEDA shall:

- a. Provide up to \$13 million of NJEDA's RGGI Fund allocation in accordance with Section 5 below; and
 - b. Conduct, in coordination with RUTGERS, public outreach and education related to hydrogen fuel cell electric vehicles and the associated technologies.
4. Responsibilities of RUTGERS. RUTGERS shall:
- a. Obtain or cause its subcontractor(s) to obtain permission and permits from PANYNJ and/or any of its lessees, to have the hydrogen fuel cell trucks and associated equipment on PANYNJ property, as needed;
 - b. Procure or cause its subcontractor(s) to procure six (6) class 8 hydrogen fuel cell trucks to be used as drayage trucks operating in and around Port Newark and Elizabeth Marine Terminals;
 - c. Upon the conclusion of the Project, return or cause its subcontractor(s) to return the six (6) vehicles to the vendor of origin;
 - d. Lease or cause its subcontractor(s) to lease appropriate hydrogen fueling facilities;
 - e. Procure or cause its subcontractor(s) to procure hydrogen fuel sourced from renewable energy;
 - f. Contract with one or more transportation logistics companies to operate hydrogen fuel cell trucks in and around Port Newark and Elizabeth Marine Terminals for one year from the date the vehicles are put into service. Each truck shall replace one (1) existing diesel-fueled truck for the duration of the Project;
 - g. Obtain raw data from the transportation logistics companies including, but not limited to data related to maintenance, miles driven, fuel costs, fueling time, emission reductions, and driver satisfaction;
 - h. Contract with third parties, as needed, to assist with Project management and development of a report for the Project;
 - i. Ensure that adequate motor vehicle and liability insurance is obtained which covers the hydrogen trucks, their drivers, and the hydrogen fueling station. At its own expense, for the duration of this MOU, Rutgers shall maintain and provide evidence of, and require its subcontractors to maintain and provide evidence of, general liability and automobile liability coverage, applicable to the hydrogen trucks, their drivers and the hydrogen fueling station(s). Policy limits of not less than \$1,000,000 each occurrence and \$2,000,000 aggregate for general liability and \$1,000,000 combined single limit for automobile liability shall apply. NJEDA is to be included as an additional insured on a primary and noncontributory basis with regards to both coverages.
 - j. Provide oversight and facilitation including safety, training, procurement of services, and acquisition of required permits, in collaboration with any subcontracted third party;
 - k. Conduct outreach, in coordination with NJEDA to educate the public on hydrogen and fuel cell electric vehicle technologies, in collaboration with any subcontracted third party;
 - l. Develop a comprehensive study examining the economics and emissions of the hydrogen fuel cell trucks in the Project compared with the existing diesel trucks and produce a final report ("Report"), to NJEDA's reasonable satisfaction,

summarizing all data collected and the results of the study, which shall be made available to the public;

- m. Procure or cause to be procured all other services that are necessary to complete the obligations set forth under this MOU.;
 - n. RUTGERS will not knowingly contract with a third-party subrecipient or vendor where the entity or any of its 30% or more owners are debarred, suspended, or are the subject of a judgment or any other determination of guilt of an indictable criminal offense, whether entered upon a verdict or plea, including a plea of nolo contendere; or other resolution that is the functional equivalent of a judgment establishing an indictable criminal offense by a court of competent jurisdiction, or is otherwise ineligible for contracting opportunities.
5. Funding. NJEDA shall provide RUTGERS with funds up to the amount of \$13 million (“Funds”) payable on a fixed milestone basis, invoiceable at the Project milestones provide below (subject to the cost overrun terms in 5.g.). The Initial Disbursement for Project start up shall be made within ten (10) days of the Effective Date. Thereafter, each disbursement shall be made within ten (10) days of RUTGERS’ submission of sufficient documentary evidence in advance of each such milestone disbursement, as described below. The Funds shall be used solely for the purposes set forth in this MOU. RUTGERS shall provide documentary evidence of all costs to be incurred by RUTGERS (or any sub-contractor or vendor of RUTGERS) to NJEDA, to NJEDA’s reasonable satisfaction, prior to NJEDA making any disbursement outlined below. Such documentary evidence may be in the form of work orders, contracts, invoices, or any other form, as deemed appropriate to satisfy RUTGERS’ documentary evidence obligations. No disbursements shall be made unless all of the work described in the prior disbursement has been completed to NJEDA’s reasonable satisfaction. Within sixty (60) days of the sixth disbursement made by NJEDA, RUTGERS will provide NJEDA with a full accounting of all Funds received and spent and shall return any unspent and uncommitted and cancellable Funds to NJEDA. Rutgers will use reasonable efforts to minimize committed and noncancellable expenses associated with its and any subcontractor or vendor’s performance of the Project. If NJEDA is unable to provide RUTGERS sufficient Funds to complete the Project, NJEDA shall have the right to reduce the scope of this MOU via a written amendment to this MOU signed by the Parties, or terminate this MOU, pursuant to section 14.b. below.

Rutgers will submit invoices to the NJEDA at APinvoices@njeda.gov, with a copy to max.frank@njeda.gov.

The Funds shall be disbursed in milestone-aligned payments as set forth below:

- a. **Initial disbursement - \$4,225,232, payable to RUTGERS within ten (10) days of the Effective Date**, for the following expenses:
 - i. Three (3) new hydrogen fuel cell electric trucks;
 - ii. Mobile fueling system lease, first payment;
 - iii. Refueling site engineering;
 - iv. Site work barriers, plates, signage;

- v. Procurement, outreach, safety, information technology, security, and legal support; and
 - vi. Report development, in collaboration with one or more third-party vendors, as necessary.
- b. **Second disbursement - \$3,285,077** for the following expenses:
- i. Three (3) new hydrogen fuel cell electric trucks;
 - ii. Mobile fueling system lease, second payment;
 - iii. Fueling technicians;
 - iv. Temporary power; and
 - v. Report development, in collaboration with one or more third-party vendors, as necessary.
- c. **Third disbursement – \$1,737,077** for the following expenses:
- i. Fueling technicians;
 - ii. Hydrogen fuel supply;
 - iii. Trailers, water, portable toilets, and other site crew needs as deemed acceptable by NJEDA;
 - iv. Site work barriers, plates, signage;
 - v. Procurement, outreach, safety, information technology, security, and legal support;
 - vi. Temporary power; and
 - vii. Report development, in collaboration with one or more third-party vendors, as necessary.
- d. **Fourth disbursement - \$1,050,077** which shall be paid following NJEDA’s receipt of proof of spending of no less than 60 percent (60%) of the third disbursement. The funding from this disbursement shall pay for the following expenses:
- i. Fueling technicians;
 - ii. Hydrogen fuel supply;
 - iii. Trailers, water, portable toilets, and other site crew needs as deemed acceptable by NJEDA;
 - iv. Procurement, outreach, safety, information technology, and security;
 - v. Temporary power; and
 - vi. Report development, in collaboration with one or more third-party vendors, as necessary.
- e. **Fifth disbursement - \$1,140,077** which shall be paid following NJEDA’s receipt of proof of spending of no less than 60 percent (60%) of the fourth disbursement. The funding from this disbursement shall pay for the following expenses:
- i. Fueling technicians
 - ii. Hydrogen fuel supply
 - iii. Trailers, water, portable toilets, and other site crew needs as deemed acceptable by NJEDA;
 - iv. Procurement, outreach, safety, information technology, and security;
 - v. Temporary power; and

- vi. Report development, in collaboration with one or more third-party vendors, as necessary.
 - f. **Sixth disbursement - \$430,233** – which shall be paid following NJEDA’s receipt of the final Report described in Section 4.1 above.
 - g. **Cost Overruns.** The Project is expected to cost \$11,867,773. NJEDA’s budget allows for up to \$1,132,227 in cost overruns. If RUTGERS’ actual expense(s) related to a. through f. above exceed the prescribed disbursements, or if unanticipated expenses arise during the course of the Project, such expense(s) shall be considered a cost overrun(s). Cost overruns shall be paid exclusively at the discretion of NJEDA and within thirty (30) days of receipt of satisfactory documentary evidence of such cost overrun.
6. Progress Reporting. RUTGERS shall submit progress reports to NJEDA every three (3) months for the duration of the Project, beginning three (3) months following the Effective Date. The reports shall include:
- a. The amount of NJEDA funding spent, description of purchases, and dates of purchases;
 - b. Information regarding any delays in procuring equipment and the reason for the delays;
 - c. Observed health and safety hazards;
 - d. Whether any hydrogen fuel cell trucks are unable to operate due to technical issues and the associated reason, along with the solution, if one was identified;
 - e. Mileage driven by the hydrogen fuel cell trucks, and the total amount of fuel dispensed, in kilograms; and
 - f. Information regarding maintenance of any equipment, such as: which equipment is in need of maintenance, what type of maintenance is required, the cost associated with the maintenance, and the amount of time the equipment was taken out of use due to maintenance.
7. Intellectual Property. All rights and title in and to any and all pre-existing inventions, discoveries, know-how, material, and computer programs/software (hereafter “Background Technology”) developed prior to the performance of this Agreement by either of the Parties to this Agreement, whether or not patentable, shall reside with the owner thereof. Neither Party shall accrue any rights, title, interests or licenses to the other Party’s Background Technology by means of estoppel or otherwise. All rights and title in and to data, technical information, and materials gathered, originated, developed, prepared, used or obtained under this MOU, including, but not limited to all reports, surveys, studies, plans, charts, literature, brochures, mailing, recordings (video and/or audio), pictures, drawings, analyses, graphic representations, software computer programs and accompanying documentation and all print-outs, notes and memoranda, written procedures, and documents, as well as inventions, discoveries, and works, whether or not patentable, and including, but not limited to material, software programs, methods, and models regardless of the state of completion (collectively, “Intellectual Property”), solely generated, produced or otherwise developed by

RUTGERS shall be and remain the sole property of RUTGERS. Notwithstanding anything to the contrary contained herein, RUTGERS hereby grants NJEDA an unrestricted license to use such RUTGERS Intellectual Property provided to NJEDA in reports, for any and all lawful purposes. All RUTGERS Intellectual Property shall be delivered to NJEDA with the Report or within thirty (30) days of any request by NJEDA for such items. All Intellectual Property generated, produced or otherwise developed jointly by RUTGERS and NJEDA shall be shared equally. All Intellectual Property developed solely by NJEDA shall be and remain the property of NJEDA. NJEDA plans to make the raw data collected from this Project publicly available.

8. Publication. Publication of research is one of the primary missions of RUTGERS. NJEDA agrees that RUTGERS shall be permitted to present at symposia, national or regional professional meetings, and publish in journals, theses or dissertations, or otherwise of their own choosing (which RUTGERS may copyright), the methods and results of the Project. In order to permit NJEDA an opportunity to identify any of its confidential information or information that NJEDA considers to be non-public which is referenced in the publication, RUTGERS will provide NJEDA with copies of articles written by RUTGERS research personnel reporting on the Project within thirty (30) calendar days prior to submission for publication. If NJEDA identifies any of its confidential information or other information it considers to be non-public, NJEDA shall so notify RUTGERS in writing within thirty (30) days of receipt of the proposed publication from RUTGERS, and RUTGERS will either remove the NJEDA confidential/non-public information from the publication or obtain NJEDA's written approval to include such information.
9. Indemnification. RUTGERS covenants and agrees to include an indemnity provision in contracts with every subcontractor RUTGERS uses to support this MOU, which states that the subcontractor shall indemnify and hold harmless NJEDA, the State of New Jersey and their respective members, agents, officers, employees and servants from all losses, claims, damages, liabilities, and costs whatsoever (including all costs, expenses and reasonable counsel fees incurred in investigating and defending such losses and claims, etc.), brought by any person or entity, and caused by, related to, arising or purportedly arising out of, or from: (i) the condition, use, possession, conduct, management, construction, and financing of the Project; (ii) the performance by the subcontractor of its obligations associated with the Project; (iii) any loss, damage or injury to, or death of, any person occurring at or about, or resulting from, the operations of the subcontractor in performing its obligations associated with the Project; and (iv) any damage or injury to property caused by the negligence, gross negligence or willful misconduct of any person employed by subcontractor, except for: losses, claims, damages, liabilities and costs to the extent they arise from the gross negligence or willful misconduct of NJEDA or, RUTGERS, as the case may be, and their respective members, agents, officers, employees and servants.
10. Disclaimer of Warranties. RUTGERS REPRESENTS AND WARRANTS THAT ALL SERVICES PROVIDED HEREUNDER SHALL BE PERFORMED IN A GOOD AND WORKMANLIKE MANNER IN ACCORDANCE WITH INDUSTRY

STANDARDS AND THE SPECIFICATIONS OUTLINED HEREIN AND IN THE PROJECT PLAN. ASIDE FROM THE FOREGOING WARRANTIES, RUTGERS MAKES NO WARRANTIES, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE CONDITION, ORIGINALITY, OR ACCURACY OF THE PROJECT PERFORMED HEREUNDER; OR THE OWNERSHIP, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROJECT RESULTS OR FOREGROUND INTELLECTUAL PROPERTY OR PRODUCT RELATED TO SUCH FOREGROUND INTELLECTUAL PROPERTY.

11. Limitation on Liability. RUTGERS SHALL NOT BE LIABLE FOR ANY INDIRECT, CONSEQUENTIAL, OR OTHER NON-DIRECT DAMAGES SUFFERED BY NJEDA OR ANY OTHERS RESULTING FROM NJEDA'S USE OF THE PROJECT RESULTS OR NJEDA'S USE OF FOREGROUND INTELLECTUAL PROPERTY OR PRODUCT RELATED TO SUCH FOREGROUND INTELLECTUAL PROPERTY.

12. Designation of Contacts. The Parties have designated the following contacts, who will be responsible for day-to-day communications between the Parties related to this MOU. The Parties will notify each other of any designated contact change in writing within ten (10) business days of such change:

For NJEDA:
Max Frank
675 US Highway One,
North Brunswick, NJ 08902

For RUTGERS:
Ali Maher, PhD, F. ASCE
100 Brett Rd,
Piscataway, NJ 08854

13. Term and Extension. This MOU shall become effective on the Effective Date and shall expire fifteen (15) months after the date the fuel cell electric trucks are delivered. The Parties may extend the MOU for one year by mutual consent, provided that such consent is in writing and signed by the authorized representatives of each Party.

14. Termination. This MOU may be terminated by either Party upon thirty (30) days prior written notice to the other Party, subject to Section 12 below.

15. Responsibilities of the Parties upon MOU Expiry or Termination.

a. Upon expiration or termination of the Project, if the contract of sale for the hydrogen fuel cell trucks includes a buy-back provision, the Parties will work together to arrange for such buyback and any proceeds from the sale of the trucks back to the vendor of origin shall be remitted to RUTGERS and then to NJEDA;

b. This MOU may be terminated by either Party for convenience or without cause with thirty (30) days' written notice to the other Party. In the event of such termination, RUTGERS shall immediately terminate all subcontracts and related vendor agreements supporting this MOU and take all reasonable measures necessary not to incur any additional costs associated with the Project. RUTGERS shall return all unspent, uncommitted and cancellable Funds in RUTGERS'

possession to NJEDA within thirty (30) business days of the termination date, with a full accounting of the Funds received and spent by RUTGERS.

- c. Either Party may terminate this MOU in the event of a breach of this MOU by the other Party, provided that the breaching Party is afforded written notice and ten (10) business days to cure such breach. In the event the breach is not cured after ten (10) business days, the MOU shall terminate and RUTGERS shall immediately terminate all subcontracts and related vendor agreements supporting this MOU and return all unspent, uncommitted and cancellable Funds in RUTGERS' possession to NJEDA within thirty (30) business days of the termination date, with a full accounting of the Funds received, spent and obligated by RUTGERS.

16. Notices. All legal notices (not including day-to-day business communications) from one Party to the other regarding this MOU shall be sent to the designated contacts provided below. The Parties will notify each other in writing of any change in these contacts within ten (10) business days:

NJEDA	Rutgers
Tim Sullivan, CEO 36 West State Street P.O. Box 990 Trenton, NJ 08625	Office for Research Rutgers, The State University of New Jersey 33 Knightsbridge Road, 2 nd Floor East Piscataway, New Jersey 08854 ATTN: Executive Director, Research Contract Services With a copy to: ru-researchcontracts@research.rutgers.edu

17. Assignment. This MOU may not be assigned by a Party without the prior written consent of the other Party. Any and all assignments not made in accordance with this section are void.

18. Third-Party Beneficiaries. This MOU is intended for the sole benefit of the Parties and shall not be construed to create any third-party beneficiary.

19. Dispute Resolution. In the event a dispute arises between the Parties concerning this MOU, the CEO of NJEDA and the SVP of Research of Rutgers, or their appointed representatives, shall meet to resolve such dispute.

20. Applicable Law, Forum and Venue. Each Party shall be responsible for adhering to all applicable laws and regulations in the performance its obligations under this MOU. This MOU shall be governed by the laws of the State of New Jersey, without regard to its conflict of laws provision.

21. Publicity and Public Announcements. Each Party agrees to obtain permission from the other Party's authorized representative before using the name of the other Party in any public announcement or other publicity.

22. Counterparts. This MOU may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.
23. Electronic Signatures. The Parties agree that the execution of this MOU by electronic signature and/or by exchanging PDF signatures will have the same legal force and effect as the exchange of original signatures.
24. Entire Agreement. This MOU reflects the entire understanding of the Parties, and it supersedes any prior understandings of the Parties. It may not be amended, modified, or supplemented except by mutual consent of the Parties in writing and signed by the authorized representatives of each Party.
25. Miscellaneous.
- a. The Parties acknowledge that the successful completion of each Party's duties hereunder will require cooperation between the Parties. The Parties agree to work cooperatively to achieve the goals of this MOU.
 - b. The Parties agree to strictly control the use and retention of any personal and confidential information provided by the other Party so that only personnel who have a need to know have access to such information. No further dissemination or use of such information is authorized without written permission of the Party from which such information originated, unless required by law.
 - c. RUTGERS will maintain accurate records of all expenses incurred (including records regarding the time/cost for Rutgers staff) using NJEDA Funds and any documentation substantiating such expenses. RUTGERS will retain such information for a period of three (3) years following the expiration or termination of the MOU. RUTGERS will provide NJEDA all relevant expense documentation with each request for reimbursement from NJEDA. Throughout the term of the MOU and for three (3) years after its termination or expiration, NJEDA will have the reasonable right to audit RUTGERS expense records and documentation related to this MOU. NJEDA reserves the right to require the return of any NJEDA Funds not spent in accordance with the terms of the MOU.
 - d. No Party to this Agreement shall be liable for delay in the performance of any of its obligations hereunder if such delay results from cause beyond its reasonable control, including, without limitation, acts of God, fires, strikes, pandemics, acts of war or intervention of any government authority, but any such delay or failure shall be remedied by such Party as soon as practicable.
 - e. Each Party is, and will be deemed to be, an independent contractor and not an agent or employee of the other Party. Neither Party shall have authority to make any statements, representations or commitments of any kind, or to take any action, which is binding on the other party, except as may be explicitly provided for herein or authorized by the other Party in writing.

[Remainder intentionally left blank; signatures contained on the following page.]

IN WITNESS WHEREOF, the Parties have caused this MOU to be executed by their duly authorized representatives.

For NJEDA	For Rutgers
Name:	Name:
Title:	Title:
Signature:	Signature:
Date:	Date:



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: April 9, 2025

RE: NJ Green Workforce Training Grant Challenge Awards and Declinations

Summary

The Members are requested:

- To approve four (4) applications and their respective grant awards for the NJ Green Workforce Training Grant Challenge totaling \$4,349,987 utilizing funding from the Green Council MOU between NJEDA/NJDEP dated March 28, 2024 (EDA/DEP Funding) for the following applicants: (1) Elizabeth Development Company of New Jersey, (2) Ideal Education, A NJ Nonprofit Corporation, (3) New Jersey Environmental Justice Alliance, Inc., and (4) Hugo Neu Realty Management; and to decline all other applications regardless of funding source for this Grant Challenge.

Background

The NJEDA Board approved the creation of the NJ Green Workforce Training Grant Challenge (Grant Challenge) at its April 10, 2024 meeting to support the State's goals to prepare New Jersey residents for jobs in the green economy and to grow the green economy in an equitable and inclusive manner. The Grant Challenge was a competitive program to award grants that aide in implementing innovative workforce training and skills programs focused on strengthening and diversifying New Jersey's green economy talent pipeline, with a particular focus on serving NJ's Overburdened Communities. A maximum of \$7 Million was made available through this Grant Challenge, utilizing \$2.65 million provided through the Offshore Wind Sector Initiatives Memorandum of Understanding (MOU) between NJEDA / NJBPU dated October 12, 2023 (EDA/BPU Funding), and \$4.35 million from the Green Council MOU between NJEDA/NJDEP dated March 28, 2024 (EDA/DEP Funding). The minimum and maximum amounts for individual awards were set at \$250,000 and \$1.5 million, respectively.

NJ Green Workforce Training Grant Challenge Requirements

NJ Green Workforce Training Grant Challenge was created to establish workforce and skills development programs to strengthen and diversify New Jersey's green economy workforce. The application window for the Grant Challenge opened on August 8, 2024, and applications were due by October 8, 2024. A Notice of Funding Availability was issued on August 1, 2024, and all information about the Grant Challenge, including answers to submitted questions, were posted on a dedicated webpage on NJEDA's website.

The Grant Challenge was open to private, public, and nonprofit entities that can design and execute workforce and skills training programs for specified green economy industries. Eligible applicants included but were not limited to community-based organizations, non-profit or private workforce training organizations, labor unions, technical high schools, county colleges, other non-profit organizations, regional workforce development boards, and for-profit companies. All applications were required to include at least one Community-Based Organization (CBO) with demonstrated experience serving a New Jersey Overburdened Community as defined by New Jersey's Environmental Justice Law (NJSA 13:1D-157 et seq), either as the applicant or as a strategic collaborator with the primary applicant. If the latter, the application was required to clearly define the CBO's role and describe the alignment with the CBO's mission and/or services and the amount of the grant funding to be allocated to the CBO.

For the purposes of the Grant Challenge, a CBO was defined as a 501(c)(3) non-profit organization that provides direct services or supports to a specific geographic New Jersey community(ies) or specific segments of a New Jersey community(ies). For the purposes of this Challenge, government entities, K-12 schools, and institutions of higher learning did not qualify as CBOs. However, these entities were eligible as the primary applicant or an additional collaborator on the applicant team. The NJ Environmental Justice Law defines Overburdened Communities as any census block group, as determined in accordance with the most recent United States Census in which: 1) at least 35 percent of the households qualify as low-income households; 2) at least 40 percent of residents identify as minority or as members of a State recognized tribal community; or 3) at least 40 percent of the households have limited English proficiency (N.J.S.A 13:1D-158).

In addition to these eligibility parameters, applicants were required to be in good standing with the New Jersey Department of Labor and Workforce Development and the New Jersey Department of Environmental Protection to participate in the Grant Challenge. Applicants were also required to provide a current tax clearance certificate as part of the application to demonstrate that the applicant is properly registered to do business in New Jersey and in good standing with the New Jersey Division of Taxation.

Proposed initiatives were required to focus on one or two (but no more than two) of the following seven industries: (1) Offshore Wind; (2) Other Renewable Energy Technologies; (3) Green Design and Construction; (4) Environmental and Green Infrastructure; (5) Grid Resilience; (6) Clean Transportation; and (7) Energy Efficiency. To align with the criteria specified in the two funding MOUs, of the \$7 million total funding pool for the Grant Challenge, \$2.65 million from the NJEDA/NJBPU MOU was earmarked to fund applications that identified Offshore Wind as at least one of the focus industries, while the remaining \$4.35 million from the NJEDA/NJDEP MOU was earmarked to fund applications for all eligible green economy industries, including Offshore Wind.

As part of the application, applicants were required to submit proposals, including a narrative and budget, that outlined compelling plans to:

- Implement an existing program or new program that will allow New Jerseyans to access workforce opportunities in green economy industries by providing tangible skills sought by employers in those industries. Components of programs were required to include direct workforce training/skill development, and, where relevant, support services such as access to career services, mentorship, family services (such as childcare, eldercare, or other similar services), counseling, transportation, etc. Connect with industry and other stakeholders to design and/or implement a program that prepares and connects participants with job opportunities in the green economy in high-growth and in-demand occupations. Applicants were expected to demonstrate that their proposed program will provide meaningful career opportunities through labor market research, employer and industry engagements, and other relevant analysis.
- Develop and/or utilize outreach, recruitment best practices, program design approaches, and

wraparound supports as needed such as mentorship, transportation, and childcare that target and support a diverse and inclusive pool of training participants to successfully complete the program.

- Define program evaluation and success metrics such as: recruitment, enrollment, completion, job placement, and learning acquisition goals.
- Reach and target New Jersey's Overburdened Communities and provide opportunities for economic mobility for these communities in green economy careers.
- Collect, track, and report programmatic data, including trainee demographics, trainee surveys, instructor evaluations, training enrollments and completions, and job placement and retention information.
- If applicable, include strategies to connect current and aspiring workforce with skills-based training targeted to transitioning legacy energy workers.
- Execute the project efficiently and on schedule, achieving well-defined milestones to complete the proposed initiative.

As included in the Grant Challenge Specifications, proposals were evaluated based on five primary criteria:

- Ability to meet the needs of New Jersey's burgeoning green economy industries (up to 35 points)
- Ability to serve NJ's Overburdened Communities (up to 10 points)
- Ability to provide wraparound supports and low- or no-cost training (up to 15 points)
- Prior experience creating and implementing workforce development initiatives (up to 30 points)
- Budget and associated milestones (up to 10 points)

Applicants were required to have a minimum score of 80 points to be considered for an award, with the highest score possible being 100 points. To maximize the total amount of funding allocated through this challenge, NJEDA had the option to request revisions to the proposed budget for an eligible applicant that did not score a high enough score to be fully funded. That applicant had the right to decline or accept the budget revision option. If the applicant declined, NJEDA had the option to make the same offer to the next highest scoring applicant, and this process would continue until a qualifying applicant either fit within the funding cap or accepted the offer to revise their budget to fit within the funding cap. Any applicant that accepted the offer to revise their budget had their revised application evaluated by NJEDA to determine if the revision would lower their proposal's ranking to an extent that they are no longer the next highest scoring applicant.

Overview of Applications Recommended for Grant Award

NJEDA received 17 applications for the Grant Challenge. Two (2) of these applications were declined and not scored, as they did not submit one or more of the required documents after notification and a defined cure period of ten (10) business days. The Evaluation Committee reviewed the remaining 15 proposals against the documented scoring criteria. Based on the industries selected, 15 were eligible under the EDA/DEP funding and of those 15 applicants, three (3) were also eligible for the funding under the EDA/BPU MOU. Of the 15 applications, ten (10) scored an 80 or above, the minimum to be considered for an award, and five (5) scored below 80. The 3 applications that are also eligible for funding under the EDA/BPU MOU scored below 80. The following four applicants had the highest scores and are recommended for awards utilizing the EDA/DEP Funding.

NJEDA/NJDEP Funding:

1. Elizabeth Development Company of New Jersey, a community-based organization and 501(c)3 non-profit organization, will be collaborating with Dimension Energy, a training provider, to provide hands-on, instructor-led North American Board of Certified Energy Practitioners (NABCEP) Solar Technician Training Course. The training will take place in-person in Elizabeth and Jersey City. Participants will be trained on basic electrical concepts and structured electrical

training on solar energy industry standards and guidelines. The program focuses on the Overburdened Communities in Union, Hudson, and Essex Counties. The program will train approximately 60 participants with a proposed completion of 54 individuals (90% of enrollments) and 43 job placements (80% of completions). The training length is 330 hours over 15 weeks per cohort for four total cohorts. The credentials that will be earned are NABCEP Photovoltaic Associate certification and OSHA 30-Hour. Supportive services will include stipends, 6-hours of job readiness, and a licensed social worker on staff (in-kind support) for one-on-one support with accessing public benefits. The green economy industry selected is Other Renewable Energy Technologies. The budget for the program is \$500,000. Based on the scores assigned by the Committee, the total score was 94.

2. Ideal Education, A NJ Nonprofit Corporation, a non-profit organization, will be training individuals for the following occupations: NJ Clean Energy Program Installers and Weatherization and Energy Auditors. The training will take place in-person in Pleasantville, NJ, as well as utilizing a mobile hands-on training unit and a virtual platform. The program focuses on the Overburdened Communities in South Jersey. The program will train approximately 100 participants with a proposed completion of 90 individuals (90% of enrollments) and 80 job placements (80% of completions). The training length is 16 weeks per cohort for five total cohorts over two years. The credentials that will be earned are the following: Occupational Safety and Health Administration (OSHA) 30-Hour, National Center for Construction Education and Research (NCCER) Electrical and Heating, Ventilation, and Air Conditioning (HVAC) Level 1 Certification, and Building Performance Institute (BPI) Building Analyst Technician Certification. Ideal Education will be collaborating with Coalition for a Safe Community and Community Strategies and Solutions, both of which are CBOs and 501(c)3 non-profit organizations that work with individuals in the Overburdened Communities of South Jersey. Supportive services will include transportation assistance, childcare services, counseling and mentorship, job placement support, including resume building, interview preparation, and access to job fairs. Ongoing mentorship will be provided after program completion to assist participants in transitioning into employment and long-term success. The green economy industries selected are Energy Efficiency and Green Design and Construction. The budget for the program is \$1,500,000. Based on the scores assigned by the Committee, the total score was 93.
3. New Jersey Environmental Justice Alliance, Inc. (NJEJA), a community-based organization and 501(c)3 non-profit organization, will provide training in building systems, thermal systems, weatherization, and HVAC. The training tracks include the following: Auditing & Analysis; Design & Engineering; Inspection (Measurement & Verification); Project Coordination & Project Management; and Sales & Outreach. NJEJA will be partnering with Soulful Synergy and Green Tech Leaders to provide the training, and Energy Economic Development Corporation to lead the outreach to potential employers. The training will be hybrid, and the in-person portion will take place in Newark. Participants will obtain the following credentials: BPI Building Science Principles Certification, Environmental Protection Agency (EPA) Section 608 Technician Certification, and OSHA 40-Hour Site Safety Training (SST). The program will train approximately 100 participants with a proposed completion of 100 individuals (100% of enrollments) and 70 job placements (70% of completions). A total of four training cohorts will be offered and each cohort will consist of 180-hours of training across a six-week long program. The program focuses on the Overburdened Communities in Newark. Supportive services will include stipends, mentorship, 20-hour career services curriculum, transportation, childcare, access to food, and mental health resources provided by the Salvation Army. The green economy industries selected are Energy Efficiency and Green Design and Construction. The budget for the program is \$1,373,000. Based on the scores assigned by the Committee, the total score was 92.

4. Hugo Neu Realty Management, a Limited Liability Company, will conduct training modules that will train for the following: Green Stormwater Infrastructure (GSI) Occupations (Green Stormwater Technician, Green Infrastructure Technician, Project Management) and Clean Transportation/Electric Vehicle (EV) Occupations (EV Charging Installation and Maintenance, Project Management). The EV program will recruit from a population who have already received their “Electrical Assistant” training. The training will be hybrid with the in-person portion of the training taking place in Kearny, NJ. Participants will obtain the following credentials: Green Stormwater Infrastructure Certification and the Electric Vehicle Infrastructure Training Program (EVITP) Certification. The program will train approximately 75 participants with a proposed completion of 56 individuals (75% of enrollments) and 28 job placements (50% of completions). The training length is 140 hours per cohort for the EVITP and 40 hours per cohort for GSI. A total of two training cohorts per industry will be offered for a total of four cohorts. Hugo Neu Realty Management will be collaborating with New Jersey Reentry Corporation, a CBO and 501(c)3 non-profit organization that works with individuals impacted by the criminal justice system. Supportive services will include stipends; assistance accessing public benefit programs; addiction treatment; onsite medical, dental, and psychiatric support; housing assistance; access to employment specialists; and legal services for record expungement. The program focuses on Overburdened Communities across the State of New Jersey. The green economy industries selected are Clean Transportation and Environmental and Green Infrastructure. Hugo Neu Realty Management’s application was the fourth highest scoring proposal; however, their initial funding request of \$1,499,761 placed the cumulative funding requests above the funding cap of \$4.35 million dedicated for all green economy industries. As such, NJEDA staff requested a revised budget and scope from Hugo Neu Realty Management, in accordance with the process for maximizing funding that is described above. The revised proposal and budget submitted by Hugo Neu Realty Management was accepted by NJEDA and set the new total program budget at \$976,987. The Committee evaluated the applicant’s program with the revised budget and based on the scores assigned by the Committee, the total score was 93.33.

With these four awards, a total of \$13.00 of funding from the \$4.35 million funding pool from the NJEDA/NJDEP MOU will remain and will not be awarded.

The applicants that met the minimum score of 80 but were not selected due to funding limit under the EDA/DEP MOU and therefore are recommended for declination are Apex Solutions Foundation (Score: 91), Isles, Inc. (Score: 91), New Jersey Institute of Technology (88.33), New Jersey Innovation Institute, Inc. (Score: 86.7), Local Union 164 Electrical Joint Apprenticeship and Training Trust Fund (Score: 86), and Urban League of Essex County, Inc. (Score: 81.76).

The applicants that did not meet the minimum score of 80 regardless of funding source, and are recommended for declination are South Ward Environmental Alliance (Score: 75.33), Hunterdon County Vocational School District (Score: 74), Egg Harbor Township School District (Score: 73.67), Apollo Gardening LLC (Score: 73.33), and Calvary Baptist Community Center (Score: 72).

Upon NJEDA Board Approval, NJEDA will enter into grant agreements with each of the four awarded applicants.

Recommendation

The Members are requested:

- To approve four (4) applications and their respective grant awards for the NJ Green Workforce Training Grant Challenge totaling \$4,349,987 utilizing funding from the Green Council MOU between NJEDA/NJDEP dated March 28, 2024 (EDA/DEP Funding) for the following applicants: (1) Elizabeth Development Company of New Jersey, (2) Ideal Education, A NJ Nonprofit Corporation, (3) New Jersey Environmental Justice Alliance, Inc., and (4) Hugo Neu Realty Management; and to decline all other applications regardless of funding source for this Grant Challenge.



Tim Sullivan, CEO

Prepared by: Cathy Yuhas

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: April 9, 2025

SUBJECT: Employee Stock Ownership Plan Assistance Program

Summary:

The Members are requested to approve:

1. Creation of the Employee Stock Ownership Plan Assistance Program, a product that will offer up to two million seven hundred thousand dollars (\$2,700,000) in employee stock ownership plan (ESOP) Feasibility Study Services to be provided to eligible New Jersey businesses.
2. Delegation of the Authority’s Chief Executive Officer to approve individual requests for a Employee Stock Ownership Plan Assistance Program up to a maximum of thirty five thousand (\$35,000).
3. Approval of application fee waiver for the Employee Stock Ownership Plan Assistance Program under N.J.A.C. 19:30-6.1A(b)(2).

Background:

Under Executive Order 262 (2021), issued by Governor Phil Murphy, a Wealth Disparity Taskforce was established to “examine the causes of and remedies for the long-standing wealth disparities that affect Black and Hispanic or Latino New Jerseyans”. In order to execute these proposed remedies, the New Jersey State Fiscal Year 2024 Appropriations Act (P.L. 2023, c.74) included \$6 million in overall funding for Wealth Disparities Initiatives.

Recommendations issued by the Taskforce included development of a statewide employee ownership program to achieve the above stated mission. In April 2024, a Request for Information was issued, 2023-RFI-199 – Development of a Statewide Employee Ownership Program, to solicit information on the current ecosystem surrounding employee ownership models, assistance programs offered by other jurisdictions, and barriers faced by aspiring employee-owned companies. The RFI revealed that the employee ownership transition process has technical and financial barriers to entry that often present challenges to business owners and employees related to the complex legal, accounting, administrative and compliance requirements.

Despite these hurdles, many employee-owned companies continue to thrive, creating and sustaining wealth for their employee owners. Additionally, we found that a variety of states and local jurisdiction have committed to fostering an ecosystem around employee ownership models, with assistance programs growing in popularity. To support the development of this Program, the NJEDA entered into a Memorandum of Understanding with Rutgers University School of Management and Labor Relations to conduct an education and outreach campaign that is already

underway. The campaign is integral to engaging interested parties to receive the technical assistance the proposed Program will offer.

In February, the Board approved entering into a contract with two firms to perform the services to be offered under the proposed ESOP Assistance Program. The total initial award of the contracts that enable the vendors to perform feasibility study services is not to exceed two million and seven hundred thousand dollars (\$2,700,000) for eligible New Jersey businesses. A summary of the technical assistance product including contractor engagement, product details, eligibility criteria, available support, maximum assistance amounts, and the approval process is provided below and delineated within the Appendices. This memorandum is seeking the approval of the Employee Stock Ownership Plan Assistance Program that would fund up to 90% of each interested business's Feasibility Study Services, not to exceed \$35,000 per business. Additionally, the Board is asked to approve the Delegated Authority for individual requests under the Program, up to a maximum of thirty-five thousand (\$35,000) and a waiver of the application fee.

Product Details and Contractor Responsibilities

The ESOP Assistance Program will connect New Jersey interested businesses with one of two approved contractors who will offer Feasibility Study Services to assist with the beginning stages of ESOP transitions. The goal of the Program is to increase the number of New Jersey businesses under employee ownership structures, providing employees with opportunities to have a greater stake in the businesses, generate sustainable and equitable wealth, and ensure greater financial security. At minimum, Services should produce an in-depth, written assessment of the companies' outcomes based on the above measures.

The Authority will issue a press release to announce the product and will market to businesses to generate leads. The Rutgers University School of Management and Labor Relations will also play a pivotal role in generating leads for the Program through its network of interested parties. The Authority will distribute leads to Contractors beginning with the highest scored Contractor and continuing on a rotating basis.

To be eligible to receive Feasibility Study Services under the ESOP Assistance Program, interested businesses must complete the Program application and submit accurate and verifiable documentation at time of approval; be currently located in New Jersey, staff will verify this via Google maps search; provide a current tax clearance certificate at time of approval; have at least 20 full time employees, as evidenced by NJ WR30 and/or NJ 927 at time of approval; and, be in good standing with New Jersey agencies, including Department of Labor and Workforce Development and Department of Environmental Protection. As is customary, ineligible businesses include businesses that: conduct or purveyance of "adult" (that is, pornographic, lewd, prurient, obscene, or otherwise similarly disreputable) activities, services, products, or materials (including nude or semi-nude performances or the sale of sexual aids or devices); any auction, bankruptcy, fire, "lost-our-lease," "going-out-of- business," or similar sale; sales by transient merchants, Christmas tree sales, or other outdoor storage; or any activity constituting a nuisance.

Interested businesses will be required to complete an application, the fee of which will be waived as the Program will serve as a pilot in effect for no more than three years, as outlined in N.J.A.C. 19:30-6.1A(b)(2). NJEDA will use the responses and documentation to determine eligibility based

on the outlined Product Specifications. Following application, NJEDA will conduct an initial review of the interested business' application to affirm eligibility.

The Contractor shall make contact with the potential client business and schedule a diagnostic interview with the business owner within one (1) week of initial notice by NJEDA. The Contractor shall conduct, at minimum, a thirty to sixty (30-60) minute interview with the interested party to gain an understanding of the desired outcomes in exploring an employee stock ownership plan, discuss the services to be offered, and the partnership the firm has entered into with the NJEDA that will provide financial assistance for the aforementioned services. Following the initial meeting, the contractor will develop a proposal that will be shared with the potential client for approval and signature. Following client approval, the Contractor will forward the signed proposal to the Authority Designated Contract Manager (DCM) for project approval.

Following approval by the Designated Contract Manager (DCM) of completed, authorized work, the Contractor shall submit a final electronic invoice. The Authority will pay the Contractor ninety percent (90%) of the pre-approved services costs, per the invoiced amount. The client will then be liable for the final 10% of the total fee for services.

Contractors will complete the following tasks in the performance of the work:

1. Obtain Business Owner Input: Contractor will work with client to gain an understanding of the business owner's current leadership structure, employee structure, need for transition, and any other relevant structural needs.
2. Assess Financial Viability: Contractor will begin building a study to include identification of goals and objectives of the current business owner, projected financial modeling, assessment of the historical financial results, determine the impact of an ESOP on current benefits offerings (such as retirement and 401k funds), deliver projections on future eligible compensation, and assess senior debt capacity and financing options. Contractor shall communicate and update the client during the process.
3. Complete Feasibility Study: Contractor will deliver a comprehensive and complete feasibility study on behalf of the business with clear direction on next steps in the ESOP transition process or other potentially viable employee ownership/succession solutions based on client's business needs.

Once the project is fully completed, the Contractor will submit its final invoice to the Authority, accompanied by a copy of the signed proposal and evidence of the completed work (e.g., final feasibility study with sensitive personal information redacted, final recommendations, supporting documents, documents, etc.). The Contractor's invoice will include the initial cost of any feasibility study service. The business owner will be responsible for all subsequent, ongoing costs/fees associated with executing final recommendations, including but not limited to transition services if the business elects to proceed with an ESOP transition. The Authority will issue final payment upon receipt and review of the final invoice and after confirming that the client is satisfied with the work, as evidenced by a customer satisfaction survey completed by the client.

Approval Process

In recognition of the anticipated volume of requests for assistance under this product and the limited discretion staff has in reviewing requests under the product parameters, the Members are requested to approve Delegation to the Authority's Chief Executive Officer to approve individual requests for assistance under the product, up to a maximum of thirty-five thousand dollars (\$35,000) in accordance with the terms set forth in the attached Product Specifications. Existing delegated authority to the Chief Executive Officer will be utilized to decline applications for solely non-discretionary reasons, and to approve Final Administrative Decisions upon recommendation of the Hearing Officer for appeals related to these non-discretionary declinations

Budget and Payment

The two million dollar and seven hundred thousand (\$2,700,000) contract award will be expended incrementally, on a rotating basis between Contractors over the Contract term as services are provided. Following approval by the Designated Contract Manager (DCM) of completed, authorized work, the Contractor shall submit a final electronic invoice. The Authority will pay the Contractor ninety percent (90%) of the pre-approved services costs, per the invoiced amount.

Recommendation:

The Members are requested to approve:

1. Creation of the Employee Stock Ownership Plan Assistance Program, a product that will offer up to two million seven hundred thousand dollars (\$2,700,000) in employee stock ownership plan (ESOP) Feasibility Study Services to be provided to eligible New Jersey businesses.
2. Delegation of the Authority's Chief Executive Officer to approve individual requests for a Employee Stock Ownership Plan Assistance Program up to a maximum of thirty five thousand (\$35,000).
3. Approval of application fee waiver for the Employee Stock Ownership Plan Assistance Program under N.J.A.C. 19:30-6.1A(b)(2).



Tim Sullivan, CEO

Prepared by:
Brianna Hill, Team Lead – Economic Equity

Attachments:
Appendix A – Product Specifications

Appendix A

**Employee Stock Ownership Plan Assistance Program
Product Specifications**

Funding Source	\$2.7 million Wealth Disparities Initiatives funds (Fiscal Year 2024 Appropriations Act), with delegation to CEO to increase funding up to \$3.7 million.
Product Expiration	Assistance will be offered for a term of one year. The RFP allows for an extension of one year.
Product Purpose	The Employee Stock Ownership Plan Assistance Program supports the expansion of employee ownership structures across the state by providing up to two million and seven hundred thousand dollars (\$2,700,000) in ESOP feasibility study services to encourage businesses to explore ESOP transitions. This funding was awarded via RFP and will be administered via 3 rd party contractors.
Eligible Recipients	<ul style="list-style-type: none">• Business must be currently located in New Jersey, staff will verify this via Google maps search.• Business must complete an application.• Business must provide a current tax clearance certificate at time of approval.• Businesses must have at least 20 full time employees, as evidenced by NJ WR30 and/or NJ 927 at time of approval.• Businesses must be in good standing with New Jersey agencies, including Department of Labor and Workforce Development and Department of Environmental Protection.• Ineligible businesses include businesses that: conduct or purveyance of "adult" (that is, pornographic, lewd, prurient, obscene, or otherwise similarly disreputable) activities, services, products, or materials (including nude or semi-nude performances or the sale of sexual aids or devices); any auction, bankruptcy, fire, "lost-our-lease," "going-out-of-business," or similar sale; sales by transient merchants, Christmas tree sales, or other outdoor storage; or any activity constituting a nuisance.

Eligible Assistance Types	<ul style="list-style-type: none"> • The tasks that may include, but may not be limited to, the analysis of a business’ earnings with interest, taxes, depreciation, and amortization added back in (EBITDA), management team structure, structure and number of employees, value of a company, existing employee benefits, transaction structure, and any tasks that may be necessary to execute to assist a business in achieving the optimal metrics for an ESOP transition. Services should, at minimum, produce an in-depth, written assessment of the companies outcomes based on the above measures.
Maximum Project Costs	<ul style="list-style-type: none"> • Total value of technical assistance not to exceed \$35,000, per business (based on the contractor’s fee schedule).
Contractor Responsibilities	<ul style="list-style-type: none"> • Initial intake • Provide applicant eligibility recommendation • Introductory diagnostic meeting • Develop proposal • Obtain NJEDA and client approval • Obtain business owner input • Build solution(s) • Final Recommendation on Transition Services • Obtain client feedback
Approval Process	<ul style="list-style-type: none"> • The Authority will be responsible for reviewing applications and issuing determinations.
Funding Disbursement	<ul style="list-style-type: none"> • Following approval by the Designated Contract Manager (DCM) of completed, authorized work, the Contractor shall submit a final electronic invoice. The Authority will pay the Contractor ninety percent (90%) of the pre-approved services costs, per the invoiced amount.



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Sullivan
Chief Executive Officer

DATE: April 9, 2025

SUBJECT: Creation of NJ LEND the New Jersey Loan Expansion and Network Development pilot program

Request:

This memo seeks Board approval to establish NJ LEND, a three-year pilot program designed to meet the changing financing needs of New Jersey's businesses. In response to escalating real estate, equipment, and operational costs, the program proposes to increase the maximum loan amount of the Authority's existing loan products.

Approval is requested for:

- 1) The creation of the NJ LEND— a three-year pilot program that will allow the Authority to offer up to \$5 million in fixed asset financing to eligible New Jersey businesses when applicable.
- 2) The utilization of \$30 million from the Economic Recovery Fund (ERF) to fund this new lending initiative called NJ LEND.
- 3) Delegation to the Authority's Chief Executive Officer to approve individual applications for the NJ LEND Program in accordance with the terms set forth in the attached product specifications.

Background

The NJ LEND pilot program is set to expand upon and enhance the NJEDA's two well-established programs, the Premier Lender and Direct Loan, which were created through legislation and are governed by specific administrative rules. These programs have played a crucial role in broadening access to capital and fostering economic growth throughout New Jersey for many years. Leveraging the successes and insights gained from these seasoned programs, the NJ LEND pilot program aims to address the evolving financing needs of New Jersey's business environment.

This pilot program will offer higher limits on Premier Lender and Direct Loan financing to businesses, providing the flexibility needed to assess market demand for larger loan sizes. It offers the Business Banking team an additional avenue to support banks participating in the Premier Lender Program by

allowing for greater participation in eligible loans. NJ LEND will also offer higher loan amounts through the Direct Loan program when eligibility criteria are met. Since the onset of COVID-19, there has been a continued need for expanded financial resources to help New Jersey businesses tackle economic challenges such as rising real estate prices and operational costs. This pilot will enable the team to determine if there is a genuine need for higher lending limits and to consider updating NJEDA's administrative rules to make the modifications permanent at the pilot's conclusion.

NJEDA's Premier Lender Program, launched in 2001, is a collaborative effort with a network of enrolled Premier Lender banks. Similar to the Small Business Administration (SBA) program, it facilitates streamlined access to affordable financing for businesses. Offering loan participations, loan guarantees, and line of credit guarantees of up to \$2 million, the program addresses critical needs like fixed asset purchases, working capital, and refinancing of existing business debt. By working with these banks, NJEDA reduces barriers for businesses seeking capital for growth, job creation, and long-term stability. Currently, 28 banks participate in the NJEDA Premier Lender Program, making it an essential resource for accessible business financing.

The Direct Loan Program, active since the NJEDA's inception, provides additional capital access for New Jersey's business community. It offers loans of up to \$2 million for fixed assets and up to \$750,000 for working capital, supporting businesses that may not qualify for traditional financing to expand, invest in new equipment, and manage essential business operations. Together, these programs have significantly contributed to New Jersey's economic vitality by empowering businesses and boosting local economic activity.

Building on these established foundations, the NJ LEND pilot program will offer enhanced financial support with increased loan limits and terms tailored to the current economic climate. This includes maximum loan amounts of up to \$5 million for fixed assets and up to \$1 million for working capital loans and line of credit guarantees, provided all program eligibility and underwriting requirements are met.

Program Purpose:

The NJ LEND pilot program is crafted to assist New Jersey's small and medium-sized businesses in overcoming current economic challenges. By offering increased loan limits and focused support for fixed assets and working capital, the program delivers crucial funding solutions tailored to the needs of businesses in a competitive market. Feedback from the banking industry indicates a significant opportunity to expand enhanced lending options to help businesses manage rising costs and thrive in today's economic climate. With loan thresholds up to \$5 million, the program will enable NJEDA to assess market demand and collect data on the impact of offering higher lending limits. This approach permits a comprehensive evaluation of business needs and outcomes before making permanent changes to existing regulations, ensuring resources are allocated efficiently and strategically.

The program also capitalizes on the expertise of Premier Lender enrollees to provide credit enhancements through loan participations and guarantees. Additionally, businesses looking for direct financing through NJEDA can apply for funding to meet their financial needs.

In line with NJEDA's existing traditional lending programs, the primary goal of this initiative is to drive economic activity through job creation. All businesses receiving funding through NJ LEND will be required to create and/or retain one full-time job for every \$65,000 in NJEDA loan exposure. This requirement not only fosters individual business growth but also strengthens workforce development throughout the state.

Funding Source - Economic Recovery Fund (ERF)

This memo requests approval for a \$30 million allocation from the ERF to support the NJ LEND pilot program. As NJEDA's primary funding source for pilot programs, the ERF's economic purpose, as referenced in N.J.S.A. 34:1B-7.13(a)(1), "supports and invests in small and medium-size businesses and other entities engaged in economic, community, and workforce development that have the greatest potential for creating jobs and stimulating economic growth through such elements including, but not limited to: (1) a Statewide lending pool and guarantee pool for small business, whether directly or through a community development financial institution" By focusing on these areas, the ERF enables NJEDA to strategically invest in initiatives that foster economic activity and provide long-term benefits for New Jersey's businesses and workforce. The NJ LEND pilot will use ERF funding to serve small businesses, helping them expand, create jobs, and drive economic growth.

Definition of Small Business

To comply with ERF's requirement to utilize funds for small businesses, the definition of small business, as it pertains to NJ LEND, is a business with no more than 750 New Jersey employees. This definition is in alignment with the SSBCI 2.0 program federal parameters.

Program Details:

The NJ LEND Program offers flexible lending options tailored to New Jersey businesses' specific financing needs. These options include:

For NJ LEND loans financed with enrolled Premier Lender Banks:

- Fixed Asset Loan Participation: For NJEDA enrolled Premier Lender Banks, the EDA will participate in up to 50% of the bank loan amount for fixed asset loans; with a minimum NJEDA loan participation of \$2,000,000.01 and a maximum NJEDA loan participation of \$5 million.
- Working Capital Loan Participation: For NJEDA enrolled Premier Lender Banks, the EDA will participate in up to 50% of the bank permanent working capital loan; with a minimum NJEDA loan participation of \$750,000.01 and a maximum NJEDA loan participation of \$1 million.
- Line Of Credit Guarantee: For NJEDA enrolled Premier Lender Banks, the EDA will Guarantee of up to 50% of the bank line of credit amount at a minimum NJEDA guarantee of \$750,000.01 not to exceed \$1 million.
- NJ LEND participations and guarantees are subject to EDA's credit underwriting policy and EDA will use the Premier Lender Bank's underwriting analysis to support its underwriting analysis.

For NJ LEND loans financed directly to Borrowers:

- Fixed Asset Loan: NJEDA will finance fixed asset loans up to \$5 million directly to the borrower.
- Working Capital Loan: For permanent working capital loans financed directly, NJEDA will offer financing up to \$1 million.

All NJ LEND Program Applications are subject to NJEDA's credit policy and underwriting standards.

Eligible Uses of Funds

The NJ LEND program funds are designated to support businesses through the following uses:

- Purchase or Refinance of Commercial Real Estate: Purchase of owner occupied commercial real estate located in NJ (the business must occupy and operate from at least 51% of the square footage of the NJ commercial property).

- Equipment Acquisition: Purchase of new equipment excluding rolling stock, excludes soft costs.
- Working Capital – permanent working capital for short term operating expenses, Permanent working capital is a non-revolving fully amortizing loan in which the proceeds are used to purchase inventory and support recurring operating expenses paid in the ordinary course of business. The Authority in its sole discretion determines what type of inventories and operating expenses are eligible for working capital support.

Refinancings must meet NJEDA policy requirements and may be subject to lower loan amounts not to exceed \$2.5 million.

Eligible Applicants

Eligible applicants under the NJ LEND pilot program may be for-profit or non-profit businesses, but all must have an operating location in New Jersey. All borrowers through NJ LEND must commit to the retention and/or creation of one new full-time job for every \$65,000 of NJEDA exposure within two years of closing. Borrowers must secure financing with fixed assets, such as real estate and machinery/equipment. Home-based businesses not using the loan proceeds to purchase a commercial property for its business operations are not eligible for the NJ LEND program.

For-profit businesses must have been operating and generating revenue and expenses for at least two full years. At least 50% of personal guarantors must have a minimum FICO score of 700, and all individuals or entities with 10% or greater ownership in the business must provide unlimited guarantees for the duration of the loan term. Additionally, for-profit businesses must meet a historical global debt service coverage ratio of 1.10x.

Non-profit businesses must have been operating and generating revenue and expenses for at least three full years. Unlike for-profit businesses, personal guarantees are not required. However, non-profit businesses must meet a debt service coverage ratio of 1.0x.

Additional requirements:

Applicants receiving funding through NJ LEND must be in substantial good standing with the New Jersey Department of Labor and Workforce Development, New Jersey Department of Environmental Protection, and NJEDA prior to approval with all decisions of substantial good standing at the discretion of those entities. A current tax clearance certificate prior to closing will be required for the applicant and operating company (if applicable) to demonstrate substantial good standing with the New Jersey Division of Taxation.

Rates & Terms

The NJEDA interest rate for loans under the NJ LEND program will be based on the equivalent U.S. Treasury rate or a minimum floor of 1%, with additional basis points for credit risk. Terms vary by loan purpose:

- Real Estate: Fixed rates up to 30 years with a maximum loan-to-value of 100%.
- Equipment: Fixed rates up to 10 years with a 90% loan-to-value.
- Working Capital: Fixed rates up to 7 years and must be secured by real estate.
- Line of Credit Guarantee: NJEDA may guarantee the principal amount outstanding on the Premier Lender bank line of credit for up to two years. The interest rate and other terms of the line of credit will be determined by the credit policy and analysis of the originating Premier Lender Bank.

Additional Terms:

The NJ LEND term and amortization will depend on the loan purpose and the useful life of the collateral. For NJEDA Premier Lender Bank loan participations, term and amortization will generally match the loan terms offered by the partner bank, when appropriate. Total NJEDA exposure will not exceed \$5 million, and all approvals will be subject to NJEDA's credit underwriting policy.

Lien/Collateral/Security Requirements:

Loans administered under the NJ LEND program will require collateral, such as real estate and/or equipment/machinery, along with liens. Should the NJEDA be the sole lender, the NJEDA lien will be in first position. For NJEDA Premier Lender Bank loan participations, NJEDA will take a subordinate lien on collateral behind the Premier Lender. The Risk Rating for NJ LEND Loans will be subject to the NJEDA's risk rating methodology.

Prevailing Wage & Affirmative Action Requirements:

Projects utilizing NJEDA financial assistance for construction related costs, including installation, and award of a contract for any construction related work as defined by NJ Department of Labor, are subject to New Jersey Prevailing Wage Act and Public Works Contractor Registration Act requirements.

For projects receiving financial assistance, any contractor or subcontractor hired for construction work and having a total company workforce of four (4) or more employees must provide documentation demonstrating their good faith efforts to employ minority and women workers in each construction trade. This effort should be consistent with the applicable county employment goals established in accordance with N.J.A.C. 17:27-7.2 and align with the affirmative action requirements outlined in N.J.A.C. 19:30-3.5.

Fees

The fees for the NJEDA NJ LEND Program align with those of the existing Premier Lender and Direct Loan programs as outlined in the New Jersey Administrative Code N.J.A.C. 19:30-6.2(a) and N.J.A.C. 19:30-6.3(d). For NJEDA loans directly financed to the borrower, fees include a \$1,000 application fee, a commitment fee of 0.875% of the loan amount, and a closing fee of 0.875% of the loan amount. For loans facilitated through Premier Lender banks, the fees consist of a \$1,000 application fee, a \$750 commitment fee, and a guarantee fee of up to 0.5%, sized to the percentage of the guarantee required, with a maximum of 0.5% times the years of the guarantee. All fees for the NJ LEND Program are non-refundable.

If an applicant does not qualify for the minimum financing amount under the NJ LEND program but qualifies for an amount eligible under the existing Direct Loan or Premier Lender Loan programs, the application fee will instead be applied to the application fee for the program for which the applicant may be eligible.

Application Process & Delegated Authority

Applications will be available online at njeda.gov. After applications are received, they will be reviewed on a rolling basis (first-come, first-served as applications are completed) until all funds are committed or the program expires (which is 3 years from the date the application window opens). All NJ LEND applications are subject to a credit analysis by NJEDA's underwriting department.

To manage the credit risk associated with transactions under the pilot which are greater than the maximum loan amounts in our current programs, we propose the institution of a risk rating threshold for delegated authority. As a result, no loans will be approved by EDA staff under delegated authority

with a default risk rating lower than Acceptable. If a loan request does receive a Watch default risk rating, EDA staff will determine if there is sufficient merit to present the application to the Board for consideration. Closing and Post Closing processes will follow EDA policy and procedures.

The Members of the Board are requested to approve delegation to the Chief Executive Officer to approve individual applications to the NJ LEND program in accordance with the terms set forth in this memo and the attached product specifications.

Applicants whose applications are declined will have the right to appeal with the NJEDA. Appeals must be filed within the timeframe set in the declination letter (which must be at least 10 business days). Legal Affairs will designate Hearing Officers who will review the applications, appeals, and any other relevant documents or information. The Hearing Officer will prepare a recommended decision, which may be approved in a Final Administration Decision issued by staff in accordance with delegated authority.

Recommendation

The Members are requested to approve:

- 1) The creation of the New Jersey Loan Expansion and Network Development (NJ LEND) pilot program – a three-year pilot program that will allow the authority to have the ability to offer up to \$5 million in fixed asset financing to eligible New Jersey businesses when applicable.
- 2) The utilization of \$30 million from the Economic Recovery Fund (ERF) to fund this new lending initiative called NJ LEND.
- 3) Delegation to the Authority’s Chief Executive Officer to approve individual applications for the NJ LEND Program in accordance with the terms set forth in the attached product specifications.



Tim Sullivan, CEO

Prepared by: Naimah Marshall

Attachment: Appendix A: NJ LEND - Proposed Product Specifications

**Appendix A:
NJ LEND - Proposed Product Specifications**

<p>Funding Source</p>	<p>Up to \$30,000,000 – Economic Recovery Fund (ERF)</p>
<p>Program Purpose</p>	<p>This 3-year pilot program will allow NJEDA to support more New Jersey based companies with financing when a higher loan threshold amount is needed beyond NJEDA’s existing lending limit of \$2 million for fixed assets. This action is the result of the increased cost of real estate along with access to credit being more restrictive due to elevated interest rates. This pilot loan program will further support the market for when an owner-occupied real estate project, equipment purchase, or working capital request requires up to \$5 million in NJEDA direct financing or up to \$5 million in a loan participation or loan guarantee with an enrolled NJEDA Premier Lender.</p> <p>Many businesses are experiencing either increased rates, interest rates resetting or ballooning and are exploring their options. This would further allow NJEDA to assist more small businesses with larger outstanding balances in allowing them to refinance debt to improve the business cash flow and strengthen the business operations. Refinancings must meet NJEDA policy requirements and will be subject to lower loan amounts not to exceed \$2.5 million.</p>
<p>Eligible Usage</p>	<ul style="list-style-type: none"> • Purchase of owner occupied commercial real estate (business must occupy and operate from at least 51% of the square footage of the NJ commercial property) • Purchase of new equipment. Excludes soft costs and rolling stock. • Working Capital – permanent working capital for short term operating expenses. Permanent working capital is a non-revolving fully amortizing loan in which the proceeds are used to purchase inventory and support recurring operating expenses paid in the ordinary course of business. The Authority in its sole discretion determines what type of inventories and operating expenses are eligible for working capital support. • Refinancing of existing loan on a building that is owner occupied (business must occupy and operate from at least 51% of the square footage of the NJ commercial property). Refinance must meet NJEDA policy requirements.

Loan Amounts

Loan amounts for NJ LEND include:

Fixed Assets

Minimum Loan Amount \$2,000,000.01

Maximum Loan Amount \$5,000,000.00

Working Capital Loan

Minimum Loan Amount \$750,000.01

Maximum Loan Amount \$1,000,000.00

Line of Credit Guarantee

Minimum Guarantee Amount \$750,000.01

Maximum Guarantee Amount \$1,000,000.00

For loan participations financed with enrolled Premier Lender Banks:

- **Fixed Asset Loan Participation:** For NJEDA enrolled Premier Lender Banks, the EDA will participate in up to 50% of the bank loan amount for fixed asset loans; with a maximum NJEDA participation of \$5 million. Approvals will be subject to EDA's credit underwriting policy and EDA will use the Premier Lender Bank's underwriting analysis to support its underwriting analysis.
- **Working Capital Loan Participation:** For NJEDA enrolled Premier Lender Banks, the EDA will participate in up to 50% of the bank permanent working capital loan; with a maximum NJEDA participation of \$1 million. Approvals will be subject to EDA's credit underwriting policy and EDA will use the Premier Lender Bank's underwriting analysis to support its underwriting analysis.
- **Line Of Credit Guarantee:** For NJEDA enrolled Premier Lender Banks, the EDA will Guarantee of up to 50% of the bank line of credit amount not to exceed \$1 million. Approvals will be subject to EDA's credit underwriting policy and EDA will use the Premier Lender Bank's underwriting analysis to support its underwriting analysis.

For NJEDA direct financing to borrower:

- **Fixed Asset Loan:** For loans financed directly to the borrower, the EDA will finance up to \$5 million for fixed assets.
- **Working Capital Loan:** For permanent working capital loans financed directly to the borrower, the EDA will finance up to \$1 million.

Refinancings:

	<ul style="list-style-type: none"> • Must meet NJEDA policy requirements and may be subject to lower loan amounts not to exceed \$2.5 million.
Rates & Terms	<p>The NJEDA Interest Rate is based on the equivalent term US Treasury rate or floor of 1% whichever is higher with basis point additions for credit risk. Interest rates will be fixed at the time of closing.</p> <p>Real Estate</p> <ul style="list-style-type: none"> • NJEDA interest rate may be fixed for up to 30 years based on the equivalent term US Treasury rate plus 25 basis points for each 5-year term of the loan provided beyond the first 10 years. • Up to 100% maximum loan-to-value for real estate <p>Equipment</p> <ul style="list-style-type: none"> • NJEDA interest rate may be fixed for up to 10 years. • Up to 90% maximum loan-to-value for equipment (excludes soft costs) <p>Working Capital</p> <ul style="list-style-type: none"> • NJEDA interest rate may be fixed for up to 7 years. • Permanent working capital loan must be secured by real estate <p>Line of Credit Guarantee</p> <p>NJEDA may guarantee the principal amount outstanding on the bank line of credit for up to two years. The interest rate and other terms of the line of credit will be determined by the credit policy and analysis of the originating Premier Lender Bank.</p>
Additional Terms	<ul style="list-style-type: none"> • Term and amortization will be dependent upon loan purpose and useful life of collateral. • For NJEDA Premier Lender Bank loan participations, term and amortization will match the loan terms offered by the partner bank, when appropriate. • Total NJEDA exposure not to exceed \$5 million. • Approvals will be subject to EDA's credit underwriting policy.
Lien/Collateral/Security	<ul style="list-style-type: none"> • Collateral (real estate, equipment/machinery) and liens are required. • EDA will take a subordinate lien to a senior lender on the same collateral. Should the EDA be the sole lender, the EDA lien will be in first position. • For NJEDA Premier Lender Bank loan participations, EDA will take a subordinate lien on collateral behind the Premier Lender • Risk Rating: Subject to the EDA's risk rating methodology.

<p>Applicant Eligibility Requirements</p>	<p>All entities must meet the following requirements to be eligible for the NJ LEND:</p> <ul style="list-style-type: none"> • For profit and non-profit businesses with a business location in New Jersey and must commit to the retention and/or creation of one new full-time job for every \$65,000 of NJEDA exposure within 2 years. • Must have not more than 750 New Jersey employees • Must be able to secure financing with fixed assets (e.g. real property and machinery/equipment). • Homebased businesses are ineligible. <p>For-profit Business</p> <ul style="list-style-type: none"> • Must be operating and generating revenue and expenses for at least two full years. • At least 50% of personal guarantors must meet minimum FICO score of 700 • All individuals or entities having 10% or greater ownership in the business must provide unlimited guarantees for the duration of the loan term. • Must meet a historical global debt service coverage ratio of 1.10x. <p>Non-profit Business</p> <ul style="list-style-type: none"> • Must be operating and generating revenue and expenses for at least three full years. • Personal guarantees are not required. • Must meet a 1.0x debt service coverage ratio. <p>The Authority will confirm with the New Jersey Department of Labor and Workforce Development, Department of Environmental Protection, and the Department of the Treasury that the applicant is in compliance by being in substantial good standing with the statutes, rules, and other enforceable standards of the respective department, or, if a compliance issue exists, the eligible business has entered into an agreement with the respective department that includes a practical corrective action plan, as applicable. All decisions of substantial good standing are at the discretion of those entities.</p>

<p>Fees (All fees are non-refundable)</p>	<p>For NJEDA Loans Financed directly to the borrower:</p> <ul style="list-style-type: none"> • Application Fee: \$1,000 • Commitment Fee: 0.875 % of loan amount, payable at acceptance of term sheet. • Closing Fee: 0.875% of loan amount <p>For loans financed with an enrolled NJEDA Premier Lender Banks:</p> <ul style="list-style-type: none"> • Application fee: \$1000 • Commitment fee: \$750 payable at acceptance of term sheet. • Guarantee Fee: up to 0.5% sized to percentage of guarantee required, not to exceed 0.5% times the years of guarantee. <p>If an applicant does not qualify for the minimum financing amount under the NJ LEND Program but qualifies for an amount eligible under the existing Direct Loan or Premier Lender Loan programs, the application fee will instead be applied to the applicable program for which the applicant may be eligible.</p>
<p>Prevailing Wage & Affirmative Action Requirements</p>	<p>Projects utilizing NJEDA financial assistance for construction related costs to include installation and award of a contract for any construction related work as defined by NJ Department of Labor are subject to prevailing wage and public works contractor registration act requirements.</p> <p>For projects receiving financial assistance, any contractor or subcontractor hired for construction work and having a total company workforce of four (4) or more employees must provide documentation demonstrating their good faith efforts to employ minority and women workers in each construction trade. This effort should be consistent with the applicable county employment goals established in accordance with N.J.A.C. 17:27-7.2 and align with the affirmative action requirements outlined in N.J.A.C. 19:30-3.5.</p>
<p>Application Process and Board Approval/ Delegated Authority</p>	<p>Applications will be available online at njeda.gov. After applications are received, they will be reviewed on a rolling basis (first-come, first-served as applications are completed) until all funds are committed or the program expires (3 years).</p> <p>Applicants must provide a completed application which includes but is not limited to:</p> <ul style="list-style-type: none"> • Most recent three full tax years of signed business federal tax returns (if applicable) and CPA prepared financial statements • Most recent three years tax years of signed business federal tax

	<p>returns (if applicable) for any corporate guarantors, operating company and/or real estate company identified on the application.</p> <ul style="list-style-type: none"> • Most recent three years signed personal federal tax returns for all personal guarantors owning 10% or more of the business. • Personal Financial Statement for guarantors owning 10% or more of the business. • Formation documents, Articles of corporation, corporate resolutions, partnership agreements (if applicable) for applicant and any corporate guarantors, operating companies, and real estate holding companies identified on the application. • 501C3 determination letter and Bylaws for Non-Profits • Schedule of Debt • Interim statements and Balance Sheet dated within 90 days • Current NJ Tax Clearance Certification • Number of full-time employees to be created and/or retained within 2 years • Contract of Sale to support Purchase of Real Estate • Bank Term Sheet and/or Bank Commitment Letter for loan participations and line of credit guarantees with NJEDA Premier Lenders • Any additional information deemed necessary to evaluate the application which may include but is not limited to Appraisal(s) on real property and/or machinery, Aging of accounts receivable; Aging of accounts payable; Pro Forma, projections, and leases. • At time of application, applicant will be required to complete a legal debarment questionnaire and not be subject to disqualification based on that questionnaire. <p>Delegated Authority:</p> <ul style="list-style-type: none"> • Delegation to CEO to designate staff to approve individual applications for the NJ LEND in accordance with the terms set forth in the memo and program specifications.
<p>Appeal Process</p>	<p>Applicants whose applications are declined will have the right to appeal with the NJEDA. Appeals must be filed within the timeframe set in the declination letter (which must be at least 10 business days). Legal Affairs will designate Hearing Officers who will review the applications, appeals, and any other relevant documents or information. The Hearing Officer will prepare a recommended decision, which may be approved in a Final Administration Decision issued by staff in accordance with delegated authority.</p>

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – FILM TAX CREDIT PROGRAM**

As created under the Garden State Film and Digital Media Jobs Act, P.L. 2018, c. 56 (the Act), the New Jersey Film and Digital Media Tax Credit Program provides a credit against the corporation business tax and the gross income tax for certain expenses incurred for the production of certain film and digital media content in New Jersey. Under the Film Tax Credit Program, applicants are eligible for a tax credit equal to 30% of qualified film production expenses, or 35% of qualified film production expenses incurred for services performed and tangible personal property purchased through vendors whose primary place of business is located in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer or Salem County.

As amended by P.L.2021, c.160, the eligible tax credit for qualified film production expenses increased from 30% to 35% for applications received after Jan 7, 2021. Additionally, for applications received after July 2, 2021, the program amendment also eliminates the targeted county bonus and specifies a tax credit of 30% for services performed and tangible personal property purchased for use at a sound stage or other location that is located in the State within a 30-mile radius of the intersection of Eighth Avenue/Central Park West, Broadway, and West 59th Street/Central Park South, New York, New York.

APPLICANT: Apple Studios LLC

PROD-00317590

APPLICANT BACKGROUND:

Apple Studios LLC (anticipated distribution Apple TV + Platform) is the production company responsible for “Wildvale” (aka “Echo Valley”). The movie stars Julianne Moore and Sydney Sweeney. The film is about a woman (Kate Garrett) who works at a horse farm training horses on her southern Pennsylvania farm as she copes with personal tragedy: one night her daughter Claire arrives at her door covered in blood that is not hers, and Kate has to decide what she is willing to do to protect her daughter. As described in the synopsis - the genre falls into category of a dramatic thriller.

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

ELIGIBILITY AND TAX CREDIT CALCULATION:

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

1. Total Film Production Expenses: A minimum of 60% of the film’s total production expenses (calculated excluding post-production expenses) must be incurred after July 1, 2018 but before July 1, 2039 for

services performed and goods purchased through vendors authorized to do business in New Jersey. The following film production expenses are projected by the applicant.

A. Total Film Production Expenses	\$39,635,031
B. Total Post-Production Expenses	\$0
C. Total expenses for services performed and goods purchased through vendors authorized to do business in New Jersey (excluding any post-production expenses)	\$33,555,112
Percentage Calculation = C/(A-B)	85%
Criterion Met	YES

2. Qualified Film Production Expenses: During a single privilege period, the film must have more than \$1 million in qualified film production expenses. “Qualified film production expenses” are expenses incurred in New Jersey after July 1, 2018 for the production of a film, including pre-production costs and post-production costs. “Qualified film production expenses” shall include, but shall not be limited to: wages and salaries of individuals employed in the production of a film on which the New Jersey Gross Income Tax has been paid or is due; and any wages and salaries of individuals employed in the production of a film that are not subject to tax under the “New Jersey Gross Income Tax Act.,” N.J.S.54A:1-1 et seq., due to the provision of a reciprocity agreement with another state; and, the costs for tangible personal property used and services performed in New Jersey, directly and exclusively in the production of the film, such as expenditures for film production facilities, props, makeup, wardrobe, film processing, camera, sound recording, set construction, lighting, shooting, editing, and meals. Payments made to a loan out company or to an independent contractor shall not be a “qualified film production expenses” unless the payments are made in connection with a trade, profession, or occupation carried on in this State or for the rendition of personal services performed in this State and the taxpayer has made the withholding required by N.J.A.C. 19:31-21.3(c). “Qualified film production expenses” shall not include: expenses incurred in marketing or advertising a film; and payment in excess of \$750,000 to a highly compensated individual for costs for a story, script, or scenario used in the production of a film and for wages or salaries or other compensation for writers, directors, including music directors, producers, and performers, other than background actors with no scripted lines, except for other expenses above certain thresholds as set forth in P.L. 2021, c. 367. The following qualified film production expenses are projected by the applicant to be incurred in New Jersey:

Qualified Film Production Expenses incurred in NJ during a single privilege period after July 1, 2018.	\$24,235,247
Criterion Met	YES

AWARD CALCULATION

Total Estimated Qualified Film Production Expenses	\$33,555,112
Estimated Qualified Film Production Expenses incurred within 30-mile radius of Columbus Circle, NYC	\$1,595,827

Base Award Criteria	Calculation	Result
30% of Estimated Qualified Film Production Expenses incurred within 30-mile radius of Columbus Circle, NYC	\$1,595,827 x 30% =	\$478,748

35% of Estimated Qualified Film Production Expenses	(\$33,555,112-\$1,595,827) x 35% =	\$11,185,750
Bonus Criteria Met		
Submission of satisfactory Diversity Plan 2% of Qualified Film Production Expenses for hiring employees of diverse backgrounds	\$33,555,112 x 2% =	\$671,102
Submission of satisfactory Diversity Plan 2% of Qualified Film Production Expenses for hiring onscreen performers of diverse backgrounds	\$0 x 2% =	\$0
Total Award		\$12,335,600

APPLICATION RECEIVED DATE: 11/11/2024
DATE APPLICATION DEEMED COMPLETE: 01/07/2025
PRINCIPAL PHOTOGRAPHY COMMENCEMENT: 05/08/2023
PRINCIPAL NJ PHOTOGRAPHY LOCATION: Stockton Borough, NJ 08559
ESTIMATED DATE OF PROJECT COMPLETION: 6/30/2024
APPLICANT’S FISCAL YEAR END: 9/27/2025
TAX CREDIT VINTAGE YEAR(S): 2025
TAX FILING TYPE: Corporate Business Tax
ANTICIPATED CERTIFICATION DATE: 06/30/2025

In general, the final documentation shall be submitted to the Authority no later than four (4) years after the Authority's initial approval if the taxpayer is seeking a credit against the tax imposed pursuant to N.J.S.A. 54:10A-5 and three (3) years after the Authority's initial approval if the taxpayer is seeking a credit against the tax imposed pursuant to the N.J.S.A. 54A:1-1 et seq.

APPROVAL REQUEST:

The Delegates of the Authority are asked to approve the proposed award to the applicant under the New Jersey Film and Digital Media Tax Credit Program. The recommended tax credit is contingent upon receipt by the Authority of evidence that the applicant has met certain criteria to substantiate the recommended award and is subject to final approval by the Authority and the Division of Taxation. Staff may issue the Authority’s final approval if the criteria met by the company is consistent with that shown herein. If the criteria met by the company differs from that shown herein, Staff may lower the tax credit amount to reflect what corresponds to the actual criteria that have been met.

Prepared by: Anna von Adel
Program Analyst - Product Operations



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: April 9, 2025

SUBJECT: Creation of the Apprenticeship Training Centers Construction Grant Program

Summary

The Members are requested to approve:

1. Creation of the Apprenticeship Training Centers Construction Grant Program (the “Program”), a competitive grant program that will provide up to \$9.7 million to support the development of facilities for use as training centers for USDOL Registered Apprenticeship programs located within New Jersey Overburdened Communities. Grants will be provided for new construction, substantial rehabilitation or new construction with substantial rehabilitation of a training center.
2. Utilization of a total of \$10 million from the Workforce Development Partnership Fund (WDPF) including \$300,000 to support the Authority’s administrative costs for the Program. These funds will be allocated pursuant to the current Memorandum of Understanding (“MOU”) between the New Jersey Economic Authority (NJEDA, or “Authority”) and New Jersey Department of Labor (NJDOL) dated February 23, 2024.
3. Waiving the application fee for the Apprenticeship Training Centers Construction Grant Program.
4. Delegation of authority to the Chief Executive Officer (“CEO”) of the Authority to extend program timelines, as deemed necessary to support program objectives.

Background

The New Jersey Economic Development Authority serves as the State’s principal agency for driving economic growth. The Authority is committed to making New Jersey a national model for inclusive and sustainable economic development by focusing on strategies that help build strong and dynamic communities, create good jobs for New Jersey residents, and provide pathways to a stronger and fairer economy. Through cooperation with a diverse range of stakeholders, the Authority creates and implements initiatives to enhance the economic vitality and quality of life in the State, and to strengthen New Jersey’s long-term economic competitiveness.

In accordance with the current MOU between NJEDA and NJDOL governing the use of the Workforce Development Partnership Fund, NJEDA provided the NJDOL Commissioner with the Board materials associated with this expenditure more than 5 days prior to the Board meeting. The NJDOL Commissioner approved the use of the WDPF for this program.

In November 2023, the New Jersey Department of Labor and Workforce Development (NJDOL) announced the investment of \$10 million to expand apprenticeship training centers to meet the growing need for skilled workers as New Jersey experiences an unprecedented surge in infrastructure and public works initiatives. Subsequently, in February 2024, the Members approved an MOU between NJEDA and NJDOL that permits the disbursement to NJEDA of up to \$20,000,000 in funds from the Workforce Development Partnership Fund for NJEDA to create and sustain workforce development programs and projects. The MOU also enabled a deepened and expanded collaboration between the two parties across a range of workforce and economic development initiatives, to reduce barriers to training and employment and help employers retain qualified workers. Pursuant to the MOU, NJEDA has developed this competitive Program to support the construction of facilities for use as Registered Apprenticeship training centers in New Jersey's Overburdened Communities.

Apprenticeship Training Centers Construction Grant Program Overview

The Apprenticeship Training Centers Construction Grant Program is established to provide grants for new construction and/or substantial rehabilitation, of facilities in Overburdened Communities dedicated to training apprentices in USDOL Registered Apprenticeship programs ("Projects"). The overall goals of the program will be to:

1. Eliminate transportation barriers for residents of Overburdened Communities by locating training centers funded by this grant opportunity in said communities.
2. Enable access to low- or no-cost training to participants that fulfill a workforce-related need in the building and construction trades and position trainees to attain high-quality employment.
3. Create positive economic and local benefits to the communities in which the training centers are located.

The Murphy Administration has led significant investment in the development of apprenticeship, pre-apprenticeship, and work-based programs in the state, with a particular focus on expanding diversity and inclusion in the building and construction trades. The Program will bolster Governor Murphy's and the state's efforts to expand access to apprenticeship programs, quality careers, and increase equity and fairness in New Jersey's economy. The Program will build on existing workforce development efforts in New Jersey by supporting the construction of facilities that will be used for USDOL Registered Apprenticeship training programs that lead to quality careers.

The \$10 million from the WDPF will be deposited into the Economic Recovery Fund which will allow the Authority to authorize a grant program as listed under N.J.S.A § 34:1B-7.13(a)(12) for "a fund to provide grants or competition prizes to fund initiative-based activities which stimulate growth in targeted industries as defined by the authority's board or supports increasing diversity and inclusion within the State's entrepreneurial economy; this fund may also support not-for-profit industry, trade, and labor organization initiatives."

Eligible Projects

Eligible Projects are new construction and/or substantial rehabilitation, (hereinafter collectively referred to as “construction”) projects located in Overburdened Communities for use as a training center for a USDOL Registered Apprenticeship program as defined below are eligible and will be considered for Apprenticeship Training Centers Construction grants:

Substantial rehabilitation shall have the same meaning as “reconstruction” in N.J.A.C. 5:23-6.3 which means: any project where the extent and nature of the work is such that the work area cannot be occupied while the work is in progress and where a new certificate of occupancy is required before the work area can be reoccupied. Reconstruction may include repair, renovation, alteration or any combination thereof. Reconstruction shall not include projects comprised only of floor finish replacement, painting or wallpapering, or the replacement of equipment or furnishings. Asbestos hazard abatement and lead hazard abatement projects shall not be classified as reconstruction solely because occupancy of the work area is not permitted.”

- Projects must be primarily used for USDOL Registered Apprenticeship training activities following construction for a minimum of five (5) years.
- Applicants that own the Project site must agree to a deed restriction on the Project site ensuring no change in the proposed project use for five (5) years after Project completion. Applicants that lease the Project site must have a lease term that extends at least five (5) years beyond Project completion.
- Projects that have started construction are not eligible. Construction, including demolition and remediation, cannot start until execution of a grant agreement.
- All projects will be subject to compliance with New Jersey prevailing wage law and the Public Works Contractor Registration Act (N.J.S.A. 34:11-56.48 et seq.) which require all contractors, subcontractors, or lower tier subcontractors (including subcontractors listed in the bid proposal) who bid on or engage in the performance of any public work in New Jersey to register with the NJ Department of Labor and Workforce Development.
- Evidence of site control or a pathway to site control within 180 days of Board approval is required at time of application. However, in order to execute a grant agreement, the Authority would require evidence of site ownership (a deed) or an executed lease agreement with a term that extends at least five (5) years beyond project completion.
- Development of projects must be completed within two (2) years of grant agreement execution, which may be extended up to two (2) times by one (1) year each, at the sole discretion of the Authority.

Eligible Project Locations

The project location must be within an Overburdened Community (OBC)¹ as defined by the New Jersey Department of Environmental Protection (NJDEP). Specifically, OBCs are block groups with:

¹ N.J.S.A. 13:1D-158

1. At least 35 percent low-income households; or
2. At least 40 percent of the residents identify as minority or as members of a State recognized tribal community; or
3. At least 40 percent of the households have limited English proficiency

NJDEP provides the public a list and visualizations of OBC locations throughout the state at <https://dep.nj.gov/ej/communities/>.

Eligible Applicants

- Eligible applicants must be the Sponsor of at least one (1) Registered Apprenticeship Program as defined by the United States Department of Labor Office of Apprenticeship. Sponsors must possess the registration of an apprenticeship program meaning the acceptance and recording of such program by the Office of Apprenticeship, or registration and/or approval by a recognized State Apprenticeship Agency, as meeting the basic standards and requirements of the Department for approval of such program for Federal purposes.
- Applicants will be required to be in and conduct training for the building and construction trades in the facility funded by this grant.
- Applicants must have been in continuous operation as a USDOL Registered Apprenticeship training program for a minimum of ten (10) years at the time of application.
- Applicant must be in substantial good standing with the New Jersey Department of Labor and Workforce Development, New Jersey Department of Environmental Protection, and NJEDA prior to approval. The Program requires applicants to provide a current tax clearance certificate at the time of execution of the grant agreement to demonstrate the applicant is in good standing with the New Jersey Division of Taxation, unless the applicant is not required to register with the Division of Taxation.

Grant Funding

In order to provide grants and support projects by different entities and in various regions of the State, no applicant (and or applicant related entity) may receive more than one grant award. In addition, the Authority will seek to make a minimum of one award per State region (contingent on the availability of funds) as described below:

- North region: Bergen, Essex, Hudson, Morris, Passaic Sussex, Union, and Warren counties
- Central region: Hunterdon, Mercer, Middlesex and Somerset counties
- South region: Atlantic, Burlington Camden, Cape May, Cumberland Gloucester, Monmouth, Ocean, and Salem counties

Provided that one or more applications are submitted for each region which meet or exceed the minimum score requirement of 65 points, the highest ranked application from each region will be recommended to the Board for award approval within the funding available for the program.

- Step 1: The highest scored eligible application in the pool will be recommended to the Board for approval irrespective of region.
- Step 2: The next highest scored eligible application from either of the other remaining regions will be recommended to the Board for approval (contingent on the availability of funds).
- Step 3: The next highest scored eligible application from the remaining region will be recommended to the Board for approval (contingent on the availability of funds).

Following this step, all remaining applications will be merged into a single group and scored. The highest scoring applications from the merged group will be recommended to the Board for award approval until all Program funding is awarded.

The minimum grant award would be \$500,000 and the maximum grant award would be \$6,500,000, per project.

Grant funding may be used for soft and hard construction costs, including predevelopment project costs. Grant funding cannot be used for property acquisition costs/equity and are not considered as part of total project development costs. Operating costs for the training itself post construction are not eligible project costs. Grant funding cannot exceed 70% (or 80% in Government Restricted Municipalities²) of eligible total project development costs (soft and hard construction costs) within the approved application.

Additional funding requirements are:

- Eligible soft costs may not exceed 20% of the total project development costs.
- The developer fee cannot exceed 8% of total project development costs.
- Contingencies of total project development costs cannot exceed 10% of hard project costs and 5% of soft project costs.

Application Process

The Program will be open to the public and applicants will be able to apply online. Applications will be accepted during a defined application window, which NJEDA will make potential applicants aware of through a Notice of Funding Availability and other information posted to NJEDA's website. There will be a defined window for potential applicants to submit questions and receive answers that are made public on the website. The Authority will allow only one application per applicant (EIN).

The application will request information about:

1. Project description and overview
2. Description of the need for this Project in the OBC and benefits of the Project to the respective OBC as a whole
3. Project financial information including development budget, sources and uses, project feasibility, and evidence or status of financing
4. Project development timeline/implementation schedule indicating readiness to proceed, status of funding, permit and other approvals, and ability to complete the project within the program

² Government Restricted Municipalities are Atlantic City, Camden, East Orange, New Brunswick, Paterson and Trenton.

timelines

5. Ability to secure site control within 180 days of award, including documentation of consent to use restriction for five (5) years post-Project completion
6. Applicant's formation and organizational documentation and/or authorizing documentation
7. Applicant's experience and capacity to undertake and complete the proposed project

Applicants must provide a detailed budget using the budget template included within the grant application materials. The budget should demonstrate how the grant will be used to cover eligible costs related to the proposed project.

Note that readiness to proceed and project development timelines for completion will be scoring factors. Applicants should provide as much detail as possible regarding the steps involved and projected timeline for undertaking and completing the proposed project if grant funds are awarded.

The Authority will perform a review of applications after the closing of the application period. Applications will first be reviewed for application completeness to ensure that all necessary application information and documents are submitted and complete. Applicants will be given ten business days to cure any deficiencies and/or clarify any submitted documentation. If at the end of the cure period, the applications are still incomplete, they will not be scored.

At the sole discretion of the Authority, staff may ask for clarification of the information included in the application, including but not limited to narrative responses, supporting documentation, and attachments.

All applications recommended for approval and declinations due to discretionary reasons are subject to NJEDA Board approval.

Scoring and Awards

All compliant applications will be evaluated, scored, and ranked by an Evaluation Committee comprised of NJEDA staff. Staff from New Jersey Department of Labor may serve as Subject Matter Experts (SMEs) and advise the evaluation committee. NJEDA staff may request clarifying information from respondents at any point during the evaluation process and applicants must submit a response within ten business days. All complete responses will be reviewed by the Evaluation Committee.

The Evaluation Committee will review and score proposals based on four (4) criteria (see Exhibit A for more detail):

1. Project Team (20%)
2. Readiness to Proceed and Anticipated Construction Timeline (25%)
3. Financial Feasibility (20%)
4. Project Concept, Design, and Goals (35%)

The maximum score is 100 and a minimum of 65 points is required to be considered for an award. All evaluated applications will be ranked according to score, with recommended awards made according to the highest score, with priority given to funding at least one project per each region as described above.

Once the highest scoring applicants have been fully funded, if the next highest scoring applicant has a budget request that would exceed the total maximum program funding available, NJEDA may request that this applicant decrease their budget and/or project scope. The applicant has the right to decline or accept the budget revision option. Any applicant that accepts the offer to revise its budget will have the revised application evaluated by NJEDA to determine if the revision would lower their proposal's ranking to an extent that they are no longer the next highest ranked proposal. NJEDA may continue this process until Program funds are fully allocated.

All awards and declinations based on discretionary reasons will be brought to the NJEDA Board for approval. Applicants whose applications are declined will have the right to appeal.

Grant Agreement and Funding Disbursements

Following Board approval, the Authority will enter into a grant agreement with the applicant detailing the project to be funded, eligible project costs, the amount of grant funding, and all financial programmatic requirements including all other sources of project funding. In order to execute the grant agreement, the awardee must provide evidence of site control within six (6) months of Board approval, which may be extended up to one (1) six (6) month extension, at the sole discretion of the Authority. The grant agreement will detail timelines for the project based on the project schedule included in the application and the project approval. At the Authority's sole discretion, the Authority may grant timeline extensions for project completion of up to two (2) times by one (1) year each, as deemed necessary to support program objectives. The grant agreement will ensure that the funding shall be subject to compliance with New Jersey prevailing wage law and labor requirements, as well as other State requirements which may be applicable depending on Project details and funding amounts, including, possibly, New Jersey Executive Order 215 of 1989 regarding the requirement for environmental assessments.

The applicant shall be responsible for assuring the compliance of the project with all terms and conditions of the application, grant agreement, and the Program funding requirements.

To ensure the grant is used properly and the community receives the benefit, the grant agreement will also include a provision that the proposed project use must be maintained for at least five (5) years after the project is completed. If the applicant owns the property, NJEDA will require that the applicant file a 5-year deed restriction on the property utilizing the NJEDA's required restriction language. The deed restriction will be released by the Authority after five (5) years from final project closeout. If the applicant does not own the project site, their lease must demonstrate site control five (5) years beyond project completion (including any renewal options). Awardees are also not able to sell all or a part of the Project, or terminate or reduce their lease, for up to five (5) years after project closeout or the Authority may require repayment of all the grant.

Following the execution of the grant agreement, grant funds will be disbursed incrementally as eligible project expenses are incurred, and disbursement may be prorated with outside funding sources, if applicable. Funding disbursement requests must be evidenced by documentation supporting that the expenses were incurred, work has been performed in accordance with prevailing wage and labor standards compliance requirements, and work was done consistent with grant approval and eligible uses of Program funding.

Fee Waiver

As allowed by EDA's revised fee rules, NJEDA Board may decide that no application fee will be charged where there is availability of other sources of funding for the Authority's administrative fees. The MOU between DOL and NJEDA covers the Authority's administrative costs and therefore the fee will be waived for this Program.

Recommendation

The Members are requested to approve:

1. Creation of the Apprenticeship Training Centers Construction Grant Program (the "Program"), a competitive grant program that will provide up to \$9.7 million to support the development of facilities for use as training centers for USDOL Registered Apprenticeship programs located within New Jersey Overburdened Communities. Grants will be provided for new construction, substantial rehabilitation or new construction with substantial rehabilitation of a training center.
2. Utilization of a total of \$10 million from the Workforce Development Partnership Fund (WDPF) including \$300,000 to support the Authority's administrative costs for the Program. These funds will be allocated pursuant to the current Memorandum of Understanding ("MOU") between the New Jersey Economic Authority (NJEDA, or "Authority") and New Jersey Department of Labor (NJDOL) dated February 23, 2024.
3. Waiving the application fee for the Apprenticeship Training Centers Construction Grant Program.
4. Delegation of authority to the Chief Executive Officer ("CEO") of the Authority to extend program timelines, as deemed necessary to support program objectives,



Tim Sullivan, CEO

Prepared by:

Luke Brunskill - Project Officer, Workforce Innovation Partnerships

Liza Nolan - Director, Real Estate

David Ramsay - Director, Workforce Innovation Partnerships

Attachments

Exhibit A: Apprenticeship Training Centers Construction Grant Program Specifications

EXHIBIT A

Apprenticeship Training Centers Construction Grant Program Specifications

Program Purpose	<p>In order to facilitate greater access to workforce opportunities and address identified labor market shortages by providing tangible skill development and/or job readiness training, the Program will support the development of facilities for use as Registered Apprenticeship training centers to be located within New Jersey Overburdened Communities. Grants will be provided for new construction, substantial rehabilitation or new construction with substantial rehabilitation of a training center that will be dedicated to USDOL registered apprenticeship programs. Training activities related to the proposed registered apprenticeship program must be the primary use of the facility for the entire grant term.</p> <p>The Program will support the development of training centers for Registered Apprenticeship programs in the building and construction trades³ to enable greater participation of local residents, with a particular focus on increasing access for residents of Overburdened Communities, in training programs that lead to quality careers. The program would encourage ongoing diversity and inclusion within New Jersey’s Registered Apprenticeship programs. A strong focus on diversity and inclusion in these training centers aligns with the Murphy Administration’s goals to expand access to apprenticeship programs and increase equity and fairness in our economy.</p>
Eligible Applicants	<p>Eligible applicants must be the Sponsor of at least one (1) Registered Apprenticeship Program as defined by the United States Department of Labor Office of Apprenticeship and must have been in continuous operation for a minimum of ten (10) years) at the time of application. Sponsors must possess the registration of an apprenticeship program meaning the acceptance and recording of such program by the Office of Apprenticeship, or registration and/or approval by a recognized State Apprenticeship Agency, as meeting the basic standards and requirements of the Department for approval of such program for Federal purposes. Applicants must agree to maintain their Certificate of Registration for at least five (5) years following completion of the project. A Sponsor may include any, person, association, committee, or organization that operates a Registered Apprenticeship program and assumes the full responsibility for administration and operation of the apprenticeship program. If applicants do not maintain their Certificate of Registration and /or do not use the training center for its proposed use for the term of the grant, they may be required to return a proportionate share of their awarded grant. The grant term includes the construction period, and a minimum of five (5) years post project completion dedicated to training implementation.</p>

³ Eligible occupations within the building and construction trades registered and approved by USDOL include: Electrician, Electrician – Maintenance, Telecommunications Technician, Refrigeration and Air Conditioning Maintenance, Heating and Air Conditioning Mechanic and Installer, Stationary Engineer, Structural Steel Worker, Sheet Metal Worker, Boilermaker, Plumber, Pipe Fitter (Construction), Millwright, Cement Mason, Bricklayer – Construction, Roofer, Operating Engineer, Elevator Constructor, Carpenter, Carpenter – Mold, Pile Driver, Cabinetmaker, Floor Layer, Floor Cover Layer, Construction Craft Laborer, Pipe Coverer and Insulator, Bricklayer, Painter, Painter – Decorator, Painter – Industrial Coating and Lining Application Specialist, Taper, Glazier, Plasterer, Drywall Finisher, Pavement Stripper, and Truck Driver – Heavy.

	<p>Applicants will be required to conduct training for the building and construction trade(s) in the facility funded by this grant. Eligible occupations within the building and construction trades registered and approved by USDOL include: Electrician, Electrician – Maintenance, Telecommunications Technician, Refrigeration and Air Conditioning Maintenance, Heating and Air Conditioning Mechanic and Installer, Stationary Engineer, Structural Steel Worker, Sheet Metal Worker, Boilermaker, Plumber, Pipe Fitter (Construction), Millwright, Cement Mason, Bricklayer – Construction, Roofer, Operating Engineer, Elevator Constructor, Carpenter, Carpenter – Mold, Pile Driver, Cabinetmaker, Floor Layer, Floor Cover Layer, Construction Craft Laborer, Pipe Coverer and Insulator, Bricklayer, Painter, Painter – Decorator, Painter – Industrial Coating and Lining Application Specialist, Taper, Glazier, Plasterer, Drywall Finisher, Pavement Striper, and Truck Driver – Heavy.</p> <p>The applicant must also be in substantial good standing with the New Jersey Department of Labor and Workforce Development (NJDOL) and NJ Department of Environmental Protection (DEP) to participate in the program. At the time of execution of the grant agreement, a current tax clearance certificate will be required to demonstrate the applicant is properly registered to do business in New Jersey and in good standing with the NJ Division of Taxation.</p>
Eligible Projects	<p>Funding will be available based on the criteria listed below:</p> <ul style="list-style-type: none"> • New construction and/or substantial rehabilitation of a building (hereinafter collectively referred to as “construction”) for use as Registered Apprenticeship training centers for building and construction trades in New Jersey Overburdened Communities. Substantial rehabilitation shall have the same meaning as “reconstruction” in N.J.A.C. 5:23-6.3 as “any project where the extent and nature of the work is such that the work area cannot be occupied while the work is in progress and where a new certificate of occupancy is required before the work area can be reoccupied. Reconstruction may include repair, renovation, alteration or any combination thereof. Reconstruction shall not include projects comprised only of floor finish replacement, painting or wallpapering, or the replacement of equipment or furnishings. Asbestos hazard abatement and lead hazard abatement projects shall not be classified as reconstruction solely because occupancy of the work area is not permitted.” • Construction/renovation must be completed within two (2) years from grant execution, which may be extended up to two (2) times by one (1) year each upon Authority approval. • Applicant must demonstrate site control through ownership, purchase option, or leasing for a minimum of five (5) years post project completion. • A five (5) use deed restriction will be required in the grant agreement. • Construction, including demolition, remediation, and rehabilitation cannot start until the execution of a grant agreement. <p>All projects will be subject to compliance with New Jersey prevailing wage law and the Public Works Contractor Registration Act (NJSA 34:11-56.48 et seq.)</p>

	which requires all contractors, subcontractors, or lower tier subcontractors (including subcontractors listed in bid proposal) who bid on or engage in the performance of any public work in New Jersey to register with the NJ Department of Labor and Workforce Development.
Eligible Project Location	Must be located in an Overburdened Community (OBC) as defined by the New Jersey Department of Environmental Protection. (What are Overburdened Communities (OBC)?)
Grant Funding and Eligible Costs	<p>Minimum grant award of \$500,000 and a maximum grant award of \$6.5 million.</p> <p>Grant funds may cover up to 70% percent of eligible project development costs (soft and hard construction costs) with the applicant covering the remaining 30%. For Projects located in Government Restricted Municipalities (as defined in Sections 55 and 69 of the Economic Recovery Act of 2020), grant funds may cover up to 80% percent of eligible project development costs (soft and hard construction costs⁴) with the applicant covering the remaining 20%.</p> <ul style="list-style-type: none"> • All soft and hard construction costs (no operating costs) can be included and may include predevelopment projects costs associated to the Project. Property acquisition costs may not be included. • Eligible soft costs may not exceed 20% of the total project development costs. • The developer fee cannot exceed 8% of total project development costs. • Contingencies of total project development costs cannot exceed 10% of hard project costs and 5% of soft project costs. • Any costs incurred prior to a grant award are not eligible. Construction, including demolition and remediation, cannot start until grant execution. <p>The Authority will award only one grant per applicant (one per EIN) and a minimum of one award per state region (contingent on the availability of funds) as described below.</p> <ul style="list-style-type: none"> • North region: Essex, Bergen, Hudson, Morris, Passaic Sussex, Union, and Warren counties • Central region: Hunterdon, Mercer, Middlesex, and Somerset counties • South region: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Monmouth, Ocean, and Salem counties <p>Provided that one or more applications are submitted for each region which meet</p>

⁴ "Soft costs" means costs not directly related to construction, including capitalized interest paid to third parties, real estate taxes, utility connection fees, accounting, title/bond insurance, fixtures/equipment with a useful life of five years or less, affordable housing fees, and all costs associated with financing, design, engineering, legal, or real estate commissions, including, but not limited to, architect fees, permit fees, loan origination and closing costs, construction management, and freight and shipping delivery. The term does not include early lease termination costs, air fare, mileage, tolls, gas, meals, packing material, marketing and advertising, temporary signage, incentive consultant fees, Authority fees, loan interest payments on permanent financing, escrows, reserves, pre-opening costs, commissions and fees to the developer not included in the definition of project cost, project management, or other similar costs. Soft costs shall include costs for benefits and services provided under the community benefits agreement that are not directly related to construction of the project, subject to the limitations at N.J.A.C. 19:31-23A.8(e)8

Hard Costs are directly related to the "construction" of the building, demolition, etc.

	<p>or exceed the minimum score requirement of 65 points, the highest ranked application from each region will be recommended to the Board for award approval within the funding available for the program.</p> <p>Step 1: The highest scored eligible application in the pool will be recommended to the Board for approval irrespective of region.</p> <p>Step 2: The next highest scored eligible application from either of the other remaining regions will be recommended to the Board for approval (contingent on the availability of funds).</p> <p>Step 3: The next highest scored eligible application from the remaining region will be recommended to the Board for approval (contingent on the availability of funds).</p> <p>Following this step, all remaining applications will be merged into a single group and scored. The highest scoring applications from the merged group will be recommended to the Board for award approval until all Program funding is awarded.</p>
<p>Grant Awards and Agreement Terms</p>	<p>The awards will be based on the total requested project development costs, amount of funding, demonstrated readiness to proceed, and the ability to expand apprenticeship training opportunities in OBC's to meet the growing need for skilled workers in New Jersey. The Authority will award only one grant per applicant [one per Employer Identification Number (EIN)], and one award per region as described in the Grant Funding and Eligible Costs section. The Authority will allow only one application per applicant (EIN). If an applicant requests a grant for a Project which is eligible for the Program, but sufficient funding is not available to fund the full grant request, the Authority will inform the applicant of the amount of grant funds available. If the applicant wishes, nevertheless, to proceed for approval, the applicant will be required to demonstrate that they have the financial resources to fund the difference to fill the gap to ensure the submitted Project proposal is undertaken as described.</p> <p>Grants will cover up to 70% of all project costs (80% in a Government Restricted Municipality) and will be provided pursuant to a grant agreement to be entered into between the Authority and the applicant. Documentation to verify the remaining amount of project funding will be required in order to execute the grant agreement if such documentation was not provided at time of application.</p> <p>The grant agreement will ensure that the funding shall be subject to compliance with New Jersey prevailing wage law and other labor standards requirements, as well as other State requirements which may be applicable depending on project details and funding amounts, including, possibly, New Jersey Executive Order 215 of 1989 regarding the requirement for environmental assessments.</p> <p>To ensure the grant is used properly and the community receives the benefit, the grant agreement will also include a provision that the Authority will ensure the end project use is maintained for at least five (5) years after the project is completed. If the applicant owns the property, NJEDA will require that the applicant file a five (5) year deed restriction on the property utilizing the NJEDA's required restriction language. The deed restriction will be released by the Authority after five (5) years from final Project closeout. If the applicant</p>

	<p>does not own the project their lease must demonstrate site control five (5) years beyond project completion (including any renewal options). Property must continue to be used for five (5) years post project completion as collectively stated in the grant agreement, application, proposal, and Board approval.</p> <p>Applicant must acknowledge they are aware and agree that the construction project can be completed within two (2) of grant execution or they may be held liable for the recapture of the grant funds they drawdown or have received. The grant term may be extended up to two (2) times by one (1) year each upon at the sole discretion of the Authority approval.</p>
<p>Application Process and Approval</p>	<p>The Grant Program will be open to the public and applicants will be able to apply online.</p> <p>As part of a Program application, the Authority will request information about the Project and how the community will benefit from the Project, which may include, but is not limited to:</p> <ol style="list-style-type: none"> 1) Project description and overview – description of overall Project, related costs, and the proposed future use, describing the property/building(s) current and future state (i.e., vacant or partially vacant, abandoned, code violations, recent uses, any local, state, or federal historic designation/eligibility, brownfield site, location within designated redevelopment area, etc.); current or planned development/redevelopment efforts in the area proximate to the Project location; 2) Applicants will also have to describe how they are addressing the need for this Project in the community and benefits of the Project to the respective OBC as a whole, anticipated economic and local impact to the community, development objectives, projected jobs creation, and anticipated local impacts; 3) Narrative (and documents as may be applicable) describing the viability/feasibility of the proposed project including current zoning status, local supports, identification of possible complexities or challenges with proceeding, and must provide preliminary Project budget and funding plan, which shall include an Authority source and uses template; 4) Project development timeline/implementation schedule indicating readiness to proceed on the project and for the future supplemental use and must demonstrate that project will be completed within two (2) years of grant execution; 5) At the time of application, evidence of site control or pathway to site control within 180 days of Board approval. Applicant (on its own or through a wholly owned special purpose entity) must provide a deed, executed purchase and sale agreement, or executed lease (term must be five (5) years beyond project completion), any/all of which must be fully signed by both seller and purchaser/applicant; 6) Approved registration as a Registered Apprenticeship Program Sponsor as evidenced by a Certificate of Registration or other written indicia 7) Evidence that the applicant has continuously operated a USDOL Registered Apprenticeship training program for a minimum of ten (10) years at the time of application; and

	<p>8) Narrative and documentation of previous project experience and capacity to undertake and complete the Project by providing a description and providing documentation of one similar project (in scope and budget size) to the proposed Project.</p> <p>Applicants must provide a detailed budget using the budget template included within the Grant application materials. The budget should demonstrate how the grant will be used to cover eligible costs related to the proposed program. All program collaborators must be included in the application budget and identified for their role in the project.</p> <p>Applicants will need to provide as much detail as possible regarding the Project steps involved, project budget, community impact, and projected timeline for the Project from start to finish to show how the Grant will be used.</p> <p>The Authority will receive applications in a defined application period and perform a review of applications after the closing of the application period. Applications will first be reviewed for completeness. Applicants will be given ten business days to cure any deficiencies. If at the end of the cure period, the applications are still incomplete, they will be notified that the application will not be advancing to be scored and will be deemed nonresponsive.</p> <p>At the sole discretion of the Authority, staff may ask for clarification of the information included in the application, including but not limited to narrative responses, supporting documentation, and attachments.</p> <p>If the applicant hasn't provided documentation to fully show they have secured the remaining funding, they can proceed to an approval but will not be able to execute their grant agreement until formal documentation is provided. Awardees will have 6 months from approval of a grant award to provide any required documentation or forfeit their grant award.</p> <p>Approvals and declinations based on discretionary reasons will be presented to the NJEDA Board for their approval.</p>
<p>Project Eligibility Considerations and Scoring Criteria</p>	<p>All applicants must demonstrate how the Project will support workforce development programs and projects. All projects will need to demonstrate how they meet the following requirements at time of application.</p> <p>The term of the grant may not exceed two (2) years from grant execution for the construction/renovation project. The grant term may be extended up to two (2) times by one (1) year each upon Authority approval.</p> <p>The awards will be based on the total requested project costs, amount of funding, demonstrated readiness to proceed, and the ability to expand apprenticeship training opportunities in OBC's to meet the growing need for skilled workers in New Jersey. The Authority will award only one grant per applicant [one per Employer Identification Number (EIN). The Authority will allow only one application per applicant (EIN). If an applicant requests a grant for a project which is eligible for the Program, but sufficient funding is not available to fund the full grant request, the Authority will inform the applicant of the amount of</p>

grant funds available. If the applicant wishes, nevertheless, to proceed for approval, the applicant will be required to demonstrate that they have the financial resources to fund the difference to fill the gap to ensure the submitted Project proposal is undertaken as described.

The Authority has established scoring criteria for this grant program. These criteria can be used to set a required minimum score for reviewed projects. To be considered for an award, an entity's application must receive a minimum score of 65 out of 100 maximum total points. If an applicant requests grant funding for an eligible project but there are not sufficient Program funds available to fund the full grant request, the Authority will inform the applicant of the amount of grant funds available. If the applicant wishes to proceed, the applicant will be required to commit to and then fund the difference to fill the gap to ensure the submitted project proposal is undertaken as described. In this instance, the Authority may make a grant award below the established minimum of \$500,000.

Applications will be scored by an Evaluation Committee based on the following four (4) criteria:

1. Project Team
2. Readiness to Proceed and Anticipated Construction Timeline
3. Financial Feasibility
4. Project Concept, Design, and Goals

Criterion 1 – Project Team (20%)

- Level of experience and qualifications of the applicant, any co-applicant, and any relevant team members (such as: developer, design professionals, cultural resource consultants, or specialized contractor or subcontractor), and do they have a demonstrated history of successful completion of projects of similar size/scope/complexity.
- Previous project experience and capacity to undertake and complete the Project

Criterion 2 – Readiness to Proceed and Anticipated Construction Timeline (25%)

- Project schedule is realistic and achievable within the selected construction/renovation period for the future supplemental use and indicates readiness to proceed
- Ability to provide evidence of site ownership/executed lease agreement within 180 days of award
- Status of requirements needed to proceed with construction (e.g., municipal permits)
- Viability of the proposed project including current zoning status, local supports, identification of possible complexities or challenges with project development,

Criterion 3 – Financial Feasibility (20%)

- Status and evidence of applicant's financing required to complete the development project
- Construction Cost Estimate (CCE) meets realistic and current market

	<p>value/cost for a project of this size, scope, and complexity</p> <ul style="list-style-type: none"> • CCE was prepared by qualified professionals with experience preparing CCEs for similar projects • Detailed budget demonstrating how the grant will be used to cover eligible costs related to the proposed project. <p>Criterion 4 – Project Concept, Design, and Goals (35%)</p> <ul style="list-style-type: none"> • Description of the overall Project, related costs, and the proposed future use, describing the property/building(s) current and future state (i.e., vacant or partially vacant, abandoned, code violations, recent uses, any local, state, or federal historic designation/eligibility, brownfield site, location within designated redevelopment area, etc.); current or planned development/redevelopment efforts in the area proximate to the Project location • Describes the proposed training program(s) and operations plan including program management for the first five (5) years of the training centers including the number of apprentices to be recruited and trained in each registered apprenticeship program operating in the project site as a direct result of the Project funded by this grant program; details strategies to ensure near-term job placement for trainees, if the program management partner is different than applicant, please explain • Description of how the applicant will address the need for this Project in the community and the benefits of the Project to the respective OBC (e.g., anticipated economic and local impact to the community, development objectives, and projected jobs creation); Outlines a compelling and reasonable approach to offer low- or no-cost training to participants and identifies strategies to successfully recruit and serve residents of New Jersey’s overburdened communities • Details how the construction project will fulfill a workforce-related need in the construction trades and position trainees to attain high-quality employment
Funding Source	\$9.7 million from the Workforce Development Partnership Fund (WDPF) through the MOU between NJEDA and NJDOL dated February 23, 2024.
Funding Disbursements	<p>The Authority will disburse grants only to the applicant. The applicant shall be responsible for assuring the compliance of the project with all terms and conditions of the application and the Program funding requirements.</p> <p>The Authority will disburse Grants after the execution of the grant agreement based on applicant requested drawdowns as eligible Project expenses are incurred but no more frequently than once a quarter. Funding disbursement requests must be evidenced by documentation supporting that the expenses were incurred, work has been performed in accordance with prevailing wage and labor standards compliance requirements, and work was done consistent with Grant approval and eligible uses of Program funding. Staff will perform random site visits and will hold the final disbursement of 10% of the total award until the Project closeout is completed. Staff may also request any other supporting documentation as needed for drawdowns.</p> <p>Prior to the last disbursement of 10% of the Grant, the awardee must submit a Project close out request, which will include, but not be limited to, all necessary</p>

	information to evidence completion of the project and, when applicable, a Temporary Certificate of Occupancy. Once received, staff will perform a site visit to confirm and document the completed Project (including through photographs).
Fees	As allowed by NJEDA's recently revised fee rules, no application fee will be charged as the Authority is using part of the available funds for NJEDA's administrative costs.



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: April 9, 2025

SUBJECT: Second Lease Amendment between Boehringer Ingelheim Animal Health, USA, Inc. and the Authority (Second Lease Amendment)
Product Number PROD-00191445

Request

I request the Members approve the Second Lease Amendment with Boehringer Ingelheim Animal Health, USA Inc. (Boehringer) at the New Jersey Bioscience Center (Center). The Member's must approve this lease amendment at the Center because: 1. the requested lease amendment is not consistent with the terms included in the May 2013 Lease Amendment Agreement terminated on December 31, 2024, and 2. the rental square feet in the Second Lease Amendment exceeds 10% of NJBC's rentable square feet.

Background

Boehringer is the last remaining original tenant at the Center. The initial lease, executed in April 1998 (1998 Lease), was with Merial Unlimited (Merial). Boehringer is the successor in interest to Merial, which has changed corporate owners several times during its tenancy at the Center.

Under the 1998 Lease, the Authority developed a 60,116 rentable square feet (RSF) core and shell and related site improvements and Boehringer completed the tenant improvements without an authority fit out allowance. In 2013, Boehringer exercised its right to expand its leased premises, which was memorialized in the May 2013 Lease Amendment Agreement (2013 Lease Amendment). Under the 2013 Lease Amendment, the Authority developed a 15,558 RSF core and shell and Boehringer completed the tenant improvements funded partially with an Authority provided fit out allowance of \$3.185 million, or approximately \$205 per RSF. Boehringer's total rentable square feet at the Center is 75,674.

For the lease term ending on December 31, 2024, the 2013 Lease Amendment included an option to extend the lease for an additional five years. Staff, along with Jones Lang LaSalle, the Authority's broker at the Center, attempted to negotiate Unable to reach a decision regarding extending the term, in December 2024, requested a waiver of holder over rent, while it continued its decision-making process. Staff responded that the waiver would require board approval.

Without a lease extension executed, at the end of the business day on December 31, 2024, Boehringer's lease terminated, and it leasehold became a month-to-month holdover tenancy which required Boehringer to pay 150% of the prior year's net rent (\$2,202,077 or approximately \$29.10 RSF), and the additional rent and payment in lieu of taxes based on the terms of the terminated lease.

In mid-January 2025, Boehringer advised Real Estate staff of its business decision to vacate the existing facility because it would not be adaptable to its future research, development and production plans for its animal health products. In February 2025, Boehringer provided its employees the required notice under the Millville Dallas Airmotive Plan Job Loss Notification Act, N.J.S.A. 34:21-1 et seq.

Boehringer has requested a lease extension of at least 18 months, with a 6-month extension option. The proposed Second Lease Amendment date will be retroactive to January 1, 2025. Net rent will be paid as follows:

BEGIN	END	NET RENT	NET \$RSF
1/1/2025	12/31/2025	\$2,610,753	\$34.50
1/1/2026	6/30/2026	\$1,344,538	\$35.54
7/1/2026	12/31/2026	\$1,344,538	\$35.54

For the calendar year 2025, the proposed Second Lease Amendment net rent will exceed the current holdover rent by \$408,676 or approximately \$5.40 per RSF. For the 6-month period starting January 1, 2026, the proposed net rent will increase 3% and will remain the same if Boehringer exercises its 6-month extension option. In addition, the Second Lease Amendment deletes Boehringer’s right to assign or sublet the leasehold and its expansion and purchase option.

Staff and JLL have already commenced releasing activities with by touring the leased premises, commencing review of the the tenant improvement plans and specifications, and planning the initial leasing strategy. In the next few months, JLL will prepare marketing materials and advertise the space on the appropriate leasing platforms.

Marketing efforts will include current Incubator tenants ready to graduate, which is a traditional feeder of leased space on the Center’s campus. Current Incubator graduates include Ascendia Pharmaceuticals (Building 2 or 59,558 RSF) and Sonder Research X that will occupy 11,522 RSF in Building 4. In addition, the space will be marketed to graduates of our Strategic Innovation Center partner HAX in Newark.

Staff recommends the Members approve the Second Lease Amendment extension because: 1. it will permit Authority staff to plan and market the releasing or repositioning of the 75,674 square foot building; and 2. it will provide both parties a definite end term to Boehringer’s occupancy.

Attached as Exhibit A to this memo is the Second Lease Amendment which is in substantially final form. The final document may be subject to revisions, although the basic terms and conditions will remain consistent with those in Exhibit A. The final terms of the Second Lease Amendment will be subject to the approval of the Chief Executive Officer and the Attorney General’s Office.

Recommendation

I request the Members approve the Second Lease Amendment with Boehringer Ingelheim Animal Health, USA, Inc at the Center.



Tim Sullivan, CEO

Prepared by: Juan Burgos, Vice President of Development, Construction and Infrastructure

Exhibit A: Second Lease Amendment

EXHIBIT A: SECOND LEASE AMENDMENT

**SECOND LEASE AMENDMENT AGREEMENT BETWEEN BOEHRINGER-
INGELHEIM HEALTH USA, INC. AND THE NEW JERSEY ECONOMIC
DEVELOPMENT AUTHORITY**

This SECOND LEASE AMENDMENT AGREEMENT (“SECOND LEASE AMENDMENT”) made as of the ___ day of _____, 2025 (the “EFFECTIVE DATE”), by and between THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY, an instrumentality of the State of New Jersey (“LANDLORD”), and BOEHRINGER-INGELHEIM ANIMAL HEALTH USA, INC., a Delaware corporation (“TENANT”).

WITNESSETH

WHEREAS, LANDLORD and TENANT entered into a Lease Agreement dated April 20, 1998 (“ORIGINAL LEASE”);

WHEREAS, LANDLORD and TENANT have since entered into:

- (i) Lease Extension Agreement dated October 16, 2007;
- (ii) Lease Modification Agreement dated January 13, 2009;
- (iii) Second Lease Modification Agreement date December 3, 2009;
- (iv) Second Extension Agreement dated December 21, 2012;
- (v) Reimbursement Agreement dated February 7, 2013;
- (vi) Lease Amendment Agreement dated May 1, 2013; and
- (vii) Lease Modification and Attornment Agreement dated December 31, 2014; (collectively referred to as the “LEASE MODIFICATIONS AND AMENDMENTS”)

WHEREAS, the ORIGINAL LEASE, the LEASE MODIFICATIONS AND AMENDMENTS, and the SECOND LEASE AMENDMENT are referred to collectively as the “LEASE”;

WHEREAS, TENANT did not exercise the option to extend the REVISED TERM, which ended on December 31, 2024,

WHEREAS, TENANT desires to extend the REVISED TERM by an additional 18-months, with an option to extend the REVISED TERM for an additional six-months;

WHEREAS, LANDLORD and TENANT now desire to amend the LEASE; and

NOW THEREFORE, the LANDLORD and TENANT hereby agree as follows:

1. The REVISED TERM is extended for an additional 18 months, commencing on January 1, 2025, and terminating on June 30, 2026. TENANT may extend the REVISED TERM for an additional six (6) months by providing written notice to LANDLORD on or before June 1, 2025. If the aforementioned extension is exercised, LANDLORD will not provide any further extension of the REVISED TERM.
2. The RENT COMMENCEMENT DATE for the REVISED TERM is January 1, 2025.
3. NET RENT for the REVISED TERM is due as follows:
 - a. From January 1, 2025 through December 31, 2025, \$2,610,753.00, payable monthly on the first day of the month in the amount \$217,562.75
 - b. From January 1, 2026 through June 30, 2026, \$1,344,537.80, payable monthly on the first day of the month in the amount of \$224,089.63.
 - c. In the event that the REVISED TERM is extended as allowed by this SECOND LEASE AMENDMENT, From July 1, 2026, through December 31, 2026, \$1,344,537.80, payable monthly on the first day of the month in the amount of \$224,089.63.
4. TENANT shall continue to pay ADDITIONAL RENT and TENANT'S TAX SHARE of the REAL ESTATE TAXES or PILOT PAYMENTS for the REVISED TERM and REVISED TERM EXTENSION as outlined Sections 6.5 and 7.1. of the LEASE.
5. Sections 26.1 of the LEASE is amended to read as follows:

Tenant shall be responsible for paying a commission to TENANT'S BROKER, Franzwa Real Estate Advisors, LLC, per a separate agreement. LANDLORD shall be responsible for paying LANDLORD'S BROKER.
6. The following Sections of the LEASE are deleted:
 - a. Section 6.5(e) of the LEASE
 - b. Section 31 of the LEASE
 - c. Section 33 of the LEASE
7. LANDLORD shall not commence marketing the LEASED PREMISES until April 1, 2025, which includes placement of any signage before such date. After April 1, 2025, LANDLORD shall provide 24 hour written notice to show the LEASED PREMISES.

8. Electronic signature of this SECOND LEASE AMENDMENT shall be deemed to be valid execution and delivery as though an original ink. The parties explicitly consent to the electronic delivery of the terms of the transaction evidenced by this SECOND LEASE AMENDMENT and affirm that their electronic signatures indicate a present intent to be bound by the electronic signatures and the terms herein. The electronic signature can be done either by ADOBE Acrobat or any other similar signature software that can be used for electronic signatures or by printing, manually signing, and scanning.

10. Notices to the TENANT shall be sent required in Section 34 of the LEASE to:

Attention: Ms. Heidi Tomenchok
Boehringer Ingelheim Animal Health USA
631 U.S. Route 1 South
North Brunswick, NJ 08902

With a copy to:

Boehringer Ingelheim Animal Health USA
Office of the General Counsel
3239 Satellite Blvd.
Ste. 500
Duluth, GA 30096

Notices to the LANDLORD shall be sent as required in Section 34 of the LEASE to:

Juan Burgos
Vice President of Real Estate, Construction and Infrastructure
New Jersey Economic Development Authority
36 West State Street
P.O. Box 990
Trenton, NJ 08635-0990

With a copy to:

Department of Law and Public Safety
Division of Law – Treasury, Finance & Benefits
Hughes Justice Complex

P.O. Box 112
Trenton, NJ 08625-0106
Attention: Meredith Friedman, DAG

11. This SECOND LEASE AMENDMENT may be executed in any number of counterpart copies, all of which shall have the same force and effect as if all parties hereto had executed a single copy hereof. Facsimile or PDF signatures to this SECOND LEASE AMENDMENT shall have the same force and effect as “ink” signatures and no “ink” copy of any facsimile or PDF signature is required to bind the party signing by facsimile or PDF to this SECOND LEASE AMENDMENT.
12. Except as expressly or modified herein, all terms conditions, definitions, undertakings of the LEASE shall remain in full force and effect and are in no way abrogated by this SECOND LEASE AMENDMENT. Capitalized terms used within the SECOND LEASE AMENDMENT but not otherwise defined herein shall have the meanings ascribed to them in the LEASE.
13. If any provision of this SECOND LEASE AMENDMENT shall be held invalid or unenforceable by any court of competent jurisdiction, such holdings shall not invalidate or render unenforceable any other provision hereof or of the LEASE.
14. This SECOND LEASE AMENDMENT shall be interpreted under the laws of the State of New Jersey. Notwithstanding any provision in the LEASE, the parties hereto agree that any and all claims based in tort made by TENANT or anyone else against LANDLORD for damages shall be governed by and subject to the limitations of the New Jersey Tort Claims Act (N.J.S.A. 59:1-1 et. seq.) and that any and all claims based on contract made by Tenant or anyone against LANDLORD for damages, including, but not limited to costs and expenses, shall be governed by and subject to the provisions of the New Jersey Contractual Liability Act (N.J.S.A. 59:13-1 et. seq.)
15. Any conflicts between the provisions of the LEASE and the SECOND LEASE AMENDMENT shall be governed by the SECOND LEASE AMENDMENT.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties hereto have caused this SECOND LEASE AMENDMENT to be executed by their duly authorized representatives as of the day and year first above written.

Attest:

NEW JERSEY ECONOMIC
DEVELOPMENT AUTHORITY

Name:

Title:

Tim Sullivan

Chief Executive Officer

Attest:

BOEHRINGER-INGELHEIM ANIMAL
HEALTH USA, INC.

Name:

Title:

Name:

Title:

Attest:

BOEHRINGER-INGELHEIM ANIMAL
HEALTH USA, INC.

Name:

Title:

Name:

Title:



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: April 9, 2025

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

The following projects were approved under Delegated Authority in March 2025:

Hazardous Discharge Site Remediation Fund Program:

- 1) AAR Fuel, LLC (PROD-00258267) is located in Irvington Township, Essex County. The Applicant, established in 2007, is a fuel pumping station, small restaurant space, three car garage workshop, and a vacant lot. Currently, the fuel pumping station is unoccupied due to the required remediation. The restaurant space, three car garage, and the vacant lot are being leased to unrelated businesses. The NJEDA approved a \$202,700 loan to be used for remediation including the removal of three underground storage tanks, contaminated soil removal, well installation, and ground water delineation.
- 2) Valbon Dobrova (PROD-00317462), located in Union Township, Union County, is the owner of Parkway Muffler Mechanic & Tire LLC. The Company was formed in 2023 as an auto repair shop that also offers towing services. The NJEDA approved a \$203,839.90 loan to be used for remedial assessment, investigation and action. The project includes proposed remediation activities associated with discharge of gasoline from USTs into soil and groundwater.

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

Tim Sullivan, CEO

Prepared by: G. Robins



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: April 9, 2025

SUBJECT: Economic Security Products
Delegated Authority Approvals, Declinations, and Other Actions in 2024
For Informational Purposes Only

Atlantic City Food Security Grants Pilot Program

The Atlantic City Food Security Grants program, approved by the Board in October 2023, is a pilot program awarding grants between \$50,000 and \$500,000 for projects to strengthen food access and food security in Atlantic City. Out of all 50 Food Desert Communities across New Jersey, the Atlantic City/Ventnor FDC ranks second highest, indicating extremely significant need. More than 41,000 people reside within the boundaries of the Atlantic City/Ventnor FDC, which covers the entirety of Atlantic City as well as a portion of neighboring Ventnor.

Atlantic City Food Security Grants Pilot Program – 2024 Review

A total of 20 applications were submitted for this program. Following a review of all applications for completeness and eligibility, two were deemed incomplete and were rejected, while one was declined under delegated authority for failing to meet non-discretionary eligibility criteria. In September 2024, the Board declined six additional applications based on scoring. The remaining eleven applications were approved under delegated authority for a total of \$5.1 million in funding, primarily funded through the ARP State and Local Fiscal Recovery Funds, as well as some State funds. See Appendix A for a detailed list of all Atlantic City Food Security Grants Pilot Program applications that were approved under delegated authority in 2024.

Child Care Facilities Improvement Pilot Program – Phase 1

The Child Care Facilities Improvement Program – Phase 1 provides grants for total project costs between \$50,000 and \$200,000 to licensed child care providers to make improvements to their child care facility. Phase 1 was approved by the NJEDA Board in May 2022. The program provides funding to businesses—including many minority- and women-owned businesses and those in Opportunity Zone eligible census tracts—that otherwise may not have access to resources to fund facility improvements. It also targets resources to communities of greater need due to historic disinvestment, through a 40% set-aside for providers located in Opportunity Zones and includes the requirement that providers serve low-income children receiving child care assistance subsidies.

Child Care Facilities Improvement Pilot Program – Phase 1 – 2024 Review

The online application for Phase 1 opened in November 2022 and closed on October 20, 2023, with a total of 749 applications submitted requesting a total of \$151 million (including a 15% reserve for cost overruns). The 749 child care centers that applied enroll more than 60,000 children and employ more than 15,000 staff, across all 21 counties in New Jersey. In 2024, 350 applications were approved, for a total of \$74,237,692 million (including a 15% reserve for cost overruns). These 350 child care centers serve 29,059 children and employ 7,220 staff. Also in 2024, 75 applications were declined for non-discretionary reasons. Staff are continuing to review the remaining applications.

See Appendix B for a detailed list of all Child Care Facilities Improvement Program – Phase 1 applications that were approved under delegated authority in 2024.

Child Care Facilities Improvement Pilot Program – Phase 2

The Child Care Facilities Improvement Program – Phase 2 provides grants of between \$10,000 and \$20,000 to registered family child care providers (FCCs) to purchase furniture, fixtures, and equipment that will contribute to Health, Safety and Accessibility and/or High Quality Learning Environments. Phase 2 was approved by the NJEDA Board in February 2024. The \$5 million program is supported by State funding and provides funding to businesses—including many minority- and women-owned businesses and those in Opportunity Zone eligible census tracts—that otherwise may not have access to resources to fund facility improvements. It also targets resources to communities of greater need due to historic disinvestment, through a 40% set-aside for providers located in Opportunity Zones and includes the requirement that providers serve low-income children receiving child care assistance subsidies.

Child Care Facilities Improvement Pilot Program – Phase 2 – 2024 Review

The online application for Phase 2 opened in September 2024. In 2024, a total of 207 applications were submitted for this program, requesting a total of \$3,502,559. The 207 FCCs that applied enroll 1,700 children and employ 461 staff, across 18 counties in New Jersey. In 2024, 9 applications were approved, for a total of \$160,452. These 9 FCCs serve 43 children and employ 11 staff. Also in 2024, 5 applications were declined for non-discretionary reasons. Staff are continuing to review the applications that have been submitted, and the application remains open for new submissions.

See Appendix C for a detailed list of all Child Care Facilities Improvement Program – Phase 2 applications that were approved under delegated authority in 2024.

Food Retail Innovation in Delivery Grant (FRIDG)

The Food Retailer Innovation in Delivery Grant (“FRIDG”) utilizes up to \$1,100,000 of the Food and Agriculture Innovation State funds to improve food access in FDCs by providing grants to food retailers to purchase self-contained, temperature-controlled lockers and install them in FDCs, which will facilitate food delivery into FDCs to allow residents to access high quality groceries, including fresh produce. Refrigerated lockers represent an innovative solution to give FDC residents the ability to order online and have groceries delivered to a convenient central location without having to travel long distances to reach food retailers, as many FDC residents without a nearby grocer are currently forced to do. Under this model, FDC residents will be able to avail themselves of this new and innovative solution to the last mile of grocery delivery.

FRIDG – 2024 Review

The FRIDG program application did not receive any applications in 2024. One applicant, Brookdale Shoprite, Inc. had previously been approved in December 2023 for \$250,000. The owner of Brookdale Shoprite, Inc. is selling the business. Mayor Baraka has met with the new owner and discussed the possibility of transferring the FRIDG grant agreement to the new owner. If the agreement is not transferred, it will be terminated.

The closing date of the FRIDG application was extended from October 2024 to April 2025 by the Board to allow more time for outreach and engagement with retailers. No new submissions have been received, so the FRIDG application will close to new submissions in April.

Food Desert Relief Tax Credit Auction

The Food Desert Relief Act (FDRA), part of the Economic Recovery Act of 2020, was signed into law by Governor Murphy on January 7, 2021. The FDRA allocates to NJEDA \$40 million in tax credits per year for six years. These tax credits may be awarded to incentivize development and operations of new

supermarkets in food desert communities designated by NJEDA in coordination with the Departments of Community Affairs and Agriculture. Alternatively, NJEDA may sell all or portion of these tax credits through a competitive auction process or a publicly advertised solicitation for offers and dedicate the proceeds to provide grants and loans consistent with requirements set by FDRA. The statute sets the minimum price at which NJEDA may sell the tax credits at 85% of the tax credit amount.

Food Desert Relief Tax Credit Auction – 2024 Review

The 2024 auction opened on August 28 and closed on September 27, 2024. Six bids were submitted, totaling \$25,750,000 in requests, above the \$20,000,000 available to be awarded. Following a best and final offer process, all six bids were approved under delegated authority, with the bids at the lowest offer price being approved for a prorated amount of tax credits. The bids submitted by the following tax credit purchasers were approved on December 19 and 31, 2024, raising a total of \$17,998,750:

Company	Award	Adjusted Payment
Aetna Life Insurance Company	\$2,604,167	\$2,304,687.50
Metropolitan Life Insurance Company	\$3,645,833	\$3,226,562.50
New Jersey Manufacturers Insurance Company	\$1,000,000.00	\$975,000.00
OceanFirst Financial Corp	\$.750,000.00	\$712,500.00
Rockefeller Group Development Corporation	\$2,000,000.00	\$1,780,000.00
Vitol Inc.	\$10,000,000.00	\$9,000,000.00

Food Desert Relief Tax Credit Program

The Food Desert Relief Act (FDRA), part of the Economic Recovery Act of 2020, was signed into law by Governor Murphy on January 7, 2021. The FDRA allocates to NJEDA \$40 million in tax credits per year for six years. These tax credits may be awarded to incentivize development and operations of new supermarkets in food desert communities designated by NJEDA in coordination with the Departments of Community Affairs and Agriculture. Regulations for the Food Desert Relief Tax Credit Program were approved by the Authority on April 12, 2023.

Food Desert Relief Tax Credit Program – 2024 Review

No applications have been submitted to date, but staff continue to engage with potential applicants (supermarket developers and operators) to increase awareness and understanding of the program. A webinar on the Food Desert Supermarket Operating Cost Tax Credit was held in January 2024 and a webinar on the Food Desert Supermarket Financing Gap Tax Credit was held in June 2024.

Appendix A: Approved Grant Awards in Atlantic City Food Security Grants Pilot Program

Grantee	Project	Award
A Meaningful Purpose	A Meaningful Purpose will expand its farming infrastructure and workforce to increase crop yields. Harvests will be donated and distributed throughout Atlantic City in collaboration with nonprofit service organizations.	\$500,000.00
Atlantic County Economic Alliance Inc.	Atlantic County Economic Alliance, in partnership with C.R.O.P.S., will create an online Farm Share Community Supported Agriculture (CSA) program. This initiative will allow residents to purchase a Farm Share, providing them with a biweekly box of fresh, locally grown produce throughout the year.	\$499,950.00
AtlantiCare Foundation	AtlantiCare will enhance its food pantry by expanding its equipment inventory, including commercial freezers, refrigerators, a commercial cooking range, workstations, and shelving. Additionally, funds will support AtlantiCare's mobile market program by supporting supplemental food purchases, and financing vehicle fuel and maintenance costs. AtlantiCare will also introduce a new meal delivery service for seniors and medically fragile individuals.	\$500,000.00
Bangladesh Association of South Jersey	Bangladesh Association of South Jersey will enhance its existing food distribution program and provide resources and materials to its members to cultivate produce in the organization's community gardens. The organization will self-fund the construction of a community market for residents to sell their produce.	\$319,000.00
Beron Jewish Older Adult Services	Beron Jewish Older Adult Services will support its existing senior-focused food pantry and community center, and will introduce a home delivery service for seniors. The pantry will offer 'wraparound' services including nutrition education and healthy cooking classes, supported by a targeted outreach project to enhance its impact.	\$289,281.00
Boys and Girls Club of Atlantic City	The Boys & Girls Club of Atlantic City will continue its afterschool snack and meal program served to children and their families. Grant funds will be used to increase both the quantity and nutritional quality of the food provided.	\$499,691.00
Community Food Bank of NJ Inc.	The Community Foodbank of New Jersey (CFBNJ) will expand its home delivery meal program to deliver to senior residents. In partnership with DoorDash, CFBNJ will use funds to procure meals for distribution and cover delivery costs associated with the service.	\$497,176.25
Ideal Education	Ideal Education will construct a co-op market within a mixed-use property, featuring the co-op on the ground floor and aquaponic vertical farms on the upper levels. The co-op market will be supplied year-round by produce and seafood harvested from the farms. The project will create employment for Atlantic City residents, with a focus on youth, and will offer job training in retail and agriculture. The market will also provide a delivery service to reach residents with limited transportation access.	\$500,000.00
Jewish Family Service of Atlantic County	Jewish Family Services of Atlantic County will implement a two-part strategy: establish a mobile food pantry and provide food security case management. The mobile pantry will distribute produce and essential items at community hubs such as schools and major employers, and will also offer "on-the-go" bags for individuals experiencing homelessness. The food security case management program will develop actionable, individualized food security plans tailored to address each resident's unique challenges.	\$500,000.00
Mighty Writers	Mighty Writers will construct a new food pantry in the vacant Ginsburg Bakery storefront in the Uptown neighborhood. The pantry is anticipated to serve approximately 8,000 to 9,000 residents annually, providing fresh and culturally appropriate food. This initiative is being supported through a partnership with the	\$500,000.00

	municipality under the New Jersey Economic Development Authority (NJEDA) Food Security Planning Grant Program.	
Save Philly Atlantic City LLC	Save a Lot will upgrade its store infrastructure to offer healthier, fresher food options to customers. Planned improvements include the installation of new refrigerators, flooring, and décor.	\$500,000.00
TOTAL		\$5,105,098.25

Appendix B: Approved Grant Awards in Child Care Facilities Improvement Program – Phase 1

Grantee	Award Amount (Including 15% Reserve for Cost Overruns)
TLE at Paramus LLC	\$163,177.34
Reino Magico Child Care Center LLC	\$229,909.15
Emma Daycare, LLC	\$229,909.15
D & B FRANKLIN LAKES CHILD CARE LLC	\$160,636.63
Catherine Mitchell Enterprises, LLC	\$201,094.75
Bergen Health Management System, Inc.	\$229,588.94
Lil' People's Playhouse Inc.	\$92,669.48
Cooper Rose LLC	\$229,089.20
Kidco NJ LTD	\$229,909.15
Divine Kidz Ewing LLC	\$229,867.75
Hanna Preschool, LLC	\$226,657.10
DOMARI LLC	\$225,954.30
The Learning Track, LLC	\$229,049.92
Little Stars Day Care Center	\$229,889.26
Clin.Co	\$223,455.35
Infant Senior Sharing Project Inc.	\$227,697.70
The Clifton Little School, Inc.	\$226,476.40
Head Start Community Program Of Morris County	\$230,000.00
Tiari, Inc.	\$229,885.00
Kialena Enterprises, LLC	\$195,425.71
Flanders Valley Country Day School LLC	\$229,592.04
Helping Hands Nursery School	\$227,938.05
Ring Around The Rosie, Inc.	\$216,375.35
Northern Valley Pre School Inc.	\$229,998.85
Divine Kidz Academy and Preschool, Inc.	\$230,000.00
LEARN N' PLAY, LLC	\$227,007.70
Divine Kidz Academy and Preschool, Inc.	\$230,000.00
Happy Feet Learning LLC	\$229,998.85
Sandy Lane Nursery School, Incorporated	\$229,890.91
Partners in Learning, Inc.	\$229,950.55
Partners in Learning, Inc.	\$229,950.55
Nexiah LLC	\$213,428.21
Community Day Nursery of the Oranges and Maplewood	\$230,000.00
RC KIDS ACADEMY	\$229,910.30
Second Street Youth Center Foundation Inc.	\$225,712.51
New Generation Learning Center LLC	\$226,351.40
Heaven's Nest Learning Center LLC	\$228,242.80
Genius Care, Inc.	\$227,206.08
It's Child's Play, LLC	\$225,822.05
Rutgers the State University	\$203,592.31
Genius Kids Inc	\$229,934.05
Spring Academy Westfield LLC	\$230,000.00
Cheder Yaldei Menachem	\$228,813.51
Omni Kids Inc.	\$229,885.00
Centro Comunal Borincano	\$158,678.15
Catholic Partnership Schools, Camden, N.J., Inc.	\$145,353.10

HOPES COMMUNITY ACTION PARTNERSHIP, INCORPORATED	\$229,998.45
Tripada Inc.	\$224,563.35
Candyland Academy, Inc	\$229,752.75
Child Care Solutions, Inc.	\$225,537.61
BBBLC LLC	\$229,961.07
LITTLE V.I.P.'S INC.	\$227,055.11
UNION CITY DAY CARE PROGRAM	\$230,000.00
CAMDEN DAY NURSERY ASSN	\$166,761.50
Loving Hands Program	\$230,000.00
Urban League of Essex County	\$230,000.00
Kiddie University Learning Center LLC	\$225,302.15
Hongzhong Education Group	\$230,000.00
BNS LLC	\$229,930.69
LGJ Innovations Inc.	\$208,294.61
Atlantic City Day Nursery	\$103,210.37
The Salvation Army Territorial Headquarters	\$229,890.75
The Blessing Child Corp	\$230,000.00
JanN LLC	\$227,861.00
Kastle at Bridgewater, Inc	\$214,381.22
Kastle at South River Inc.	\$228,757.25
GROW-VILLE COMMUNITY DAY SCHOOL	\$188,155.65
Stellar Academy Corporation	\$226,678.90
Freehold Montessori LLC	\$226,641.41
Toodle Tots Child Care Center LLC	\$228,808.84
SJ School Operators, Inc.	\$229,770.00
Solnyshko Corp	\$170,469.31
Yogi Daycare Corp	\$225,389.62
AtlantiCare Health Services	\$230,000.00
AtlantiCare Health Services	\$230,000.00
Evergreen Kids Academy Inc.	\$228,828.35
Red Carpet Kids Childcare LLC	\$104,192.77
ALWC Community Center of Whippany	\$226,607.50
Adventure Land Academy LLC	\$229,504.79
Raab Montessori Academy LLC	\$229,983.16
Little People at Work, Inc.	\$152,721.44
N.E.W. Christian Academy	\$195,478.44
Catholic Youth Organization (CYO) of Mercer County	\$229,614.75
FULL GOSPEL CHRISTIAN ACADEMY	\$211,352.19
Step One Academy LLC	\$114,375.06
Ventresca & Sons LLC	\$229,942.50
NJ RAN Ventresca LLC	\$229,942.50
Ventresca Family LLC	\$229,942.50
Miss Janet's Sunshine Schoolhouse LLC	\$229,975.63
Bais Rivka Rochel RSG Program LLC	\$227,272.75
I Excel Child Care	\$215,918.23
Kangaroo Kids, Inc.	\$221,508.40
Inspired Education LLC	\$229,803.35
Lightbridge-Manalapan LLC	\$228,770.87
Rainbow Academy-Flemington, L.L.C.	\$228,618.34

RA-Iselin, LLC	\$228,046.66
SWEENEY SECOND HOME CHILD CARE LLC	\$207,322.77
Montessori Schools Inc.	\$228,764.29
BETHEL CHURCH BLACKWOOD, INC.	\$230,000.00
Marisas Kids 2 llc	\$229,915.21
STREAM Montessori School, LLC	\$229,999.86
Step One Academy LLC	\$186,627.58
All Kids First, Inc.	\$87,561.00
Rainbow Academy-Wall, LLC	\$228,474.13
First Steps To Success	\$226,389.00
Growing Seeds Learning Academy Kearny 2 LLC	\$227,925.46
Bergen Community College	\$212,923.08
The Young Men's Christian Association of Metuchen, New Jersey	\$195,129.33
Academy House CDC V	\$203,642.00
A Star Is Rising Early Child Care Center LLC	\$95,076.25
Little Explorers Learning Center III, Inc	\$226,000.30
The Ginger Tree Preschool LLC	\$230,000.00
Rutgers the State University	\$223,057.28
Long Term Investments LLC	\$226,154.40
Academy House CDC III	\$100,142.00
Hudson Sprouts Academy	\$88,044.00
Academy House CDC 4	\$132,250.00
Growing Kids Academy LLC	\$215,076.39
Oakshade Learning Center	\$229,980.45
The Community School in Nutley	\$230,000.00
REA Childcare Center, LLC	\$229,273.64
Stellar Academy of Hillsborough, LLC	\$226,700.51
Mother Knows Best, Inc	\$229,820.35
Buzzing Bees Academy	\$230,000.00
Buzzing Bees Learning Center Limited Liability Company	\$228,222.10
Trinity United Methodist Church Nursery School	\$213,756.55
Cuddlebug Childcare LLC	\$115,322.00
Leap Ahead Academy	\$97,175.00
Park Prep Academy, INC	\$227,368.80
Wonder Twin Powers	\$112,219.30
Iselin Montessori Academy d/b/a Hinder them not Montessori School	\$212,481.61
New Hope Development Daycare Center	\$165,721.85
The Community School in Nutley	\$156,609.79
Kastle at Kendall Park LLC	\$229,712.13
SS Ventures Group LLC	\$228,528.00
HILLCREST ACADEMY. LLC	\$225,975.00
Acelero Learning Monmouth/Middlesex County	\$217,695.00
Princeton Community Family Learning Center	\$229,385.70
GABYANNA, CORPORATION	\$230,000.00
Francis Services LLC	\$229,002.17
ELA Village Learning Holdings LLC	\$229,096.56
Inspired Education 2 LLC	\$206,650.69
Monarch Montessori School Inc	\$228,261.57
Great Start Enrichment Center	\$222,615.30

EGENOLF EARLY CHILDHOOD CENTER of Elizabeth, NJ	\$227,917.35
Kids of the future LLc	\$230,000.00
CHRISTIAN PENTECOSTAL DAY CARE	\$230,000.00
River Crossing Young Men's Christian Association	\$210,847.90
Centreton Country Day School Inc.	\$229,655.00
JEWISH FEDERATION OF SOUTHERN N J	\$227,153.75
Watch Us Bloom LLC	\$229,960.01
It Takes A Village II, LLC	\$229,310.00
Marisas Kids Inc	\$229,998.29
C.A.R.E. For Me Learning Systems LLC	\$229,053.00
2 For Care Early Childhood Learning Center Limited Liability Company	\$159,836.78
It Takes A Village III, LLC	\$219,017.50
CHRISTIAN PENTECOSTAL DAY CARE	\$230,000.00
La Edad De Oro Learning Center	\$207,000.00
Matthey Education LLC	\$229,885.00
Kidsme Academy LLC	\$229,379.00
It Takes A Village Inc	\$220,003.05
Little Rascals Childcare LLC	\$212,030.95
Cookies & Juice Inc	\$229,656.78
The Early Learning Academy 1 LLC	\$230,000.00
Village Early Childhood Center LLC	\$227,877.54
Little Explorers Learning Center II, Inc.	\$165,604.74
ELITE LEARNING CHERRY HILL, INC.	\$228,824.31
Splendor Bilingual Montessori School Inc.	\$193,579.97
The Enchanted Treehouse, LLC	\$229,855.54
Pillar Point LLC	\$228,548.27
Tiny Turtle Academy LLC	\$229,781.50
Golino Riczko Associates, LLC	\$229,770.00
Guidepost A LLC	\$78,499.75
Guidepost A LLC	\$213,943.24
Pee Wee Prep, Inc	\$229,934.51
Little Learning Academy, Inc.	\$229,123.37
MJS POP LLC	\$227,763.25
ABC ME GROW CHILDCARE CENTER LLC	\$229,266.66
Holy Name Medical Center	\$230,000.00
A Plus Preschool, LLC	\$229,197.30
Sherpa Enterprise LLC	\$188,414.75
The Olive Tree Academy, LLC	\$230,000.00
Little Hugs	\$229,977.03
Big Hugs Childcare & Development Center	\$229,977.28
GK Wee Kids LLC	\$151,504.09
A Step Ahead Learning Center	\$229,996.09
Play Learn and Care llc	\$229,998.85
First Education LLC	\$129,628.92
JHG GLOBAL LLC	\$229,969.44
JHG GLOBAL LLC	\$229,760.52
Illuminated Minds LLC	\$227,157.86
JOY OF LEARNING CHILD CARE CTR INC	\$226,285.12
Big Hugs LLC	\$229,926.25

Elite Kids Services NJ Corp.	\$132,221.25
ZHHL CORP.	\$226,152.95
Zadie's Early Childhood Center	\$230,000.00
Kareamakids2 LLC	\$146,581.31
Starting Points of Hudson County, Inc	\$220,204.48
Featherbed Lane School of Clark	\$229,565.30
4 Dreams LLC	\$61,510.03
Prima Partners LLC	\$226,006.05
Paradise Child Care Center	\$182,518.16
LADACIN Network	\$222,293.19
Academia Learning Center	\$122,664.75
Community Christian Cooperative LLC	\$226,265.26
Princeton Nursery School	\$229,898.36
Alphabet Academy	\$218,362.00
Kidz Kingdom LLC	\$229,537.45
Kidz Lagoon LLC	\$229,168.40
Voorhees Academy LLC	\$110,271.20
RVSS Group South Brunswick LLC	\$202,028.24
Wall Street Academic Center Inc	\$229,981.95
Supertots II Educational Center	\$229,759.67
Cozy Island Childcare	\$228,045.00
RVSS Group - Edison, LLC	\$201,527.20
Ajwani llc	\$228,885.10
Rainbow Academy - Renaissance, LLC	\$229,681.17
Rainbow Academy - North Brunswick, LLC	\$229,708.62
ALEMAP, INC.	\$230,000.00
New Life Center for Family Enrichment, LLC	\$230,000.00
Growing Seeds Learning Academy	\$229,589.68
Zadie's of the Oranges	\$230,000.00
CEYLON CHILDCARE SERVICES LLC	\$229,796.45
PRECIOUS GEMS ACADEMY INC	\$208,360.67
PATERSON DAY CARE 100	\$114,655.00
TURNING POINT CONSULTING LLC	\$228,940.15
GK NewLife LLC	\$228,273.74
K & R KIDZ	\$229,655.00
Little Flower Academy	\$209,978.10
Bright Seedlings LLC	\$229,953.22
Explorations community preschool, llc	\$227,125.00
Learning Tree Academy EH LLC	\$228,924.27
GSLA Paterson LLC	\$229,349.80
Learning Bridge Academy - Freehold LLC	\$229,971.25
Grandma's Place, Inc.	\$229,310.00
Central Jersey Enrichment Center	\$229,914.90
Kids Ed Inc	\$230,000.00
Tiny Skill Seeker's	\$229,233.39
NASS Enterprises LLC	\$206,740.73
VFP Capital	\$229,425.00
M & M Learning Institutes, Inc.	\$229,642.82
Learning Bridge Academy LLC	\$225,993.40

Sundance Kids of Berkeley LLC	\$229,872.01
CRESTHILL ACADEMY LLC	\$227,571.20
Genius Kidz LLC	\$186,882.29
Children's Corner Learning Center, LLC	\$230,000.00
SPARK Preschool NFP, Inc	\$229,525.63
Perkins Daycare Centers LLC	\$229,562.23
Q & Q Global LLC	\$229,997.17
Calvary Baptist Community Center Inc.	\$230,000.00
Burghli INC.	\$229,942.28
Kiddie Academy of East Brunswick Inc	\$229,892.60
ABC Academy LLC	\$227,987.50
Woodbury Child Development Center	\$229,997.70
Child Care Center of Kearny NJ INC.	\$177,991.25
KASJA, INC.	\$230,000.00
Me Two, Inc	\$138,064.81
EWING COMMUNITY PRESCHOOL L.L.C.	\$229,026.03
YESHADEEP LLC	\$230,000.00
Treasured Angels Child Care Center LLC	\$227,502.99
Middlesex Baby Spa, LL C	\$225,613.90
Creative Minds Academy LLC	\$193,963.50
Creative Minds Academy LLC	\$229,977.20
Sharing and Caring Childcare Center	\$229,605.55
Kinder Kastle Elmwood Park LLC	\$219,285.11
Danjasty Inc.	\$228,823.88
Zion Horizon Enterprise A NJ Nonprofit Corporation	\$227,930.00
Voorhees Learners LLC	\$229,966.67
Pisces Enterprizes LLC	\$229,998.85
Little Giggle Point, LLC	\$228,300.06
Ocean Kids Academy, LLC	\$229,462.39
Catholic Charities Diocese of Metuchen	\$153,335.25
Bright Childcare LLC	\$229,864.02
My 1st Time Childcare Center	\$218,500.00
Boys & Girls Club of Clifton	\$229,770.00
High Mountain Presbyterian Church	\$226,550.00
Broadway Kids Academy, Inc.	\$142,037.98
S and R WASZAZAK INCORPORATED	\$228,555.03
Apples and Books Learning Center, Inc.	\$221,423.39
MGLC2, Inc.	\$227,997.85
SMART & FIT KIDS LLC	\$229,655.00
AAMK, LLC.	\$229,292.59
Kiddie Kastle Learning Center	\$229,601.55
NEW HOPE MEMORIAL COMMUNITY DEVELOPMENT CORPORATION, INC	\$230,000.00
The Plainfield City Union of the King's Daughters	\$177,100.00
Tots University LLC	\$229,982.27
Grow Learn & Play Daycare Center INC	\$113,447.95
Tiny Tiki's Learning Center LLC	\$226,027.90
Broad Horizons LLC	\$229,972.89
One Love Daycare and Preschool, LLC	\$230,000.00

Virtua-West Jersey Health System Inc.	\$227,923.56
Learning Tree Academy Inc	\$175,482.58
Monmouth Day Care Center	\$229,425.00
Little Sprouts Learning LLC	\$224,879.60
Doubleblink1 LLC	\$101,337.05
Cedar Hill Prep Limited Liability Company	\$228,283.13
Dana's Daycare LLC	\$229,952.49
Kids Foundation Daycare LLC	\$229,999.10
Hamilton Learning Center, LLC	\$226,414.13
Tiny Hands Learning Center	\$212,750.00
The Jewish Community Center of Somerset, Hunterdon and Warren Counties, Inc.	\$226,131.49
KAMM Ventures LLC	\$229,168.56
5 Stars Learning Center Inc	\$229,301.95
BEH Learning Center	\$111,780.00
One step ahead learning center	\$229,949.40
Catholic Charities Diocese of Metuchen	\$207,780.56
Heavenly Angels Learning Place	\$229,845.16
A & R Day School, Inc.	\$216,647.35
The Learning Center TLC LLC	\$229,885.98
Learning Edge Academy, Inc.	\$230,000.00
LeKro, Inc.	\$202,331.64
Supertots Educational Center Inc.	\$228,970.99
Smart Start Academy For Kids, Inc.	\$229,731.54
Peppermint Tree Learning Center LLC	\$230,000.00
Christ Memorial Lutheran Church	\$189,737.35
Holly Day School. Inc	\$150,989.17
School Time, LLC	\$229,981.69
LITTLE IVY LEAGUERS LLC	\$228,293.55
The Manning Group	\$225,675.68
YMCA of Eastern Union County	\$176,515.42
YMCA of Eastern Union County	\$228,644.70
The Almond Branch, Inc.	\$101,890.00
As We Grow Childcare	\$226,016.41
Montgomery Childcare LLC	\$229,048.51
Bright Beginnings Quality Care Center, LLC	\$221,820.63
The baobab learning tree	\$229,604.23
Omega Child Development Center LLC	\$187,306.25
MONTCLAIR EARLY CHILDHOOD CORPORATION	\$114,145.79
Children of America -East Brunswick	\$185,141.72
Center for Family Resources, Inc.	\$137,444.21
GOLDBIL INVESTMENT CORP	\$230,000.00
Z Corp.	\$229,482.50
P.R.R. Corporation	\$224,730.64
Pinky Preschool and Nursery Corporation	\$152,661.35
Summit Area YMCA, The	\$196,662.65
Neighborhood Child & Infant Care Center, Inc.	\$213,384.18
Jolly Dwarfs LLC	\$229,965.49
children of America Sewell	\$171,549.81

Meadowlands Area Young Men's Christian Association Inc.	\$215,050.00
The Church of the Sacred Heart	\$230,000.00
Little Minnie's Daycare	\$228,944.30
Learning Path Nursery School	\$229,934.05
Bright Beginnings Childcare	\$229,389.22
MISS INEZ CHILDREN HOUSE	\$229,664.92
Colors of the Rainbow Learning Center, LLC	\$227,451.60
Children of America Sicklerville	\$227,143.57
Lutheran Church of the Good Shepherd/Good Shepherd Children's Center	\$204,452.75
Meg-du Day Care Academy L.L.C.	\$229,581.79
Kol Chaverim Preschool, LLC	\$229,425.00
GOLDBIL INVESTMENT CORP	\$230,000.00
Total	\$74,237,691.82

Appendix C: Approved Grant Awards in Child Care Facilities Improvement Program – Phase 2

Grantee	Award
Little Giant Family Daycare LLC	\$19,492.53
Rosey Cheeks Child Care LLC	\$12,606.40
Little Rainbow Kids LLC	\$16,812.64
ABC learning kids LLC	\$16,990.01
Angel Daycare LLC	\$16,214.22
Ayleen Happy Hearts Daycare LLC	\$18,684.89
Unique's Haven Childcare LLC	\$19,985.91
Leli's Family Child Care Inc	\$19,763.53
Katherine's Family Child care LLC	\$19,902.15
Total	\$160,452.28



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: April 4, 2025

SUBJECT: Real Estate Division Delegated Authority for Leases and Right of Entry (ROE)/ Licenses for the Fourth Quarter 2024

The following approvals were made pursuant to Delegated Authority for Leases and ROE/ Licenses in October, November, and December 2024

<u>TENANT</u>	<u>LOCATION</u>	<u>TYPE</u>	<u>TERM</u>	<u>S.E.</u>
Chrom-matrix	BCI	Lease Renewal	1 year	931sf
Lactiga US	BCI	Lease renewal	1 year	251sf
Linus Biotechnology	BCI	Amendment	5.5 months	5277sf
Histobridge	BCI	Month to month	Month to month	800sf
Molecular Innovation	BCI	Month to month	Month to month	932sf
Sonder Research X	BCI	Month to month	Month to month	5445sf
Skunkworx	BCI	Month to month	Month to month	1425sf
Couragene	BCI	Amendment	10.5 months	1862sf
Kamat Pharmatech	Step Out Labs	Renewal	3 years	1060 sf

**LEASES
PROCUREMENT**

The following approvals were made pursuant to Delegated Authority for Procurement. Including the issuance of Task Orders in October 2024, November 2024 and December 2024:

None to report

RIGHT OF ENTRY/LICENSE AGREEMENTS

The following approvals were made pursuant to Delegated Authority for Rights-of Entry/License Agreements in October 2024, November 2024 and December 2024:

<u>DATE EXECUTED</u>	<u>ENTITY</u>	<u>PROJECT</u>	<u>TYPE</u>	<u>TERM</u>	<u>CONSIDERATION</u>
12/19/24	City of Trenton	Senior Center-Adjacent to MIHI Site	Right of Entry/Site License Agreement	1 year	
12/18/24	NJDEP	NJ Wind Port (MOU re: Sand Wave Mitigation)	Other	2 years +1-year extension	370000 (NJDEP will pay NJEDA to perform work)



Tim Sullivan, CEO