



MEMORANDUM

TO: Members of the Authority
FROM: Timothy Sullivan
Chief Executive Officer
DATE: November 14, 2019
SUBJECT: Agenda for Board Meeting of the Authority November 14, 2019

Notice of Public Meeting

Roll Call

Approval of Previous Month's Minutes

CEO's Report to the Board

Authority Matters

Office of Economic Transformation

Incentive Programs

Bond Projects

Loans/Grants/Guarantees

Office of Recovery

Real Estate

Board Memorandums

Executive Session

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

October 8, 2019

MINUTES OF THE MEETING

Members of the Authority present: Chairman Kevin Quinn, Commissioner Robert Asaro - Angelo of Department of Labor and Workforce Development; Catherine Brennan for State Treasurer Elizabeth Muoio; Jane Rosenblatt for Commissioner Catherine McCabe of the Department of Environmental Protection; Members: Charles Sarlo, Vice Chairman; Philip Alagia, and Fred Dumont.

Members present via conference call: Commissioner Marlene Caride of the Department of Banking and Insurance; Public Member Tom Scrivo, and John Lutz, Third Alternate Public Member.

Absent: Public Members Massiel Medina Ferrara, Louis Goetting, and William Layton.

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

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

Pursuant to the Internal Revenue Code of 1986, Mr. Sullivan announced that this was a public hearing and comments are invited on any Private Activity bond projects presented today.

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

MINUTES OF AUTHORITY MEETING

The next item of business was the approval of the September 12, 2019 meeting minutes. A motion was made to approve the minutes by Mr. Dumont, and seconded by Mr. Alagia, and was approved by the 9 voting members present.

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

AUTHORITY MATTERS

ITEM: Microbusiness Loan Program – Public Bank Demonstration Project
THIS ITEM WAS WITHHELD FROM CONSIDERATION.

OFFICE OF ECONOMIC TRANSFORMATION

ITEM: NewSpring Health III LP

REQUEST: Approval to make a limited partnership investment in NewSpring Health III, LP through the Economic Recovery Fund (ERF).

MOTION TO APPROVE: Commissioner Angelo **SECOND:** Mr. Alagia **AYES: 9**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

Mr. Sarlo entered the meeting at this time.

ITEM: Offshore Wind Economic Development Tax Credit Program

REQUEST: To approve the proposed readoption of specially adopted new rules for the Offshore Wind Economic Development Tax Credit Program and to authorize staff to submit the proposed readoption for promulgation in the NJ Register,

MOTION TO APPROVE: Ms. Brennan **SECOND:** Mr. Lutz **AYES: 10**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

INCENTIVES

NJ Film and Digital Media Tax Credit Program

ITEM: To approve the following NJ Film and Digital Media Tax Credit Projects for allocations in Fiscal Year 2020.

PROJECT: Event Services, Inc.

APPL.#45506

MAX AMOUNT OF TAX CREDITS: \$2,849,160

MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Alagia **AYES: 10**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

PROJECT: Random Productions, LLC

APPL.#45612

MAX AMOUNT OF TAX CREDITS: \$10,173,670

MOTION TO APPROVE: Mr. Alagia **SECOND:** Ms. Brennan **AYES: 10**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

BOND PROJECTS

Bond Resolutions

ITEM: NJEDA School Facilities Construction Bonds 2019 Series LLL, MMM and NNN

REQUEST: Approve - (i) The adoption of the Forty-First Supplemental Resolution authorizing the issuance of the 2019 New Money Bonds in the total aggregate principal amount, the issuance of the 2019 Refunding Bonds in the total aggregate principal amount, as well as other matters in connection with the issuance and sale; (ii) The several actions and delegation of actions to an Authorized Officer of the Authority; and (iii) authorize

Authority staff to take all necessary actions incidental to the issuance of the 2019 New Money Bonds and 2019 Refunding Bonds.

MOTION TO APPROVE: Mr. Dumont **SECOND:** Ms. Brennan **AYES: 10**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

PROJECT: White Horse HMT Urban Renewal, LLC **APPL.# 45429**
LOCATION: Hammonton Township, Atlantic County
PROCEEDS FOR: Construction, Acquisition, Renovation and Working capital
MOTION TO APPROVE: Mr. Sarlo **SECOND:** Commissioner Angelo **AYES: 10**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

Preliminary Bond Resolutions

PROJECT: United Parcel Service, Inc. **APPL.# 44026**
LOCATION: Newark City, Essex County
PROCEEDS FOR: Construction and Renovations
MOTION TO APPROVE: Commissioner Angelo **SECOND:** Mr. Alagia **AYES: 10**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

LOANS/GRANTS/GUARANTEES

ITEM: Access Pilot Program
REQUEST: Renew the "Access" Pilot Lending Program for an additional 12-month period ending October 28, 2020.
MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Lutz **AYES: 10**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

Hazardous Discharge Site Remediation Fund

ITEM: Summary of NJDEP Hazardous Discharge Site Remediation Fund Program projects approved by the Department of Environmental Protection.
MOTION TO APPROVE: Ms. Brennan **SECOND:** Ms. Rosenblatt **AYES: 10**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

PROJECT: Township of Bordentown (Proposed Bordentown Waterfront **APPL.#45521**
LOCATION: Bordentown Twp., Burlington County
PROCEEDS FOR: Remedial Action
FINANCING: \$356,511

PROJECT: Cumberland County Improvement Authority **APPL.#45650**
LOCATION: Bridgeton City, Cumberland County
PROCEEDS FOR: Remedial and Site Investigation
FINANCING: \$185,420

PROJECT: Maurice River Township (Sapello Foundry) **APPL.#45809**
LOCATION: Maurice River Twp., Cumberland County
PROCEEDS FOR: Remedial Investigation
FINANCING: \$205,183

PROJECT: Township of Plainsboro (Former Bulk Farm) **APPL.#45952**
LOCATION: Plainsboro Twp., Middlesex County
PROCEEDS FOR: Remedial Action
FINANCING: \$192,796

PROJECT: City of Vineland (Vineland Devel – Center W. Campus) **APPL.#45808**
LOCATION: Vineland City, Cumberland County
PROCEEDS FOR: Site Investigation
FINANCING: \$121,987

BOARD MEMORANDUMS

FOR INFORMATION ONLY: Technical Assistance Project to Support Manufacturers in the Offshore Wind Supply Chain

FOR INFORMATION ONLY: Credit Underwriting projects Approved Under Delegated Authority

Small Business Fund Program:

PROJECT: Cilo L.L.C (PROD-00187832)
LOCATION: Galloway, Atlantic County
PROCEEDS FOR: Facilitate expansion by opening a third location
FINANCING: \$252,000 EDA Loan in conjunction with a \$315,000 Ocean First Bank Loan

FOR INFORMATION ONLY: Real Estate Division Delegated Authority for Leases and Right of Entry (ROE)/Licenses for Third Quarter 2019

PUBLIC COMMENT

Justin Goldsman, Our Revolution, West Orange, NJ
Isaac Inyang, Royal Eagle Financial Services, Chesterfield, NJ
Imani R. Oakley, Esq., New Jersey Working Families, Newark, NJ
Sue Altman, New Jersey Working Families, Camden, NJ
Kevin Barfield, President, Camden County NAACP, Camden, NJ
Keith Bensen, National Action Network, Camden, NJ
Rosemari Hicks, CoWork Street, Camden, NJ
Liz Glynn, NJ Citizen Action, Newark, NJ
Saily M. Avelenda, Esq., NJ 11th for Change, Essex County, NJ

The above members of the public addressed the board to share their perspectives on the Grow New Jersey program.

EXECUTIVE SESSION

The next item was to adjourn the public session of the meeting and enter into Executive Session to discuss a prospective real estate matter where disclosure could adversely affect the public interest and to receive attorney-client advice regarding ongoing legal inquiries.

MOTION TO APPROVE: Commissioner Angelo **SECOND:** Mr. Dumont **AYES: 10**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

The Board returned to Public Session.

OFFICE OF ECONOMIC TRANSFORMATION

The next item was to approve the execution of a Letter of Intent with PSEG that will provide for the payment of the expanded feasibility study, and for the commencement of preliminary discussions between NJEDA and PSEG.

MOTION TO APPROVE: Mr. Dumont **SECOND:** Commissioner Angelo **AYES: 10**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

There being no further business, on a motion by Mr. Dumont, and seconded by Ms. Brennan, the meeting was adjourned at 11:52am.

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



Fred Cole, SVP, Business Support
Ethics Liason Officer
Assistant Secretary

JUSTIN GOLDSMAN

We are facing an unprecedented time, both in terms of the dire needs of N.J. begging for fiscal reform, but also in terms of hypocritical double standards. How can we as a party call out corruption in the Republican Party - from foreign interference in elections to dark money - yet turn a blind eye to our own shortcomings of corruption and dark money. How can we continue to ask that the average N.J. taxpayer just hold on a little longer when the richest in our state receive billions in tax credits and avoid paying taxes? How can we claim to work the people when our people don't receive the jobs their tax dollars paid for? We must have a sunshine moment here - we must disinfect the corruption in this state on all sides. We must stop extracting wealth from communities of color solely to benefit the rich and powerful. We must give back to communities, not outsource and import jobs. This program is a breeding ground for corruption - from inception and design to implementation and manipulation. We celebrated an American hero this week - Fannie Lou Hamer - so I would be remiss if I did not quote her and to probably sum up many of our sentiments here: "I am sick and tired of being sick and tired". When will the legislature act? When will the people rise up to fix our state? How do we have a legislative body tasked with protecting the populous and to make life better for us all, yet when evidence of failure presents itself - evidence of fraud, evidence of manipulation, of shadiness, and of an inability to actually provide data driven results worthy of tax credits - the legislature votes to extend those awards instead of reform the program? We have a governor trying to be responsible of our tax dollars while stimulating the economy and yet many legislatures lack the political will to support that effort. Perhaps the corrupting

influence of the county line, or the suppressive influence of political power brokers drives this, but at the end of the day, our government must be one that represents us, not back door dealings. We need a legislature willing to do what's best for N.J., not it's own re-election. This is the issue of the year and maybe of the decade - for our fiscal livelihood and our democracy rests on action. We must take back N.J. we must act with transparency not with silence. Call your legislative reps. Because enough is enough.



ReplyForward



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan

DATE: November 14, 2019

RE: Monthly Report to the Board

INVESTING IN PEOPLE

Two recent events featuring state and industry stakeholders and thought leaders highlighted the importance of equitable, inclusive economic development to executing Governor Murphy's plan for a stronger, fairer New Jersey Economy.

The first-ever New Jersey Founders and Funders Diversity Roundtable at the Rutgers Business School in Newark brought leaders together to discuss steps the Garden State can take to build a more equitable, diverse innovation economy. Along with the State's Chief Diversity Officer Hester Agudosi, participants included public sector and academic leaders, investors, and entrepreneurs. The discussion centered around defining clear strategies to ensure equity in new and existing programs, initiatives, and policies, and to guarantee the fair allocation, deployment, and tracking of capital provided to entrepreneurs of color. Participants also discussed other ways to support growing minority-owned firms, including the need for a significant increase in the amount of capital, particularly venture capital, that is flowing to women-led startups and startups led by founders of color.

NJEDA leadership also met with representatives of the Federal Reserve Bank of New York and the head of the John J. Heldrich Center for Workforce Development, in addition to our partners at the Office of the Secretary of Higher Education (OSHE), the Department of Labor and Workforce Development (NJDOL), and the New Jersey Office of Innovation to discuss strategies for aligning New Jersey's workforce and economic development programs. Our conversation focused on efforts to create a seamless economic development pipeline that provides resources for businesses looking to launch or expand in New Jersey while also preparing New Jersey workers with the skills they need to succeed.

INVESTING IN COMMUNITIES

Dozens of community leaders, entrepreneurs, and investors convened at the New Jersey Institute of Technology (NJIT) campus in Newark for the [2nd National Opportunity Zone Boot Camp and Pitch Competition](#). Organized by national redevelopment ecosystem [BrownfieldListings.com](#) in partnership with the [New Jersey Innovation Institute \(NJII\)](#), the Opportunity Zone Boot Camp and Pitch Competition featured presentations from leading experts in all disciplines related to Opportunity Zone development, from finance and law to brownfield remediation and community engagement. The event concluded with an open pitch competition that gave community leaders, entrepreneurs, and developers a platform to pitch their projects to a panel of redevelopment experts.

In addition to highlighting resources available for Opportunity Zones, the event also introduced brownfield redevelopment leaders to the NJEDA's recently-appointed Senior Brownfields Advisor Elizabeth Limbrick. Limbrick presented her holistic approach to building out the NJEDA's current brownfields program, which will leverage brownfields to drive economic growth and create thriving and inclusive urban centers and downtowns, with a

focus on addressing environmental justice issues and reducing poverty. She highlighted the NJEDA's enhanced loan program and proposed brownfields redevelopment tax credit that will provide gap funding for brownfield remediation.

MAKING NEW JERSEY THE STATE OF INNOVATION

Ensuring companies have the technical and financial resources they need to position themselves for opportunities is an important step in advancing Governor Murphy's goal of restoring the State's leadership in innovation. Two new initiatives were announced in October that will help companies expand their reach to new markets and customers.

The New Jersey Commission on Science, Innovation and Technology (CSIT) announced approval of the creation of a new program to provide technical and financial support to Garden State companies pursuing federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer Program (STTR) funding. These highly-competitive, three-phase federal grant programs provide qualified small businesses opportunities to propose innovative ideas that meet specific federal government research and development (R&D) needs. The [New Jersey SBIR/STTR Support Program](#) has two core components: technical assistance and direct grant funding.

Later in the month, the NJEDA unveiled its proposal for an [Offshore Wind Technical Assistance Program](#) that will support local companies as they develop the competencies they need to participate in New Jersey's burgeoning offshore wind (OSW) industry. Through this proposed program, the NJEDA will contract with an experienced OSW advisory and certification company to help participating small- and medium-sized businesses assess their current capacity to supply the OSW market and develop an action plan to get up to the current industry standards. The proposed Technical Assistance Program complements other NJEDA efforts to grow New Jersey's OSW industry, such as the [Offshore Wind Tax Credit](#) and the [Offshore Wind Supply Chain Registry](#).

MAKING GOVERNMENT EASIER TO DO BUSINESS WITH

Two businesses that have participated in NJEDA programs designed to help small businesses grow achieved major milestones in recent weeks.

Less than six months after graduating as part of the inaugural class participating in the [Small Business Bonding Readiness Program](#) offered by the NJEDA and the [African American Chamber of Commerce of New Jersey](#) (AACCNJ), the owner of a Camden-based contractor won a Borough of Sayreville contract for waterproofing and excavating the city municipal building's basement. Entrepreneur Franchesca Abed, who owns Ralf's Heating Plumbing & General Contractors in Camden with her husband Abdul, completed the Small Business Bonding Readiness Program in June. The program provides a comprehensive series of classroom trainings designed to prepare participants to apply for surety bonding, a prerequisite for winning government contracts. The program also includes workshops and strategic counseling sessions covering a variety of topics relevant to small businesses in all sectors. Members of the first class of the program have, to date, qualified for more than \$5 million in surety bonding.

[Arlee's Raw Blends](#), which offers a variety of organic cold pressed healthy raw juices and organic, raw, and vegan food products, plans to open its doors in downtown Trenton this month with support from the NJEDA's [Small Business Lease Assistance Program](#). Entrepreneur Paula Taylor and her brother Brian Moore launched Arlee's Raw Blends in 2013. The company's new 900-square-foot location on South Warren Street will complement the already thriving shop in downtown Princeton. Taylor plans to hire eight local employees to staff the new location.

STATUS OF NEW GROW NJ AND ERG APPLICATIONS

NJEDA staff continue to review Grow NJ and Economic Redevelopment and Growth (ERG) applications that were received prior to the June 30, 2019 deadline. A total of four Grow NJ applications are under review in Business

Development and Underwriting, and 10 ERG applications are currently being evaluated. The NJEDA is in the process of reviewing each application for completeness and performing due diligence, and as applications are deemed ready and eligible, will proceed with presenting them to the Board.

Later this month, NJEDA staff will undergo fraud detection training to learn about fraud schemes, signs of fraud, and how to integrate fraud detection into the due diligence process. During the training, Fred Cole, NJEDA's Senior Vice President, Business Support and Ethics Liaison Officer, will present information about the NJEDA's new Whistleblower Hotline and protections for employees reporting potential fraud.

EVENTS/SPEAKING ENGAGEMENTS/PROACTIVE OUTREACH

NJEDA representatives participated as speakers, attendees, or exhibitors at 53 events in October. These included a ribbon cutting at the new City Line West development in Jersey City, a Tech Entrepreneurship Panel in observance of Women's Entrepreneurship Week, and an Opportunity Zone presentation at a Cumberland County Improvement Authority meeting.

A handwritten signature in black ink, appearing to be 'F. Cole', is positioned above a solid horizontal line.

AUTHORITY MATTERS



MEMORANDUM

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: November 14, 2019

Subject: Brownfields Loan Program – Application Scoring Criteria and Changes to Program Details

Summary

The Members are requested to approve:

1. Scoring criteria to determine eligibility and priority of funding for projects applying for financing within a competitive round of the Brownfields Loan Program.
2. A change to the Brownfields Loan Program rates and terms to clarify the interest only period along the 10-year term of the loan.
3. The addition of interest rate reduction criteria for projects that include the revitalization of historic structures.

Background

Through his comprehensive economic plan for building a stronger and fairer economy in New Jersey, Governor Murphy has identified the remediation and redevelopment of brownfield sites as an important component of smart planning that will allow New Jersey to meet its goals for economic growth while minimizing the environmental impact and sprawl that is the byproduct of new development. The Governor's plan specifically proposes a new set of programs including a new remediation and redevelopment tax credit, as well as an enhanced brownfields loan program through the Authority, that would provide the necessary investment resources to undertake these projects.

On April 9, 2019, the Members approved utilization of \$15,000,000 in Authority funds to capitalize and create the Brownfields Loan Program – a financing program to provide low-interest loans to applicants who seek to remediate brownfield sites. The Brownfields Loan Program is an important investment tool that will facilitate the redevelopment of brownfields by

addressing funding gaps to make the remediation phase of project financially viable, after which construction financing can be more readily obtained by the developer.

The Brownfields Loan Program will provide financing of up to \$5,000,000 to potential brownfield site purchasers and current brownfield site owners provided they are not the party responsible for the contamination of the site or related to the responsible party and have not indemnified a responsible party or a party related to a responsible party. In addition to the costs associated with site investigation, assessment and remediation, the eligible uses of the financing may also be used for demolition, asbestos abatement, polychlorinated biphenyl removal, contaminated wood or paint removal, or other infrastructure remedial activities.

Following the Members' approval on April 9, 2019, a notice of proposed amendments to the EDA's rules establishing parameters for direct loan products that pertain to financial assistance available under a new Brownfields Loan Program were published in the New Jersey Register on June 3, 2019.

The notice of proposal provided for a 60-day comment period during which one comment was received from the New Jersey Builders Association. A proposed notice of adoption with summary of the comment and the EDA's response thereto was approved by the Members on September 12, 2019, and included non-substantial changes not requiring additional public notice and comment intended to clarify provisions contained in the original proposal.

Scoring Criteria

Under the program parameters approved by the members on April 9, applications will be accepted for the Brownfields Loan Program in competitive rounds. To be considered for funding, an application must first pass a base eligibility review by staff which includes but is not limited to a determination that environmental contamination exists or is suspected to exist on the site, the project has local support demonstrated by a letter of support from the mayor of the municipality in which the project is located, and that the property, in a remediated condition, has an appraised value of at least 100 percent of all debt financing, including the requested brownfields loan amount.

Following a satisfactory review of the application against the base eligibility criteria, the project will then be scored by Authority staff according to public scoring criteria. While the Members approved broad scoring criteria in April that is included in the adopted program rules, staff advised that further development of the criteria was necessary and would be presented to the Board at a later date and prior to any application being made available.

The scoring criteria presented for the Members consideration today, as detailed in Exhibit A – Detailed Scoring criteria, builds upon the initial criteria, while incorporating additional factors that staff recommends be considered when determining the overall priority of funding for projects within a given competitive round.

These factors include: whether the applicant is a non-profit organization, the level of economic distress at the project location, the proximity of the project to public transportation, the alignment

of the project to local redevelopment plans, the amount of projected new tax revenues and other economic benefits generated from the completed project, the overall viability of the project and the demonstrated need of the financing to the viability of the project, the public health and environmental benefits of the project, the presence and strength of a stakeholder engagement process, and the length of time the brownfield site has been abandoned or underutilized.

The attached scoring criteria details the point values and scale available across each determining factor. The maximum score an applicant can achieve along the scale is 200, and the minimum required score to be considered eligible for funding is 75. Each loan application will be presented to the Members for approval, subject to the availability of funding.

Loan Term Clarification

In the program specifications approved by the Members in April, the terms and rates established for the program included a 10-year term, with principal & interest deferred for the first two years and then interest only for years 2-4, then amortizing for the balance (no balloon) with no penalty for prepayment.

To avoid any potential confusion, the total term and amortization will be ten years. Principal and interest payments will be deferred for the first two years. Interest during this two-year period will accrue and be capitalized onto the principal balance of the loan. Then, interest only payments for years three and four, followed by full amortization of the principal balance for the remaining term. Full amortization is based on principal and interest payments with no penalty for prepayment.

Interest Rate Reduction Criteria

Under the parameters of the program approved by the Board and as further outlined in N.J.A.C. 19:31-3.1, the Authority may reduce the interest rate on the loan, based on a number of factors associated with the redevelopment project's projected societal benefits. The base rate of the Brownfields Loan is base rate of 3% with 20 basis point reductions per applicable criteria, with a floor of 2%. The applicable criteria approved by the Board includes, but is not limited to: mixed-use projects with an affordable housing component, a food delivery source in an urban food desert community, a health care or health services center, a tourism destination project, a project that includes the installation of electric vehicle charging stations, and the development incubator facility or collaborative workspaces.

Staff is recommending the inclusion of an additional factor that would provide a 20 basis points reduction on the brownfields loan interest rate for projects that include the revitalization of historic sites and structures, defined as an income-producing structure or a site associated with the history of New Jersey that is on the State or National Register of Historic Places or is eligible for placement on the State or national register. The preservation and revitalization of historic structures is an important component of Governor Murphy's comprehensive economic plan and preserving and revitalizing these sites may also require remediation of environmental contamination. Therefore, the brownfields loan program could enhance the viability of projects that include the preservation and revitalization of historic sites.

Recommendation

The Members are requested to approve: (1) Scoring criteria to determine eligibility and priority of funding for projects applying for financing within a competitive round of the Brownfields Loan Program, and (2) a change to the Brownfields Loan Program rates and terms to clarify the interest only period along the 10-year term of the loan, and (3) the addition of interest rate reduction criteria for projects that include the revitalization of historic structures.



Tim Sullivan
Chief Executive Officer

Prepared by: Elizabeth Limbrick & Pat Rose

Attachments:

- Exhibit A – Brownfields Loan Program Detailed Scoring Criteria

November 14, 2019 Board Book - Authority Matters

Exhibit A
Brownfields Loan Program Detailed Scoring Criteria

Criteria 1: Not-for-Profit				
Factor	Max Possible Points	Score	Scale	Comments
Is the applicant a not-for-profit entity	5		0 or 5	0 if no, 5 if yes
Not for Profit Total	5			

Criteria 2: Economic Distress				
Factor	Max Possible Points	Score	Scale	Comments
Is the site located in a municipality ranked as one of the 50 most distressed municipalities per the NJDCA 2017 Municipal Revitalization Index	20		0 or 20	0 if no, 20 if yes
Is the site located in an eligible NJ Opportunity Zone	10		0 or 10	0 if no, 10 if yes
Is the site located in a municipality supported by NJDEP's Community Collaborative Initiative	5		0 or 5	0 if no, 5 if yes
Economic Distress Total	35			

Criteria 3: Proximity to Public Transportation				
Factor	Max Possible Points	Score	Scale	Comments
Is the brownfield site located in a Planning Area 1 (metropolitan) and within a one-half mile radius, with bicycle and pedestrian connectivity, to the mid-point of a New Jersey Transit Corporation, Port Authority Transit Corporation, or Port Authority Trans-Hudson Corporation rail, bus, or ferry station, including all light rail stations, or a high frequency bus stop as certified by the New Jersey Transit Corporation.	10		0 or 10	0 if no, 10 if yes
Proximity to Public Transportation Total	10			

Criteria 4: Consistency with Local Plans				
Factor	Max Possible Points	Score	Scale	Comments
Has the project provided a local redevelopment plan from the host municipality consistent with this project?	5		0 or 5	0 if no, 5 if yes.
Was a description of the zoning status provided, and is the site zoned for the proposed end use?	2		0 or 2	0 if no, 2 if yes.
Does the site plan already have approval from the host municipality?	3		0 or 3	0 if no, 3 if yes.
Consistency with Local Plans Total	10			

Criteria 5: Economic Benefit				
Factor	Max Possible Points	Score	Scale	Comments
Will the redevelopment of the project site result in an increase to the host municipality's tax base?	5		0 or 5	0 if no, 5 if yes.
Number of permanent full-time jobs expected to be created as a result of the redevelopment of the project site	5		0 - 5	< 5 = 1, < 20 = 2, < 35 = 3, < 100 = 4, 100+ = 5
How significant is the estimated private investment that will occur as a result of the redevelopment of the project site	5		0 - 5	< \$500K = 1, < \$1 million = 2, < \$2 million = 3, < \$5 million = 4, \$5 million+ = 5
Will the redevelopment of the project site grow the number of small businesses or attract employers to the municipality/region?	5		0 or 5	0 if no, 5 if yes.
Does the redevelopment of the project site include a plan for hiring of local residents?	5		0 or 5	0 if no, 5 if yes.
If the redevelopment of the project site includes a plan for hiring of local residents, does the plan incorporate workforce development opportunities for those residents?	5		0 or 5	0 if no, 5 if yes.
Will the primary use of the redeveloped project site be related to an innovation economy industry such as information and high-tech, life sciences, clean energy, advanced manufacturing, advanced transportation and logistics, finance and insurance, and non-retail food and beverage?	5		0 or 5	0 if no, 5 if yes.
Economic Benefit Total	35			

Criteria 6: Project Viability & Need for Financing				
Factor	Max Possible Points	Score	Scale	Comments
Level of experience and qualifications of the applicant, specifically demonstrated history of successful completion of projects of similar size/scope.	10		0 or 10	0 if no, 10 if yes.
Presence and strength of strategic partners, specifically with demonstrated history of successful completion of projects of similar size/scope.	5		0 or 5	0 if no, 5 if yes.
Presence and amount of other funding commitments available to support the project	5		0 or 5	0 if no, 5 if yes.
Has the applicant demonstrated the Brownfields Loan is necessary to complete the project	5		0 or 5	0 if no, 5 if yes.
Are any DEP or EPA enforcement actions currently present at the site?	5		0 or 5	0 if no, 5 if yes.
Have all local, state and Federal approvals necessary to advance the project been received?	5		0 or 5	0 if no, 5 if yes.
Has preliminary site assessment and site investigation already been completed or is preliminary site assessment and site investigation not necessary?	5		0 or 5	0 if no, 5 if yes.
Are the public utilities required for the redevelopment project already available at the site?	5		0 or 5	0 if no, 5 if yes.
Project Viability & Need for Financing Total	45	0		

Criteria 7: Public Health & Environmental Benefits				
Factor	Max Possible Points	Score	Scale	Comments
The length of time the brownfield site has been abandoned or underutilized as a result of the contamination that exists on the site.	5		0 - 5	< 2 yrs = 1 point, 2-4 years = 2 points, 4-6 years = 3, 6-8 years = 4 points, 8+ years = 5 points

November 14, 2019 Board Book - Authority Matters

Exhibit A
Brownfields Loan Program Detailed Scoring Criteria

Factor	Max Possible Points	Score	Scale	Comments
Is there a direct relationship between the environmental contamination that exists on the site and the prior use of the site?	5		0 or 5	0 if no, 5 if yes.
Is the project addressing an unmet neighborhood, municipal and/or regional need	5		0 or 5	0 if no, 5 if yes.
Does the redevelopment of the site include features that will promote or enhance walkability or bikeability?	5		0 or 5	0 if no, 5 if yes.
Does the proposed project incorporate higher standards to address sea level rise, increased temperatures, changes in groundwater tables, increased rainfall intensity, or other climate impacts that may affect the performance of the site in the future	5		0 or 5	0 if no, 5 if yes.
Has the project demonstrated "sustainable" practices they will follow during the awarded phases of the project that could include incorporation of energy efficiency and or "green energy".	5		0 or 5	0 if no, 5 if yes.
Has the project demonstrated other public health and environmental benefits?	5		0 or 5	0 if no, 5 if yes.
Public Health & Environmental Benefits Total	35			

Criteria 8: Stakeholder Engagement Process				
Factor	Max Possible Points	Score	Scale	Comments
Has the applicant identified stakeholders critical to the success of the project?	4		0 or 4	0 if no, 4 if yes.
Has the applicant identified the roles that the stakeholders have in helping to achieve objectives?	4		0 or 4	0 if no, 4 if yes.
Does the stakeholder plan include active stakeholders that represent local environmental justice interests	5		0 or 5	0 if no, 5 if yes.
Has the applicant identified the communications channels that will be used to communicate with stakeholders?	2		0 or 2	0 if no, 2 if yes.
Has the project been discussed at an open public meeting, or is the project on the agenda of an open public meeting at the time of this application?	5		0 or 5	0 if no, 5 if yes.
Does the stakeholder process provide ample opportunity for meaningful engagement with the community (e.g. Has the stakeholder engagement process produced any feedback yet and has that feedback been incorporated into the project?)?	5		0 to 5	0 if no, 5 if yes.
Stakeholder Engagement Process Total	25			

TOTAL APPLICATION SCORE				
MAXIMUM POSSIBLE POINTS	200			
MINIMUM REQUIRED POINTS	75			



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: November 14, 2019

RE: EPA Brownfield Revolving Loan Fund Grant Application

Summary

The Members are requested to authorize the Chief Executive Officer to execute a grant agreement for a \$1,000,000 Brownfield Revolving Loan Fund (RLF) with the US Environmental Protection Agency (EPA), plus an additional \$200,000 cost share from NJEDA, subject to EPA's approval of the NJEDA's application. By submitting a grant application, NJEDA agrees to the terms of the award if selected, subject to the negotiations of the final Cooperative Agreement and Workplan with the EPA. These negotiations occur after notification of the award, which is anticipated to occur in the Spring of 2020. The goal of the EPA's RLF grant program is to provide funding to a grant recipient to capitalize an RLF program. RLF programs provide loans and subgrants to eligible entities to carry out cleanup activities at brownfield sites contaminated with hazardous substances and/or petroleum. In FY2020, EPA anticipates awarding an estimated eight (8) Revolving Loan Fund Grants for an estimated \$8 million, making these grants highly competitive.

This EPA RLF grant program complements NJEDA's new Brownfield Loan Program as well as its targeted suite of incentives, loans, and grants to boost Opportunity Zone projects. While some NJEDA resources are available, limited funding is not always sufficient to jump start priority brownfield redevelopment projects in these communities. Award of the EPA funding would provide needed remediation funds, which can then be leveraged by NJEDA's various other funding tools to ensure that priority community projects are remediated and thus address the environmental, social, health and economic needs of their neighborhoods.

Background

The grant guidelines were released by EPA on October 10, 2019 and grant applications are due on December 3, 2019.

The full request for applications package is available at: <https://www.epa.gov/brownfields/fy-2020-assessment-revolving-loan-fund-and-cleanup-grant-application-resources>.

This federal funding from the EPA would allow NJEDA to assist with the cleanup of brownfield sites throughout the state, particularly those within the federally designated Opportunity Zones in the State's twelve (12) Community Collaborative Initiative (CCI) communities:

Bayonne	Newark	Salem City
Bridgeton	Trenton	Trenton
Camden	Paterson	Vineland
Jersey City	Paulsboro	
Millville	Perth Amboy	

Environmental cleanup is often the most challenging step in converting contaminated properties into healthy and productive uses such as commercial and industrial development, open space, housing and other catalysts for economic activity. The EPA biennially offers grants to capitalize remediation revolving loan funds for these purposes.

NJEDA is working in close collaboration with the New Jersey Department of Environmental Protection's (NJDEP's) Office of Brownfield and Community Revitalization to develop this grant application, and if selected for award, will continue to work in close collaboration to develop a work plan and implement the program.

Fund Utilization Plan:

If awarded, the funds will be used to provide loans to private developers and loans and/or subgrants to public sector and/or non-profit entities to carry out cleanup activities at brownfield sites (with an emphasis on brownfield sites in Opportunity Zones and CCI communities), assisting with the return of these vacant and underutilized properties to public benefit.

Recommendation

The Members' approval is requested to authorize the Chief Executive Officer to execute a Grant Agreement and any other documents necessary to effectuate the grant, upon approval of the NJEDA's grant application by US Treasury. The grant is in the amount of \$1,000,000 plus an additional cost share by NJEDA of \$200,000.



Tim Sullivan
Chief Executive Officer

Prepared by: Tai Cooper & Elizabeth Limbrick



MEMORANDIUM

To: Members of the Authority

From: Tim Sullivan, Chief Executive Officer

Date: November 14, 2019

Recommendation for Grant Awards- New Jersey Opportunity Zone Challenge

Request

The members are requested to approve Opportunity Zone Challenge grants of \$100,000 each to the five applicants who after consideration by the scoring committee have received the highest cumulative scores and have achieved a requisite minimum score of 50 points:

1. Cumberland County
2. City of Hackensack
3. Borough of Flemington
4. City of Paterson
5. City of Jersey City

The plans will enhance community knowledge, skills, and abilities in Opportunity Zone municipalities and counties. They will improve financial and technical capacity in the communities relating to economic development while ensuring maximized investment attraction that realizes community goals.

Background

Designed as a new community investment tool to be delivered through federal tax policy, Opportunity Zones were created to encourage long-term investments in distressed urban and rural communities nationwide. The Zones provide an incentive for investors to re-invest their unrealized capital gains into dedicated Qualified Opportunity Zone Funds. In order to access federal tax policy advantages, fund capital must be invested in Opportunity Zone businesses or real estate projects for a fixed time period in order to access the full tax benefit. Following a detailed and community-focused selection process, Governor Murphy nominated 169 Census tracts in 75 communities across all 21 New Jersey counties - which were approved by the Federal Department of the Treasury in 2018.

Opportunity Zone designations have, by their design, a great potential to focus the flow of capital and economic investment into communities that have historically faced economic challenges. While the advent of Opportunity Zones has the potential for historically high flows of previously unavailable capital, conversely the historical lack of

capacity to harness investment could lead many communities to continue to lose out on real estate and business equity investments otherwise with the potential to create catalytic change. The goal for this grant is to assist communities in rebuilding this capacity by developing community-specific plans that will frame their pursuit of Opportunity Zones-based investments.

Opportunity Zone Challenge Program

On August 1, 2019; the Authority began accepting applications for the Opportunity Zone Challenge. Applications were accepted through September 16, 2019 at 4:30 pm and scored by an evaluation committee based on scoring criteria made publicly available in the application instructions, which were posted to the Authority's website at: www.njeda.com/financing_incentives/large_business/Opportunity-Zone-Challenge-Program

Applications were reviewed by Authority staff for completeness and then submitted electronically to the scoring committee for review and scoring. In response, 22 applications were received; of which 20 were deemed complete as a result of this review.

Listed below are the applications received on time and complete that the committee reviewed:

1. Cumberland County
2. Atlantic County
3. Burlington County
4. Passaic County
5. City of Elizabeth
6. City of Passaic
7. City of Garfield
8. City of Plainfield
9. City of Trenton
10. Borough of Red Bank
11. Borough of Flemington
12. City of New Brunswick
13. City of Bayonne
14. City of Woodbury
15. City of Rahway
16. Borough of Bound Brook
17. City of Hackensack
18. Borough of Wharton
19. City of Jersey City
20. City of Paterson

Submitted applications from the City of Newark and City of East Orange were deemed to be non-responsive and did not qualify for review due to missing required documentation.

Evaluation Process

An evaluation committee comprised of the Senior Advisor for Public Finance, Program Manager-Policy and Planning, Director-Small Business Services, Director-Business Development (North), Senior Underwriter for Bonds and Incentives, and Policy Analyst-Policy and Planning reviewed and scored the responsive proposals.

As part of its review and evaluation of the proposals, the evaluation committee considered a group of pre-established evaluation criteria, which included seven (7) factors, one of which was worth up to 20 points, and the remaining six (6) factors worth up to 10 points each.

The criteria were as follows:

1. Evidence of the proposal to demonstrate the plan's ability to achieve one or more goals of the Opportunity Zone Challenge (worth up to 20 points)
2. Evidence of the proposal to demonstrate the plan's strength of programming or policy design within the proposal, regarding the reputation, capacity, and proposed level of commitment from the partnering entity(ies); benefits and practical advantages of the partnership(s).
3. Demonstrated ability within plan to increase municipal, regional and county governments knowledge and capacity to build investment growth.
4. Demonstrated emphasis on meeting Opportunity Zone community investment goals.
5. Presence and strength of business equity investment strategy within the proposal.
6. Presence and strength of a defined collaborative stakeholder engagement process and strategy.
7. 2017 Municipal Revitalization Index Ranking.

The maximum possible score that could be achieved was 80 points.

Based on the scores assigned by the evaluation committee members, it was determined that five (5) proposals should be recommended to the Members for approval as they were the five (5) highest scoring applications that achieved or exceeded the requisite overall evaluation criteria score of fifty (50), on a scale of 0-80, as approved by the Members in July 2019.

Overview of Proposals Recommended for Grant Award

The following is a brief overview of the proposals recommended for grant awards.

1) County of Cumberland (lead applicant) with strategic partners: *Cumberland County CEO Group, Cumberland Development Corporation, Cumberland County Empowerment Zone Corporation, Rowan College of South Jersey, New Jersey Community Capital.*

The Cumberland County plan is a combined marketing and regulatory reform initiative built around a marketing campaign, which is driven by microtargeting using an AI platform to focus multiple media stream messaging to specific end users. This would consist of both print and web media programs, a county-specific Opportunity Zone website, and stakeholder meetings. Regulatory reform would consist of an in-depth analysis of areas in need of redevelopment and rehabilitation in the three Cumberland County Opportunity Zone communities of Millville, Vineland and Bridgeton.

2) City of Hackensack (lead applicant) with strategic partner: *Hackensack University Medical Center*

The Hackensack plan will facilitate the Hackensack Life Science Zone Assessment Report. This report will seek to build upon the findings previously identified within the Bergen Life Science and Technology report which found that specific areas within the City of Hackensack's Opportunity Zones would serve as a feasible location for the construction of a life science park. The Hackensack Life Science Zone Assessment plan will further investigate these areas to assess their conditions and determine whether they are suitable for the creation of a life science zone. The city will partner with the Hackensack University Medical Center (HUMC), who will be responsible for providing relevant technical expertise and industry data that will guide the planning process. Once this plan has been completed, the city believes that it will have the information necessary to designate the tract as an area in need of redevelopment/rehabilitation for life science purposes.

3) Borough of Flemington (lead applicant) with strategic partners: *Flemington Community Partnership, Hunterdon County Economic Development*

The Flemington plan focuses on marketing the Borough as an ideal location to leverage Opportunity Zone investment. The plan will begin to do this through a series of community charrettes (in-depth community stakeholder meetings with a planning component) to build consensus around strategic Opportunity Zone planning. The charrette series will set the stage for a strategic marketing/ outreach campaign to share the borough's inventory of potential real estate and business equity opportunities with likely investors on multiple platforms. These efforts will be augmented with an in-depth examination of

borough zoning and regulations to reduce barriers and encourage development that leads to job creation.

4) City of Paterson (lead applicant) with strategic partners: *New Jersey Community Loan Fund, Local Initiative Support Corporation, William Paterson University-Small Business Development Center*

The Paterson plan will develop a strategic plan through which it examines each of its eight Opportunity Zones at the micro-level. By “micro-level,” the plan will look at street-level zoning codes and regulations, with the ultimate goal being to determine how current zones and regulations either help or hinder potential zone-based investments. In the same strategic plan, the city will determine ways to remedy and mitigate foreseen hindrances. A planning professional will be hired by the city to create this deliverable alongside its strategic partners.

The goal and intent are to assure that investors do not only become attracted to Paterson, but have the information needed to navigate their investment smoothly. Short-term capacity will increase because the city will have a solid, user-friendly catalogue by which to review and navigate its existing zoning codes and regulations. Long-term capacity will increase because the city will have modified antiquated redevelopment plans and linked them to the Opportunity Zone program in a manner that capitalizes on the interest of the program while simultaneously improving redevelopment plans. The city will create and champion an ecosystem ready to embrace strategic smart investments that have the potential to revitalize the community.

5) City of Jersey City (lead applicant) with strategic partners: *Jersey City Economic Development Corporation, Jersey City Redevelopment Agency, Hudson County Community College, Journal Square Restoration Corporation, Jersey City Arts Council*

The Jersey City plan will consist of an in-depth, partner-oriented financial feasibility study leading to an investment prospectus to enhance the infrastructural and economic capacity of the two Opportunity Zones located in the Journal Square neighborhood, which is poised to be the Jersey City Cultural Arts District. This program would allow the Jersey City Department of Planning to hire a consulting firm and work with identified strategic partners to conduct a financial feasibility study of Journal Square.

From this study, the proposed project team would create a financial prospectus showcasing the advantages and benefits of investing and developing within Journal Square. Participation from all these entities will ensure that the finalized financial prospectus will represent Journal Square’s distinguishing characteristics.

Recommendation

The Members' approval is requested to approve Opportunity Zone Challenge Program grants of \$100,000 each to the Cumberland County, City of Hackensack, Borough of Flemington, City of Paterson, and City of Jersey City for plans to boost community capacity in financial and technical planning around economic development, ensure maximized investment attraction and help to realize community goals for Opportunity Zone investments.



Tim Sullivan
Chief Executive Officer

Prepared by Tai Cooper and John Costello



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: November 14, 2019

SUBJECT: Recommendation for Contract Award for Board Governance Consulting Services

Background:

On July 16, 2019, the New Jersey Economic Development Authority (NJEDA) issued a Request for Qualifications/Proposals (RFQ/P), #2019-RFQ/P-091 to solicit proposals from consulting firms experienced with board governance processes.

The RFQ/P language provided for the award of one (1) six (6) month contract, with the possibility of one (1) twelve (12) month extension option if deemed necessary by the Authority and depending on funding at the same terms and conditions. Neither the RFQ/P nor the sample contract for professional services indicated an estimated budgetary amount for the contract award.

The RFQ/P was duly advertised in three (3) newspapers for two (2) days on July 19th and 20th 2019, posted on the Authority's website, and on the NJ State Business Portal, under Commodity Code: 958-16 Business Management Services.

Five (5) consulting firms were identified for bid notification. Additionally, Procurement identified that 200 companies that were registered for Commodity Code: 958-16 Business Management Services, via NJSTART and notified those firms via NJSTART of the bid posting via e-mail as well.

The Questions & Answers period closed on July 23, 2019, at 12:00 PM (EST). Questions were received, and responses were posted to the Authority's website on July 24, 2019 on Addendum 1.

Prior to the receipt of proposals, an Evaluation Committee of three (3) EDA staff members was established and were advised by EDA's Internal Process Management (IPM) procurement team.

Two (2) proposals were received electronically, prior to the bid opening on August 7, 2019, one from Funston Advisory Services, LLC (Funston) and the other from Ryan McCrosson, LLC, dba Lockerbie (Lockerbie).

The Evaluation Criteria/Weighting Percentages for Sections 1-4 are as follows:

Personnel– 25%
Experience of Entity – 25%
Technical Proposal – 25%
Fee Proposal – 25%

The Evaluation Committee reviewed, evaluated and scored the proposals based on evaluation criteria and weighting percentages that were formalized and time stamped prior to the bid opening.

To ensure a neutral evaluation, the Evaluation Committee did not review or consider the fee schedules of the prospective bidders during the evaluation process. Instead, the IPM procurement team evaluated and scored the Fee Schedules as part of the evaluation process.

The Evaluation Committee determined that Funston has a high level of experience as it relates to the scope of work of this RFQ/P, and its proposal received the highest score.

After the Evaluation Committee reviewed and scored the bids received, the fee proposals were reviewed by a separate IPM procurement team, who then completed the overall scoring for each proposal.

The RFQ/P required a bidder to receive a score of three (3) or higher to be considered for award, which only Funston Advisory Services, LLC achieved.

Attached are the Evaluation Committee Score Summary results.

The total overall weighted scores for the two (2) bidders are as follows:

Funston's total score: 3.75
Lockerbie's total score: 2.92

Moving forward, as Funston was the only bidder to achieve a score of a three (3) or higher, IPM, at the request of the Evaluation Committee, moved forward with a Best and Final Offer (BAFO) process with Funston only.

After multiple rounds of the BAFO process, and removal of certain work components that were not required by the scope of work of the RFQ/P, the final fee proposal from Funston was submitted, totaling \$448,987.00.

Given the strength of Funston's proposal, the negotiated BAFO bid price, and the fact that Lockerbie's bid did not receive the requisite score of a three (3) or higher for consideration, Funston Advisory Services, LLC is recommended for award of the contract for Board Governance Consulting Services.

Recommendation:

Staff recommends award of the one (1) six (6) month contract for Board Governance Consulting Services to Funston Advisory Services, LLC, as its score of 3.75 exceeded the minimum score requirement set forth in the RFQ/P, and its final total fee proposal of \$448,987.00 is reasonable and in line with the industry norm. Subject to the availability of funding, the contract may be extended by the Authority at its sole discretion with one (1) twelve (12) month extension option.



Timothy Sullivan,
Chief Executive Officer

Prepared by: Danielle Esser, Deputy Chief of Staff, EDA
With support from EDA Procurement Office

Attachment: Evaluation Committee Score Summary

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY						
EVALUATION SCORE SUMMARY						
RFQ/P / BID #:		2019-RFQ/P-091 (8/6/19)				
RFQ/P TITLE:		BOARD GOVERNANCE CONSULTING SERVICES				
REQUESTOR:		Danielle Esser-Deputy Chief of Staff				
DEPARTMENT:		Public Affairs				
ITEM #	EVALUATION CRITERIA	% WEIGHT	FUNSTON ADVISORY SERVICES LLC		RYAN MCCROSSON, LLC dba LOCKERBIE	
			TOTAL SCORE	WEIGHTED SCORE	TOTAL SCORE	WEIGHTED SCORE
1	Personnel: The qualifications and experience of the Proposers management, supervisory, and key personnel assigned to the contract, including the candidates recommended for each of the positions/roles required.	25.0%	14.00	3.50	9.00	2.25
2	Experience of firm: The Proposers documented experience in successfully completing contracts of a similar size and scope in relation to the work required by this RFP, based, in part, on the Proposer's submitted narratives and references.	25.0%	14.00	3.50	5.00	1.25
3	Ability of firm to complete the Scope of Work based on its Technical Proposal: The Proposers demonstration that the Proposer understands the requirements of the Scope of Work and presents an approach that would permit successful performance of the technical requirements of the contract. Proposer's turnaround timeframes are critical and will be closely evaluated for both content and completion timeframes.	25.0%	14.00	3.50	6.00	1.50
4	Pricing: Competitiveness of Fee Schedule. Bidder's will be ranked and weighted based on the lowest total score	25.0%	3.00	0.75	15.00	3.75
TOTAL WEIGHTED SCORE		100.0%		11.25		8.75
TOTAL WEIGHTED SCORE DIVIDED BY (3) COMMITTEE MEMBERS				3.75		2.92
<p align="center">ON A SCALE OF 1-5, EVALUATE AND SCORE THE ABOVE PROPOSAL AS FOLLOWS: 1 - POOR 2 - FAIR 3 - GOOD 4 - VERY GOOD 5 - EXCELLENT</p>						



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: November 14, 2019

SUBJECT: Microbusiness Loan Program – Public Bank Demonstration Project

Summary

The Members are asked to approve:

1. The creation of the Microbusiness Loan Program - a demonstration project that will make financing of up to \$50,000 available to early stage and microbusinesses in New Jersey. The demonstration project will be structured as an NJEDA pilot program and capitalized with \$1,000,000 of Authority funds, and will exist for a period of three years, or until the \$1,000,000 total funding pool is fully exhausted (whichever is sooner).
2. Delegation to Authority staff (Managing Director – Underwriting, Managing Director of Post-Closing Services, Vice President of Underwriting & Closing, or Senior Vice President of Finance and Development) to approve individual applications to the Microbusiness Loan Program in accordance with the terms set forth in the attached program specifications.

Background

Governor Murphy's comprehensive economic plan for building a stronger and fairer New Jersey economy emphasizes the importance of providing better support for small businesses. Small businesses are a critical part of New Jersey's economy, and rankings and statistics have demonstrated that New Jersey's business environment is among the most challenging nationally for aspiring entrepreneurs and small businesses. The Governor's plan specifically outlines that providing easier access to capital, supporting training and technical assistance, and simplifying government interaction are all important steps that should be taken to foster a more dynamic and supportive environment for New Jersey small businesses and entrepreneurs.

NJEDA has, to date, made significant progress against many of the recommended small business support strategies detailed in the Governor's plan. As recommended in the plan, the Authority realigned its operations to establish a new Small Business Services team in 2018, which continues to interact regularly with New Jersey small businesses community and helps connect these businesses with State resources and assistance, while also developing new small business assistance programs based on the needs of the market.

The Authority has introduced several new programs that are also driven by ideas contained in the Governor's plan. This includes the Small Business Lease Assistance Program, which is an expanded lease incentive that provides reimbursement of a portion of lease payments for businesses leasing new or additional space in targeted communities. In addition, the Access Program provides financing with greater flexibility to small businesses, by utilizing underwriting criteria that places greater emphasis on the borrower's cash flow and less emphasis on hard collateral. Most recently, the Community Development Financial Institution (CDFI) Initiative was introduced by the Authority to support these organizations in making financing available to more New Jersey small businesses, many of whom are unable to access conventional bank financing.

In addition to calling for more support for small businesses as part of his comprehensive economic plan, Governor Murphy has also communicated his vision for a "Public Bank" where public funds could be directed toward local investments, with an emphasis on historically underrepresented groups. To demonstrate the needs that could be served by a Public Bank, the Authority is developing a pilot program that would provide an important function of making financing available, at a low-cost and with flexible terms, to early-stage businesses that have difficulty accessing conventional bank financing.

In addition to demonstrating one potential function of a Public Bank, this pilot program addresses a need that the Authority has recognized in the process of working with small businesses, which is the need for a product that makes financing available to startups and microbusinesses in New Jersey. NJEDA is frequently contacted by startups and microbusinesses who need capital but cannot meet the Authority's standard financing requirements. Because there is generally not grant funding available for starting a business, these businesses are referred to technical assistance partners who help them develop a plan and become better positioned to access conventional financing. If a product were to be made available to startups and microbusinesses through the NJEDA that allowed for higher credit risk, it will fill a gap in the market and address a significant need, it would provide small businesses with more immediate access to low-cost capital with flexible terms to grow their business in New Jersey.

Program Details

The Microbusiness Loan Program will make financing of up to \$50,000 available to for-profit businesses legally registered to do business in New Jersey, with a business location in New Jersey (home-based businesses are not eligible), who have annual revenues in the most current fiscal year of no more than \$1,500,000. Startup businesses are eligible for financing but must demonstrate to the Authority that they have completed an entrepreneurship training program or Small Business Development Center counseling sessions. Given the anticipated level of interest

in the program, and to ensure that the financing will be reserved for the micro and early-stage businesses that need it most, a business cannot have more than 10 total full-time employees at time of application to be eligible for the Microbusiness Loan Program. All employees must work in New Jersey.

Given that is a pilot program with a limited funding pool, eligible uses of the financing under the program will be limited to permanent working capital and purchasing of equipment during this pilot phase.

In recognition of the purpose of the financing and recognizing that businesses of this size and stage can only benefit from financing that is low-cost and has flexible terms, the Authority has structured these microloans with a 10-year term and a fixed interest rate of 2 percent, with a moratorium of up to three years on principal and interest payments. During this period, interest will accrue and capitalize. Further underwriting requirements are detailed in the attached program specifications. It should be noted that this loan program will have a much higher credit risk profile than the Authority's traditional loan programs. Staff will employ the same level of risk assessment on applications for the Microbusiness Loan Program as are applied on the Authority's existing loan programs.

The pilot phase of this program will be three years from the date applications are made available to the public, or until the total funding pool is exhausted (whichever is sooner). During this pilot phase, staff will evaluate the effectiveness of the program and whether to bring to the Members consideration an increase in funding or recommended revisions to the pilot program, or potentially establish a permanent program.

Fees:

For the Microbusiness Loan Program, the application fee will be \$300, the commitment fee will be 0.5% of the loan amount, and the closing fee will be 0.5% of the loan amount. These fees are consistent with the Authority's Small Business Fund Program, which represents the lowest existing fee structure the Authority utilizes across any of its financing program.

Recommendation

Approval is requested for: (1) the creation of the Microbusiness Loan Program to be capitalized by \$1,000,000 in NJEDA funding, and (2) delegation to Authority staff (Managing Director – Underwriting, Managing Director of Post-Closing Services, Vice President of Underwriting & Closing, or Senior Vice President of Finance and Development) to approve individual applications to the Microbusiness Loan Program, to be reviewed in accordance with the terms set forth in the attached program specifications.



Tim Sullivan
Chief Executive Officer

Prepared by: Christina Fuentes & Pat Rose

Attachments

Exhibit A – Microbusiness Loan Program Specifications

Microbusiness Loan Program Proposed Program Specifications	
Funding Source	Up to \$1,000,000
Program Purpose	To provide low-cost financing with flexible terms to microbusinesses and early stage businesses in New Jersey, and to demonstrate needs met and functions that could be served by a Public Bank.
Eligible Applicants	<ul style="list-style-type: none"> • Must be a for-profit business legally registered to do business in New Jersey, with a business location in New Jersey. (Home-based businesses are not eligible). • Must have annual revenues in most recent fiscal year of less than \$1,500,000. • At time of application, business cannot have more than 10 full-time employees in total. All employees must work in New Jersey. • If the business is a startup, they must demonstrate completion of an entrepreneurship training program or Small Business Development Center counseling sessions. • Tax clearance certificate required
Eligible Uses	<ul style="list-style-type: none"> • Permanent working capital • Purchase of equipment
Application Process and Board Approval/ Delegated Authority	<ul style="list-style-type: none"> • Applications will be reviewed on a rolling basis until all funds are committed or program expires (3 years). • Managing Director of Underwriting, Managing Director of Post Closing Services, Vice President of Underwriting & Closing, or Senior Vice President of Finance and Development will approve projects for assistance under

Microbusiness Loan Program Proposed Program Specifications	
	Delegated Authority. Activity will be reported monthly to the NJEDA Board.
Loan Amounts	Up to \$50,000
Rates & Terms	<p>Up to 10-year term, with up to a 3-year moratorium of principal and interest payments. During this period, interest will accrue and capitalize.</p> <p>Interest Rate: 2%, fixed for up to 10-years.</p> <p>Amortization: Up to 15 years</p>
Lien/Collateral/Security	<ul style="list-style-type: none"> • All assets to be financed may include liens on personal assets of the owners including bank deposit accounts. • Maximum loan to value of 100%. • Guarantors: All individuals or entities having ownership of 10% or more of the applicant and related entities. • Minimum Credit Score: 600 FICO for at least one guarantor. • Minimum Global Debt Service Coverage Ratio (GDSCR) of 1.00x. If a 1.00x is not achieved based on the historical financial statements of the business and/or any recurring outside income of the owners, then the applicant may provide a complete business plan, projections, and narrative assumptions that illustrate the ability to meet a minimum of 1.00x within a three-year period post loan closing. The business plan and projections must have been completed in connection with the business' completion of an entrepreneur training program. • Risk Rating: Risk rate loans for the purpose of determining reserves utilizing NJEDA's existing model.

Microbusiness Loan Program Proposed Program Specifications	
Fees	<ul style="list-style-type: none">• Application fee: \$300• Commitment fee: 0.5% of loan amount• Closing fee: 0.5% of loan amount

OFFICE OF ECONOMIC TRANSFORMATION

NJ CoVEST FUND PROGRAM



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Sullivan,
Chief Executive Officer

DATE: November 14, 2019

RE: NJ CoVest Fund – Early Stage Technology Company Investment Program

Background

On April 13, 2017, the Board approved the creation of a pilot program to support early stage technology and life science companies in New Jersey. The NJ CoVest Fund was allocated a \$3 million budget to provide seed funding in the form of convertible notes. The notes are matched to other investments the company raised from external parties on a \$1 to \$2 basis. The maximum amount for a CoVest note is \$250,000. Since pilot program approval and implementation, Staff has qualified and reviewed numerous companies closing investments with 4 companies. All 4 notes were for the maximum amount of \$250,000 for a total Fund disbursement amount of \$1,000,000. As the NJ CoVest Fund is deployed, Staff continues to recognize market gaps and needs then refines the Program accordingly. The following are a series of modifications to the NJ CoVest Fund to further improve the program standards and match the current needs of the NJ entrepreneur community. In addition to a broader definition of what constitutes a technology company and a founder, other requested changes herein make some criteria a condition of closing as opposed to an approval criterion. With all these proposed changes, it is anticipated that a broader pool of candidates will qualify for this critical early stage funding.

Request

Following are the seven areas of program refinement and clarification that staff is requesting approval for based on experience to date in implementing this pilot program.

1. Program Expiration:

The NJ CoVest Fund was approved by the Board as a pilot program for a 3-year period. After program approval, Staff required a period of implementation resulting in the first investments closing in October of 2018. Staff proposes an extension of the pilot period 18 months to October 2021 to allow the full 3 years for capital deployment.

<p>Current Program Expiration</p>	<p>Program to operate on a pilot basis. Funds will be committed within three years. Each Convertible Note will have a ten-year maturity requiring monitoring for a maximum of fifteen years after closing date.</p>
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Proposed Program Expiration	Program to operate on a pilot basis. Funds will be committed within a three-year period which begins with the initial closing date of the first NJ CoVest note. Each Convertible Note will have a ten-year maturity requiring monitoring for a maximum of fifteen years after closing date.
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2. Eligible Company Profile:

New Jersey’s technology industry continues to evolve and grow. The market definition for a technology business has expanded along with their methods for generating revenue. Additionally, these businesses are gaining acceptance among early stage investors and are providing valuable employment.

Current Program Company Requirements	Product-based companies that are capital efficient, in the technology and life sciences industries. Revenue must be derived from product sales to a minimum of 3 verifiable commercial customers. Revenue generated from research, grants, consulting, or other any other method that could be considered service based is not considered for this requirement.
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Proposed Program Company Requirements	Product-based companies including technology enabled platform technologies that are capital efficient, in the technology and life sciences industries. Revenue must be derived from sales to a minimum of 3 verifiable commercial customers. Sales include, but are not limited to, income or fees generated through activities like licensing, subscriptions, downloads, transactions, etc. Revenue generated from research, grants, consulting, or other any other method that could be considered service based is not considered to meet this requirement. Technology is broadly defined and may include the sectors OET is focused on including clean tech, transportation tech; fin tech; and advanced manufacturing technology.
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3. Location Requirements:

New technology businesses can grow to a significant size by utilizing remote work practices. Additionally, physical office space can be cost prohibitive at the initial formation of a company. That said, a goal of the NJ CoVest Fund is providing the necessary financing to anchor and grow a new technology or life science venture within the State.

Current Program Location Requirements	Company must occupy physical commercial office space in New Jersey: co-working or incubator space acceptable.
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Proposed Program Location Requirements	Company must occupy physical commercial office space in New Jersey prior to the close of the NJ CoVest investment transaction: co-working or incubator space is acceptable
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4. Founder Requirements:

A potential NJ CoVest portfolio company requires the foundation of a leadership team. Members possessing expert experience are essential to running a functional business. But, the definition or title of “Founder” can vary from organization to organization.

<p>Current Program Founder Requirements</p>	<p>Company must have a minimum of 2 full-time founders in the management team at application submission. These founders/management team must have made some financial investment in the company.</p> <p>Company must have a minimum of 2 founders/employees devoting 100% of their professional time to the Company at Note closing date, with an average of 80% of that time in New Jersey. These founders must have made some financial investment in the company. For founders with limited resources and/or first-time entrepreneurs, based on the review of personal financial statements for owners with more than 10% ownership, these contributions may come in the form of below-market or forgone salaries provided the Company does not reimburse them for such contributions at a later date.</p>
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<p>Proposed Program Founder Requirements</p>	<p>Company must have a minimum of 2 full-time founders in the management team at application submission devoting 100% of their professional time to the Company at Note closing date. A founder is a C-level or senior management executive with equity ownership in the business. At least one member of the founders/management team must have made some financial investment in the company and have a material ownership of company equity. For founders with limited resources and/or first-time entrepreneurs, based on the review of personal financial statements for owners with more than 10% ownership, these contributions may come in the form of below-market or forgone salaries provided the Company does not reimburse them for such contributions at a later date.</p>
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5. Governance Requirements:

Many early stage companies have not established a formal Board of Directors until the receiving investment from sources outside of the company. These investments are commonly the match funding sources for the NJ CoVest note.

<p>Current Program Governance Requirements</p>	<p>Company maintains a Board of Directors containing at least 1 investor from matched funds pool formed prior to EDA Note closing.</p>
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<p>Proposed Program Governance Requirements</p>	<p>Company maintains a Board of Directors containing at least 1 investor from the same class of investment in which the NJ CoVest Note is matching funds. This Board must be formed prior to close of the NJ CoVest Note.</p>
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6. Matching Fund's Structure:

New investment structures are increasingly common with entrepreneurs and investors in the NJ market. It is important to accurately represent these investment types to meet the Changing financial structures and needs of the community.

<p>Current Program Required Investment Structure</p>	<p>If matching funds are in the form of debt, it must be convertible debt. In the event this debt does not convert and/or matures prior to EDA Note maturity, this will also shorten the EDA Note maturity to the same date. EDA note will be cross defaulted with all other debt obligations.</p> <p>A minimum of two investors must participate in the financing round.</p>
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<p>Proposed Program Required Investment Structure</p>	<p>If matching funds are in the form of a nonequity financing instrument, examples include but are not limited to notes and simple agreements for future equity (SAFE), it must have the ability to be converted to equity. In the event the instrument does not convert and/or matures and the funds are repaid to the investor prior to EDA Note maturity, this will also shorten the EDA Note maturity to the same date. EDA note will be cross defaulted with all other obligations.</p> <p>A minimum of two investors must participate in the financing round being matched by the NJ CoVest note.</p>
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7. Reporting and Information Rights:

The framework for reporting as outlined in the initial Program memorandum did not fully encompass the ongoing needs for monitoring requirements. Additionally, it did not fully align with existing reporting requirements for NJEDA financing programs. The additional requirements proposed below were flushed out in the final program documents.

<p>Current Program Information Rights</p>	<p>EDA will receive quarterly financial statements within 45 days after quarter end. EDA will receive annual financial statements within 120 days after year end. EDA will receive annual financial budgets within 90 days of the start of the new year. EDA will receive annual tax filings/returns within 120 days of the start of the new year. EDA will be entitled to receive any additional reporting provided to another investor. These reporting requirements are to remain in effect for as long as the EDA warrant position is outstanding.</p>
<p>Proposed Program Information Rights</p>	<p>These reporting requirements are to remain in effect for as long as the NJ CoVest Note and Warrant position is outstanding.</p> <p>EDA will receive unaudited quarterly financial statements along with the NJ CoVest Quarterly Status Report Certificate within 45 days after quarter end.</p> <p>EDA will receive annual financial statements prepared by certified public accountant within 120 days after year end.</p> <p>EDA will receive annual financial budgets within 90 days of the start of the new year.</p> <p>EDA will receive annual State and Federal tax filings/returns within 45 days of filing.</p> <p>EDA will receive annually, a current capitalization table for the company within 45 days of the start of the new year.</p> <p>EDA will receive annually, a current lease agreement demonstrating a physical New Jersey office location within 45 days of the start of the new year.</p> <p>EDA will receive annually, NJ Form W3 and Federal Form W3 reporting employment within 45 days of the start of the new year.</p> <p>EDA will receive annually, an updated schedule of Intellectual Property.</p> <p>EDA will be entitled to receive any additional reporting provided to another investor.</p>

Recommendation

The Members are requested to approve these NJ CoVest Fund updates so that the Program continues to meet the needs of the market.



Timothy Sullivan
Chief Executive Officer

Prepared by: Clark W. Smith

INCENTIVE PROGRAMS

**ECONOMIC REDEVELOPMENT AND GROWTH (ERG)
GRANT PROGRAM**



MEMORANDUM

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: November 14, 2019

RE: **Parking Authority of the City of Paterson**
Mixed Use Parking Economic Redevelopment and Growth Grant Program (“Mixed Use Parking ERG”)
Product #00187728

Request

As created by statute, the Economic Redevelopment and Growth (ERG) Program offers state incentive grants to finance development projects that demonstrate a financing gap. Applications to the ERG Program are evaluated to determine eligibility in accordance with P.L. 2013, c. 161 and as amended through the “Economic Opportunity Act of 2014, Part 3,” P.L. 2014, c. 63, based on representations made by applicants to the Authority. Per N.J.S.A. 52 :27D-489a et seq. / N.J.A.C. 19:31-4 and the program’s rules, developers or non-profit organizations on behalf of a qualified developer, must have a redevelopment project located in a qualifying area, demonstrate that the project has a financing gap, meet minimum environmental standards, meet a 20% equity requirement, and, except with regards to a qualified residential project, yield a net positive benefit to the State. With the exception of residential ERG projects, grants are made annually based on the incremental eligible taxes actually generated as a result of the project.

The Members are asked to approve the application of the Parking Authority of the City of Paterson(the “Applicant”) for a Project located at 125 Van Houten Street, Paterson City (the “Project”), for the issuance of tax credits pursuant to the Mixed Use Parking ERG program of the Authority as set forth in the New Jersey Economic Opportunity Act of 2013, P.L. 2013, c. 161 (“Act”).

On July 13, 2015, legislation was enacted as P.L. 2015, c. 69 allowing municipal redevelopers to apply for tax credits under the Mixed Use Parking ERG program for mixed use parking projects. The maximum of reimbursement shall equal up to 100% of the total eligible project costs allocable to the parking component of the project and in addition 40% of the total eligible project costs allocable to the office space / retail component of the project. The total costs of the Project are estimated to be \$12,475,000 and of this amount, \$6,000,000 is eligible costs under the Mixed-Use Parking ERG program. The recommendation is to award 100% of actual eligible Parking costs and

40% of the total actual eligible project costs allocable to office space/ retail component of the project, not to exceed \$5,895,001.

Project Description

Substantial rehabilitation of a 431-space garage consisting of 129,300 square feet known as site 8 and located at 125 Van Houten Street, Paterson, NJ. The garage is approaching the end of its useful life and in need of substantial rehabilitation. The existing foundation needs to be reinforced. Along with the substantial rehabilitation of the parking component, the applicant will rehabilitate 2,500 square feet of existing commercial space. It is anticipated the end users of the project will be commuters using the train station in the Paterson downtown area. The project is aligned with the Transit Village Initiative whose goals are to help create attractive, vibrant, pedestrian friendly neighborhoods where people can live, work and shop without relying on cars. The project is listed as a critical project in a letter dated June 28, 2019 from the Mayor of Paterson to the EDA that describes the vision for the redevelopment of the City of Paterson.

Construction is expected to begin in June 2021 in conjunction with the closing of financing. The anticipated completion of the Project is April 2022. This date is consistent with the July 2022 required date of construction completion and temporary issuance of certificate of occupancy. The Applicant intends to comply with the green building requirements. As per an appraisal prepared by Tony Kamand Realty LLC, a third-party consultant, the “as is” value utilizing the market income approach was determined to be \$6 million as of September 17, 2019.

Although applicants for the Mixed-Use Parking ERG program are not required to maintain certain employment levels, it is estimated that this Project will create approximately 75 temporary construction jobs. The Applicant applied for the Mixed-Use Parking ERG Program on June 28, 2019.

Project Ownership

The Parking Authority of the City of Paterson is a public body politic and corporate, created in 1948 by the City of Paterson and existing under the State of New Jersey's Parking Authority Law 40:11A. The Parking Authority of the City of Paterson is governed by a Board consisting of seven commissioners. The Parking Authority was created for acquiring, constructing, maintaining, and operating parking facilities. In addition, the Authority helps alleviate traffic congestion caused by excessive parking on the streets and improves the movement of traffic within the City. The Authority owns and or operates 20 parking facilities. A total of approximately 3,000 parking spaces are provided in these facilities. The Parking Authority also has approximately 1,310 meters within the City streets and in parking spots.

Project Uses

The Applicant proposes the following uses for the Project:

<i>Uses</i>	<i>Total Project Costs</i>	<i>MIXED USE PARKING ERG Eligible Amount</i>
Value of Land and Building	\$ 6,000,000	\$ 0
Construction & Site Improvements	4,994,750	4,994,750
Professional Services	442,673	442,673
Financing & Other Costs	937,577	462,577
Contingency	100,000	100,000
TOTAL USES	\$ 12,475,000	\$ 6,000,000

ERG eligible project costs exclude ineligible costs aggregating \$6,475,000, which include escrows and reserves of \$475,000 and the value of Land and Building of \$6,000,000. For a Mixed-Use Parking Project the maximum reimbursement shall equal up to 100% of the actual eligible costs of the parking component and 40% of the actual eligible costs of the non-parking component of the project. The total eligible construction costs that can be attributed to the parking structure are \$5,825,000 and the total eligible costs that can be attributed to the retail space construction costs of the project are \$175,000. Total ERG award amount is \$5,895,000.

<i>Sources of Financing</i>	<i>Amount</i>
Applicant Equity	\$ 6,000,000
Permanent Debt	2,975,000
ERG Bridge funds	3,500,000
Total	\$ 12,475,000

The Applicant anticipates issuing \$2.9 million of 30-year bond financing at an estimated interest rate of 5.5% through the Passaic County Improvement Authority that will be supported by the Project's cash flows. The Applicant received a LOI from Stonehenge Capital Company, LLC to monetize the credits at an estimated \$0.86 on the dollar of ERG tax credits on an annual basis. The Applicant received a LOI for ERG Bridge Financing from Lakeland Bank of \$3.5 million that will be supported by the annual ERG tax credit award. The Applicant anticipates selling the annual credits and using cash proceeds to meet the annual debt service of the ERG Bridge financing. Mixed Use Parking ERG projects are required to have a minimum of 20% equity in the Project. The Applicant is providing the property valued at \$6 million as equity towards the Project that equates to 48% of total project costs. As per an Appraisal prepared by Tony Kamand Realty LLC, a third-party consultant, the "as is" value utilizing the market income approach was determined to be \$6,000,000 as of September 17, 2019.

Gap Analysis

EDA staff has reviewed the application to determine if there is a shortfall in the project development economics pertaining to the return on the investment for the developer and their ability to attract the required investment for this project. Staff analyzed the pro forma and projections of the project and compared the returns with and without the Mixed-Use Parking ERG over 11 years (one year to build and 10 years of cash flow).

Without ERG	With ERG
Equity IRR (.14%)	Equity IRR 4.27 %

As indicated in the chart above, the project would not otherwise be completed without the benefit of the ERG. **With the benefit of the ERG, the Equity IRR is 4.27% which is significantly below the Hurdle Rate Model provided by EDA’s contracted consultant Jones Lang LaSalle which indicates a maximum IRR of 14.99% for a project located in the City of Paterson.**

Other Statutory Criteria

In order to be eligible for the program, the Authority is required to consider the following items:

The economic feasibility and the need of the redevelopment incentive agreement to the viability of the project.

Staff received The Parking Authority of the City of Paterson’s audited financial statements for the years ending December 31, 2017 and December 31, 2018. Staff reviewed these statements and determined that the Authority has the financial capacity to complete this project. A more detailed review of staff’s analysis of the Applicant’s capacity to complete the project can be found in the Confidential Memorandum of Financial Analysis. The Parking Authority of the City of Paterson has completed many similar projects in the past. The Authority owns and or operates 20 parking facilities, a total of approximately 3,000 parking spaces are provided in these facilities demonstrating the historical experience in both developing and managing the parking garage upon completion. The current parking structure is past it’s useful life and is operating at full capacity.

The degree to which the redevelopment project within a municipality which exhibits economic and social distress, will advance State, regional, local development and planning strategies, promote job creation and economic development and have a relationship to other major projects undertaken within the municipality.

The project site is located in Paterson, an urban aid municipality. The project site’s surrounding area has a median family income of less than \$28,000 per year. The site’s surrounding population is over 95% minority with owner-occupied homes comprising 3% of the housing within the area. The average age of the homes in this area is over 50 years old and nearly 10% of the available housing remains vacant. Paterson City’s unemployment rate is currently 9.1%, more than double the national average and only 10% of the City’s population has a college degree. Paterson City’s violent crime rate is roughly double the national average and triple the average crime rate of New Jersey as a whole.

As stated earlier, the project is aligned with the Transit Village Initiative whose goals are to help create attractive, vibrant, pedestrian friendly neighborhoods where people can live, work and shop without relying on cars. The larger capacity of the new parking structure will facilitate greater transit ridership, which will decrease traffic congestion and improve air quality.

Recommendation

Authority staff has reviewed the application for the Parking Authority of the City of Paterson that it is consistent with eligibility requirements of the Act. It is recommended that the Members approve and authorize the Authority to issue an approval letter to the Applicant.

Issuance of the Mixed-Use Parking ERG tax credits is contingent upon the Applicant meeting the following conditions within one year:

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

Tax Credits shall be issued upon:

1. Completion of construction and issuance of a Certificate of Occupancy (no later than July 28, 2022; and
2. Submission of a detailed list of all eligible costs, which costs shall be certified by a CPA and satisfactory to the NJEDA;

It is recommended that the members authorize the CEO of the EDA to execute any assignment agreements necessary to effectuate this transaction.

The New Jersey Economic Opportunity Act of 2013 provides a total of \$600 million in tax credits to be utilized towards eligible residential based projects. This allocation is further separated into five additional allocations to assist projects meeting certain geographic and/or economic criteria. This project being located in Paterson, Passaic County qualifies to be funded under the allocations for a Mixed-Use Parking projects located in a Garden State Growth Zone. The initial total of these allocations was \$105 million for Residential and Mixed-Use Parking Projects and \$25 million for Mixed-Use Parking Projects. With this approval after the board meeting dated November 14, 2019, \$36.4 million of allocation will be used for Mixed-use Parking Projects.

Total Estimated Eligible Project Costs: \$ 6,000,000.

Eligible Actual Credits and Recommended Award: 100% of actual eligible Parking costs and 40% of the total eligible project costs allocable to the office space / retail component of the project, not to exceed \$5,895,000 to be paid over ten years.



Tim Sullivan

Prepared by: Matt Boyle

FILM TAX CREDIT PROGRAM



MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan
Chief Executive Officer
DATE: November 14, 2019
SUBJECT: Film Tax Credit Program

The following projects under the Film Tax Credit Program have been reviewed by EDA staff and recommended for approval. The films are described on the attached project summaries:

Film Tax Credit Program Awards:

PROD-00187414	Universal Television, LLC	\$11,213,965.
PROD-00185323	Universal Television LLC	<u>14,369,717.</u>
Total Film Tax Credit Awards – November 14, 2019		\$25,583,682.

A handwritten signature in blue ink is written over a horizontal line. The signature is stylized and appears to be "T. Sullivan".

Prepared by: David Lawyer

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - FILM TAX CREDIT PROGRAM**

As created under the Garden State Film and Digital Media Jobs Act, P.L. 2018, c. 56, the New Jersey Film and Digital Media Tax Credit Program provides a credit against the corporation business tax and the gross income tax for certain expenses incurred for the production of certain films 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.

APPLICANT: Universal Television LLC

PROD-00185323

APPLICANT BACKGROUND:

Universal Television LLC is the production company responsible for “The Enemy Within Season 1”. Jennifer Carpenter stars in this fast-paced, spy-hunting thriller based on a brilliant former CIA operative now known as the most notorious traitor in American history.

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

ELIGIBILITY AND GRANT 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, 2023 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 after July 1, 2018	\$64,402,655
B. Total Post Production Expenses	\$ 2,920,612
C. Total expenses for services performed and goods purchased through vendors authorized to do business in New Jersey (excluding any post-production expenses)	\$10,046,352
Percentage Calculation = C/(A-B)	16.34%
Criterion Met	No

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 limited to: wages and salaries of individuals employed in the production of a film on which the New Jersey Gross Income Tax has been paid or is due; and, the costs for tangible personal property used and services performed in New Jersey, directly and exclusively in the production of the film, such as expenditures for film production facilities, props, makeup,

wardrobe, film processing, camera, sound recording, set construction, lighting, shooting, editing, and meals. Payments made to a loan out company or to an independent contractor shall not be a "qualified film production expenses" unless the payments are made in connection with a trade, profession, or occupation carried on in this State or for the rendition of personal services performed in this State and the taxpayer has made the withholding required by N.J.A.C. 19:31-21.3(c). "Qualified film production expenses" shall not include: expenses incurred in marketing or advertising a film; and payment in excess of \$500,000 to a highly compensated individual for costs for a story, script, or scenario used in the production of a film and for wages or salaries or other compensation for writers, directors, including music directors, producers, and performers, other than background actors with no scripted lines. The following qualified film production expenses are projected by the applicant to be incurred in New Jersey:

Total Qualified Film Production Expenses incurred in NJ in two privilege periods, of which at least \$1 million is incurred in a single privilege period after July 1, 2018.	\$44,905,367
Criterion Met	Yes

AWARD CALCULATION

Base Award Criteria	Calculation	Result
30% of Qualified Film Production Expenses	$\$44,905,367 \times 30\% =$	\$13,471,610
Bonus Criteria Met		
Submission of Diversity Plan deemed satisfactory by EDA, NJ Taxation and Office of Diversity and Inclusion. 2% of Qualified Film Production Expenses	$\$44,905,367 \times 2\% =$	\$898,107
5% 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.	$\$0 \times 5\% =$	\$0
Total Award		\$14,369,717

APPLICATION RECEIVED DATE:	12/20/2018 (Application #6)
DATE APPLICATION DEEMED COMPLETE:	1/14/2019
PRINCIPAL PHOTOGRAPHY COMMENCEMENT:	9/17/2018
PRINCIPAL NJ PHOTOGRAPHY LOCATION:	East Rutherford
ESTIMATED DATE OF PROJECT COMPLETION:	3/4/2019
APPLICANT'S FISCAL YEAR END:	12/31/2019
TAX CREDIT VINTAGE YEAR(S):	2019
TAX FILING TYPE:	Corporate Business Tax
ANTICIPATED CERTIFICATION DATE:	1/30/2020

In general, the final documentation required shall be submitted to the Authority no later than four years after the Authority's initial approval if the taxpayer is seeking a credit against the tax imposed pursuant to N.J.S.A. 54:10A-5 and three years after the Authority's initial approval if the taxpayer is seeking a credit against the tax imposed pursuant to the N.J.S.A. 54A:1-1 et seq.

The Garden State Film and Digital Media Jobs Act provides a total of \$75 million tax credits originally available for State Fiscal Year 2019. After today's approvals, \$26.9 million remains in the program for State Fiscal Year 2019. However, there are 13 additional applications in the pipeline totaling \$37.4 million and therefore being over-scribed for State Fiscal Year 2020.

APPROVAL REQUEST:

The Members of the Authority are asked to initially approve the proposed award to the applicant under the New Jersey Film and Digital Media Tax Credit Program. The recommended tax credit is contingent upon receipt by the Authority of evidence that the applicant has met certain criteria to substantiate the recommended award, and is subject to final approval by the Authority and the Division of Taxation. Staff may issue the Authority's final approval if the criteria met by the company is consistent with that shown herein. If the criteria met by the company differs from that shown herein, Staff may lower the tax credit amount to reflect what corresponds to the actual criteria that have been met.

APPROVAL OFFICER: S. Novak

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – FILM TAX CREDIT PROGRAM**

As created under the Garden State Film and Digital Media Jobs Act, P.L. 2018, c. 56, the New Jersey Film and Digital Media Tax Credit Program provides a credit against the corporation business tax and the gross income tax for certain expenses incurred for the production of certain films 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.

APPLICANT: Universal Television LLC

PROD-00187414

APPLICANT BACKGROUND:

Universal Television LLC is producing Dream” aka “Little America” an anthology of true stories originally published in Epic Magazine and described as “a small, collective portrait of America’s immigrants and thereby a portrait of America itself.” The TV series will go beyond the headlines to look at the funny, romantic, heartfelt, inspiring and unexpected lives of immigrants in America. The current plan allows for eight episodes to be produced running about 30 minutes each.

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

ELIGIBILITY AND GRANT 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, 2023 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	\$43,085,580
B. Total Post-Production Expenses	\$1,604,009
C. Total expenses for services performed and goods purchased through vendors authorized to do business in New Jersey (excluding any post-production expenses)	\$13,016,459
Percentage Calculation = C/(A-B)	31%
Criterion Met	No

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 limited to: wages and salaries of individuals employed in the production of a film on

which the New Jersey Gross Income Tax has been paid or is due; and, the costs for tangible personal property used and services performed in New Jersey, directly and exclusively in the production of the film, such as expenditures for film production facilities, props, makeup, wardrobe, film processing, camera, sound recording, set construction, lighting, shooting, editing, and meals. Payments made to a loan out company or to an independent contractor shall not be a "qualified film production expenses" unless the payments are made in connection with a trade, profession, or occupation carried on in this State or for the rendition of personal services performed in this State and the taxpayer has made the withholding required by N.J.A.C. 19:31-21.3(c). "Qualified film production expenses" shall not include: expenses incurred in marketing or advertising a film; and payment in excess of \$500,000 to a highly compensated individual for costs for a story, script, or scenario used in the production of a film and for wages or salaries or other compensation for writers, directors, including music directors, producers, and performers, other than background actors with no scripted lines. The following qualified film production expenses are projected by the applicant to be incurred in New Jersey:

Qualified Film Production Expenses incurred in NJ during a single privilege period after July 1, 2018.	\$34,866,291
Criterion Met	Yes

AWARD CALCULATION

Base Award Criteria	Calculation	Result
30% of Qualified Film Production Expenses	\$34,866,291 x 30% =	\$10,459,887
Bonus Criteria Met		
Submission of Diversity Plan deemed satisfactory by EDA, NJ Taxation and Office of Diversity and Inclusion. 2% of Qualified Film Production Expenses.	\$34,866,291 x 2% =	\$697,325
5% 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.	\$1,135,076 x 5% = (Atlantic and Salem Counties; primarily consisting of site fees, rentals and hotels/housing)	\$56,753
Total Award		\$11,213,965

APPLICATION RECEIVED DATE:	2/28/19 (Application #3)
DATE APPLICATION DEEMED COMPLETE:	2/28/19
PRINCIPAL PHOTOGRAPHY COMMENCEMENT:	3/07/19
PRINCIPAL NJ PHOTOGRAPHY LOCATION:	Kearny Town
ESTIMATED DATE OF PROJECT COMPLETION:	5/31/19
APPLICANT'S FISCAL YEAR END:	12/31/2019
TAX CREDIT VINTAGE YEAR(S):	2019
TAX FILING TYPE:	Corporate Business Tax
ANTICIPATED CERTIFICATION DATE:	1/30/2020

In general, the final documentation shall be submitted to the Authority no later than four years after the Authority's initial approval if the taxpayer is seeking a credit against the tax imposed pursuant to N.J.S.A. 54:10A-5 and three years after the Authority's initial approval if the taxpayer is seeking a credit against the tax imposed pursuant to the N.J.S.A. 54A:1-1 et seq.

The Garden State Film and Digital Media Jobs Act provides a total of \$75 million tax credits originally available for State Fiscal Year 2019. After today's approvals, \$26.9 million remains in the program for State Fiscal Year 2019. However, there are 13 additional applications in the pipeline totaling \$37.4 million and therefore being over-scribed for State Fiscal Year 2020.

APPROVAL REQUEST:

The Members of the Authority are asked to initially approve the proposed award to the applicant under the New Jersey Film and Digital Media Tax Credit Program. The recommended tax credit is contingent upon receipt by the Authority of evidence that the applicant has met certain criteria to substantiate the recommended award, and is subject to final approval by the Authority and the Division of Taxation. Staff may issue the Authority's final approval if the criteria met by the company is consistent with that shown herein. If the criteria met by the company differs from that shown herein, Staff may lower the tax credit amount to reflect what corresponds to the actual criteria that have been met.

APPROVAL OFFICER: T. Wells



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: November 14, 2019

SUBJECT: Garden State Film and Digital Media Jobs Program
Notice of Substantial Changes Upon Adoption - Specially Adopted New Rules

Summary

The Members are requested to approve several substantial changes to the specially-adopted new rules implementing the Garden State Film and Digital Media Jobs Program which were proposed for readoption on August 5, 2019; and, to authorize staff to submit the attached notice for promulgation in the New Jersey Register, subject to final review and approval by the Office of the Attorney General and the Office of Administrative Law (OAL).

Background

On June 11, 2019, the Members approved the readoption with amendments of specially adopted new rules implementing the Garden State Film and Digital Media Jobs Program, found at N.J.A.C. 19:31-21, which in accordance with P.L. 2018, c. 56, were scheduled to expire on June 28, 2019.

The 60-day comment period for the proposed readoption ended on October 4, 2019, during which one (1) comment was submitted from Angela H. Miele, Vice President, State Government Affairs and State Tax Policy, Motion Picture Association, Inc.

The EDA is proposing several substantial changes to the specially adopted new rules in response to the comments received, and as are necessary to better implement the Program, as follows.

I. Comments Submitted by Motion Picture Association, Inc.

In response to comments submitted by the Motion Picture Association, Inc., the rules are proposed to be revised to: clarify application of the term “tax credit vintage year” to refer to the initial approval to avoid possible ambiguity in N.J.A.C. 19:31-21.2; and , in N.J.A.C. 19:31-21.4(b) conform an application provision to request a budget demonstrating all the expenses related to the statutory eligibility requirements. However, the NJEDA does not concur with other recommendations included in the comments submitted by the Motion Picture Association, Inc., which – as discussed in the notice of proposed substantial changes – are unnecessary and/or not in accord with statutory provisions, including:

- The term “compensation” in the definition of “highly compensated individual” is not defined and

it is unclear if the term includes just the individual's salary or the individual's salary and fringe benefits.

- The definition of “independent contractor” should be more specific in its reference to Federal and State Taxes, which will clarify its application – therefore, the term “income” should be added following “Federal and State” and before “tax purposes.”
- The term “incurred in New Jersey” as used throughout the proposed regulations should be defined as follows: *“Incurred in New Jersey” means a service performed within New Jersey and tangible personal property used or consumed in New Jersey.*
- The references to “wages and salaries of individuals employed in the production of a film on which the tax imposed by N.J.S.A. 54A:1-1 et. seq., has been paid or is due” in the definitions of “qualified digital media content production expenses” and “qualified film production expenses” should be clarified to avoid confusion.
- The definition of “qualified film production expense” should be amended as follows, “the costs for services performed and tangible personal property used or consumed [and services performed]” to conform to the definition of “total film production expenses.”
- The definition of “selling business” should refer to “available” tax credits rather than an “unused” tax credits to avoid any suggestion that the taxpayer is only permitted to sell its tax credit after it has applied the credit against its tax liability for the vintage year.
- In N.J.A.C. 19:31-21.3(a)4 and (b)1iii, the term “tax credit verification report” should be changed to “tax credit agreed upon procedures report” inasmuch as the term “verification” report is not used in the statute or elsewhere in the proposed regulations.

II. Follow-Up Review by NJEDA

Based on follow-up review by the NJEDA, the rules are proposed to be revised to include changes which may improve the understanding of certain provisions, i.e.:

- Clarify that the timeframe for determining commencement of principal photography refers (as one of the two dates from which the timeframe begins) to a date beginning at completed application in N.J.A.C. 19:31-21.3(a)2 and N.J.A.C. 19:31-21.7(c)1. The prior term used was “original,” which could be misinterpreted to refer to a filed incomplete application; and
- Clarify that an application accompanied by a diversity plan may also include prospective efforts to qualify for the bonus amount under 19:31-21.6(l).

Recommendation

The Members approve the proposed re-adoption of specially adopted new rules and authorize staff to submit the proposal for promulgation in the New Jersey Register, subject to final review and approval by the Office of the Attorney General and the Office of Administrative Law (OAL).



Tim Sullivan
Chief Executive Officer

Prepared By: Jacob Genovay

- **Attachment – Notice of Proposed Substantial Changes Upon Adoption of Specially Adopted New Rules with Amendments: N.J.A.C. 19:31-21; and Adopted Amendment: N.J.A.C. 19:31-21.5**

DRAFT

OTHER AGENCIES

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Authority Assistance Programs

Garden State Film and Digital Media Jobs Program

Notice of Proposed Substantial Changes Upon Adoption of Specially Adopted New Rules with Amendments: N.J.A.C. 19:31-21; and Adopted Amendment: N.J.A.C. 19:31-21.5

Proposed: August 5, 2019, at 51 N.J.R. 1256(a).

Authorized By: New Jersey Economic Development Authority, Tim Sullivan, Chief Executive Officer.

Authority: P.L. 2018, c. 56.

Submit written comments by January 6, 2020, to:

Jacob Genovay, Senior Legislative and Regulatory Officer
New Jersey Economic Development Authority
P.O. Box 990
Trenton, NJ 08625-0990
jgenovay@njeda.com

Take notice that the New Jersey Economic Development Authority (“EDA” or “Authority”) proposed readoption of specially adopted new rules implementing the Garden State Film and Digital Media Jobs Program (Program) found at N.J.A.C. 19:31-21 on August 5, 2019 at 51 N.J.R. 1256(a), which in accordance with P.L. 2018, c. 56, were scheduled to expire on June 28, 2019. Pursuant to N.J.S.A. 52:14B-5.1c, the expiration date was extended 180 days to December 25, 2019.

The EDA is proposing several substantial changes to the specially adopted new rules in response to comments received. In addition, the Authority has initiated four changes to better implement the Program. The contents of the single comment received, from Angela H. Miele, Vice President, State Government Affairs and State Tax Policy, Motion Picture Association, Inc., and the Authority’s response and agency-initiated changes, are summarized below.

COMMENT: The regulations should be more specific in referencing that the year of the “initial approval” of the tax credits is what determines the vintage year of the credits. Accordingly, the definition of “tax credit vintage year” should be revised to provide that, “tax credit vintage year” means the applicant’s privilege period or taxable year in which the Authority [approved] **issued initial approval of the application and the privilege period or taxable year**

in which the tax credit may be applied.” That change will properly reflect the determination of the “vintage tax year” in proposed N.J.A.C. 19:31-21.7.

RESPONSE: The Authority concurs with the comment and, in part, with the suggested revisions. The definition of “tax credit vintage year” is revised in this proposal to clarify that the approval referenced in the definition is the initial approval.

COMMENT: The term “compensation” in the definition of “highly compensated individual” is not defined and it is unclear if the term includes just the individual’s salary or the individual’s salary and fringe benefits. Therefore, the following terms should be added to the end of the definition to ensure certainty regarding the term compensation: **“For purposes of this definition, compensation for the performance of services does not include any fringe benefits.”**

RESPONSE: The Authority does not concur with the suggested revision. The definition of “qualified film production expenses” includes the phrase “wages or salaries or other compensation” in relation to payments to “a highly compensated individual” that must be excluded; therefore, compensation other than “wages or salaries,” including, but not limited to, fringe benefits are part of “compensation.”

COMMENT: The definition of “independent contractor” should be more specific in its reference to Federal and State Taxes, which will clarify its application – therefore, the term “income” should be added following “Federal and State” and before “tax purposes.”

RESPONSE: The Authority does not concur with the suggested revision, as the definition of “independent contractor” is the same as the statutory definition contained in the Garden State Film and Digital Media Jobs Act, P.L. 2018, c. 56, N.J.S.A. 54:10A-5.39b et seq.

COMMENT: The definition of “qualified film production expense” should be amended as follows, “the costs for **services performed and** tangible personal property used **or consumed** [and services performed]” to conform to the definition of “total film production expenses.” Also, the term “incurred in New Jersey” as used throughout the proposed regulations should be defined as follows: “Incurred in New Jersey” means a service performed within New Jersey and tangible personal property used or consumed in New Jersey. A service is performed in New Jersey to the extent that the individual performing the service is physically located in New Jersey while performing the service. Tangible property is used or consumed in New Jersey to the extent that the property is located in New Jersey during its use or consumption.

RESPONSE: The Authority does not concur with the suggested revision. Expanding the use of the term “incurred in New Jersey” to consumption or use of personal property that may be temporarily in New Jersey is unrelated to benefits the State may derive from the property. Moreover, determining, and providing supporting documentation to evidence, the amount of the total expenditure for the personal property to attribute to the temporary use in New Jersey would be administratively difficult.

COMMENT: The references to “wages and salaries of individuals employed in the production of a film on which the tax imposed by N.J.S.A. 54A:1-1 et. seq., has been paid or is due” in the definitions of “qualified digital media content production expenses” and “qualified film production expenses” should be clarified to avoid confusion. Accordingly, the following revisions are recommended: “wages and salaries of individuals employed in the production of a film **that are subject to** [on which] the tax imposed by N.J.S.A. 54A:1-1 et. seq., [has been paid or is due].” The changes would avoid any suggestion that withholding tax “paid” on behalf of a Pennsylvania resident would unintentionally result in the underlying wages and salary being a qualified expense. Those wages and salary would not qualify under a “subject to tax” test because New Jersey gross income tax withheld would ultimately be refunded to the employee because they are not subject to tax under the Reciprocal Personal Income Tax Agreement between Pennsylvania and New Jersey.

RESPONSE: The Authority does not concur with the suggested revision as the Garden State Film and Digital Media Jobs Act, P.L. 2018, c. 56, N.J.S.A. 54:10A-5.39b et seq., does not include residents of a State that has a Reciprocal Personal Income Tax Agreement with New Jersey. Therefore, the change is not necessary.

COMMENT: The definition of “selling business” should refer to “available” tax credits rather than an “unused” tax credits to avoid any suggestion that the taxpayer is only permitted to sell its tax credit after it has applied the credit against its tax liability for the vintage year. Such a requirement does not appear to be intended and is not contained in the tax credit statute.

RESPONSE: The Authority does not concur that the term “unused” requires the taxpayer to first apply the tax credit against its tax liability for the vintage year, prior to selling the tax credit.

COMMENT: In proposed N.J.A.C. 19:31-21.3(a)4 and (b)liii, the term “tax credit verification report” should be changed to “tax credit agreed upon procedures report” inasmuch as the term “verification” report is not used in the statute or elsewhere in the proposed regulations.

RESPONSE: The Authority does not concur with the suggested revision as the term “tax credit verification report” is a statutory term contained in subparagraphs (d) and (c), paragraphs (1) and (2), subsections a. and b. of sections 1. and 2. of the Garden State Film and Digital Media Jobs Act, P.L. 2018, c. 56, N.J.S.A. 54:10A-5.39b et seq.

COMMENT: In proposed N.J.A.C. 19:31-21.4(b)1, the language is inconsistent with proposed N.J.A.C. 19:31-21.3(b)1i. Accordingly, language should be added to provide that, “A preliminary or actual budget demonstrating at least \$2,000,000 of total digital media content production expenses incurred for services performed, **and goods purchased through vendors authorized to do business in New Jersey.**” That change will properly reflect the eligibility criteria of the Digital Media Jobs Program in proposed N.J.A.C. 19:31-21.3(b)1i.

RESPONSE: The Authority concurs and will add the suggested revision at N.J.A.C. 19:31-21.4(b)1.

COMMENT: In the proposed diversity plan we look forward to working with NJEDA to ensure the requirements in N.J.A.C. 19:31-21.6(l)1i through iv will be clarified, provide more specific guidelines and recognize current diversity programs undertaken by members of the motion picture industry.

RESPONSE: The Authority appreciates the expressed intent of the Motion Picture Association. Inc. to work with the NJEDA to better implement the proposed diversity plan requirements at N.J.A.C. 19:31-21.6(l)1i through iv. The Authority has determined to initiate changes to help clarify certain diversity plan requirements, which are summarized below.

Summary of Agency-Initiated Changes:

N.J.A.C. 19:31-21.3(a)2 and N.J.A.C. 19:31-21.7(c)1 are revised to clarify the timeframe for commencement of principal photography, that is, that the time period commencing from an application refers to a completed application. The term “original” was ambiguous and could have been misinterpreted as a filed incomplete application.

N.J.A.C. 19:31-21.6(l)1ii and iv are revised to clarify that the information to be submitted with an application accompanied by a diversity plan may include both prior and prospective efforts with regard to the film to promote and encourage the training and hiring of minority persons and women. In addition, N.J.A.C. 19:31-21.6(l)1ii is made clearer by changing the location of the phrase “in the recruitment, selection, appointment, promotion, training, and related employment areas.” Finally, N.J.A.C. 19:31-21.6(l)1iv removes the phrase “who represent the diversity of the State population” because it’s not necessary as the rule already refers to “minority persons and women.”

Effect of Proposed Changes on Impact Statement Included in Original Proposal

The changes in the proposed amendments will not affect the impact statements included in the original proposal. Specifically, the revisions 1) clarify the application of the term “tax credit vintage year” in N.J.A.C. 19:31-21.2, 2) clarify that the timeframe for determining commencement of principal photography refers to a date beginning at completed application in N.J.A.C. 19:31-21.3(a)2 and N.J.A.C. 19:31-21.7(c)1, 3) conform provisions pertaining to certain expenses with statutory requirements in N.J.A.C. 19:31-21.4(b)1, and 4) clarify that an application accompanied by a diversity plan may also include prospective efforts to qualify for the bonus amount under 19:31-21.6(l). Therefore, none of these changes affect the Social, Economic, Jobs, or Agriculture Industry Impacts; Regulatory Flexibility Statement; Housing Affordability or Smart Growth Development Impact Analyses; or, Racial and Ethnic Community Criminal Justice and Public Safety Impact Statement, as published in the original proposal.

Full text of the proposed substantial changes to the proposed new rules follows (additions to the proposal indicated in italicized boldface *thus*; deletions from proposal indicated in italicized cursive brackets {thus}):

SUBCHAPTER 21. GARDEN STATE FILM AND DIGITAL MEDIA JOBS PROGRAM

19:31-21.2 Definitions

The following words and terms, as used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

...

“Tax credit vintage year” means the applicant's privilege period or taxable year in which the Authority {approved} *issued initial approval* of the application and the tax credit may be applied.

...

19:31-21.3 Eligibility criteria

(a) A taxpayer shall be eligible for the program for film tax credits if the Authority finds that:

1. (No change.)

2. The principal photography of the film commences within the earlier of 180 days from the date of the {original} **completed** application for the tax credit, or 150 days from the date of the initial approval of the application pursuant to N.J.A.C. 19:31-21.7(a) for the tax credit;

3.-5. (No change.)

(b)-(c) (No change.)

19:31-21.4 Application submission requirements

(a) (No change.)

(b) A completed application for digital media tax credits shall include, but not be limited to, the following:

1. A preliminary or actual budget demonstrating at least \$2,000,000 of total digital media content production expenses incurred for services performed *and goods purchased through vendors authorized to do business in New Jersey*;

2.-5. (No change.)

19:31-21.6 Tax credit amounts; bonus amount; carryforward of tax credits

(a) A taxpayer, upon final approval of an application to the Authority and the Director for film tax credits pursuant to N.J.A.C. 19:31-21.7(d), shall be allowed a credit against the tax imposed pursuant to N.J.S.A. 54:10A-5 or the tax otherwise due for the taxable year under N.J.S.A. 54A:1-1 et seq., in an amount equal to 30 percent of the qualified film production

expenses of the taxpayer, which tax credit may be applied for a privilege period or taxable year commencing on or after July 1, 2018, but before July 1, 2023.

(b)-(k) (No change.)

(l) Notwithstanding any limit in (a) above, the tax credits awarded may be increased pursuant to the following:

1. A taxpayer shall be allowed an increase in the tax credit against the tax imposed pursuant to N.J.S.A. 54:10A-5, in an amount equal to two percent of the qualified film or digital media content production expenses, provided that the application is accompanied by a diversity plan, outlining:

i. (No change.)

ii. The efforts made **or to be made in the recruitment, selection, appointment, promotion, training, and related employment areas** to ensure equal employment opportunities for minority persons and women /in the recruitment, selection, appointment, promotion, training, and related employment areas/;

iii. (No change.)

iv. [The participation] **Whether the applicant intends to participate or has participated** in training, education, and recruitment programs that are organized in cooperation with State colleges and universities, labor organizations, and the motion picture industry and are designed to promote and encourage the training and hiring of minority persons and women {who represent the diversity of the State population/}.

2.-3. (No change.)

19:31-21.7 Evaluation process; initial approval award of tax credits; appeals

(a) (No change.)

(b) (No change.)

(c) Upon completion of total film production expenses or the total digital media content production expenses, or the incurrence of qualified film production expenses during a privilege period or taxable year that exceed \$1,000,000 per production, the taxpayer shall submit the following final documentation, which the Authority, in consultation with the Director and the Commission, shall process and evaluate:

1. With respect to a film, evidence satisfactory to the Commission, and written confirmation from the Commission to the Authority that principal photography commenced within **the earlier of** 180 days from the date of {original} **completed** application or 150 days from the date of initial approval by the Authority;

2.-5. (No change.)

(d)-(f) (No change.)

BOND PROJECTS

BOND RESOLUTIONS

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY**Refunding Bond****APPLICANT:** New Jersey-American Water Company, Inc.

PROD-00187940

PROJECT USER(S): Same as applicant**PROJECT LOCATION:** Various

Elizabeth City

Union County

APPLICANT BACKGROUND:

New Jersey-American Water Company, Inc., ("NJAWC"), established in 1915, a wholly-owned subsidiary of American Water Works Company, Inc., is a regulated public utility corporation engaged in the production, treatment and distribution of water and collection of sewage within its defined service territory in the State of New Jersey. NJAWC provides water service to approximately 647,000 customers and wastewater service to approximately 49,000 customers as of December 31, 2018. NJAWC's customers reside in 192 municipalities in 18 of New Jersey's 21 counties.

NJAWC and the former Elizabethtown Water Co. which was merged into NJAWC in 2006, have been long-standing EDA applicants since 1979 with over \$500 million in tax exempt bond financing. The outstanding bond financing which is the subject of this refunding request is: P23612 for \$144,725,000 closed October, 2009.

This project qualifies as an Exempt Public Facility- Water Project under Section 142(a)(4) of the IRS Code and therefore is exempt from the \$20 million capital expenditure limitation under Section 144 of the Code.

REFUNDING REQUEST:

Authority assistance will enable the Applicant to reduce its interest expense by refunding the outstanding balance of the 2009 bond issue.

FINANCING SUMMARY:**BOND PURCHASER:** U.S. Bancorp Investments, Inc. (Public Offering)**AMOUNT OF BOND:** Series A (AMT): Not to exceed
\$134,225,000 Tax-ExemptSeries B (Non-AMT): Not to exceed
\$10,500,000 Tax-Exempt (Part of total
\$144,725,000 with Series A Tax-Exempt
Bond)**TERMS OF BOND:** 20 years; Fixed interest not to exceed
4.25%20 years; Fixed interest not to exceed
4.25%**ENHANCEMENT:** N/A**PROJECT COST:**

Principal amount of bond (s) to be refunded	\$144,725,000
Finance Fees	\$900,000
Legal Fees	\$650,000
Accounting Fees	\$100,000

TOTAL COSTS: \$146,375,000**PUBLIC HEARING:** N/A**BOND COUNSEL:** McCarter & English, LLP**DEVELOPMENT OFFICER:** Monika Athwal**UNDERWRITER OFFICER:** Steven Novak

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY**Refunding Bond****APPLICANT:** Princeton Montessori Society (d/b/a Princeton Montessori School)

PROD-00187865

PROJECT USER(S): Same as applicant**PROJECT LOCATION:** 487 Cherry Valley Road Princeton Borough Mercer County**APPLICANT BACKGROUND:**

Princeton Montessori Society (d/b/a Princeton Montessori School) ("Applicant") was founded in 1968 and is an independent, coeducational day school dedicated to the education of children, from infancy through middle school, according to the values and principles of the Montessori philosophy. The Princeton Montessori community consists of approximately 200 families from the greater Princeton area and is committed to providing a Montessori education for its children and shares the core values of its community. Princeton Montessori School is led by Michelle Morrison, the Head of School, who is passionate about Montessori education and building collaborative educational communities.

The Applicant received prior Authority assistance in 1992 of \$2,660,000 in tax exempt bonds (Application P06409) to construct an 11,000 sq. ft. addition to an existing 16,000 sq. ft. Middle School. The Applicant also received tax exempt bond financing in 1997 in the amount of \$1,600,000 (Application P08885) to construct a 10,000 sq. ft. addition to its existing 26,000 sq. ft. school facility used for infant and toddlers, enlarge the parking lot capacity and finance cost overruns from the previously constructed addition. The two issuances from 2008 are to be refunded in this financing application.

The applicant is a non-profit, 501(c)(3) entity for which the Authority may issue tax-exempt bonds as permitted under Section 103 and Section 145 of the 1986 Internal Revenue Code as amended and is not subject to the State Volume Cap limitation, pursuant to Section 146(g) of the Code.

REFUNDING REQUEST:

Authority assistance will enable the Applicant to refund two bonds previously issued by the Authority. The new refunding bond incorporates a breakage in the swap exposure with the existing financial institutions, P18796 & P18812, for a total not to exceed \$7,500,000.

FINANCING SUMMARY:

BOND PURCHASER: Malvern Bank (Direct Purchase)
AMOUNT OF BOND: \$7,500,000
TERMS OF BOND: Fixed Rate 3.43 %; 15-year term / 30-year amortization
ENHANCEMENT: N/A

PRODUCT COSTS:

Refinancing	\$6,300,000.00
Swap Breakage Fee	\$900,000.00
Closing and Other Fees	\$300,000.00

TOTAL COSTS: \$7,500,000.00

PUBLIC HEARING: 11/14/2019**BOND COUNSEL:** Chiesa, Shahinian & Giantomasi, P.C**DEVELOPMENT OFFICER:** Monika Athwal**UNDERWRITER OFFICER:** Mark Chierici

LOANS/GRANTS/GUARANTEES

DIRECT LOAN PROGRAM

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Direct Loan

APPLICANT: The Newgrange School of Princeton, Inc.

PROD-00187932

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 800 North Road Hopewell Township Mercer

APPLICANT BACKGROUND:

The Newgrange School of Princeton, Inc. ("Newgrange"), a nonprofit organization, is based in Mercer County, NJ and was formed in 1977. It is a State of New Jersey approved school for students ages 7 through 21 with language-based learning differences. The organization operates under three names: The Newgrange School, The Laurel School and the Ann Robinowitz Education Center. The school is run by Executive Director, Tim Viands and the president of the board of trustees is Deepak Mehta.

The Newgrange School is dedicated to empowering people with learning differences and has been a leader among special education schools for more than 40 years. They have a dedicated and trained staff with a teaching atmosphere that focuses on the individual student preparing special needs children for the world. They are accredited by the New Jersey Association of Independent Schools and the Middle States Association Commissions on Elementary and Secondary Schools, providing an array of academic programs that include Language Arts, Mathematics, Science, Social Studies, and Art programs.

The Laurel School of Princeton opened its doors in 2012. It is the newest component of the Newgrange family of services that focuses exclusively on developmental dyslexia. The new school benefits from the expertise of the Newgrange School and the Ann Robinowitz Education Center.

The Ann Robinowitz Education Center was founded in 1991 and is designed to meet the educational and specialized needs of people with learning and associated differences, including dyslexia, along with families and professionals in the field. The Center acts to increase the public awareness of learning differences and dyslexia and provides information and support to community organizations and businesses internationally.

This project involves a \$2,000,000 Direct Loan to finance the purchase of the project location at 800 North Road in Hopewell Township, New Jersey. In conjunction, First Bank will be issuing a \$3,500,000 loan to complete the acquisition of the purchase. This loan will allow the applicant to combine their two schools into one location while providing the ability to grow enrollment. The total purchase price is \$5,500,000 and the applicant has a deposit of \$200,000 in escrow but will seeking reimbursement of this at time of closing.

OTHER NJEDA SERVICES:

None

APPROVAL REQUEST:

Approval of a \$2,000,000 Direct Loan.

FINANCING SUMMARY:

LENDER: NJEDA

AMOUNT OF LOAN: \$2,000,000

TERMS OF LOAN: Fixed for 10 years at the 10-year US Treasury or 2%, whichever is greater, plus 50 basis points. 10-year term with a 20-year amortization. First six months interest only, then principal plus interest payments monthly.

PRODUCT COSTS:

Acquisition of Existing Building	\$5,500,000.00	Bank Commitment	\$17,500.00
		EDA Fees	\$35,000.00

TOTAL COSTS: \$5,552,500.00

JOBS:

NJ Full Time Jobs at Application	Expected New Full Time Eligible Jobs at Project Site	Full Time Maintained Jobs at Project Site	Estimated Construction Jobs
81	10	0	0

DEVELOPMENT OFFICER: Kathy Durand

UNDERWRITER OFFICER: Michelle Jones

HAZARDOUS DISCHARGE SITE REMEDIATION FUND



MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan, Chief Executive Officer
DATE: November 14, 2019
SUBJECT: NJDEP Hazardous Discharge Site Remediation Fund Program

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

HDSRF Municipal Grant:

Prod 187723 Lawrence Township (Pit Shop Service Station) \$239,524

Total HDSRF Funding – November 2019 \$239,524

A handwritten signature in blue ink, appearing to read "Tim Sullivan", is written over a horizontal line.

Tim Sullivan

Prepared by: Kathy Junghans

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Hazardous Discharge Site Remediation - Municipal

APPLICANT: Lawrence Township

PROD-00187723

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 1175 Lawrenceville Road Lawrence Township Mercer County

APPLICANT BACKGROUND:

Township of Lawrence, identified as Block 1308, Lots 2,3,4 is a former automotive service station which has potential environmental areas of concern (AOCs). The Township of Lawrence currently intends to acquire the project site and has satisfied proof of site control. It is the Township's intent, upon completion of the environmental investigation activities to redevelop the project site for recreational use.

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

OTHER NJEDA SERVICES: NONE

APPROVAL REQUEST:

Township of Lawrence is requesting grant funding to perform RI in the amount of \$239,524 at the Pit Shop Service Station project site.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT: \$239,524.00

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial Investigation	\$239,524.00	EDA Administrative Cost	\$500.00
TOTAL COSTS:			\$240,024.00

OFFICE OF RECOVERY

**ENERGY RESILIENCE BANK (ERB) PROGRAM
MODIFICATIONS**



MEMORANDUM

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: November 14, 2019

Subject: Energy Resilience Bank – Bergen County Utilities Authority Resiliency Project Funding Modification #2

Request:

The Members are requested to approve the Bergen County Utilities Authority (“BCUA”) using the New Jersey Infrastructure Bank as an additional funding source for their project under the Energy Resilience Bank (ERB) program due to a revised project budget as a result of BCUA’s reevaluation of anticipated project costs. The funding request to NJEDA has not changed, however BCUA intends to secure additional project financing from the New Jersey Infrastructure Bank, thereby increasing the cost of debt service on the project.

Background:

The BCUA is responsible for wastewater treatment and solid waste management services for Bergen County municipalities. BCUA's Little Ferry water pollution control facility (LFWPCF) and collection system consists of approximately 90 miles of sewer interceptor lines and eight pumping stations serving all or part of 46 municipalities and 20 private customers in Bergen County, for a total wastewater service population of 536,000. The individual municipalities own and operate the sewers discharging to the BCUA interceptors. The LFWPCF is a 109 million gallon a day public wastewater treatment facility. Robert Laux is the Executive Director of the BCUA.

In July 2016, the BCUA project was originally presented to the EDA Board for review and funding consideration under the ERB program. The original proposal to ERB for \$26,990,350 was to implement a resiliency project at their LFWPCF site that included 3 components to help enable BCUA to remain operational in the event of future storms, disasters, or emergency situations:

- 1) Retrofit two existing Combined Heat and Power (CHP) Cogeneration units with black start and islanding capabilities and floodproof certain buildings/areas (estimated cost \$3,385,551).
- 2) Raise substations to protect power assets from flooding and to avoid cascading impacts to the entire Little Ferry plant that could be caused by flooding of the substations. This may

include and require rerouting of conduit systems, replacement of feeders, distribution wiring, transformer, assets and conductors, and construction of additional structures to complete the installations and/or to replace some substation assets above the proposed base flood elevation levels (estimated cost \$18,798,744).

3) Purchase a 175,000-cubic foot biogas storage tank to stabilize the fluctuation in biogas supply and demand and provide BCUA with the capability to augment biogas feeding the CoGen units during power outages, to make the system more resilient (estimated cost \$4,806,054).

At the time of submission to ERB and EDA's subsequent Board action, BCUA was appealing a denial decision by FEMA for various projects, which included the substations project. In September 2017, BCUA was informed by FEMA that FEMA reversed their original decisions and through a series of obligation letters FEMA has to date obligated \$30.1 million in funding for all 14 projects, with \$28.9 million associated with the ten facility restoration and flood mitigation projects.

Parts of the obligated FEMA mitigation funding under Project Worksheets 4913 and 4914 specifically relate to the elevation of substations and installation of floodwalls around the blower, co-generation, and switchgear buildings, which are assets which contribute to the power supply at the facility. These were originally proposed to be funded as part of the ERB project since FEMA had originally denied the projects but now FEMA has obligated \$11.8 million for these two mitigation projects.

Revised Project Scope and Funding Modification (August 2018 NJEDA Board Action):

Following FEMA's approval to fund the large substations and elevation/floodproofing projects, BCUA then asked EDA to consider a project scope change, retaining one portion of the original ERB project components, deleting another, modifying one portion, and adding additional components. The EDA Board approved this change on August 10, 2018, as outlined below:

- 1) Retrofit two existing Combined Heat and Power (CHP) Cogeneration units with black start and islanding capabilities, of which floodproofing is no longer part of this as FEMA funds are paying for that component (estimated cost \$1,748,885).
- 2) Anaerobic digester membrane cover system, which modifies the original project scope for the biogas storage tank (estimated cost \$15,195,060).
- 3) Anaerobic digester system upgrades/ improvements to efficiently maximize the addition and life cycle of the digester membrane system above, increasing on-site fuel supply production, capturing, and storage maximization. (estimated cost \$16,040,000).

According to the August 2018 Board order, while cumulatively the total project costs increased from \$26,990,350 to \$32,983,945 the ERB financing request remained the same at \$26,990,350, while the grant and loan values remained nearly identical to those in the July 14, 2016 Board reservation approval.

Revised Project Costs, November 2019:

BCUA has now determined that overall project costs have increased to \$43,880,275. The project scope has not changed. The increase is due to several factors, including:

- The estimated volume of solids to be removed from the existing digesters during cleaning was too low and has been increased.
- The anticipated extent of necessary structural repairs to the digesters following cleaning has expanded and will necessitate additional expenditures.
- The cost of engineering services has increased due to changes in scope between the original approval in July 2016 and the modification of scope approved in August 2018, and due to the breaking out of work into multiple contracts, as each contract requires additional work from the engineering consultant.
- There has been some escalation in costs since the estimates pertaining to the current scope were made.

BCUA is not requesting any additional funding from EDA; instead, BCUA intends to secure financing from the New Jersey Infrastructure Bank for the balance of project costs. As this funding will be in the form of a loan rather than a grant, overall debt service costs on the project will increase from what was originally anticipated.

Project Review: Bergen County Utilities Authority's project, as revised in scope in August 2018, is an eligible project at a public critical facility which meets all ERB program eligibility requirements. The project will be developed within the requisite two-year period, with earlier project milestones established for completion of specific project components throughout that period. The New Jersey Board of Public Utilities (BPU) has evaluated the revised project scope to determine it meets ERB program technical and feasibility requirements. When complete, the project will allow BCUA to start-up and isolate from the electrical grid and continue operating and providing needed wastewater treatment services to the broader community in the event of future storms, disasters, or emergency situations. In February 2018, HUD accepted New Jersey's determination that the BCUA ERB project does not meet the definition of a Covered Project as detailed in 78 FR 69168, November 18, 2013.

Project Funding and ERB Funds: The estimated Total Project Cost is now \$43,880,275. It is estimated that \$19,795,186.73 are reasonable resilient related costs per ERB program guidelines. Consistent with the ERB's Financing and Program Guide, the BCUA project will be provided with the following, subject to cost reasonableness analysis and review of final project costs:

ERB Grant: \$25,070,690 (original approval \$25,075,119)

ERB Loan Funding: \$1,919,660 (original approval \$1,915,231)
(2% interest rate, 20-yr term)

Loan Repayment: The financing will be a general operating cost to BCUA with the projected annual loan repayment of \$116,266. This is a resiliency project and will not be creating energy cost savings. BCUA will rely on its general budget appropriation process (customer rate structure) and/or bond resolution for repayment of the ERB loan. BCUA has a strong financial profile and confirmed their rating remains investment grade, which is for Moody's (Aa3 affirmed) and S& P (AA-), both showing a strong positive outlook.

ERB Program Fund Balance: After today's action, \$183,664,989 in Energy Resilience Bank funding will have been reserved for ERB projects. The total ERB program funding of \$200 million from HUD includes a maximum 15% allocation of funds for program delivery expenses, which ERB does not plan to spend in its entirety, thus there is available funding for this project.

Recommendation:

The Members are requested to approve the Bergen County Utilities Authority ("BCUA") using the New Jersey Infrastructure Bank as an additional funding source for their project under the Energy Resilience Bank (ERB) program due to a revised project budget as a result of BCUA's reevaluation of anticipated project costs.



Prepared by: Russel Like

REAL ESTATE



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

Date: November 14, 2019

SUBJECT: Modifications to Milestone Rent Provisions for the NJ Bioscience Center Incubator at North Brunswick (formerly CCIT)

Background:

The Incubator at North Brunswick (formerly CCIT) is located within NJEDA's 50-acre research park, the New Jersey Bioscience Center. The incubator lease contains a "milestone rent" provision and exhibit that requires a tenant to provide a payment to NJEDA in the event of a major financial milestone. The rationale is that, since the incubator is subsidized by NJEDA, a modest portion of a company's successful financial milestone is shared with the incubator to help support its continued operations and growth. A fund-raising milestone has been incorporated into each tenant lease since the launch of the incubator in 2002. Fund raising milestones include institutional venture capital equity rounds, public offerings, equity funding from strategic partners and funding from high net worth individuals. It does not include initial friends and family rounds and convertible debt.

Request:

The Members are requested to approve updates to the milestone program as well as updates to the related wording in the incubator lease. Revisions are recommended to provide a full explanation of the program and to clarify and document operating practices that have refined and evolved during the past 17 years of incubator operations.

The updated policy and corresponding revised language in the lease including exhibit will achieve the following goals:

- 1) Present a detailed understanding of the milestone program and outline the required TENANT payment to NJEDA for the subsidy received while residing at the incubator.
- 2) Offer a simple explanation of the milestone rent details.

- 3) In contrast to the original wording, offer consistently applied, but less aggressive formulas in calculating milestone fees. The new calculation includes a simple sliding percentage scale based on incubator tenure.
- 4) The updated milestone program requires an increased payment by companies that exit the State and take their job creation potential elsewhere.
- 5) The updated milestone program documents and clearly excludes companies from the milestone obligation that: a) do not have an equity event and/or b) relocate within New Jersey Bioscience Center. Note that both items have been regular practices at the incubator.

Historical Use Of Milestone Clause:

The bioscience incubator has proven success as a destination for ex-pharma scientists seeking to establish new biotech companies. With few exceptions, these companies have focused traditionally on research and development services versus stand-alone therapeutic drug discovery innovations. Therefore, milestone events have rarely been achieved. R&D services companies tend to scale quickly and grow revenues and jobs with limited external equity capital. As a result, R&D services companies rarely have a financial milestone.

In contrast, therapeutic drug discovery companies focus on innovative research that typically require equity funding to provide for their sustainability until exit. Such equity funding is subject to milestone payments.

The incubator's past use of the milestone clause is noted in the chart below:

Incubator At North Brunswick Tenant Milestone Payments			
Tenant Company	Date of Milestone	Milestone/Equity Amount	NJEDA Payment
Access Bio	2004	moved to a non-targeted zone	\$ 10,000.00
Advaxis	2006	\$ 3,000,000.00	\$ 2,500.00
Amicus	2009	\$ 31,000,000.00	\$ 40,000.00
Hurel	2015	\$ 2,300,000.00	\$ 2,916.67
Orthocon	2006	\$ 10,000,000.00	\$ 5,000.00
Orthobond	2011	\$ 2,200,000.00	\$ 14,583.25
SunGen Pharma	2016	\$ 2,500,000.00	\$ 1,185.50
PDS Biotechnology	2014	\$ 1,500,000.00	\$ 3,645.83
Total			\$ 79,831.25

Attachments –

- 1) Updated Bioscience Incubator Lease Provisions
- 2) Updated Exhibit B

Recommendation

The Members are requested to approve updates to the milestone program as well as updates to the related language in the incubator lease.



Tim Sullivan,
Chief Executive Officer

Prepared by: Lenzie Harcum

Milestone Success Fee LEASE Wording

Proposed wording to the Bioscience Incubator Lease

6. ADDITIONAL RENT

6.1 The "ADDITIONAL RENT" (as hereinafter defined) shall commence to accrue and be payable from the RENT COMMENCEMENT DATE.

6.2 The ADDITIONAL RENT shall consist of (1) 100% of OPERATING EXPENSES attributable solely to the LEASED PREMISES (2) Milestone Rent as more fully described in Section 6.3 and EXHIBIT B hereof and (3) 100% of all other ADDITIONAL RENT expressly set forth elsewhere in this LEASE and EXHIBITS.

6.3 OPERATING EXPENSES means the following:

- (a) sub-metered electrical usage for Leased Premises emergency lighting and receptacles;
- (b) per use charge of the copier and fax machines at LANDLORD's posted and reasonable rates;
- (c) per use charge for the use of the Autoclave and Nuclear Magnetic Resonance (NMR) at LANDLORD's posted and reasonable rates;
- (d) use of other fee-for-use services utilized by TENANT at

LANDLORD's posted and reasonable rates;

6.4 ADDITIONAL RENT shall be paid to LANDLORD thirty (30) days from TENANT's receipt of LANDLORD's bill for ADDITIONAL RENT charges.

7. MILESTONE RENT-

7.1 The "MILESTONE RENT" shall be payable upon the expiration or earlier termination of the LEASE the "GRADUATION") unless the TENANT relocates within the CENTER

7.2 The MILESTONE RENT is based on laboratory space occupied when an event obligation occurs

7.3 The MILESTONE RENT as stated in EXHIBIT B shall be paid to LANDLORD within thirty (30) days from TENANT's receipt of LANDLORD's invoice for MILESTONE RENT charges. If TENANT also incurs an out-of-state MILESTONE RENT, it shall be paid to LANDLORD within sixty (60) days from TENANT's receipt of LANDLORD's invoice for the out-of-state MILESTONE RENT charge.

Current wording in the Bioscience Incubator lease

6. ADDITIONAL RENT

6.1 The "ADDITIONAL RENT" (as hereinafter defined) shall commence to accrue and be payable from the RENT COMMENCEMENT DATE.

6.2 The ADDITIONAL RENT shall consist of (1) 100% of OPERATING EXPENSES attributable solely to the LEASED PREMISES; (2) Milestone Rent as stated on EXHIBIT B, and (3) 100% of all other ADDITIONAL RENT expressly set forth elsewhere in this LEASE and EXHIBITS.

6.3 OPERATING EXPENSES means the following:

- (a) sub-metered electrical usage for Leased Premises emergency lighting and receptacles;
- (b) per use charge of the copier and fax machines at LANDLORD's posted and reasonable rates;
- (c) per use charge for the use of the Autoclave and Nuclear Magnetic Resonance (NMR) at LANDLORD's posted and reasonable rates;
- (d) use of other fee-for-use services utilized by TENANT at LANDLORD's posted and reasonable rates;

6.4 MILESTONE RENT which shall be calculated as set forth in EXHIBIT B and ADDITIONAL RENT shall be paid to LANDLORD thirty (30) days from TENANT's receipt of LANDLORD's bill for MILESTONE RENT or ADDITIONAL RENT charges.

Exhibit B

1) Milestone Rent Defined

Sections 6 and 7 of the LEASE require a TENANT to provide payment to LANDLORD in the event a TENANT reaches a material financial milestone as described herein. In consideration for the subsidy made by LANDLORD resulting in the reduced RENT set forth in Section 5.1 of the LEASE, TENANT will contribute a portion of its financial milestone to LANDLORD to help support the BIOSCIENCE INCUBATOR's continued operations and growth for succeeding tenants. The calculation of the MILESTONE RENT is described below and is based on length of tenancy, number of labs and value of the equity raise event.

2) Milestone Rent Obligation

A TENANT's obligation to pay MILESTONE RENT shall occur on the earliest occurrence of the identified Milestone events. A MILESTONE RENT is a one-time obligation of TENANT, such that, once TENANT reaches its first Milestone unless TENANT relocates outside of the State of New Jersey, TENANT has no further MILESTONE RENT obligations even on the occurrence of other Milestone Events. The MILESTONE RENT obligation shall be paid by TENANT to LANDLORD within thirty (30) days of GRADUATION.

The MILESTONE RENT obligation shall survive GRADUATION for a period of six (6) months (the "SURVIVAL PERIOD") if the Milestone Rent first occurs during the term of TENANT's occupancy or thereafter during the SURVIVAL PERIOD except in the instance of a TENANT relocating out of the State of New Jersey. In such event the TENANT will be subject to an out of state GRADUATION milestone as hereinafter set forth less MILESTONE RENT obligations described herein. The obligation of a TENANT relocating out of state shall survive for a period of five (5) years after GRADUATION ("OUT OF STATE SURVIVAL PERIOD") if the MILESTONE RENT first occurs during the term of TENANT's occupancy or during the OUT OF STATE SURVIVAL PERIOD.

3) Milestone Rent Calculation

The basis for calculating the MILESTONE RENT reflects a percentage of \$10,000 per lab unit for each year of the LEASE (including extensions, renewals or absorption of additional space) up to the time of the Milestone (the "MILESTONE CALCULATION"). There is no MILESTONE RENT calculation for an office only tenant.

Fund raising milestones include but are not limited to institutional equity rounds, public offerings, equity funding from strategic partners and funding from high net worth individuals. It does not include: friends and family rounds and convertible debt. Documentation of funding will be required by LANDLORD, and may include but is not limited to subscription agreements and a capitalization chart.

Milestone Events and Calculation Formula

<u>Milestone Success Fee Calculation Formula, \$10,000/lab/year</u>					
<u>Graduation from BIOSCIENCE INCUBATOR</u>	<u>Milestone Rent Percentage</u>				
Factor allocation for Relocation out of the State of NJ	200% of the Milestone Rent Calculation				
<u>Fund Raising</u>	<u>Milestone Rent Percentage</u>				
<u>Lease Year(s) Occupancy</u>	year 1	year 2	year 3	year 4	year 5
Venture Capital or Private Equity raise of greater than \$1.0 million but less than \$5.0 million	5%	10%	15%	20%	20%
Venture Capital or Private Equity raise of \$5.0 million or more	10%	15%	20%	25%	30%
Public Offering (\$1.0 million minimum)	10%	20%	30%	40%	50%

Example – ABC Biotech (“ABC”) leases one lab and in year 3 of its lease, ABC raises a \$10M venture capital round. ABC’s milestone rent payment is calculated as follows: \$10,000 (one lab) X 3 years x 20% (see chart above) = \$6,000 due upon 30 days of graduation.

TENANT’s obligation to pay MILESTONE RENT shall be based on the earliest occurrence of the identified Milestone events. The MILESTONE RENT is a one-time obligation of TENANT unless the TENANT relocates out of state. A company relocating out of the state of New Jersey is subject to a fund-raising milestone, if applicable, and also an out of state GRADUATION milestone.

Example Out-Of-State – XYZ Biotech (“XYZ”) leases one lab and in year 3 of its lease, XYZ raises a \$10M venture capital round. XYZ’s milestone rent payment is calculated as follows: \$10,000 (one lab) X 3 years x 20% (see chart above) = \$6,000 due upon 30 days of graduation. Due to an out-of-state relocation in year 7 (2 years after graduation), the out-of-state graduation milestone is as follows: \$10,000 (one lab) X 3 years X 200% = \$60,000 less the \$6,000 already paid for a net amount due of \$54,000 due within 60 days after receipt of LANDLORD’s invoice for the out-of-state milestone.

TENANT’s participating in an IPO may opt to offer “friends and family shares” of an equivalent value to the MILESTONE RENT due to LANDLORD prior to the stock’s public launch, at no cost to LANDLORD based on offering price.

[definition - friends and family shares are often regarded as the very first sources of capital for a young business entity. Entrepreneurs, issuers and bankers may offer “friends and family shares” to business associates, family members or friends, prior to the stock’s launch to the public, allowing them a stake in the future success of the company.]

4) Non-Qualifying Milestone Events –

- Seed round investment from founders and friends/family.
- Graduating TENANT that is expanding operations in other premises within the New Jersey Bioscience Center.

- A foreign **related** entity of a TENANT that receives funding from a foreign entity.
- Convertible notes until the note converts to equity.

5) Milestone Rent Penalties

- a) Fund Raising MILESTONE - A TENANT that does not pay the MILESTONE RENT obligation within the thirty (30) day time period following notification from the LANDLORD will be subject to a 10% monthly MILESTONE RENT late fee until the MILESTONE RENT is paid in full.
- b) Relocation Out-Of-State MILESTONE - A TENANT that does not pay the Out-Of-State MILESTONE RENT obligation within the sixty (60) day time period following notification from the LANDLORD will be subject to a 10% monthly MILESTONE RENT late fee until the Out-Of-State MILESTONE RENT is paid in full.



MEMORANDUM

TO: The Members of the Authority
FROM: Tim Sullivan, CEO
RE: Recommended Revisions to Bioscience Incubator participation in NJ Ignite
DATE: November 14, 2019

Request

On September 13th, 2018, the Members of the board approved participation by NJEDA's Bioscience Incubator (formerly known as CCIT) in the NJ Ignite program. NJEDA's NJ Ignite pilot program provides real estate partnership grants that offset rent for early stage technology and life sciences companies. After a year of managing the NJ Ignite program at the Bioscience Incubator without any participants, the Members of the board are asked to approve broader criteria for company participation in the program.

Background

The NJEDA has owned and operated the New Jersey Bioscience Center's Incubator at North Brunswick (Bioscience Incubator) since 2002. The Bioscience Incubator is almost 50,000 square feet with 27 wet labs and access to offices, conference rooms, and shared lab equipment. Residents have access to a variety of professional and support services including open office hours by professional firms from the life sciences community. The facility routinely hosts events such as Lunch & Learn presentations that bring in industry experts to discuss topics relevant to emerging companies and early stage life science funding panels. Over its history, the NJ Bioscience Incubator has been home to almost 80 start-up life sciences companies including success stories such as Amicus Therapeutics, Advaxis, Chromocell and Genewiz.

The statewide NJ Ignite program is designed to provide real estate partnership grants that offset rent for specific early stage technology and life science companies. As detailed in the attached program approval memo, each participating incubator can receive up to \$150,000 of support for their individual facility. In September 2018, the Board approved the availability of a separate \$75,000 for the Bioscience Incubator applicant pool. The commitment of \$75,000 will be realized as forgone rent and the incubator will not draw from the statewide NJ Ignite pool of funds. This commitment was expected to potentially accommodate up to five new high potential tenants that meet the eligibility criteria.

Proposed Modified Criteria for Participation in NJ Ignite

Given the state's rich history as a corporate pharmaceutical powerhouse, the Bioscience Incubator has proven success as a destination for ex-pharma scientists seeking to establish new biotech companies. With few exceptions, these companies have traditionally focused on research services versus therapeutic drug discovery innovations. At the request of its advisory board, the Bioscience Incubator seeks to house more drug discovery companies spun-off by academic institutions. Given an adjusted eligibility criteria, NJ Ignite could serve as a strong attraction tool to recruit these companies. Many prospects are associated with academic medical centers in neighboring Philadelphia and New York City.

To achieve this goal, a modified criteria for participation in the program is deemed appropriate. Given the lessons learned over the past year, the Bioscience Incubator advisory board realized that the original criteria and guidelines were too strict and that broader criteria was necessary to attract the targeted companies. It was determined that the original criteria did not allow for the following scenarios that are often associated with biotech companies:

- unique corporate structures involving multiple corporate entities – such corporate structures are common in biotech.
- digital and data components that could be the focus of an academic biotech spin-off
- smaller early stage funding sources such as pre-seed angel rounds and SBIRs
- inexperienced business leadership consisting of first-time entrepreneurs which is common with academic spin-offs.

For your reference and review, on the follow page, is the proposed modified criteria detailed side-by-side to the original criteria.

Proposed/Amended NJ IGNITE evaluation criteria requires applicants to meet the following requirements:

- 1) *A management team or principal(s) having substantial technical experience. Must have demonstrated progress in advancing the technology towards commercial application. Preference to leadership with past success leading a commercial life sciences company.*
- 2) *Only companies focused on commercializing innovative in-licensed academic and/or medical center-based innovative discovery technologies will be considered. In addition, companies with IP acquired directly from an academic institution and/or medical center are eligible. Eligible technology categories include: i)new chemical entity (NCE) drug discovery technologies ii)diagnostics iii)devices iv)digital health v)biologics. Preference to in-licensed new chemical entity (NCE) drug discovery technologies. Eligibility extends to technologies in-licensed from in or out of state academic institutions or academic medical centers. The following are not considered: R&D services, 505b2, generics.*
- 3) *Companies must have a funding commitment to sustain them through, at least, one year of projected operations. . May include funding from foundations, angels and government sources (SBIRs) and/or funding from a consortium of life sciences VC firms having track records of success.*
- 4) *Corporate ownership structure may include joint ventures and strategic partnerships and strategic alliances. The entity applying must have the opportunity to derive financial benefit from the in-licensed or owned technology. If the applicant is not a direct owner of the technology, applicant must have over a 25% ownership stake in the company that owns or has in-licensed the technology.*

For reference, the original NJ Ignite Program requested that an applicant meet the following requirements:

- 1) *An experienced management team and/or principal(s) having substantial technical and/or managerial skills, experience and education. Leadership must have clearly defined success previously leading a commercial life sciences company – in terms of funding, leadership much have raised a minimum of \$15M in a prior biotech company.*
- 2) *Only companies focused on drug discovery technologies will be considered for participation in the program. Preference to in-licensed new chemical entity (NCE) or drug discovery technology from a major Academic Medical Center. Consideration will be given to both in-state and out of state companies and to technologies in-licensed from both in and out of state Academic Medical Centers.*
- 3) *Companies must have a funding commitment of at least \$500,000. Preference to funding from a consortium of institutional venture capital firms. Angel investment will be considered.*

The Members of the Board are requested to approve the modified criteria described herein. The criteria noted above will be in addition to Bioscience Incubator's existing application requirements. Through the Bioscience Incubator application process (which involves tenant recommendation by the advisory board) companies are selected that have strong fundamentals necessary for growth and success.

Delegated authority

Tenant recommendations under the NJ Ignite program for the Bioscience Incubator follow the same review process for all Bioscience Incubator applicants – as standard protocol all Bioscience Center applicants must receive final recommendation for tenancy from the Bioscience Incubator advisory board.

Financial Considerations

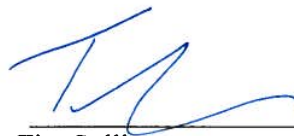
As designed, the NJ Ignite program can provide a rent subsidy assuming matching rental support from the tenant company. As outlined in the attached program approval memo, the program is capped at \$15,000 benefit per incubator resident company. At the Bioscience Incubator, a small lab currently rents for \$2530/month, therefore, the maximum benefit will cover 5.93 months of rent. In the case of a large lab which currently rents for \$3300/month, the maximum benefit will cover 4.5 months of rent.

Future Legislative Considerations

In the future, if there is a change in funding source for the general NJ Ignite program and a change in program criteria such as the funding source or incubator or company cap, note that these changes would be also applied to the program within the Bioscience Incubator.

Recommendation

The Members are requested to approve the modified criteria for Bioscience Incubator participation in the NJ Ignite program under the amended criteria detailed herein.



Tim Sullivan,
Chief Executive Officer

Prepared by: Lenzie Harcum



MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan
DATE: July 25, 2018
RE: Incubator and Collaborative Workspace Rent Initiative

Summary

The members of the Board are requested to approve a \$500,000 pilot grant program called the Incubator and Collaborative Workspace Rent Initiative (NJ IGNITE). The program will provide real estate partnership grants that support the rent for early stage technology or life science companies to work in a New Jersey incubator or collaborative workspace (including accelerators or co-working spaces), and thereby further develop the state's entrepreneurial eco-system. The pilot program will be capitalized through the Economic Recovery Fund (ERF).

The program is structured as a public-private partnership, where the EDA provides funding to the incubator or collaborative workspace to support the first months of a technology or life science company's rent at the New Jersey workspace; and the workspace is required to provide additional rent support for a total grant of 3-9 months. The incubator or collaborative workspace can only utilize the grant funding for technology and life science companies that agree to continue renting space at the facility for an additional 3-9 months (matching the number of grant-funded months). To participate in the grant program, the partnering incubator or collaborative workspace must also commit to hosting at least 10 ecosystem/community building events each year (e.g., meet-ups, resident professional service office hours, education sessions, supplier or customer match-making events, etc.). See below and exhibits A for additional program details.

The NJ IGNITE has three objectives, all of which help grow the innovation economy:

1. Provide support to New Jersey's 45+ incubators and collaborative workspaces (and encourage the creation of new facilities) by increasing the number of young company tenants
2. Reduce the financial burdens for young technology and life science companies to enter incubators and collaborative workspaces, thereby increasing participation rates and improving the State's innovation ecosystem
3. Further, improve the State's innovation ecosystem by incentivizing more incubator and collaborative workspace-based events

It is well documented that young companies have a higher chance of success when they work in an incubator, accelerator or other collaborative workspaces. These spaces foster community engagement, provide needed support and encourage accountability among entrepreneurs. Connecting into these communities helps young companies navigate early challenges that can stall rapid company

growth. Similarly, increasing the number of companies in these spaces helps increase the density and visibility of the State's innovation ecosystem. Ultimately, a stronger innovation ecosystem leads to more successful companies that go on to scale and create high-quality jobs for the State.

While the benefits of working in a collaborative workspace are clear for young-startups, these companies are often capital constrained and must choose between paying rent, investing in product improvements or hiring additional talent. The NJ IGNITE helps address this barrier while simultaneously enhancing demand for the State's incubators, accelerators, and co-working spaces.

This program aligns with EDA's and the Administration's efforts to support the innovation economy and fills a gap in EDA's current portfolio of support for very early-stage companies. Existing EDA programs for very early-stage companies currently focus on match-making and ecosystem building. For example, the NJ Founders & Funders program facilitates introductions between emerging New Jersey technology and life sciences companies and angel/institutional investors. The NJ IGNITE will allow EDA to also provide financial support to these companies.

As these start-up companies mature, they can take advantage of EDA's other Innovation Economy support programs such as: direct investments through the NJ CoVest Fund, Edison Innovation Angel Growth Fund, and Edison Innovation VC Fund; monetization of tax and R&D credits through the Technology Business Tax Certificate Transfer Program (commonly known as the NOL program); investment attraction through the Angel Investor Tax Credit Program; and mentorship and lab/office space through one of EDA's Biotech Incubator and Research Park facilities.

Background

Incubators, accelerators and other collaborative working facilities bundle office/lab space for young companies with educational events and mentorship support. The benefits of entrepreneurs participating in these types of collaborative work spaces are well documented, including increased productivity and motivation, easier access to information, faster setup timelines, and increased brand exposure – all which contribute to a higher likelihood of success.

These types of collaborative workspace communities have grown throughout the United States. EDA staff have identified 45+ collaborative sites in New Jersey (31 co-working facilities, 7 incubators, and 8 accelerators). However, the State lags other innovation-oriented states such as New York, California, and Massachusetts in collaborative workspaces per capita. One way to incentivize the expansion and creation of new collaborative working spaces is by providing rent support to help attract new tenants. This support can be especially effective for newly established collaborative workspaces that are looking to build up their internal innovation community.

Many NJ startups in their early development stage choose to not move into a collaborative workspace because of the cost. They do not have enough capital to support growing their business while paying rent. Further, many of the most desirable NJ sites have upgraded their spaces with premium features including conference facilities with state-of-the-art video capabilities, on-trend open layouts, career development events, and 24/7 access – all of which have driven up monthly rental prices. For this reason, numerous startups have chosen to continue working remotely or move into standard office spaces that do not offer a collaborative working environment.

NJ IGNITE commitment structure and length

To address the above opportunities, EDA staff is proposing the creation of a \$500,000 grant pilot program to finance 2, 4 or 6 months of a technology or life science company’s rent at a New Jersey Incubator, accelerator or other collaborative facility. EDA will provide the grant funding to an approved workspace to fund the rent of a technology or life science company. EDA will only make a grant if the approved NJ IGNITE partner has agreed to match the grant on a 1:2 basis. Also, the NJ IGNITE host may only use the grant funding to support tenant companies that commit to continuing to work at the facility for the same length of time as the total sponsored period – EDA grant plus the host site grant.

For example, a grant that covers 2 months of rent from EDA must be matched by a 1 month of rent from the NJ IGNITE partner and an additional 3-month stay by the company at the space (see details in the chart below).

Program Commitment Structure			
A. EDA Support	B. Space Support	C. Tenant Commitment <i>1 x (A+B)</i>	Total Commitment <i>A+B+C</i>
2	1	3	6
4	2	6	12
6	3	9	18
*all numbers represent months			

To further assist the growth of incubators and collaborative workspaces, EDA will provide an additional month of grant funding for each of the following three bonus categories:

- i) Located in a designated *Opportunity Zone* census tract
- ii) Affiliated with a hospital system or a New Jersey university
- iii) Been open less than 90 days from day of application and cannot be in the same location as an existing facility.

All three categories can be utilized or “stacked,” however, the per tenant cap remains at \$15,000. These additional “bonus” months from EDA do not have to be matched by either the workspace or the tenant.

NJ IGNITE qualification criteria and process

To qualify as an approved NJ IGNITE partner site, an incubator or collaborative workspace must certify (citing specific, verifiable details as appropriate) that they have or have had a minimum of 5 unique paying tenants within the last 2 years (tenants must have an arms-length relationship with the NJ IGNITE partner), have a cost of operating their facility (e.g., rent, mortgage, or company charge-back), offer hot desks, dedicated desk or private offices space, and will host at least 10 innovation ecosystem building events (e.g., meet-ups, resident professional service office hours, education sessions, supplier or customer match-making events, etc.) each year they participate in the program. NJ IGNITE interested applicants formed less than 90 days before the approval request may qualify for the program, if they have at least 3 signed prospective lease agreements and meet all other program requirements.

The NJ IGNITE partner must also certify that the rent charged to program participating tenants is the same or comparable to the rates charged to other community members. They must submit a

satisfactory NJ tax clearance and a registration certificate to conduct business in NJ. The Authority will reserve the right to conduct site visits and/or audit to confirm any statement made in the collaborative workspace's certification. In instances where statements made in the workspace certification are found to be inaccurate, EDA may remove the Incubator and Collaborative workspace from program participation.

Once a workplace is approved, they are eligible to apply for a NJ IGNITE grant. To apply, a workspace must reach an agreement with a prospective tenant on the length of the workspace's rent grant (1, 2, or 3 months). EDA's grant will be for 2x the collaborative workplace's commitment. The NJ IGNITE partner must submit a grant application for this real estate partnership to EDA for approval. This grant application will include a certification (citing specific, verifiable details as appropriate) from the tenant company. This tenant certification will confirm that the company is: a technology or life sciences company that is less than 3 years from earliest formation, has less than 10 employees (1099, W2, or common law employees), has less than \$1,000,000 in trailing twelve months gross sales, has a minimum of one full time NJ employee (i.e., works more than 35 hours per week for the company) that will be working in the facility, and has not previously utilized a collaborative workspace in NJ (use of out-of-state collaborative workspaces does not disqualify the tenant).

The application must also append the tenant's registration certificate to conduct business in NJ, a 2-page company executive summary, and a lease or membership agreement with the approved collaborative workspace facility for a period no less than the total occupancy required by the grant. The lease or membership agreement may be contingent on the award of the grant and must be signed and finalized within +/- 30 days of the date of submission of the grant application (pending timely approval by EDA). Incubator and Collaborative workspace memberships that include access by the NJ tenant company to sites outside of the State are not permissible under this program.

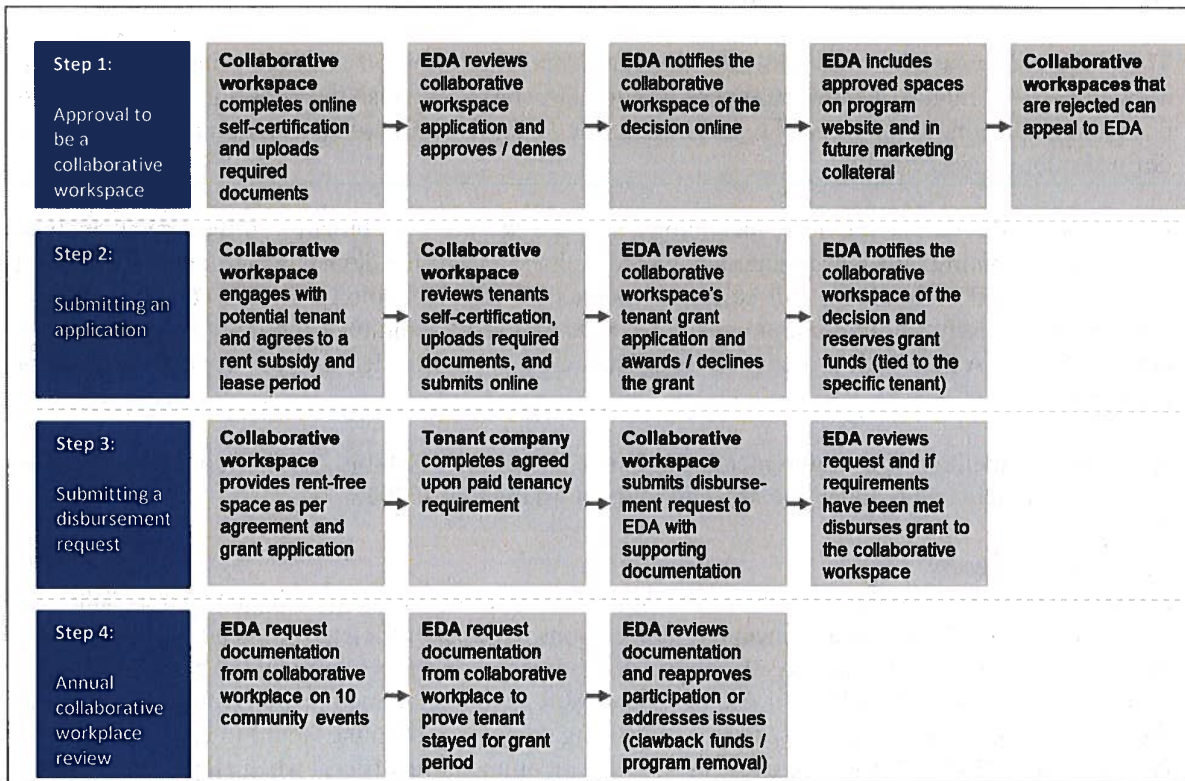
As part of the self-certification, the tenant must agree to allow the Authority to conduct site visits and/or audit the tenant to confirm any statement made in the tenant's certification. In instances where statements made in the tenant certification are found to be inaccurate, EDA may retract the grant and the NJ IGNITE partner must return all unused portions of the funding.

To trigger the disbursement of the EDA grant, the NJ IGNITE partner must have met its grant-supported rent commitment, and the tenant company must have remained at the facility for the additional tenancy period. The host will then submit a funding disbursement request with documentation that confirms both requirements have been met. EDA will review the documentation and pending any questions; the grant will be disbursed directly to the collaborative working space.

As part of this pilot program's requirements, the Incubator or Collaborative Workspace host will be required to hold a minimum number of 10 innovation ecosystem-building community events each year, including professional office hours (e.g., domiciled experienced attorney, accountant, investor). During a yearly collaborative workplace review, the NJ IGNITE host partner will need to provide evidence that it hosted the 10 events. If there is no evidence that events were held, the facility will be removed from the approved NJ IGNITE program list and not be able to participate in the program moving forward, but existing grants for tenant companies will not be revoked. In such cases, EDA will help the tenant companies source access to community events at another collaborative workspace. As part of the same annual review, EDA will request documentation that rent grants were fully utilized for the tenant companies for which each grant was awarded. If a company did not stay for the entire grant period, the NJ IGNITE partner must refund EDA for the portion of the grant that was not used. For example, if EDA provided a 6-month rent grant, but a tenant company left the workspace after 2 months, the NJ

IGNITE partner must refund EDA the remaining four months of rent.

Following are the steps for the grant process as detailed herein.



Additional NJ IGNITE consideration and definitions

To make the program flexible to market demand and differing workspace operating strategies, each NJ IGNITE partner will utilize its decision-making criteria when determining which tenants and for how long it would like to co-invest. For example, an accelerator program that already has high occupancy may choose to use the program selectively and only offer a maximum of 1-month rent grant on private office space, whereas a brand new co-working space might offer 2-months supported rent on its hot-desk, dedicated desks, and private offices to all companies that are trying a New Jersey-based incubator or collaborative workspace for the first time.

The maximum lifetime grant amount that can be provided to a workspace for use toward the rent of the same company under this program is \$15,000. The maximum amount of EDA grants that a workspace can match during the pilot is \$150,000

This program is designed to influence the behavior of incubators and other collaborative spaces along with the behavior of early stage companies that are less mature and face greater resource constraints than many of EDA's traditional loan, bond, or incentive applicants. Also, this program is designed to be highly scalable while still providing rapid application response times. Given these considerations, EDA is purposefully utilizing self-certifications for collaborative workspace approvals and tenant grant applications that reduce administrative burdens on applicants. This

reduced burden is meant to encourage broader program participation; however, we acknowledge that it also increases EDA's potential risk exposure. As the average level of support offered through the NJ IGNITE is much smaller than many of EDA's other programs, EDA believes this tradeoff is appropriate and will yield a net positive benefit for the State's innovation economy.

The EDA staff estimates that pilot funding can support between 50 and 100 companies over an anticipated 6-12-month disbursement period. The EDA staff will revisit the opportunity after the first 6 months of disbursement and will report back to the Authority's Board on program metrics and pre-defined pilot success criteria.

For purposes of the NJ IGNITE, technology and life sciences, as broadly defined, shall include advanced computing, advanced materials, biotechnology, electronic device technology, information technology, food technology, life sciences, medical device technology, health care technology, logistics technology, mobile communications technology, agriculture technology, and renewable energy. The EDA staff will provide any suggested changes to this definition at the end of the pilot program.

Additional guidelines and requirements are listed in attached Exhibit A. The launch of the new program is anticipated no later than the end of the third quarter of 2018.

Delegated authority

Beginning in July 2003 the Members of the Authority have been asked to delegate signing authority to staff on certain financing and incentive transactions, to create efficiencies for our customers and provide fluidity to our business. As the approvals anticipated in the NJ IGNITE are anticipated to be routine in nature with very limited Authority exposure, and a shortened response time is critical to the success of the startup business, staff is requesting delegation from the Board to approve these NJ IGNITE grants [Level 4: Vice President of TLS and recommending officer] when all program criteria outlined herein are satisfactorily met. This request is similar to other EDA programs of similar scope and size. All applications that staff recommends for declination, whether of entities seeking to participate in the program as collaborative workspace or of grants, will be presented to the Board. If program expands beyond the pilot stage, these delegation levels are to be revisited by the Board.

Recommendation

The Members are requested to approve the creation and implementation of the NJ IGNITE pilot utilizing \$500,000 in ERF funding resources as substantially described in the attached Exhibit A.



Tim Sullivan, Chief Executive Officer
July 25, 2018

Prepared by: Rachel McCauley

Attachment:

- Exhibit A – NJ IGNITE Specifications

**Exhibit A – Incubator and Collaborative Workspace Rent Initiative
Proposed Program Specifications**

Funding Source	Total funding for Incubator and Collaborative Workspace Rent Initiative (“NJ IGNITE”) will be \$500,000 using eligible Authority funds from the Economic Recovery Fund (ERF).
Program Expiration	Program to operate on a pilot basis-funds will be committed within an estimated 6-12 months from acceptance of the first application or until such time that the funds are depleted.
Administrating Agency	New Jersey Economic Development Authority (the “EDA”)
Program Purpose	The purpose of the program is to further improve the innovation ecosystem within NJ by: i) increasing the number of young companies working in collaborative spaces thereby supporting collaborative working space ecosystems and incenting development of additional collaborative working spaces; ii) reducing the financial barriers for smaller cash-constrained start-ups to work in the collaborative spaces; and iii) encourage new and existing collaborative working spaces to provide more ecosystem support for their tenants.
Collaborative Work Space Eligibility Requirements	<p>To be accepted as an NJ IGNITE facility, the collaborative workspace, needs to sign a verification form that certifies (citing specific, verifiable details as appropriate) that they meet the following requirements:</p> <ul style="list-style-type: none"> • Located in New Jersey • Has a minimum of 5 unique paying tenants over the last 2 years (tenants must have an arms-length relationship with the collaborative workspaces owners and operators); collaborative workspaces formed less than 90 days prior to the approval request may qualify for the program if they have at least 3 signed prospective lease agreements and meet other requirements • Has a cost of operating the facility (e.g., rent or mortgage or internal corporate charge-back) • Offer at least one variety of work space - private office space, hot-desks or dedicated desks • Will host at least 10 innovation ecosystem building events a year (examples of events include: meet-ups, speaker series, office hours for lawyers/ accountants/ consultants/ investors) • Will charge rent to tenants and confirm that the rent charged to the startup and being funded by the EDA is the same or comparable to the rates charged to other community members. • Will provide free rent to the startup company as defined in the program parameters outlined herein. • Qualifications for a “New” facility <ul style="list-style-type: none"> ○ Must be less than 90 days old from application date ○ Cannot be an expansion of an existing facility (i.e., adding additional square feet in the current building) <p>In addition to the verification form, the collaborative workspace must provide the following supporting documentation:</p> <ul style="list-style-type: none"> • Satisfactory NJ tax clearance • Registration certificate to conduct business in NJ

<p>Eligibility Requirements for Tenants Companies partnering with the Collaborative Workspaces</p>	<p>The collaborative workspace should ensure the tenant company signs a verification form that certifies (citing specific, verifiable details as appropriate) the company meets the following requirements:</p> <ul style="list-style-type: none"> • Is less than 3 years from the date of earliest formation • Has less than 10 employees (1099 and/or W2) • Has less than \$1,000,000 in trailing twelve months gross sales from application submission • Has a minimum of one full time (i.e., works more than 35 hours per week for the company) NJ employee that will be working in the facility (1099, W2, and common law employees are eligible) • Has not previously utilized a collaborative workspace in NJ (use of out-of-state collaborative workspaces does not disqualify the tenant) • Is a technology or life science firm (see definition above) <p>The company must support its verification form with the following documents:</p> <ul style="list-style-type: none"> • Registration certificate to conduct business in NJ • 2-page executive summary • Satisfactory signed lease or membership agreement with an approved collaborative workspace facility for a period of time no less than the total occupancy required by the grant • The lease must be for the facility in NJ, not a universal membership <p><i>The tenant must agree to allow the Authority to conduct site visits and/or audit the tenant to confirm any stamen made in the tenant's certification.</i></p>
<p>Grant amount</p>	<ul style="list-style-type: none"> • Determined based on application request for number of months at the standard rent rates charged to all other applicant companies at the specified community for similar space • Maximum base reimbursement of 6 months' rent, when first matched with 3 free months from the collaborative workspace and 3 paid months by the tenant • Grants are eligible for up to three 1-month bonus months of EDA provided rent support, which do not need to be matched by the collaborative workspace or the tenant. One bonus month of rent support is provided for each of the following three categories: i) the collaborative workspace is in an <i>Opportunity Zone</i>; ii) the collaborative workspace is affiliated with a NJ university or healthcare facility; iii) the collaborative workspace has opened within the last 90 days • Maximum amount per tenant company: \$15,000 (including bonuses) • Maximum amount per facility for pilot program: \$150,000 • Amount of grants that are not utilized for rent for the tenant company identified in the application will be clawed back by EDA during annual collaborative working space reviews
<p>Funding Disbursement</p>	<ul style="list-style-type: none"> • Full amount of the grant will be disbursed after the collaborative workspace has met its months of commitment in the space and the tenant company has remained for the additional months, from either 2, 4 or 6-month EDA funded amount as per NJ IGNITE requirements - all disbursement will be made directly to the collaborative workspace for the benefit of the rent expense of the tenant company.

<p>Application and Approval Process</p>	<ul style="list-style-type: none"> • All NJ based collaborative workspaces must apply for participation into the NJ IGNITE as detailed herein. • The collaborative workspace will apply for a grant to the EDA once it has partnered with a tenant company (e.g., signed a lease or a lease contingent on grant funding to start within 30 days +/- from grant application submission date). • Funds will be reserved for approved applicants while awaiting achievement of disbursement milestones. • The EDA is responsible for reviewing and approving the applications by ensuring that they submitted the necessary required documentation. • Applications will be reviewed on a rolling basis until all funds are committed, or program sunsets.
<p>Fees</p>	<p>None</p>
<p>Commitment to NJ</p>	<p><u>Incubator and collaborative workspace participation:</u></p> <ul style="list-style-type: none"> • Invest in a NJ early-stage technology or life sciences company by providing 1, 2, or 3 months of free rent. • The facility will need to make a commitment to holding 10 community events per year (e.g., host meetups, office hours for accountants/lawyers/investors/consultants, panels). Failure to perform the above may result in removal from the program and negatively impact the ability of the collaborative workspace to qualify for future EDA programs. <p><u>Grant:</u></p> <ul style="list-style-type: none"> • The workspace must confirm that the tenant company tied to the grant remained at the facility for at minimum the entire program commitment period. The program period includes the workspace grant rent period, tenancy period that is 1x the total grant funding, and EDA grant funded period. If the tenant company leaves the space before the full program period, the Collaborative Space will be required to refund the portion of the grant that was not utilized for the specific tenant rent.



MEMORANDUM

TO: The Members

FROM: Tim Sullivan, Chief Executive Officer

RE: Parcel F-1, Tinton Falls
Second Amendment to the Assignment and Assumption Agreement with
RWJ Barnabas Health, Inc., and the Fort Monmouth Economic Revitalization
Authority

DATE: November 14, 2019

Request

I request that the Members approve the execution of the Second Amendment to the Agreement to Assign (“Assignment”) among the New Jersey Economic Development Authority (“NJEDA” or “Assignor”), the Fort Monmouth Economic Revitalization Authority (“FMERA” or “Seller”) and RWJ Barnabas Health, Inc. (“RWJBH” or “Assignee”). The Second Amendment provides for a due diligence extension for RWJBH to assess subsurface environmental conditions at the location of the 0.028 acre environmental carve out known as Lime Pit CW-1/ECP 16 (the “Lime Pit Area”) at Parcel F-1 in the Tinton Falls Reuse Area (the “Property”).

Background

1. Approval of the Purchase and Sale and Agreement and Mortgage

In September 2017, the Members authorized the execution of a Purchase and Sale Agreement (“PSA”) between FMERA and NJEDA for the Property, an approximately 36.3-acre parcel in the Tinton Falls section of the Fort that includes Building 2700, also known as the Myer Center, and Building 2705, the former Night Vision Lab. The September 2017 resolution also authorized FMERA’s execution of a mortgage on the Property in the amount of NJEDA’s estimated investment (\$7,328,771) to reposition the Property for sale and redevelopment.

2. Agreement to Assign

In February 2018, RWJBH submitted an unsolicited offer to NJEDA to purchase the Property for an amount not to exceed \$8 million. RWJBH intends to develop a health campus on the Property, which currently includes:

- An ambulatory care center
- A medical office building
- A Cancer Institute of New Jersey cancer center
- A system business office
- Campus space for future medical and health facilities

After negotiations among RWJBH, NJEDA and FMERA (jointly the “Parties”) and the approval of the NJEDA and FMERA Boards, the Parties executed an Agreement to Assign on August 10, 2018, that included the following terms:

- At closing, NJEDA will assign to RWJBH the PSA between FMERA and NJEDA for (a) all of NJEDA’s actual and documented costs to reposition the Property for sale, including, but not limited to, cost of professional services, the demolition, site improvements, and other environmental investigation and remediation activities occurring at the Property plus (b) five percent (5%) of these costs, however, in no event shall the Assignment Price and Homeless Trust Fund Contribution exceed \$8 million.
- The Homeless Trust Fund Contribution, \$727, 996.50, will be paid directly to FMERA by RWJBH at closing; this amount is included in the \$8 million maximum.
- At execution of the Agreement, RWJBH will post a deposit with its title company equal to 15% of NJEDA’s estimated cost to reposition the Property for sale.
- As preconditions to the assignment and closing, RWJBH may perform its own title and survey investigation and due diligence and obtain necessary project approvals. The Approval Period duration is 18 months from the effective date of the Agreement with two 6-month extensions (subject to a \$50,000 non-refundable deposit per extension).
- Conditions precedent to the assignment and closing include an Amendment to the PSA, a Redevelopment Agreement between FMERA and RWJBH, and an amendment to the Fort Monmouth Reuse and Redevelopment Plan.

3. First Amendment to the Agreement to Assign

Under the executed Agreement to Assign, RWJBH’s due diligence period commenced on the Assignment’s Effective Date and concluded one hundred twenty (120) days thereafter on December 10, 2018. Because of NJEDA’s ongoing demolition efforts on the Myer Center parcel, RWJBH was not able to conduct subsurface environmental due diligence in the footprints of Buildings 2700 and 2705 or the Lime Pit Area. In March 2019, the Members approved the First Amendment to the Agreement to Assign, dated June 5, 2019 (the “First Amendment”), which the Parties executed to permit RWJBH to conduct additional testing to assess subsurface environmental conditions at the Property beneath (i) Buildings 2700 and 2705 and (ii) the Lime Pit Area after the completion of the demolition efforts. While RWJBH has completed the additional testing beneath former Buildings 2700 and 2705, the Army has not yet granted access for testing of the Lime Pit Area, and the Additional Testing Period set forth in the First Amendment has expired. We anticipate that the Army will grant access for testing of the Lime Pit Area this November 2019.

4. Proposed Second Amendment to the Agreement to Assign

Consequently, the Parties have agreed to further modify and amend the Agreement to Assign (the “Second Amendment”) to reflect the following:

- The provisions of Paragraph 10(a) of the Agreement to Assign notwithstanding, RWJBH shall have until sixty (60) days after the Effective Date of the Second Amendment or February 28, 2020, whichever is later, to conduct additional inspection, sampling and testing to assess subsurface environmental conditions at the Property beneath the Lime Pit Area (the “Second Additional Environmental Testing Period”).
- RWJBH shall have the right to terminate the Agreement to Assign on written notice to NJEDA and FMERA due to any unsatisfactory surface or subsurface environmental conditions at the Property beneath the Lime Pit Area within the Second Additional Environmental Testing Period.
- Upon such termination, the Deposit shall be returned to RWJBH and, except as expressly provided by in the Agreement to Assign, all rights and obligations of the Parties shall be null and void. If RWJBH does not elect to terminate the Agreement to Assign within the Second Additional Environmental Testing Period for the foregoing reason, RWJBH shall conclusively be deemed to have waived its right of termination.

The attached Second Amendment to the Agreement to Assign is in substantially final form. The final terms of the amendment will be subject to the approval of NJEDA’s Chief Executive Officer, FMERA’s Executive Director and the Attorney General's Office.

Recommendation

In summary, I request that Member authorize the execution of the Second Amendment to the Agreement to Assign among the New Jersey Economic Development Authority, the Fort Monmouth Economic Revitalization Authority and RWJ Barnabas Health, Inc. providing for a due diligence extension to assess subsurface environmental conditions beneath the Lime Pit Area at Parcel F-1 in the Tinton Falls Reuse Area.



Tim Sullivan
Chief Executive Officer

Attachment: Second Amendment to Agreement to Assign
Prepared by: Kara A. Kopach, David E. Nuse and Juan Burgos

SECOND AMENDMENT TO AGREEMENT TO ASSIGN

THIS SECOND AMENDMENT TO AGREEMENT TO ASSIGN (hereinafter the “Second Amendment”) is made and entered into the ____ day of December, 2019 (the “Effective Date”), by and among:

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic constituted as an independent authority and instrumentality of the State of New Jersey, pursuant to P.L. 1974, C.80, N.J.S.A. 34:1 B-1 et seq., with an address at 36 West State Street, P.O. Box 990, Trenton, New Jersey 08625 (hereinafter referred to as the “Assignor”); and

RWJ BARBABAS HEALTH, INC., a New Jersey non-profit corporation with an address at 95 Old Short Hills Road, West Orange, New Jersey 07052 (hereinafter referred to as the “Assignee”); and

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY, a public body corporate and politic constituted as an independent authority and instrumentality of the State of New Jersey, pursuant to P.L. 2010, c.51, N.J.S.A. 52:271-18 et seq., whose address is 502 Brewer Avenue, P.O. Box 267, Oceanport, New Jersey 07757 (hereinafter referred to as the “Seller” or “FMERA, and together with Assignor and Assignee, the “Parties”).

WITNESSETH:

WHEREAS, Assignor and FMERA previously entered into that certain Purchase and Sale Agreement, dated as of October 30, 2017, as amended (the “Purchase Agreement”), a copy of which is attached hereto as **Exhibit A**, pursuant to which Assignor has agreed to acquire certain real property identified in Paragraph 3 and Exhibit B of the Purchase Agreement (the “Property”); and

WHEREAS, the Parties previously entered into that certain Agreement to Assign, dated as of August 10, 2018, a copy of which is attached hereto as **Exhibit B**, pursuant to which Assignor agreed to assign to Assignee all of Assignor’s rights, title and interest in the Purchase Agreement by way of separate document; and

WHEREAS, the Agreement to Assign provided for a Due Diligence Period commencing on the Effective Date and concluding one hundred twenty (120) days thereafter; and

WHEREAS, the Due Diligence Period expired on December 10, 2018; and

WHEREAS, the Parties previously entered into that certain First Amendment to Agreement to Assign dated June 5, 2019 extending the Due Diligence Period as set forth therein a copy of which is attached hereto as **Exhibit C** (the Agreement to Assign and the First Amendment are collectively referred to as the “Assignment Agreement”); and

WHEREAS, pursuant to the notice required by the First Amendment following the completion of the demolition Assignee commenced testing to assess subsurface environmental conditions on the surface or beneath the area of Buildings 2700 and 2705; and

WHEREAS, the Additional Environmental Testing Period set forth in the First Amendment has expired; and

WHEREAS, Assignee desires to conduct additional testing to assess subsurface environmental conditions at the Property on the surface or beneath the lime pit area; and

WHEREAS, the Army Corps of Engineers (the "Army") has not yet granted access to the Seller for the Assignee to assess the subsurface environmental conditions on the surface or beneath the area of the lime pit area but this access is anticipated to be granted by the Army during the month of November 2019; and

WHEREAS, the Parties have agreed to further modify and amend the Assignment Agreement as hereinafter set forth.

NOW THEREFORE, in consideration of the sum of \$10.00 and other good and valuable consideration, the parties hereto mutually covenant and agree as follows:

1. Recitals. The recitals set forth above are true and correct and by this reference are incorporated herein in their entirety.
2. Definitions. All terms not defined herein shall have the meaning given to them in the Agreement to Assign.
3. Amendment of Agreement to Assign. The Agreement to Assign is hereby amended as follows:

The provisions of Paragraph 3 of the First Amendment notwithstanding, Assignee shall have an additional period of time until the later of sixty (60) days from the Effective Date or February 28, 2020 to conduct additional inspection, sampling and testing to assess environmental conditions on the surface and beneath the lime pit area described in the October 14, 2019 memorandum prepared by Dewberry Engineering describing the proposed sampling scope of work, a copy of which is attached hereto as **Exhibit D** (the "Second Additional Environmental Testing Period"). Assignee shall have the right to terminate the Assignment Agreement on written notice to Assignor and Seller due to any unsatisfactory environmental condition discovered on the surface or beneath the areas described in **Exhibit D**, including soils and groundwater. Upon such termination, the Deposit shall be returned to Assignee and, except as expressly provided by in the Assignment Agreement, all rights and obligations of the Parties shall be null and void. If Assignee does not elect to terminate the Assignment Agreement within the Second Additional Environmental Testing Period for the foregoing reason, Assignee shall conclusively be deemed to have waived its right of termination.

4. Counterpart Copies. This Second 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 First 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 Amendment.

5. **Entire Agreement, Ratifications and Reconciliation.** The Assignment Agreement and this Second Amendment contain the final and entire Agreement between the Parties with respect to the sale and purchase of the Property, and are intended to be an integration of all prior negotiations and understandings. Except as modified in this Second Amendment, the Assignment Agreement is hereby ratified and remains in full force and effect. The terms and provisions of this Second Amendment shall be reconciled with the terms and provisions of the Assignment Agreement to the fullest extent reasonably possible; provided, however, in the event of any irreconcilable conflict between any term or provision of this Second Amendment and any terms or provisions of the Assignment Agreement, such term or provision of this Second Amendment shall control.

NO FURTHER TEXT; SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the parties have executed and delivered this Second Amendment as of the date first above written.

**FORT MONMOUTH ECONOMIC
REVITALIZATION AUTHORITY**

Name:
Title:

**NEW JERSEY ECONOMIC
DEVELOPMENT AUTHORITY**

Name:
Title:

RWJ BARNABAS HEALTH, INC.

Name:
Title:

BOARD MEMORANDUM



MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan, Chief Executive Officer
DATE: November 14, 2019
SUBJECT: Projects Approved Under Delegated Authority –
For Informational Purposes Only

The following projects were approved under Delegated Authority in October 2019:

Direct Loan Program:

- 1) 150 242 Fifth Avenue LLC (PROD-00187933), located in Hawthorne Borough, Passaic County, is a newly formed real estate holding company created to purchase the project property. The operating company, Bedding Technologies, will occupy the facility. Bedding Technologies LLC was formed in 2015 to manufacture and sell mattresses as a wholesaler and online retailer as their own brand, Fortnight Bedding. Plans for future growth include targeting hotels, assisted living facilities, university dorms and government contracts. Currently located in Teterboro, NJ, they plan to relocate to the new project location. The EDA approved a \$1,249,600 Direct loan and Cross River Bank approved a \$1,562,000 loan. The combined proceeds will be used to purchase the project property and facilitate expansion. The Company currently has twelve employees and plans to add eight employees in the next two years.

Premier Lender Program:

- 1) DRB Property Management (PROD-00187920), located in Pennsauken Township, Camden County, is a real estate holding company formed to purchase the project property. The operating company, Earth Stone & Tile Inc. was founded in 2002 as an importer and distributor of nature stone, marble, granite, slate travertine, limestone, and onyx tiles that are sold to contractors, retailers and installers in the Tri State area. Provident Bank approved a \$1,305,000 bank loan contingent upon a 50% (\$652,000) Authority participation. Proceeds will be used to purchase the project property. The Company currently has 29 employees and plans to create twelve new positions over the next two years.

- 2) Hope Academy Charter School, Inc. ("HAC") (PROD-00187745), located in Asbury Park City, Monmouth County, was established in 2001 as a public charter school for grades K-8. HAC provides a full range of services including regular and special education, basic skills instruction, and English as a second language program. TD Bank N.A. approved an \$890,000 bank loan contingent upon a 20.22% (\$180,000) Authority participation. Proceeds will be used to purchase property across the street from their current location to start a preschool program serving children ages 2 ½ to 6 years. Currently, the Company has 37 employees and plans to create three new positions within the next two years.



Prepared by: G. Robins



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: November 14, 2019

SUBJECT: Incentives Modifications – 3rd Quarter 2019
(For Informational Purposes Only)

Since 2001, and most recently in June 2014, the Members have approved delegations to staff for post-closing incentive modifications that are administrative and do not materially change the original approvals of these grants.

Attached is a list of the incentive modifications that were approved in the 3rd quarter ending September 30, 2019.

A handwritten signature in blue ink, appearing to be "TS", is written above a solid horizontal line.

Prepared by: S. Greitz

**ACTIONS APPROVED UNDER DELEGATED AUTHORITY
THIRD QUARTER ENDING September 30, 2019**

BUSINESS EMPLOYMENT INCENTIVE GRANT PROGRAM

Applicant	Modification Action	Approved Award
Advanced Drainage Systems, Inc.	Consent to change of project location from 1130 Commerce Blvd., Logan Township to 300 Progress Court, Logan Township (2006).	\$198,000
Ansell Protective Products Inc.	Consent to name change of Ansell Protective Products Inc. to Ansell Protective Products LLC (2015) and the internal merger of Ansell Protective Products LLC into Ansell Healthcare Products LLC (2016).	\$720,480
Tribeca Oven Inc.	Consent to the name change, Tribeca Oven LLC resulting from the internal merger of Tribeca Oven Inc. and Tribeca Oven LLC (2018).	\$122,500

GROW NEW JERSEY ASSISTANCE PROGRAM

Applicant	Modification Action	Approved Amount
Barclays Services Corporation	Consent to add affiliate to the Grow NJ Agreement.	\$40,000,000
Kampack Inc.	Consent to first six-month extension of the certification deadline from December 12, 2020 to June 12, 2021.	\$13,578,750
US Mobile Phones, Inc.	Consent to second six-month extension of the certification deadline from December 14, 2019 to June 14, 2020.	\$17,000,000



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: November 14, 2019

SUBJECT: Post Closing Credit Delegated Authority Approvals for 3rd Quarter 2019
For Informational Purposes Only

The following post-closing actions were approved under delegated authority during the third quarter of 2019:

Name	EDA Credit Exposure	Action
BUF Health and Human Services Corporation	\$ 865,734	Consent to substitution of Borrower's first mortgage lender from Fulton Bank to M&T Bank with no impairment to the loan to value ratio.
420 Perth Amboy Properties, LLC/61-65 Passaic Properties, LLC (2 nd Home Perth Amboy Operations, LLC)	\$ 570,955	Extend Community Development Loans to February 1, 2024, in conjunction with the refinance of senior debt from Sterling Bank. Consent to subordination of EDA's junior liens to refinanced mortgages.
TJM Properties II, LLC (InModa.com, Inc.)	\$ 431,993	Consent to subordination of EDA's Direct Loan to \$2.53 million loan from Provident Bank, replacing existing Bank of America and SBA debt.
Five Middlebury Associates (Douglas Electrical Components, Inc.)	\$ 397,257	Extend EDA's Direct Loan for 10 years with a call option and reset at year 5, to allow time to repay the balloon maturity.
F.J.S. Foods, Inc (Gee Gee's Restaurant and Arcade)	\$ 369,506	Modify EDA's Stronger NJ Business Loan from 12 monthly principal payments per year to four principal payments based on seasonality of business.
JMJ, LLC (Jimbo's)	\$ 160,256	Extend EDA's Stronger NJ Business loan and amortization for ten years to provide cashflow relief and modify repayment terms from 12 monthly payments to four per year based on seasonality of business.

Camden Economic Recovery Board Grants (EDA has no credit exposure)	
W. Keith Williams II	Change construction completion date to November 30, 2019 for two Business Improvement Incentive Grants.
Cooper's Ferry Partnership, Inc.	One-year extension of the required construction completion date of the infrastructure grant.



Prepared by: Jennifer Bongiorno



MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan, Chief Executive Officer
DATE: November 14, 2019
SUBJECT: Technology & Life Sciences - Delegated Authority Approvals for Q3 2019

For Informational Purposes Only - Angel Investor Tax Credit Program

On January 31, 2013, the New Jersey Angel Investor Tax Credit Act was signed into law with Regulations approved by the Members of the Board in June 2013. The New Jersey Angel Investor Tax Credit Program (ATC) establishes credits against corporate business tax or New Jersey gross income tax in the amount of 10% of a qualified investment made into New Jersey emerging technology businesses.

Angel Investor Tax Credit Program – Q3 2019 Review

In the third quarter of 2019, 8 Angel Tax Credit applications for \$185,000 in tax credits were approved. This represented \$1,850,000 in private investments in 6 unique technology and life science companies. The following companies received funding from investors:

- **Shinkei Therapeutics LLC:** Shinkei Therapeutics is developing pharmaceutical products for treating disorders related to the Central Nervous System (CNS).
- **CircleBlack, LLC:** CircleBlack provides a Software as a Service (SaaS) based platform that delivers portfolio analytics, performance reporting, risk analysis, goal tracking and personalized content to individual investors.
- **Hope Portal Services, Inc:** Hope Portal Services is a technology-based trust company. Their online platform and application links special needs trust beneficiaries with all the necessary resources for special needs trust servicing and administration.

- **XLINK LLC:** Xlink LLC is researching, developing, testing and building computer controlled automated machines and systems to be used in the warehouse, distribution, ecommerce and retail industries.
- **Myos Rens Technology, Inc:** Myos Rens Technology is a publicly traded biotherapeutics company, focused on the development and commercialization of therapeutics and nutritional products that improve muscle health and performance.
- **Acuitive Technologies, Inc:** Acuitive Technologies Inc., is pursuing the development of novel biomaterial technologies to improve the repair and regeneration of musculoskeletal tissue.

The Q3 2019 approvals included no new companies with investments to the program.

Angel Tax Credit Q3 2019 Results

Sector	Investment Amount	Applications	# of Companies in Each Sector	% of Total Investments	% of Total Applications
Technology	\$750,000	5	3	41%	63%
Life Sciences	\$1,100,000	3	3	59%	38%
Total	\$1,850,000	8	6		

Angel Tax Credit Program Year to Date

Sector	Investment Amount	Applications	# of Companies in Each Sector	% of Total Investments	% of Total Applications
Technology	\$2,634,620	23	15	24%	59%
Life Sciences	\$8,522,528	16	15	76%	41%
Total	\$11,157,148	39	27		

Since program inception in 2013 through Q3 2019, the Authority has approved 1,212 applications for investments totaling more than \$539.8 million invested in 88 New Jersey based technology businesses.

Attached please find a detailed list of all ATC applications that were approved under delegated authority during the third quarter of 2019.



Tim Sullivan, CEO

Prepared by: Jennifer Toth

3rd Quarter 2019 Delegated ATC Approvals

Investors	Employees in NJ	Company	Investment	Tax Credit
BHDH LLC		Sinkei Therapeutics LLC	\$ 500,000.00	\$ 50,000.00
1	NJ: 3 Total: 3	Sinkei Therapeutics LLC	\$ 500,000.00	\$ 50,000.00
Martin Tuchman Revocable Trust		CircleBlack, Inc.	\$ 250,000.00	\$ 25,000.00
1	NJ: 15 Total: 17	CircleBlack, Inc.	\$ 250,000.00	\$ 25,000.00
Robert Connell		Hope Portal Services, Inc	\$ 350,000.00	\$ 35,000.00
Lauren Rosenberg-Moffitt		Hope Portal Services, Inc	\$ 50,000.00	\$ 5,000.00
H. Edward Wilkin III		Hope Portal Services, Inc	\$ 50,000.00	\$ 5,000.00
3	NJ: 7 Total: 7	Hope Portal Services, Inc	\$ 450,000.00	\$ 45,000.00
Bruce Lee Silver and Julie Lynn Silver		XLINK LLC	\$ 50,000.00	\$ 5,000.00
1	NJ: 1 Total: 1	XLINK LLC	\$ 50,000.00	\$ 5,000.00
Greenblatt Partners, LP		Myos Rens Technology	\$ 500,000.00	\$ 50,000.00
1	NJ: 15 Total: 17	Myos Rens Technology	\$ 500,000.00	\$ 50,000.00
James E Malayter		Acuitive Technologies, Inc	\$ 100,000.00	\$ 10,000.00
1	NJ: 17 Total: 17	Acuitive Technologies, Inc	\$ 100,000.00	\$ 10,000.00
8	NJ: 58 Total: 62	6	\$ 1,850,000.00	\$ 185,000.00