NJEDA

MEMORANDUM

TO: Members of the Authority

FROM: Timothy Sullivan
Chief Executive Officer

DATE: June 11, 2019

SUBJECT: Agenda for Board Meeting of the Authority June 11, 2019

Notice of Public Meeting

Roll Call

Approval of Previous Month's Minutes

CEO's Report to the Board

Authority Matters

Incentive Programs

Bond Projects

Loans/Grants/Guarantees

Office of Recovery

Board Memorandums

Executive Session

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

May 14, 2019

MINUTES OF THE MEETING

Members of the Authority present: Chairman Kevin Quinn, Commissioner Robert Asaro - Angelo of Department of Labor and Workforce Development; Commissioner Marlene Caride of the Department of Banking and Insurance; Dan Ryan representing Commissioner Catherine McCabe of the Department of Environmental Protection; Jennifer Keyes-Maloney representing State Treasurer Elizabeth Muoio; Public Members Charles Sarlo, Vice Chairman; Philip Alagia, Fred Dumont, and Louis Goetting William Layton, and John Lutz, Third Alternate Public Member.

Members present via conference call: Public Members Massiel Medina Ferrara and Thomas Scrivo.

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

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

Pursuant to the Internal Revenue Code of 1986, Ms. Sanders 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, Ms. Sanders 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.

PUBLIC COMMENT

Several members of the public addressed the board. Attached are copies of comments provided by some of the speakers. The full list of speakers is below.

Raj Bath, NJ Main Street Alliance
Dena M. Laborski, NJ Citizen Action
Justin Goldsman, Our Revolution, Essex County, NJ
Bridget Devane, Health Professionals Allied Employees
Dava Padilla, NJ Communities United
Fabriona Bell, NJCU
Yevelin Nunez, NJCU
Estina Baker, Communications Workers of America
Jocelyn Sawyer, Food & Water Watch
Maricarmen Molina, Marricarmen Molina,
Simone Jelks-Bandison, Essex & Passaic County Progressive Democrats, Inc.
Roberta Reavey, SJWPC
Kate Delany, Collingswood Progressive Dems.
Dennis Gormley, Action Together NJ
Awais Quzi, Our Revolution, Essex County, NJ
Doug O'Mulley, Environment NJ
Anthony Vicente, Wolf-PAC

Ron Rivers, Rivers for Assembly
Ronsha Dickerson, Camden Parents Union
Pomasa Paz, 32BJ
Sue Altman, WF
Amir Khan, New Beginnings
Stan White, Camden Resident

In response to a request from Ronsha A. Dickerson of the Camden Parent Union for the board members to visit Camden, Chairman Quinn stated he would be happy to visit the city.

At this time, the majority of the public attendees left the meeting.

Mr. Sarlo stepped out of the meeting.

MINUTES OF AUTHORITY MEETING

The next item of business was the approval of the April 9, 2019 meeting minutes. A motion was made to approve the minutes by Mr. Dumont, and seconded by Commissioner Caride, and was approved by the 11 voting members present.

Chairman Quinn abstained because he was not a member of the Board at the time.

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

Mr. Sarlo re-entered the meeting at this time.

AUTHORITY MATTERS

ITEM: Special Counsel: Executive Order 52 (Murphy 2019) and Attorney General Investigation – Amendment to Retention Agreement
REQUEST: To approve additional contract funding.
MOTION TO APPROVE: Mr. Ryan **SECOND:** Mr. Lutz **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

ITEM: Innovation Challenge Program
REQUEST: To approve revisions to the Innovation Challenge Program specifications to delegate to staff the authority to grant, when requested, a three-month extension to the deadline.
MOTION TO APPROVE: Commissioner Caride **SECOND:** Mr. Alagia **AYES: 13**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

Mr. Ryan left the meeting at this time.

ITEM: New Jersey-Israel Innovation Partnership Initiative
REQUEST: To approve the first phase of the New Jersey-Israel Innovation Partnership Initiative
MOTION TO APPROVE: Commissioner Angelo **SECOND:** Ms. Maloney **AYES: 12**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

OFFICE OF ECONOMIC TRANSFORMATION

ITEM: Advanced Manufacturing Guide – Pilot
REQUEST: To approve a Memorandum of Understanding between the Authority and the New Jersey Manufacturing Extension Program.
MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Lutz **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

ITEM: NJ Ignite – Program Clarifications
REQUEST: To approve the establishment of guidelines to define a Collaborative Workspace in determining eligibility for the NJ Ignite program and for receipt of program benefits on behalf of prospective tenants.
MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Layton **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

INCENTIVE PROGRAMS

Grow New Jersey Assistance Program - Modifications

ITEM: Adare Pharmaceuticals, Inc APPL.#41048
REQUEST: To approve the modified project with an overall reduction in the incented new full-time jobs from 40 to 20.
MOTION TO APPROVE: Mr. Goetting **SECOND:** Commissioner Angelo **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

ITEM: Bayada Home Health Care, Inc APPL.#42313
THIS PROJECT WAS WITHHELD FROM CONDSIDERATION.

BOND PROJECTS

Bond Resolutions

PROJECT: Friends of Beloved Community Charter School, Inc. APPL.# 45586
LOCATION: Jersey City, Hudson County
PROCEEDS FOR: Building acquisition, Refinancing, Renovation
FINANCING: $40,145,000 Total Costs
MOTION TO APPROVE: Mr. Lutz **SECOND:** Commissioner Angelo **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

LOANS/GRANTS/GUARANTEES

ITEM: Petroleum Underground Storage Tank Remediation, Upgrade, and Closure (PUST) Fund
REQUEST: To approve proposed amendments to the Petroleum Underground Storage Tank Remediation, Upgrade, and Closure Fund rules; and, to authorize staff to submit the proposed amendments for promulgation in the New Jersey Register.
MOTION TO APPROVE: Commissioner Angelo **SECOND:** Commissioner Caride **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

PUST and HDSRF Program Funding Status
(For Informational Purposes Only)

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: Mr. Layton **SECOND:** Ms. Maloney **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

HDSRF Municipal Grants

PROJECT: Township of Hamilton (Hamilton Sanitary Landfill) APPL.#45584
LOCATION: Township of Hamilton, Atlantic County
PROCEEDS FOR: Remedial Action
FINANCING: $213,582

PROJECT: Borough of National Park (R Hawthorne Sanitary Landfill) APPL.#45638
LOCATION: Gloucester Twp., Camden County
PROCEEDS FOR: Remedial Action
FINANCING: $900,000

PROJECT: City of Salem (BOA-Tri County Oil Company) APPL.#45396
LOCATION: Salem City, Salem County
PROCEEDS FOR: Remedial Investigation
FINANCING: $87,589

PROJECT: City of Trenton (Pukala-Fisher Site) APPL.#45512
LOCATION: Trenton City, Mercer County
PROCEEDS FOR: Remedial Action
FINANCING: $383,743

PROJECT: Borough of Washington (Former Vikon Tile) APPL.#45548
LOCATION: Washington Borough, Warren County
PROCEEDS FOR: Site Investigation
FINANCING: $171,376

HDSRF Loan

PROJECT: Apollo Development & Land Corp., Inc APPL.#45570
LOCATION: Newark City, Essex County
PROCEEDS FOR: Remedial Action and Investigation
FINANCING: $345,000

Petroleum Underground Storage Tank (PUST)

ITEM: Summary of NJDEP Petroleum UST Remediation, Upgrade & Closure Fund Program projects approved by the Department of Environmental Protection.
MOTION TO APPROVE: Mr. Alagia **SECOND:** Mr. Goetting **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT:10

PROJECT: Estate of Arthur W. Beck, Sr. APPL.#45563
LOCATION: Irvington Twp., Essex County
PROCEEDS FOR: Remediation
FINANCING: $230,106

PROJECT: Tisha Perez APPL.#45645
LOCATION: Marlboro Twp., Monmouth County
PROCEEDS FOR: Remediation
FINANCING: $515,967

PROJECT: Pyramid Oil Company (Main Avenue Pyramid) APPL.#45558
LOCATION: Clifton City, Passaic County
PROCEEDS FOR: Remediation
FINANCING: $137,307

BOARD MEMORANDUMS

FOR INFORMATION ONLY: Credit Underwriting projects Approved Under Delegated Authority

<u>Premier Lender Program:</u>

PROJECT: 32 Chestnut Realty LLC APPL.#45568
LOCATION: Farmingdale Borough, Monmouth County
PROCEEDS FOR: Purchase of Property
FINANCING: $3,600,000 Fulton Bank loan with a 27 .8% ($1,000,000) Authority participation

PROJECT: Oshidar Real Estate, LLC APPL.#45567
LOCATION: Roselle Park Borough, Union County
PROCEEDS FOR: Refinancing
FINANCING: $1,575,000 M&T Bank loan with a 34.29% ($540,000) Authority participation

PROJECT: Oshidar Real Estate II, LLC APPL.#45674
LOCATION: Montague Twp., Sussex County
PROCEEDS FOR: Purchase of Property
FINANCING: $400,000 M&T Bank loan with a 20% ($80,000) Authority participation

PROJECT: SWP Real Estate, LLC APPL.#45593, #45594
LOCATION: Tinton Falls Borough, Monmouth County
PROCEEDS FOR: Refinancing
FINANCING: $6,250,000 Investors Bank loan with a 16% ($1,000,000) Authority participation and $1,200,000 Investors Bank loan with a 50% ($600,000) Authority participation

FOR INFORMATION ONLY: Angel Investor Tax Credit Program - Delegated Authority First Quarter 2019 Approvals

FOR INFORMATION ONLY: Incentives Modifications - Delegated Authority First Quarter 2019 Approvals

FOR INFORMATION ONLY: Post Closing Credit - Delegated Authority First Quarter 2019 Approvals

<u>PUBLIC COMMENT</u>

There was no public comment.

EXECUTIVE SESSION

The next item was to adjourn the public portion of the meeting and move in to executive session to receive attorney-client advice from EDA's special counsel on the ongoing inquiries, the minutes of which will be released when the need for confidentiality no longer exists.
MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Alagia **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

The Board returned to Public Session.

There being no further business, on a motion by Mr. Lutz, and seconded by Commissioner Caride, the meeting was adjourned at 1:13pm.

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.

Lori Matheus, SVP
Assistant Secretary

Thank you for taking public input today.

My name is Dena Mottola Jaborska, and I am the Associate Director at New Jersey Citizen Action, an advocacy and direct service organization which advocates for, and supports low, and moderate income people statewide.

We strongly believe that the NJ EDA needs to overhaul its programs and its leadership. Since 2013, when the Economic Development Act was adopted, the EDA's business subsidy programs veered severely off course -- and moved alarmingly and rapidly away from its mission to generate real and lasting economic development. Often, companies which captured EDA's funds failed to deliver the number of jobs they committed to delivering. They failed to hire locally and they failed to bring real benefit to the communities where investments were made.

Further, EDA subsidies should have brought economic opportunities across the state, to places that needed it most, but instead unfairly flowed disproportionately to one community. Some companies who received the subsidies falsified information on their application, others manipulated or delayed reporting to avoid highlighting that they did not deliver on their promises. And this board utterly failed to hold their awardees accountable, turning a blind eye to the unfairness and misuse of taxpayer dollars, and continued to spend taxpayer dollars with little regard for our interests and the benefits we were due.

The taxpayers of this state deserve so much better. We deserve to have leadership over the EDA that is diligent and will ensure every last taxpayer dollar delivers robust benefits for the people of this state. And so today, we are here again urging the members of this board to step down and make way for new leadership more closely aligned with the taxpayers who have every right to expect real and lasting benefit for their investment.

We also expect this Board to support important reforms to the program and urge you not to get distracted by politics at the expense of the important policy reform work that must be done. We must all keep our eyes on the prize and not let politics get in the way of the work that must be done to overhaul the EDA's programs.

The people of this state can barely afford a business tax subsidy program at all, let alone one that is subject to political manipulation and weak returns on investment. We already know that business tax subsidy programs are an inferior tool for economic development and should not be the primary path to economic progress in our state. We

Testimony of Ron Rivers
ron@rivers2019.com | (347) 352-6329
EDA Board Public Meeting
May 14th, 2019

Good morning committee members, my name is Ron Rivers, and I'm here to share both my concerns and those of the hundreds of New Jersey residents that I have spoken to.

As a candidate for State Assembly, I've been knocking on a lot of doors. As you can probably guess, the most common concern of our residents are the taxes in our state. Imagine our residents' frustration when we discuss the blatant theft of taxpayer money that has recently occurred under the umbrella of your organization. To say that our community members are disappointed would be an understatement. They're angry, and today I am here to speak up on their behalf.

The EDA's website mission states that the organization is "an independent State agency that finances small and mid-sized businesses, administers tax incentives to retain and grow jobs, revitalizes communities through redevelopment initiatives, and supports entrepreneurial development by providing access to training and mentoring programs." If you consider your mission statement as your North Star, it is apparent that the organization is off course.

When I initially read the revelations surrounding this scandal I was both surprised and disappointed. I expected more from a state institution which would presumably bring some of our best minds together to support growth in NJ. Trickle-down economic models have proven to be failures time and time again. Attempts to spur growth by funding our wealthiest have historically failed at the state level, an example being Kansas, and have consistently failed to stimulate our economy at a national level. One would expect this to be common knowledge amongst a board of economic advisors.

If the accusations are correct, our EDA Board leadership has failed tremendously. Allowing George Norcross and his sphere of political and business allies to transfer wealth from New Jersey's middle and lower class to the wealthiest corporations and individuals in our state. Even more offensive is how the Parker McCay law firm was allowed to influence the very language that governed the distribution and regulation of the incentive program. It was gross incompetence that your organization must now atone for.

I'm here to share with you that the people of New Jersey are watching. In a time of increasing economic uncertainty, the looming prospects of automation and artificial intelligence, and a climate crisis that is set to disrupt economies across the globe radically, we expect you to do better. 11 Billion dollars of our tax monies are gone, money that could have been used for schools, infrastructure, other public projects. It's now up to you to ensure that no person associated with this deal is left to govern our tax dollars. Our trust has been broken; it's time to make it right.

Maricarmen Molina NJEDA Press Conference Talking Points - 5-14-19

- Good morning. My name is Maricarmen Molina. I'm a warehouse worker from Paterson and a I'm a proud member of the Laundry, Distribution and Food Service Union, Workers United, SEIU.

- As members of the Warehouse Workers Stand Up Coalition, we are organizing to raise standards for all warehouse workers in New Jersey.

- I'm here today to demand real reform of the NJ Economic Development Authority and to say enough is enough!

- We need to reform the NJEDA to make sure that any public subsidies — especially subsidies for companies opening warehouse distribution centers — include real protections for workers and real benefits for our communities. This means a living wage of $15 an hour, affordable health care and real safety protections at the very least.

- We need to reform the NJEDA to ensure real protections for taxpayers. This means real transparency, oversight and accountability.

- For too long the NJEDA has given away subsidies with no strings attached and with little public oversight.

- In the last five years alone, the NJEDA awarded nearly a quarter of a billion dollars in subsidies to companies opening warehouse distribution centers in New Jersey.

- However, there were no requirements to ensure that these subsidies actually created good jobs for our local communities.

- This is ridiculous. If we aren't creating good jobs with these subsidies then what's the point - other than to line the pockets of rich corporations?

- That's why we need to reform the NJEDA now.

- We need real protections for taxpayers. We need real protections for workers. And we will not settle for anything less.

Hi my name is Dave Salas I am from NJSCU and I am a working mother of 3 children. I live in Camden NJ. were all these new companies have been popping up tax free for 10 years. It sounds good that jobs are opening in Camden but in all reality it is not good for Camden residents that live in the city these companies brought people outside of Camden to work for them while denying jobs to Camden residents such as myself. So in order to provide for my family I have to take a 3 1/2 bus ride to and from work everyday. I spend 9.75 eachway 5 days a week. Thats money I could be useing to take care of my family. Its sad that these companies refuse to hire Camden residents, but take advantage of the tax breaks and get richer, while the poor get poorer. George and Donald Norcross have given most of these companies ~~[illegible]~~. that came in to there friends and themselfs. Pro Publica and WHYY

reported that over 1 billion of the money designated for camden came under control of George Norcross or his brothers
Because of the construction Camden is experiencing flooding in areas that never floded befor camden was suposed to get a Shoprite built but the plan was axed by Georgenorcross leaving Camden a food desert were residents are spending 12-20 to go buy food.

My name is Raj Bath and I'm the Business Representative for New Jersey Main Street Alliance, a coalition of more than 1,500 independently owned businesses throughout New Jersey.

I'm here today to highlight some concerns from the small business community in regards to how the EDA has been operating. The first bad news came when the state Comptroller reported there was no known return on investment for $11 billion in tax breaks given to large corporations. Now we have learned that some of the companies who benefited from these handsome rewards are also bad actors. We've learned that they will go to extreme lengths to falsify information just so they can gain an advantage as well as prey on other small business owners. It goes without saying that New Jersey does not need this as they are bad for our communities. The absence of oversight on the EDA has resulted in corruption & mismanagement. Where there is a lack of, there will always be trouble.

Small business owners struggle and continue to struggle to gain access to credit and capital. Banks rarely extend lines of credit, and often offer loans that are too large, or too expensive, and predatory lenders bombard them constantly, disrupting their business activity on the daily. True economic development that can help assist Main Street to compete as well as to thrive is to invest with those whom are the bread & butter of our state economy. Providing funding for our communities such as infrastructure, education & public good will create opportunity zones for small business owners to rise and expand.

In particular, improving our transportation can mean something simple as less traffic which would = less waste of time for SBOs and thus not wasting their resources to deliver their products & goods. We have an opportunity to help our SBOs take advantage of the tri-state market. Trust me there are North, Central, & southern business owners who wished our public transportation was better.

I conclude by stating that this is not political; it's about bad actors & bad policy. Let's work to ensure that the EDA corrects its course to help spur economic development that is fair for all of New Jersey.

The final ask:

1. Contracts from EDA-recipients must prioritize hiring of local businesses and employees.
2. Subsidies must target small and mid-sized businesses.
3. Any tax credit scheme must include robust community benefit agreements.

Good Morning

I also represent today the other 16 chapters across the state

My name is Justin Goldsman and I have the honor to serve as the Chair of Our Revolution Essex County. Recent studies have shown that 75% of Americans, regardless of party, are tired of the corrosive influence of money in our political spheres and believe that major donors should not have more influence than the average citizen. We equate money with corruption because quite frankly that's what money does to elected officials. It silences their autonomy on legislation as they bend to donors. It makes those who cannot cut massive checks less important than those who can. And in this case, the influence of money and power leads to tax breaks and incentives for those pulling the strings from the shadows. The EDA board should prioritize people and the needs of NJ residents over puppets and powerful influences, but once again, NJ seems to revert back to a Party boss state while the residents get screwed.Mr. Sheehan is a real estate lawyer. According to the NYT, he had his own hand writing and mark ups all over the early drafts of the EDA proposals. When unelected donors have more influence over where NJ tax dollars are spent than do our elected officials, it is quite clear that we are nothing short of a shell of democracy. In fact, many, including myself, would describe the political health of NJ as a kleptocratic oligarchy. Elected officials should be the ones drafting and promoting legislation, not unelected power brokers deciding what is acceptable. In order to regain our trust, the EDA should make available all contracts paid for by public tax dollars without redactions.

Power broker

This board should be an engineer for economic development focused on equity, not a catalyst for corruption focused on corporations. The difference between transformative and transactional politics is simple: one uplifts communities and people together. The other builds up sky scrapers and leaves communities and people behind to benefit donors. Because of this, we are asking that community members and organizations have input in the process to ensure the businesses will benefit the actual communities to which they move into. ProPublica reported that over $1B of the money designated for Camden went to Norcross related entities. 1B went to Camden, yet the number of jobs have gone down! How does this happen?

In 2014, Holtec was given $260M to create 235 new jobs. Does it really cost over 1M/job created? The point of this board is to create jobs, yet even with these handouts, NJ pays so much more than the national average per job created. That's either corruption or mismanagement but either way it's inappropriate. & unacceptable
We are also asking that community members, their skill sets, their priorities, be aligned with the types of businesses being brought in to those areas to ensure that community members are the first thought when it comes to hiring. Companies that operate on predatory lending, have questionable employment practices, and are harmful to small businesses should not be approved. Morality and ethics must resonate at the forefront of all EDA approved incentives.

People are beyond tired of corporate ransacking. They want investments in public education, in affordable housing, in transit and infrastructure. No more helicopter pads or waterfront luxury buildings. Economic investment means investing in people. This isn't left vs right, republicans or democrats. This is about trust and good governance. The only positive outcome from any of this is that the corruption and political power in this state is finally being brought to light. The level of corruption and mismanagement of tax payer dollars demonstrated by the EDA board members alone is cause enough to ask for resignation. But the level of harm done to our democracy and trust in the systems of government, that is one that is inexcusable, will have long term effects in the trust of NJans, and can only start to be remedied with your resignations. Thank you for your time, your service to our state, and hopefully, your decision to morally act and step down.

If you want to help the Jersey shore, invest in fighting climate change

700 315 432

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan

DATE: June 11, 2019

RE: Monthly Report to the Board

INVESTING IN PEOPLE

Governor Murphy's comprehensive economic plan outlines four strategic priorities, one of which is investing in people by providing proactive resources and development to ensure the state's workforce is well-positioned for future opportunities. In support of this strategic priority, elected officials, industry leaders, and students gathered in May at Ocean County Vocational Technical School (OCVTS) in Jackson to celebrate a partnership between the NJEDA and OCVTS that will fund field trips for middle and high school students to tour advanced manufacturing facilities in Ocean County to learn more about and consider a potential career path in the industry. The first trip took place on Friday and included visits to three manufacturing firms in Ocean County. Additional field trips, which will be made available to various age and socioeconomic groups, are planned for Fall 2019. New Jersey's manufacturing industry, which produces more than $31 billion in economic output annually and employs more than 160,000 workers, is one of eight focus sectors identified in Governor Phil Murphy's economic plan.

Another initiative designed to prepare New Jerseyans for future opportunities is offered through a partnership between the NJEDA and African American Chamber of Commerce of New Jersey (AACCNJ). The Small Business Bonding Readiness Assistance Program helps position small, minority-, and women-owned businesses obtain surety bonding, a prerequisite to competing for public contracts. The program will soon graduate its first class later this month, and several participants have already qualified collectively for more than $4 million in surety bonding.

INVESTING IN COMMUNITIES

Attracting investment in communities to build world-class cities, towns, and infrastructure is another strategic priority outlined in Governor Murphy's vision for a stronger and fairer New Jersey economy. In May, the NJEDA released a Request for Qualifications (RFQ) for the former Riverfront Prison site in Camden, which presents an opportunity for developers to submit their qualifications for purchase and development of over eight acres of waterfront property. The site, which boasts views of the Philadelphia skyline and is close to a newly-built public park, is intended to be the core of a vibrant, mixed-use district that provides new opportunities for riverfront recreation and attracts sustainable development that will connect existing residential neighborhoods to the waterfront. Interested parties can access the RFQ on the NJEDA's website at www.njeda.com/bidding.

Governor Murphy set forth his proposal for new, targeted, sector-specific incentive programs last week at coworking space 1776 in the Cherry Hill Mall. The Governor's vision includes placemaking tools supporting mixed use, transit-oriented development, and brownfield and historic property redevelopment, which will drive investment in New Jersey communities and enhance the State's overall competitiveness.

MAKING NEW JERSEY THE STATE OF INNOVATION

Five New Jersey biotechnology startups joined the NJEDA at the BIO International Convention in Philadelphia last week. The companies were selected from a group that submitted video responses to the question "Why Choose New Jersey?" Reasons cited by the selected companies included: proximity to large pharmaceutical companies and world-class cancer institutes, affordable lab space, and the state's vast biotechnology community. BIO International provides a global platform for these businesses to promote their therapies, products, and services. In addition to attending networking and educational sessions, the selected entrepreneurs spent time in the New Jersey Pavilion sharing their stories of growth and success in the Garden State. New Jersey's delegation was led by Choose New Jersey, the NJEDA, and BioNJ. More than 16,000 people attended this year's event, during which Governor Murphy was named "Governor of the Year" in recognition of his leadership and commitment to strengthening the bioscience industry.

As part of Governor Phil Murphy's keynote address at the BIO International Convention, he announced that the NJEDA has rebranded its 50-acre research park in central New Jersey from The Technology Centre of New Jersey to the New Jersey Bioscience Center (NJBC) – North Brunswick**.** The new name more accurately reflects the park's life sciences focus and the spectrum of companies located there. Strategically situated in the heart of the state's research corridor between Rutgers and Princeton universities, the NJBC campus offers a multitude of lab and office space options for companies at all stages of growth. Incubator, post-incubator, and independent research & development space support the needs of entrepreneurial startups and rapidly-growing life sciences R&D companies. Build-to-suit lab and office sites accommodate larger, more-established biopharmaceutical businesses seeking to benefit from the research park's prime location. The research park's incubator and accelerator spaces have also been renamed to better align with the new brand. The incubator, formerly known as the Commercialization Center of Innovative Technologies and the accelerator formerly known as the Biotechnology Development Center are now respectively NJBC – Incubator at North Brunswick and NJBC – Step Out Labs at North Brunswick.

The NJEDA's financing tools for innovative companies continue to help young, entrepreneurial companies grow. A recently-closed $250,000 convertible note to River Edge-based InquisitHealth will help the health technology company further its mission of helping patients with diabetes, asthma, hypertension, and other chronic diseases overcome the social determinants of health and adopt healthy lifestyle changes through its peer mentoring program. The funding was provided through the NJEDA's NJ CoVest Fund, which is designed to help emerging technology companies bridge the funding gap between product development and commercialization and further the NJEDA's ability to support businesses throughout their growth lifecycle. InquisitHealth, which was founded in New Jersey in 2012, plans to use this funding to significantly bolster its workforce and impact in the coming years.

A partnership highlighting clean energy, one of several sectors targeted by Governor Murphy's plan for restoring New Jersey's leadership in innovation was announced last week. The New Jersey Partnership to Plug-In will build out the necessary infrastructure to support electric vehicle ownership to improve air quality and reduce greenhouse gas emissions. The partnership, which will be co-led by the New Jersey Board of Public Utilities, New Jersey Department of Environmental Protection, and the NJEDA, will create a strategic and streamlined framework to support New Jersey's electric vehicle ecosystem, with the goal of registering 330,000 Zero Emission Vehicles (ZEVs) by 2025.

MAKING GOVERNMENT EASIER TO DO BUSINESS WITH

In support of Governor Murphy's plan for making government work better for the state's businesses, the NJEDA has repositioned itself and expanded its resources for small businesses. Representatives from the NJEDA visited Mill Hill Pharmacy mid-month to highlight funding the Trenton-based small business received through the NJEDA's Small Business Lease Assistance Program. The Program offers reimbursement of a percentage of annual lease payments to small businesses leasing new or additional space in targeted areas of the state. Through the Small Business Lease Assistance Program, the pharmacy, which is owned by two female registered pharmacists, is expected to receive nearly $6,000 in rent support over a two-year period. The program was established to encourage businesses to locate and grow in eligible commercial areas of targeted urban areas. The funding provided by NJEDA will allow Mill Hill Pharmacy to create job opportunities for area residents. The visit highlighted the recent expansion of the Small Business Lease Assistance Program to support small businesses in additional cities. In addition to existing eligible areas of Atlantic City, Camden, Passaic, Paterson, and Trenton, the program was expanded earlier this year to also include Bridgeton, Jersey City, Millville, Mt. Holly, Phillipsburg, Plainfield, Salem, and Vineland.

The NJEDA's longstanding financing solutions for small businesses continue to help small businesses take big steps. Financing from the NJEDA and 1st Constitution Bank enabled Fair Haven eatery Tavolo Pronto to purchase the 2,300 -square-foot facility in Fair Haven they had been leasing for the past seven years. In the capital city, the new owners of Trenton Corrugated Products received financing from M&T Bank and the NJEDA to purchase the 160,000-square-foot building from the company's previous owners. Trenton Corrugated now employs 35 people and the new owners plan to add more jobs.

EVENTS/SPEAKING ENGAGEMENTS/PROACTIVE OUTREACH

NJEDA representatives participated as speakers, attendees, or exhibitors at 55 events in May. These included the Cumberland County Improvement Authority Bankers and Realtors event in Vineland, the Latino Business Forum in Montclair, the BIO NJ Biopartnering Conference, and the 14th Annual Energy Symposium at Rutgers.

CLOSED PROJECTS

Through May 2019, the NJEDA closed on more than $42 million in lending and other small to mid-sized business assistance to support 58 projects, leveraging more than $98 million in capital investment and the creation of 232 new permanent jobs.

In addition to the assistance provided through these programs, the NJEDA also executed agreements pending certification with 16 incentive projects for $132.8 million, leveraging more than $170 million in capital investment, the creation of 966 new jobs, 667 construction jobs, and the retention of 2,397 jobs at risk of leaving New Jersey.

AUTHORITY MATTERS

NJEDA

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: June 11, 2019

RE: Execution of Memorandum of Understanding between the Authority and the Commission on Science, Innovation and Technology

Proposal:

The Members are requested to approve a Memorandum of Understanding (MoU) between the Authority and the Commission on Science, Innovation and Technology (Commission). The objective of the MoU is to lay out the parameters by which the NJEDA will provide support to the Commission in the areas of:

- Administrative support such as access to office space, IT equipment, accounting, records management, and board management support
- Fiscal management support including encumbering and disbursing State funds appropriated for CSIT purposes at the Commission's direction

As part of this agreement, the NJEDA will not charge the CSIT for office space or administrative and support services, thereby enabling the Commission to operate efficiently – maximizing the amount of funding that is dedicated to program related activities. In addition, this agreement will allow the Commission to ramp-up programs more quickly than if it were operating on its own and better coordinate and market programs to innovation community stakeholders in the State. These activities complement the Authority's Technology and Life Science activities and support the goals of the Governor's strategic plan for economic development.

Background:

The Commission was re-established in 2018 by the Legislature to exercise oversight for the responsibility of implementing, evaluating, and formulating long-range plans and programs for science, innovation, and technology in New Jersey. By including the word "innovation" in the name of the Commission, the Legislature specifically recognized the role and the importance of innovation developed at the State's institutions of higher education and businesses to the economy of this State.

Relative to the CSIT's mandate, the NJEDA's Technology and Life Science (TLS) Division offers a suite of programs that directly support business related to science, innovation, and technology. TLS's programs have allowed the NJEDA to develop a set of deep relationships within New Jersey's entrepreneurial and investor communities while also instilling the TLS team with a significant amount of innovation-related program development and execution expertise.

In addition to its own programs, the TLS Team's current portfolio also includes management of legacy investments from the original Commission on Science and Technology's programs.

Rationale for an MOU :

There are three overarching reasons for an MoU between the NJEDA and the Commission:

1. **Efficiency:** given that the Fiscal Year 2019 appropriation for the Commission was $1 million, working with the NJEDA will enable the CSIT to avoid spending funds on general and administrative expenses and therefore direct the majority of its funding toward direct innovation economy programs.

2. **Time to programmatic impact:** by leveraging EDA's administrative experience in areas such as HR, accounting, IT, website development, marketing, etc., the Commission will be able to ramp-up programs more quickly than if it were operating without this support. Further, by leveraging NJEDA's government program implementation experience (program development, writing regulations and applications, marketing and stakeholder engagement, procurement management, and public board presentation), CSIT programs will encounter fewer process hold-ups and challenges.

3. **Clarity of offerings to science, innovation, and technology stakeholders:** by coordinating closely with the NJEDA staff that is already managing many of the State's innovation-related programs, the Authority and the Commission will be able to ensure State government is "speaking with one voice" to innovation economy stakeholders. Entrepreneurs, academics, and investors have identified that having multiple points of state government contact is a major pain point and often ask for a more coordinated approach; working in partnership through this MoU will ensure the Commission and other NJEDA staff are consistently working together and co-marketing the State's offerings to these important stakeholders.

Description of support offered by the NJEDA:

Through the attached MoU, the NJEDA would provide the following types of support to the Commission:

- **Section 1a:** Administrative support and services, such as: board meeting support, records custodianship, Open Public Records Act information requests management, HR, IT, ethics compliance, and marketing (time and costs associated with this support would be absorbed by NJEDA)

- **Section 1b:** Financial management support related to encumbering and disbursing State funds as directed by the Commission (time and cost associated with this support would be absorbed by NJEDA)
- **Sections 8 and 9:** Office space for Commission meetings and business at NJEDA's Trenton and satellite office locations (costs associated with this support would be absorbed by the NJEDA)

Other sections of the MoU outline that legal support will continue to be provided by the Office of the Attorney General, clarify how funds will be managed, clarify reporting requirements, and provide additional detail on cost sharing. The MoU also contains declarations that are standard in all intra-government agreements (e.g. ability to modify or terminate the MoU, etc.).

Request:
Approval to enter into a Memorandum of Understanding substantially in the form attached hereto with the Commission for the purpose of providing support services to the Commission.

Tim Sullivan

Attachments:
Draft Memorandum of Understanding between the Commission and the New Jersey Economic Development Authority

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING ("MOU"), made as of this _________ day of ______, 2019 (the "Effective Date"), is between the NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY ("EDA") and the NEW JERSEY COMMISSION ON SCIENCE, INNOVATION AND TECHNOLOGY ("CSIT"), (collectively the "Parties").

WHEREAS, P.L. 2018, c.091 re-established CSIT as an independent commission, in but not of Treasury, charging CSIT with responsibility for the development and oversight of policies and programs for science, innovation, and technology in New Jersey, among other duties and authorities; and

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

WHEREAS, among its services, the EDA offers a portfolio of resources to support the growth of New Jersey's industries, including financing, real estate and networking support; and

WHEREAS, the State has and may, from time to time, appropriate funds to support the activities of CSIT, and those funds for State Fiscal Year 2019 were appropriated to the EDA account;

WHEREAS, EDA has the technical expertise and capacity to support the CSIT's activities and the EDA will provide office staff, office space, and support services to assist CSIT in carrying out the responsibilities identified in P.L. 2018, c.091; and

WHEREAS, it is in the best interest of the Parties to enter into this MOU regarding the provision of EDA staff and administrative services in support of CSIT; and

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

NOW, THEREFORE, it is agreed between the Parties:

1. EDA shall provide ancillary support and services, as described as follows:
    a. Providing administrative and support services to meet the needs of CSIT, including but not limited to, corporate governance and public information support services such as CSIT Board meeting support, records custodian and assistance with Open Public Records Act information requests, guidance on ethics matters and liaison with State Ethics Commission, and media outreach and management.
    b. Encumbering and disbursing any State funds appropriated to CSIT when and as directed by CSIT in writing, on a timely basis for purposes determined by CSIT in its discretion.
2. As part of the services provided by EDA in paragraph 1 above, in addition to any Deputy Attorney General assigned to CSIT, EDA will provide legal services to CSIT from an EDA-assigned Deputy Attorneys General.
3. EDA agrees that it will not encumber, disburse or otherwise spend State funds appropriated to CSIT except when and as directed expressly by CSIT, as authorized, in writing.

4. EDA agrees to provide written reports as needed, and upon request, to CSIT detailing any staff services provided for in paragraph 1 above. The Parties anticipate that CSIT will meet every six weeks unless more frequent meetings become necessary.
5. With the exception of the pro-rated time of EDA staff working on direct CSIT program support, it is the intent of the Parties that CSIT will not compensate EDA for the costs incurred on behalf of CSIT for the services provided for in paragraph 1 above. EDA will bill CSIT quarterly for staff time spent on direct program support of the CSIT and its programs based on staff salaries, including fringe benefits and pension contributions, pro-rated by the number of hours staff dedicates to the CSIT. The EDA will not bill CSIT for any EDA staff time spent on human resources, communications, accounting, marketing or similar activities on behalf of CSIT. EDA will not be financially responsible for any costs incurred by CSIT other than those provided for in paragraphs 1 as described in this paragraph, and all award funding for CSIT's innovation partnership grants and other financial assistance awarded by CSIT will be paid from funds of CSIT. Other costs not contemplated in this Agreement arising from the Parties' joint activities will be mutually agreed upon in writing before incurring them.
6. CSIT will direct all appropriations of State funds to CSIT to be deposited in a separate account held by the NJEDA on behalf of CSIT. EDA will provide support to obtain a contract with an independent auditor to include all necessary audits for CSIT. Costs relating to outside auditors for CSIT will be paid from funds of CSIT.
7. CSIT will obtain insurance as its Board deems necessary and appropriate, and the cost of its insurance coverage will be paid from funds of CSIT.
8. Staff services set forth in paragraph 1 will be conducted from EDA's main or satellite offices or as otherwise allowed by EDA policy for EDA personnel.
9. EDA will make available conference room(s) at EDA's main offices for regular and special meetings of CSIT and will provide conference room space at EDA's main or satellite offices so that CSIT members may transact the business of CSIT.
10. EDA will identify an EDA staff member who will be the primary contact staff for CSIT.
11. CSIT, as constituted by statute, will continue to function as the exclusive entity empowered to make decisions for CSIT.
12. All expenses related to funding of awards and all other assets carried on the CSIT balance sheet will be paid for out of CSIT's annual appropriation and be reflected in CSIT's financial statements.
13. The MOU shall not take effect unless approved by the Boards of the EDA and CSIT, and executed by the authorized representatives of CSIT and EDA. This MOU becomes effective immediately upon execution and shall remain in effect for two (2) years, unless terminated sooner pursuant to section 14 below. This MOU may subsequently be extended for one (1) year upon mutual written consent of the Parties.
14. The Parties are entering into this MOU for the sole purpose of evidencing the mutual understanding and intention of the Parties with respect to the provision of EDA support services for CSIT. It may be amended, modified, and supplemented at any time by mutual consent and in writing signed by the undersigned or their designees. This MOU may also be terminated by the Board of EDA or CSIT upon 60 days prior written notice to the other. There are no third-party beneficiaries of this MOU.

15. The Parties acknowledge that they are public entities of the State of New Jersey. Therefore, the Parties agree that each entity shall be liable for its own conduct and any claims against it without indemnification from the other.
16. All notices, demands or communications to any party to this MOU shall be send to the addresses set forth below or as may be otherwise modified in writing:

EDA: 36 West State Street
PO Box 990
Trenton, NJ 08625
Att’n __________

CSIT: 36 West State Street
PO Box 990
Trenton, NJ 08625
Att’n _, CSIT_________

IN WITNESS HEREOF, EDA and the CSIT have executed this MOU on the dates below:

For EDA:

Name: Tim Sullivan

Signature: ___________________

Title: Chief Executive Officer, NJEDA

Date: ___________________

Name : Gunjan Doshi

Signature : _______________________

Title: Chair, CSIT

Date: ___________________________

NJEDA

MEMORANDUM

Outside Special Legal Counsel

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: June 11, 2019

RE: Special Counsel: Executive Order 52 (Murphy 2019) and Attorney General Investigation – Amendment to Retention Agreement

Summary
The Members are asked to approve additional contract funding of $400,000 (for a revised fee cap of $1,050,000) due to ongoing need for representation related to the subject legal matters. The additional funding will be at the blended hourly rate for all attorney positions of $450/hour outlined in the original retention letter executed between the Authority and Friedman, Kaplan, Seiler, and Adelman, LLP ("Friedman Kaplan") on February 21, 2019.

Background
On January 24, 2019, Governor Murphy signed Executive Order 52 which established a Task Force on EDA's Tax Incentives (the "Task Force"). The mission of the Task Force is to conduct an in-depth examination of the deficiencies in the design, implementation, and oversight of Grow NJ and ERG, including those identified in the 2019 State Comptroller's performance audit, to inform consideration regarding the planning, development and execution of any future iterations of these or similar tax incentive programs. The Task Force holds public hearings and asks individuals to testify who can provide insight into the design, implementation, and oversight of these programs. The Task Force will report its findings to the Governor and the Legislature, as appropriate.

The Attorney General announced a separate investigation of these programs.

Based on the foregoing, EDA staff in consultation with an ad hoc committee of Board members determined it was in the best interest of the Authority to retain special counsel for the Board and the staff.

On January 31, 2019, the Authority issued a Solicitation of Proposals ("Solicitation") for Emergent, Specialized Legal Services. The purpose of the Solicitation was to obtain proposals from certain well-qualified, non-conflicted law firms that were identified by a committee of the Board to represent both the EDA Board and staff. The Solicitation resulted in an award of a one

(1) year contract with three (3), one (1) year extension options at an initial retention of $250,000 approved under delegated authority to Friedman Kaplan. This amount was increased by $400,000 with board approval on May 14, 2019, revising the fee cap to $650,000.

Work began in February of 2019 and is ongoing. Friedman Kaplan has provided continual advice and counsel with respect to matters bearing upon the investigations. Services include assistance, counseling, and guidance to the EDA Board and staff, as applicable, with respect to the production of documents, subpoenas, public hearing testimony, overall strategy, regulatory and fiduciary obligations, and potential litigation. If legal action is taken against the Authority related to the investigations, Friedman Kaplan may be requested to prepare, commence, and manage litigation on behalf of the Authority. Preparation may include significant pre-filing evaluative and investigative work. Litigation will include: drafting pleadings, motions, briefs and all other papers to be filed in court; conducting and responding to discovery; attending all pre-trial, trial and post-trial court appearances; conducting settlement negotiations and handling appeals. Special Counsel will also be expected to handle all issues arising in the litigation, including all issues that must be raised in compliance with the entire controversy doctrine. Special Counsel must regularly communicate with EDA Board Members and staff, as applicable.

Through April 30, the Authority has paid approximately $416,731 under the retention agreement. May billing is estimated to be approximately $220,000.

Recommendation

In summary, approval is requested for ongoing additional contract funding of $400,000 (for a revised fee cap of $1,050,000) at the same blended hourly rate for all attorney positions of $450/hour under the same terms and conditions outlined in the original retention letter of February 21, 2019. It should be noted that these fees are being paid from the Authority's net assets and will not detract from existing EDA programs or burden the taxpayers of the state.

Tim Sullivan
Chief Executive Officer

Prepared by: Fred Cole

INCENTIVE PROGRAMS

GROW NEW JERSEY ASSISTANCE PROGRAM (GROW NJ)

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – GROW NEW JERSEY ASSISTANCE PROGRAM

As created by statute, the Grow New Jersey Assistance (Grow NJ) Program is available to businesses creating or retaining jobs in New Jersey and making a qualified capital investment at a qualified business facility in a qualified incentive area. Applications to the Grow NJ 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. 34:1B-242 et seq./N.J.A.C. 19:31-1 and the program's rules, applicants must employ a certain number of personnel in retained and/or new full-time jobs at a qualified business facility and make, acquire or lease a capital investment equal to or greater than defined thresholds in order to be eligible for tax credits. In addition to satisfying these statutorily-established job and capital investment requirements, applications undergo a material factor review to verify that the tax credits are material to the project advancing in New Jersey. Applications are also subject to a net benefit analysis to verify that the anticipated revenue resulting from the proposed project will be greater than the incentive amount. Credits are only certified for use annually and proportionally based on actual job performance during that year and an applicant is subject to forfeiture and recapture in event of default.

APPLICANT: Case Medical, Inc. P45598

PROJECT LOCATION: 50 West Street Bloomfield Township Essex County

APPLICANT BACKGROUND:
Case Medical, Inc., founded in 1992, is a designer and manufacturer of sterilization and instrument processing products for medical device reprocessing. The company began as a supplier of custom graphics trays to medical device manufacturers and over time developed the SteriTite universal sealed container and modular, customizable MediTray inserts for instrument protection and organization. Case Medical is a certified Women's Business Enterprise, a Small Business Enterprise and FDA registered certified medical device manufacturer of products for sterilization and instrument processing. Case Medical currently has 120 employees at two locations in South Hackensack, NJ; a 29,000 sq. ft. leased facility at 19 Empire Blvd., and 15,500 sq. ft. leased facility at 11 A Empire Blvd. The leases expire on May 2020 and February 2022 respectively. (The 2022 has an early termination clause of May 2020.)

MATERIAL FACTOR/NET BENEFIT:
The applicant is considering the consolidation and relocation of its two locations in South Hackensack to either 71,576 sq. ft. leased facility in Bloomfield, NJ or 76,000 sq. ft. leased facility in Harriman, NY. The project would create 75 jobs and retain 120 existing positions.

The company toured several properties in Bergen and Essex counties in New Jersey and Orange and Rockland counties in New York, as options for its new location. The company is attracted to Harriman, NY for the following reasons: (i) The cost of living in Orange County is materially less than cost of living in Essex and Bergen Counties. With lower cost of living in Harriman, NY, the company anticipates being able to attract and hire new employees from the Harriman area at lower wages, which in time will produce additional capital for investment in continued business growth and jobs; (ii) The Harriman location is particularly attractive given its immediate access to many highways and its proximity and easy access to/from Bergen County, where most of the company's personnel reside. Existing executives and employees will be able to commute to this location with only modest incremental commute time in context of typical North Jersey commutes; (iii) Real Estate costs in Harriman are attractive on a relative basis when compared to the most affordable, suitable and available location Case Medical could identify in New Jersey (Bloomfield).

In addition, several NY incentives are available through the Empire State Development (ESD) for Orange County, New York which include: ESD Development Fund, providing capital grants to companies that commit to the creation and retention of jobs for assistance with construction and expansion of facilities, working capital and training full-time employees; Excelsior Jobs Program, tax credits for job creation and investment in targeted industries including manufacturing; and Life Sciences Tax Credit, tax credits based on qualified research and development expenditures incurred in NY State for life sciences companies, which includes medical devices.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Case Medical, Inc. has indicated that the grant of tax credits is a material factor in the company's location decision. The Authority is in receipt of an executed CEO certification by Marcia Frieze, the CEO of Case Medical, Inc., that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of $15 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:

The applicant has certified that the 120 New Jersey jobs listed in the application are at risk of being located outside the State on or before 6/1/20 when the leases will expire in South Hackensack, NJ. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

ELIGIBILITY AND GRANT CALCULATION:

Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program's rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

Minimum Capital Investment Requirements	($/Square Foot of Gross Leasable Area)
Industrial/Warehouse/Logistics/R&D - **Rehabilitation Projects**	**$ 20**
Industrial/Warehouse/Logistics/R&D - New Construction Projects	$ 60
Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Projects	$ 40
Non-Industrial/Warehouse/Logistics/R&D – New Construction Projects	$120

Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

Minimum Full-Time Employment Requirements	(New / Retained Full-time Jobs)
Tech start ups and **manufacturing businesses**	**10 / 25**
Other targeted industries	25 / 35
All other businesses/industries	35 / 50

Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

As an Industrial – Rehabilitation Project for a manufacturing business in Essex County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	**Minimum Requirement**	**Proposed by Applicant**
Capital Investment	$2,863,040	$4,193,379
New Jobs	10	75
Retained Jobs	25	120

The Grow New Jersey Statute and the program's rules also establish criteria for the Grant Calculation for **New Full-Time Jobs**. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	**Requirement**	**Proposed by Applicant**
Distressed Municipality	Base award of $4,000 per year for projects located in a designated Distressed Municipality	Bloomfield Township is a designated Distressed Municipality
Increase(s) Criteria		
Transit Oriented Development	An increase of $2,000 per job for a project locating in a Transit Oriented Development	50 West Street is located in a Transit Oriented Development by virtue of being within ½ mile of the midpoint of a New Jersey Transit Corporation.
Capital Investment in Excess of Minimum (non-Mega)	An increase of $1,000 per job for each additional amount of capital investment in an industrial premises that exceeds the minimum amount required for eligibility by 20%, with a maximum increase of $3,000	The proposed capital investment of $4,193,379 is 192% above the minimum capital investment resulting in an increase of $3,000 per year.
Targeted Industry	An increase of $500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is a Manufacturing business.

The Grow New Jersey Statute and the program's rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
All other projects	**The Retained Full-Time Jobs will receive the lesser of:** - ½ of the Grant Calculation for New Full-Time Jobs (1/2 * $6,500 = $3,250) or - **The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($4,193,379 / 10 / (75 + 120) = $2,150)** In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.

Grant Calculation

BASE GRANT PER EMPLOYEE:			
Distressed Municipality			$4,000
INCREASES PER EMPLOYEE:			
Transit Oriented Development:		$ 2,000	
Capital Investment in Excess of Minimum (non-Mega):		$ 3,000	
Targeted Industry (Manufacturing):		$ 500	
INCREASE PER EMPLOYEE:			$5,500
PER EMPLOYEE LIMIT:			
Distressed Municipality		$11,000	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:			$9,500
AWARD:			
New Jobs:	75 Jobs X $9,500 X 100% =		$712,500
Retained Jobs:	120 Jobs X $2,150 X 100% =		$258,000
		Total:	**$970,500**
ANNUAL LIMITS:			
Distressed Municipality		$ 8,000,000	
TOTAL ANNUAL AWARD			**$970,500**

PROJECT IS: (X) Expansion ( ) Relocation	
ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$ 4,193,379
ANTICIPATED COMPLETION DATE FOR CAPITAL INVESTMENT:	March 1, 2021
ANTICIPATED DATE THAT JOBS WILL BE AT QUALIFIED BUSINESS FACILITY:	September 25, 2021
SIZE OF PROJECT LOCATION:	71,576 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Industrial
CONSTRUCTION: (X) Yes ( ) No	

NEW FULL-TIME JOBS:	75
RETAINED FULL-TIME JOBS:	120
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2018):	120
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY:	South Hackensack
MEDIAN WAGES:	$ 36,013

NET BENEFIT MODEL:	2017
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD):	$ 22,829,052
TOTAL AMOUNT OF AWARD:	$ 9,705,000
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	$ 13,124,052

ELIGIBILITY PERIOD: 10 years

CONDITIONS OF APPROVAL:

1. Applicant has not committed to locate the project in New Jersey, such as by executing a lease or a purchase contract, unless the decision to locate in New Jersey is completely contingent on the award of Grow New Jersey tax credits.
2. Applicant will create and/or retain jobs and will make eligible capital investment, at the qualified business facility, of no less than the minimum eligibility requirements after Board approval, but no later than three years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within 12 months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.

APPROVAL REQUEST:

The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before June 1, 2020; 2) approve the proposed Grow New Jersey grant to encourage Case Medical, Inc. to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: M. Peters **APPROVAL OFFICER**: T. Wells

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – GROW NEW JERSEY ASSISTANCE PROGRAM

As created by statute, the Grow New Jersey Assistance (Grow NJ) Program is available to businesses creating or retaining jobs in New Jersey and making a qualified capital investment at a qualified business facility in a qualified incentive area. Applications to the Grow NJ 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. 34:1B-242 et seq./N.J.A.C. 19:31-1 and the program's rules, applicants must employ a certain number of personnel in retained and/or new full-time jobs at a qualified business facility and make, acquire or lease a capital investment equal to or greater than defined thresholds in order to be eligible for tax credits. In addition to satisfying these statutorily-established job and capital investment requirements, applications undergo a material factor review to verify that the tax credits are material to the project advancing in New Jersey. Applications are also subject to a net benefit analysis to verify that the anticipated revenue resulting from the proposed project will be greater than the incentive amount. Credits are only certified for use annually and proportionally based on actual job performance during that year and an applicant is subject to forfeiture and recapture in event of default.

APPLICANT:	CIT Bank, N.A.		P45503
PROJECT LOCATION:	340 Mount Kemble Avenue	Morristown	Morris County

APPLICANT BACKGROUND:
CIT Bank, N.A., a subsidiary of CIT Group Inc, established in 1908, provides various banking and related services to commercial and individual customers. The company provides financing, leasing, and advisory services principally to middle-market companies and small businesses across a wide variety of industries. CIT Bank, N.A. also offers products and services to consumers through its Internet bank franchise, bankoncit.com and a network of retail branches in Southern California, operating as OneWest Bank, a division of CIT Bank, N.A. The company is ranked 550th on the Fortune 1000 list of the largest American companies and is on the list of largest banks in the USA. The applicant is currently located in Livingston, NJ. The applicant has demonstrated the financial ability to undertake the project.

MATERIAL FACTOR/NET BENEFIT:
CIT Bank, N.A. submitted an application requesting a $22,162,500 tax credit to support an updated and more efficient space to accommodate its growth needs. The company is considering a 215,418 Sq. Ft. facility in Morristown, NJ or a 198,984 Sq. Ft. facility in White Plains, NY. The project involves the retention of 711 employees and the creation of 137 new positions. The White Plains, NY location offers favorable rent terms and NY State incentives as well as proximity to the company's New York City headquarters and building quality.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option. While the applicant revised its application to request a tax credit equal to the grant calculation amount, the management of CIT Bank, N.A. indicated in the initial application that the grant of tax credits in the amount initially requested is a material factor in the company's location decision. The Authority is in receipt of an executed CEO certification by Ellen Alemany, the CEO of CIT Bank, N.A., that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur.

It is estimated that the project would have a net benefit to the State of $310 million over the 20 year period required by the Statute.

FINDING OF JOBS AT RISK:
The applicant has certified that the 711 New Jersey jobs listed in the application are at risk of being located outside the State on or before October 1, 2020 due to the company's existing location not meeting current workplace

requirements and a 15 month time frame needed in order to complete project design, construction, and furnishing. This certification coupled with the economic analysis of the potential locations submitted to the Authority has allowed staff to make a finding that the jobs listed in the application are at risk of being located outside of New Jersey.

ELIGIBILITY AND GRANT CALCULATION:

Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program's rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

Minimum Capital Investment Requirements	($/Square Foot of Gross Leasable Area)
Industrial/Warehouse/Logistics/R&D - Rehabilitation Projects	$ 20
Industrial/Warehouse/Logistics/R&D - New Construction Projects	$ 60
Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Projects	**$ 40**
Non-Industrial/Warehouse/Logistics/R&D – New Construction Projects	$120

Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

Minimum Full-Time Employment Requirements	(New / Retained Full-time Jobs)
Tech start ups and manufacturing businesses	10 / 25
Other targeted industries	**25 / 35**
All other businesses/industries	35 / 50

Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

As a Non-Industrial/Warehouse/Logistics/R&D – Rehabilitation Project, for an other targeted industry business, in Morris County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	$8,616,720	$43,688,768
New Jobs	25	137
Retained Jobs	35	711

The Grow New Jersey Statute and the program's rules also establish criteria for the Grant Calculation for **New Full-Time Jobs**. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	Requirement	Proposed by Applicant
Priority Area	Base award of $3,000 per year for projects located in a designated Priority Area	Morristown is a designated Priority Area

Increase(s) Criteria		
Jobs with Salary in Excess of County/GSGZ Average	An increase of $250 per job for each 35% the applicant's median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of $1,500	The proposed median salary of $123,000 exceeds the County median salary by 59.74% resulting in an increase of $250 per year.
Large Number of New/Retained Full-Time Jobs	An increase of $500 per job for 251-400 new or retained jobs, $750 per job for 401-600 new or retained jobs, $1,000 for 601-800 new or retained jobs, $1,250 for 801-1,000 new or retained jobs and $1,500 for more than 1,000 new or retained jobs	The applicant is proposing to create/retain 848 Full-Time Jobs at the project location resulting in an increase of $1,250.
Targeted Industry	An increase of $500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is a Finance business.

The Grow New Jersey Statute and the program's rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
All other projects	The Retained Full-Time Jobs will receive the lesser of: - **½ of the Grant Calculation for New Full-Time Jobs (1/2 * $5,000 = $2,500)** or

	- The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($43,688,768/ 10 / (137+ 711) = $5,151) In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.

Grant Calculation

BASE GRANT PER EMPLOYEE:

Priority Area		$ 3,000

INCREASES PER EMPLOYEE:

Jobs with Salary in Excess of County Average:	$ 250	
Large Number of New/Retained F/T Jobs:	$ 1,250	
Targeted Industry (Finance):	$ 500	
INCREASE PER EMPLOYEE:		$ 2,000

PER EMPLOYEE LIMIT:

Priority Area	$10,500	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:		$ 5,000

AWARD:

New Jobs:	137 Jobs X $5,000 X 100% =	$ 685,000
Retained Jobs:	711 Jobs X $5,000 X 50% =	$1,777,500
	Total:	**$2,462,500**

ANNUAL LIMITS:

Priority Area (Est. 90% Withholding Limit) $4,000,000/($4,371,309)

TOTAL ANNUAL AWARD **$2,462,500**

TOTAL ANNUAL AWARD REQUESTED BY THE APPLICANT AS A MATERIAL FACTOR TO PROCEED WITH THE PROJECT IN MORRISTOWN, NJ:

New Jobs:	137 Jobs X $4,500* X 100% =	$ 616,500
Retained Jobs:	711 Jobs X $4,500* X 50% =	$1,599,750
	Total:	**$2,216,250**

TOTAL ANNUAL AWARD (APPROVED): **$2,216,250**

* The total annual award requested by the applicant also limits the amount per New Job and Retained Job. The applicant will receive the lesser of this amount or the per employee amount reflecting any reduction in the bonuses upon project certification.

PROJECT IS: (X) Expansion (X) Relocation	
ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$43,688,768
ANTICIPATED COMPLETION DATE FOR CAPITAL INVESTMENT:	April 30, 2020
ANTICIPATED DATE THAT JOBS WILL BE AT QUALIFIED BUSINESS FACILITY:	July 1, 2020
SIZE OF PROJECT LOCATION:	215,418 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Non-Industrial
CONSTRUCTION: (X) Yes ( ) No	

NEW FULL-TIME JOBS:	137
RETAINED FULL-TIME JOBS:	711
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2018):	712
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY:	Livingston Township
MEDIAN WAGES:	$ 123,000

NET BENEFIT MODEL:	2017
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD):	$332,233,091
TOTAL AMOUNT OF AWARD:	$ 22,162,500
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	$310,070,591

ELIGIBILITY PERIOD:	10 years

CONDITIONS OF APPROVAL:

1. Applicant has not committed to locate the project in New Jersey, such as by executing a lease or a purchase contract, unless the decision to locate in New Jersey is completely contingent on the award of Grow New Jersey tax credits.
2. Applicant will create and/or retain jobs and will make eligible capital investment, at the qualified business facility, of no less than the minimum eligibility requirements after Board approval, but no later than three years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within 12 months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.

APPROVAL REQUEST:

The Members of the Authority are asked to: 1) concur with the finding by staff that the jobs in the application are at risk of being located outside New Jersey on or before October 1, 2020; 2) approve the proposed Grow New Jersey grant to encourage CIT Bank, N.A. to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: M. Peters **APPROVAL OFFICER**: S. Novak

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – GROW NEW JERSEY ASSISTANCE PROGRAM

As created by statute, the Grow New Jersey Assistance (Grow NJ) Program is available to businesses creating or retaining jobs in New Jersey and making a qualified capital investment at a qualified business facility in a qualified incentive area. Applications to the Grow NJ 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. 34:1B-242 et seq./N.J.A.C. 19:31-1 and the program's rules, applicants must employ a certain number of personnel in retained and/or new full-time jobs at a qualified business facility and make, acquire or lease a capital investment equal to or greater than defined thresholds in order to be eligible for tax credits. In addition to satisfying these statutorily-established job and capital investment requirements, applications undergo a material factor review to verify that the tax credits are material to the project advancing in New Jersey. Applications are also subject to a net benefit analysis to verify that the anticipated revenue resulting from the proposed project will be greater than the incentive amount. Credits are only certified for use annually and proportionally based on actual job performance during that year and an applicant is subject to forfeiture and recapture in event of default.

APPLICANT: Infobip LLC P45571

PROJECT LOCATION: 111 Town Square Place Jersey City Hudson County

APPLICANT BACKGROUND:
Infobip LLC, established in 2010, is a subsidiary of Infobip Ltd., an international IT and telecommunications company headquartered in London, England. Infobip powers enterprises to deliver messages across any channel, any device, at anytime and anywhere worldwide. Infobip's technology creates seamless mobile interactions between businesses and people as well as simplifying the integration of almost all communication capabilities. With over a decade of industry experience, Infobip has expanded to include 60 offices on six continents (including the U.S. in New York and California) offering an in-house developed messaging platform with the capacity to reach over six billion mobile devices in 190+ countries connected to over 800 telecom networks. The company serves and partners with leading mobile operators, messaging apps, banks, social networks, tech companies, and aggregators. The applicant has demonstrated the financial ability to undertake the project through the support of its parent company.

MATERIAL FACTOR/NET BENEFIT:
Infobip LLC would like to build on its East coast presence in U.S. by leasing 5,050 sq. ft. in Jersey City, NJ or 5,000 sq. ft. in Feasterville Trevose, Pennsylvania. The project will result in creation of 25 technology jobs.

Infobip is attracted to Pennsylvania because of the following: (1) PA maintains internationally recognized universities, including but not limited to, University of Pennsylvania (22 miles from the proposed PA location), Drexel University (22 miles from proposed PA location) and Villanova University (26 miles from the proposed PA location), that specialize in computer science and marketing which can provide a valuable pipeline of new employees for Infobip; (2) Initially employees being hired will be software developers, however eventually Infobip will also need to buildout a U.S. based salesforce and believes stronger candidates exists in PA when compared to NJ; (3) PA offers lower salary index and individual tax rates; (4) The company also believes that the PA location will help the company better approach the following prospective clients with headquarters in the Philadelphia and Pittsburgh area: Aramark, Comcast, Keystone Foods, Ricoh, Genesis HealthCare, Universal Health Services, UPMC, PNC, among others.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Infobip LLC has indicated that the grant of tax credits is a material factor in the company's location decision. The Authority is in receipt of an executed CEO certification by Zeljko Jelenic the CEO of Infobip LLC that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of $3.4 million over the 20 year period required by the Statute.

ELIGIBILITY AND GRANT CALCULATION:
Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program's rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

Minimum Capital Investment Requirements	($/Square Foot of Gross Leasable Area)
Industrial/Warehouse/Logistics/R&D - Rehabilitation Projects	$ 20
Industrial/Warehouse/Logistics/R&D - New Construction Projects	$ 60
Non-Industrial/Warehouse/Logistics/R&D – **Rehabilitation Projects**	**$ 40**
Non-Industrial/Warehouse/Logistics/R&D – New Construction Projects	$120

Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

Minimum Full-Time Employment Requirements	(New / Retained Full-time Jobs)
Tech start ups and manufacturing businesses	10 / 25
Other targeted industries	**25 / 35**
All other businesses/industries	35 / 50

Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

As a Non-Industrial – Rehabilitation Project for an other targeted industry business in Hudson County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	$202,000	$611,330
New Jobs	25	25
Retained Jobs	35	0

The Grow New Jersey Statute and the program's rules also establish criteria for the Grant Calculation for **New Full-Time Jobs**. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	Requirement	Proposed by Applicant
Urban Transit Hub Municipality	Base award of $5,000 per year for projects located in a designated Urban Transit Hub Municipality	Jersey City is a designated Urban Transit Hub Municipality

Increase(s) Criteria		
Transit Oriented Development	An increase of $2,000 per job for a project locating in a Transit Oriented Development	111 Town Square Place is located in a Transit Oriented Development by virtue of being within ½ mile of the midpoint of a New Jersey Transit Corporation rail station.
Jobs with Salary in Excess of County/GSGZ Average	An increase of $250 per job for each 35% the applicant's median salary exceeds the median salary of the County, or the Garden State Growth Zone, in which the project is located with a maximum increase of $1,500	The proposed median salary of $120,000 exceeds the Hudson County median salary by 124% resulting in an increase of $750 per year.
Targeted Industry	An increase of $500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is a Technology business.

The Grow New Jersey Statute and the program's rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
All other projects	**The Retained Full-Time Jobs will receive the lesser of:** - ½ of the Grant Calculation for New Full-Time Jobs (1/2 * $8,250 = $4,125) or - **The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($611,330/ 10 / (25 + 0) = $2,445)**

	In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.

Grant Calculation

BASE GRANT PER EMPLOYEE:			
Urban Transit HUB Municipality			$5,000
INCREASES PER EMPLOYEE:			
Transit Oriented Development:		$ 2,000	
Jobs with Salary in Excess of County Average:		$ 750	
Targeted Industry (Technology):		$ 500	
INCREASE PER EMPLOYEE:			$3,250
PER EMPLOYEE LIMIT:			
Urban Transit HUB Municipality		$12,000	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:			$8,250
AWARD:			
New Jobs:	25 Jobs X $8,250 X 100% =		$206,250
Retained Jobs:	0 Jobs X $2,445 X 100% =		$0,000
		Total:	**$206,250**
ANNUAL LIMITS:			
Urban Transit HUB Municipality		$10,000,000	
TOTAL ANNUAL AWARD			**$206,250**

PROJECT IS: (X) Expansion ( ) Relocation

ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$ 611,330
ANTICIPATED COMPLETION DATE FOR CAPITAL INVESTMENT:	August 1, 2019
ANTICIPATED DATE THAT JOBS WILL BE AT QUALIFIED BUSINESS FACILITY:	December 1, 2020
SIZE OF PROJECT LOCATION:	5,050 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Non-Industrial

CONSTRUCTION: (X) Yes ( ) No

NEW FULL-TIME JOBS:	25
RETAINED FULL-TIME JOBS:	0
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2018):	0
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY:	N/A
MEDIAN WAGES:	$ 120,000

NET BENEFIT MODEL:	2017
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD):	$ 4,895,382
TOTAL AMOUNT OF AWARD:	$ 1,443,750
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	$ 3,451,632

ELIGIBILITY PERIOD: 7 years

CONDITIONS OF APPROVAL:

1. Applicant has not committed to locate the project in New Jersey, such as by executing a lease or a purchase contract, unless the decision to locate in New Jersey is completely contingent on the award of Grow New Jersey tax credits.
2. Applicant will create and/or retain jobs and will make eligible capital investment, at the qualified business facility, of no less than the minimum eligibility requirements after Board approval, but no later than three years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within 12 months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.

APPROVAL REQUEST:

The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage Infobip LLC to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: D. Ubinger **APPROVAL OFFICER**: T. Wells

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – GROW NEW JERSEY ASSISTANCE PROGRAM

As created by statute, the Grow New Jersey Assistance (Grow NJ) Program is available to businesses creating or retaining jobs in New Jersey and making a qualified capital investment at a qualified business facility in a qualified incentive area. Applications to the Grow NJ 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. 34:1B-242 et seq./N.J.A.C. 19:31-1 and the program's rules, applicants must employ a certain number of personnel in retained and/or new full-time jobs at a qualified business facility and make, acquire or lease a capital investment equal to or greater than defined thresholds in order to be eligible for tax credits. In addition to satisfying these statutorily-established job and capital investment requirements, applications undergo a material factor review to verify that the tax credits are material to the project advancing in New Jersey. Applications are also subject to a net benefit analysis to verify that the anticipated revenue resulting from the proposed project will be greater than the incentive amount. Credits are only certified for use annually and proportionally based on actual job performance during that year and an applicant is subject to forfeiture and recapture in event of default.

APPLICANT:	Zipdrug, Inc.		P45671
PROJECT LOCATION:	30 Montgomery Street	Jersey City	Hudson County

APPLICANT BACKGROUND:
Zipdrug Inc. ("Zipdrug" or "Company") founded in April 2015, is a growing healthcare technology startup, changing the way pharmacies and health insurance companies work together to provide their patients with better pharmacy care. Its technology powers a data-driven network of preferred pharmacies that leverage home delivery to drive medication adherence, member satisfaction, and plan savings. With Care Control, its care coordination platform, pharmacies in their network utilize traditional data sources, like prescription claims, and new indicators of quality to create a deeper, more intelligent framework for patient management. The Company is backed by investors in healthcare and has partnered with health insurers to enhance the pharmacy care for millions of patients.

The applicant has demonstrated the financial ability to undertake the project through the support of its parent company.

The applicant is currently located in New York City, NY.

MATERIAL FACTOR/NET BENEFIT:
The Company has an immediate need to establish a sophisticated, large-scale back office operation in the region, as part of its planned second quarter expansion. This state-of-the-art customer service center will employ a significant number of employees and offer opportunities to those interested in working in the healthcare technology sector. It will also be home to the Company's executive leadership team and will act as the Company's new corporate headquarters. After months of analysis and due diligence, the Company has narrowed its site selection to two options. The first is located in Jersey City, NJ and would be a lease of 11,552 square feet of commercial office space at 30 Montgomery Street, for the development of a state-of-the-art facility. The alternate location is in Purchase, New York and would be a lease of 10,379 square feet of commercial office space at 2500 Westchester Avenue, for the development of a state-of-the-art facility.

Purchase, NY was selected as a good possible alternate location due to:

- Its proximity to NYC. Zipdrug currently has multiple staff that live in NYC and would be willing to commute to Purchase, NY.

- As, or more, importantly the current availability of quality office space at reasonable costs makes that location attractive.

The location analysis submitted to the Authority shows New Jersey to be the more expensive option and, as a result, the management of Zipdrug, Inc. has indicated that the grant of tax credits is a material factor in the company's location decision. The Authority is in receipt of an executed CEO certification by Stu Libby, the CEO of Zipdrug, Inc, that states that the application has been reviewed and the information submitted and representations contained therein are accurate and that, but for the Grow New Jersey award, the creation and/or retention of jobs would not occur. It is estimated that the project would have a net benefit to the State of $3.5 million over the 20-year period required by the Statute.

ELIGIBILITY AND GRANT CALCULATION:
Per the Grow New Jersey statute, N.J.S.A. 34:1B-242 et seq. and the program's rules, N.J.A.C. 19:31-18, the applicant must:

- Make, acquire, or lease a capital investment equal to, or greater than, the minimum capital investment, as follows:

Minimum Capital Investment Requirements	($/Square Foot of Gross Leasable Area)
Industrial/Warehouse/Logistics/R&D - Rehabilitation Projects	$ 20
Industrial/Warehouse/Logistics/R&D - New Construction Projects	$ 60
Non-Industrial/Warehouse/Logistics/R&D – **Rehabilitation Projects**	**$ 40**
Non-Industrial/Warehouse/Logistics/R&D – New Construction Projects	$120

Minimum capital investment amounts are reduced by 1/3 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

- Retain full-time jobs **AND/OR** create new full-time jobs in an amount equal to or greater than the applicable minimum, as follows:

Minimum Full-Time Employment Requirements	(New / Retained Full-time Jobs)
Tech start ups and manufacturing businesses	**10 / 25**
Other targeted industries	25 / 35
All other businesses/industries	35 / 50

Minimum employment numbers are reduced by 1/4 in GSGZs and in eight South Jersey counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem

As a Non-Industrial – Rehabilitation Project, for a technology start-up business in Hudson County, this project has been deemed eligible for a Grow New Jersey award based upon these criteria, outlined in the table below:

Eligibility	Minimum Requirement	Proposed by Applicant
Capital Investment	$462,080	$1,052,778
New Jobs	10	84
Retained Jobs	25	0

The Grow New Jersey Statute and the program's rules also establish criteria for the Grant Calculation for **New Full-Time Jobs**. This project has been deemed eligible for a Base Award and Increases based on the following:

Base Grant	Requirement	Proposed by Applicant
Urban Transit Hub Municipality	Base award of $5,000 per year for projects located in a designated Urban Transit Hub Municipality	Jersey City is a designated Urban Transit Hub Municipality
Increase(s) Criteria		
Transit Oriented Development	An increase of $2,000 per job for a project locating in a Transit Oriented Development	30 Montgomery Street is located in a Transit Oriented Development by virtue of being within ½ mile of the midpoint of a Port Authority Transit Corporation light rail station
Targeted Industry	An increase of $500 per job for a business in a Targeted Industry of Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, or Finance excluding a primarily warehouse, distribution or fulfillment center business	The applicant is a Technology business.

The Grow New Jersey Statute and the program's rules establish a Grant Calculation for **Retained Full-Time Jobs**. The Grant Calculation for Retained Full-Time Jobs for this project will be based upon the following:

PROJECT TYPE	GRANT CALCULATION
Project located in a Garden State Growth Zone	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
A Mega Project which is the U.S. headquarters of an automobile manufacturer located in a priority area	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
The Qualified Business Facility is replacing a facility that has been wholly or substantially damaged as a result of a federally declared disaster	The Retained Full-Time Jobs will receive the same Grant Calculation as New Full-Time Jobs as shown above subject to the same per employee limits.
All other projects	**The Retained Full-Time Jobs will receive the lesser of:** - ½ of the Grant Calculation for New Full-Time Jobs (1/2 * $7,500 = $3,750) or - **The estimated eligible Capital Investment divided by 10 divided by the total New and Retained Full-Time Jobs ($1,052,778/ 10 / (84 + 0) = $1,253)** In the event that upon completion a project has a lower actual Grant Calculation for New Full-Time Jobs or a lower Capital Investment than was estimated herein, the above calculations will be re-run and the applicant will receive the lesser of the two amounts.

Grant Calculation

BASE GRANT PER EMPLOYEE:			
Urban Transit HUB Municipality			$ 5,000
INCREASES PER EMPLOYEE:			
Transit Oriented Development:		$ 2,000	
Targeted Industry (Technology):		$ 500	
INCREASE PER EMPLOYEE:			$ 2,500
PER EMPLOYEE LIMIT:			
Urban Transit HUB Municipality		$12,000	
LESSER OF BASE + INCREASES OR PER EMPLOYEE LIMIT:			$ 7,500
AWARD:			
New Jobs:	84 Jobs X $7,500 X 100% =		$630,000
Retained Jobs:	0 Jobs X $1,253 X 100% =		$ 0,000
		Total:	**$630,000**
ANNUAL LIMITS:			
Urban Transit HUB Municipality		$10,000,000	
TOTAL ANNUAL AWARD			**$630,000**

PROJECT IS: (X) Expansion ( ) Relocation	
ESTIMATED ELIGIBLE CAPITAL INVESTMENT:	$ 1,052,778
ANTICIPATED COMPLETION DATE FOR CAPITAL INVESTMENT:	September 1, 2019
ANTICIPATED DATE THAT JOBS WILL BE AT QUALIFIED BUSINESS FACILITY:	July 1, 2021
SIZE OF PROJECT LOCATION:	11,552 sq. ft.
NEW BUILDING OR EXISTING LOCATION?	Existing
INDUSTRIAL OR NON-INDUSTRIAL FACILITY?	Non-Industrial
CONSTRUCTION: (X) Yes ( ) No	
NEW FULL-TIME JOBS:	84
RETAINED FULL-TIME JOBS:	0
STATEWIDE BASE EMPLOYMENT (AS OF DECEMBER 31, 2018):	0
CITY FROM WHICH JOBS WILL BE RELOCATED IN NEW JERSEY:	N/A
MEDIAN WAGES:	$ 60,000
NET BENEFIT MODEL:	2017
GROSS BENEFIT TO THE STATE (OVER 20 YEARS, PRIOR TO AWARD):	$ 9,812,304
TOTAL AMOUNT OF AWARD:	$ 6,300,000
NET BENEFIT TO THE STATE (OVER 20 YEARS, NET OF AWARD):	$ 3,512,304
ELIGIBILITY PERIOD:	10 years

CONDITIONS OF APPROVAL:

1. Applicant has not committed to locate the project in New Jersey, such as by executing a lease or a purchase contract, unless the decision to locate in New Jersey is completely contingent on the award of Grow New Jersey tax credits.
2. Applicant will create and/or retain jobs and will make eligible capital investment, at the qualified business facility, of no less than the minimum eligibility requirements after Board approval, but no later than three years from Board approval.
3. No employees that are subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program are eligible for calculating the benefit amount of the Grow New Jersey tax credit.
4. No capital investment that is subject to a BEIP, BRRAG, legacy Grow New Jersey, Urban Transit Hub or other NJEDA incentive program is eligible to be counted toward the capital investment requirement for Grow New Jersey.
5. Within 12 months following approval, the applicant will submit progress information indicating that the business has site plan approval, committed financing for, and site control of the qualified business facility.

APPROVAL REQUEST:

The Members of the Authority are asked to approve the proposed Grow New Jersey grant to encourage Zipdrug, Inc. to increase employment in New Jersey. The recommended grant is contingent upon receipt by the Authority of evidence that the company has met certain criteria to substantiate the recommended award. If the criteria met by the company differs from that shown herein, the award amount and the term will be lowered to reflect the award amount that corresponds to the actual criteria that have been met.

DEVELOPMENT OFFICER: Maggie Peters **APPROVAL OFFICER:** Mark Chierici

GROW NEW JERSEY ASSISTANCE PROGRAM (GROW NJ) MODIFICATIONS

NJEDA

MEMORANDUM

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: June 11, 2019

SUBJECT: Atlantic City Contact Center, LLC– GROW NJ Modification–P41071

Request:
Consent to a modified project with an overall reduction in the incented new full-time jobs from 332 to 121 (a 64% decrease.)

As a result of this requested change, the approved award will decrease from $32,740,805 to $1,473,989 ($11,495,000 as per grant calculator but capped by the Net Benefit Test "NBT"). All other terms and conditions of the Grow NJ award will be consistent with the current approval.

The members are asked to approve this action because it exceeds the criteria for staff delegation to approve these matters.

Background:
Atlantic City Contact Center, LLC ("ACCC") is a provider of contact center services, including customer service, sales, customer acquisition, technical support and back office processing to North American companies.

On July 9, 2015, ACCC was approved for a ten (10) year, $32,740,805 Grow NJ award to incent the creation of 332 new full-time jobs as part of a rehabilitation into an existing facility located at 112 Park Place, Atlantic City, NJ, a Garden State Growth Zone. Anticipated capital investment to complete the project was $667,500. Over thirty (30) years, the net benefit to the State was calculated to be $3,274,080. ACCC was allowed two six-month extensions to certify project completion by July 9, 2019. Since the net benefit to the State was within 10% of the award amount, the approval included an additional condition that required the Net Benefit Test to be re-run should the number of eligible jobs, capital investment, or payroll decrease more than 10% at certification.

In 2019, ACCC certified project completion and demonstrated that it had made $612,053 in capital investments, which was 8% less than the anticipated amount but exceeded the minimum requirement of $209,574 for the Grow NJ award. The company created 144 new full-time positions. Of the 144, 60 employees are currently participating in a training program that runs for 120 days. Each of these employees has signed a Collective Bargaining Agreement between ACCC and the Local 601 Utility Workers of America AFL-CIO that dictates that ACCC would offer employees health insurance at the conclusion of this time period. Only employees offered health insurance are deemed eligible under the Grow NJ program. As 37 of those employees will complete the training period and will be offered health insurance by the four-year project certification deadline, ACCC has created 121 eligible new jobs, or 36% of the 332 that were anticipated at approval.

ACCC's CEO and President advised that the reduction in the headcount was mainly attributed to the length of time it took ACCC to contract with utility companies as clients, which was ACCC's intended customer base, which delayed hiring new employees at the qualified business facility ("QBF"). The project remains office space as initially proposed for the company's 200 seat contact center. The company anticipates meeting the originally-approved new full-time job number at the project site over the next 12 to 24-month period.

The median salary of the 121 incented employees is $22,968, a 15% decrease from the $27,040 median salary anticipated at approval. The project was completed as anticipated and is operating. The median salaries reflected are the starting rates for new employees and will increase over time in accordance with company policy.

Based on the actual $612,053 of capital investment and 121 new jobs, the revised GROW NJ award amount was recalculated to be $11,495,000. However, as required by the incentive agreement and board approval, the Net Benefit Test was re-analyzed using the current NBT model, which is consistent with EDA's published policy dated December 13, 2016. Over 30 years, the net benefit to the State is $147,399, and therefore meets program requirements. However, the net benefit test caps the award at $1,473,989.

Because the reduction in jobs and payroll exceeded 10%, the modification is being presented to the Members for consideration.

The award will decrease from $32,740,805 to $1,473,989 ($11,495,000 as per grant calculator, which accounts for the loss of the $500 bonus for large number of new/retained jobs, resulting in a $9,500 annual award per employee but capped by the NBT). Since the award is capped by the NBT, the maximum annual credit per job is $1,218 (calculated as follows: $1,473,989 award amount /121 eligible jobs/10 years). The original base amount per employee of $5,000 represents 53% of the revised total award per employee based on the grant calculator of $9,500. Therefore, applying that same percentage to the updated per employee award that has been capped by the net benefit, $1,218, the updated base amount per employee is $646*.

Because the QBF is located in a Garden State Growth Zone, ACCC will be able to increase its annual award by the updated base amount ($646) for each additional new employee in excess of the initially certified number of 121 eligible jobs. However, once the company exceeds 121 eligible jobs, any subsequent decrease in eligible jobs will require an adjustment to the tax credit amount and the company will no longer be eligible to receive any increase in its annual award for eligible employees that exceed 121 eligible jobs.

Summary of Project Changes

	At Approval	At Certification
Proposed Jobs	332 (New)	121 (New)
Median Salary	$ 27,040	$ 22,968
Eligibility Min. New Jobs	27	27
Eligibility Min. Cap-Ex	$209,574	$209,574
Proposed Cap-Ex	$667,500	$612,053
Base Amount:	**$ 5,000**	**$ 646***
Bonus Increases:		
Deep Poverty Pocket or Choice Neighborhood	$ 1,500	$ 1,500
Transit Oriented Development	$ 2,000	$ 2,000
Large Number of New/Retained Full-Time Jobs (251 required)	$ 500	$ 0
2007 Revit. Index>465 in Atlantic County	$ 1,000	$ 1,000
Total Amount per Incented Employee (*limited by NBT)	**$ 10,000**	**$ $1,218***
Award Amount:	$33,200,000 $32,740,805 (capped by the NBT)	$11,495,000 $ 1,473,989 (capped by the NBT)
Gross Benefit to the State (Over 30 Years, Prior to Award):	$36,014,885	$ 1,621,388
Net Benefit to the State (Over 30 Years, Net of Award):	$ 3,274,080	$ 147,399

Recommendation:

Consent to a modified project with an overall reduction in the incented new full-time jobs from 332 to 121 (a 64% decrease). As a result of this requested change, the approved award will decrease from $32,740,805 to $1,473,989 ($11,495,000 as per grant calculator but capped by the NBT). All other terms and conditions of the Grow NJ award will be consistent with the current approval.

Prepared by: Tyshon Lee

NJEDA

MEMORANDUM

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: June 11, 2019

SUBJECT: Bayada Home Health Care, Inc – GROW NJ Modification
$18,441,120 Grow NJ – P42313

Request

Consent to the restructuring of Bayada Home Health Care, Inc, ("Bayada") from a for profit corporation to a nonprofit corporation.

There is no change in Bayada's $18,441,120 Grow NJ award as a result of this change.

The action by the company is not akin to a stock sale, merger, spin off, or divestiture. Although pursuant to the delegations approved by the Board in June of 2017 the proposed change is in some aspects administrative in nature that can be approved under delegation, the restructuring of Bayada is unique in nature and impacts key assumptions in the net benefit test. Therefore, the proposed change is being presented to the Board for consideration.

Background:

Bayada Home Health Care, Inc., established in 1975, is a privately held home health care company providing in-home nursing services including short-term nursing, rehabilitative, therapeutic, and assistive care services.

Bayada was approved on April 12, 2016 for a $18,441,120 Grow to incent the creation of 162 new jobs, and the retention of 357 at-risk jobs to be relocated to a 127,231 sf Qualified Business Facility ("QBF") in Pennsauken. Staff approved a first sixth-month certification extension under delegation to extend the time to certify from April 12 ,2019 to November 12, 2019.

After approval, Bayada informed staff that its ownership had determined to convert the applicant from a Pennsylvania corporation to a nonprofit entity. Bayada outlined a series of steps it had planned to undertake, including the conversion of our applicant from a corporation to an LLC, then from a for-profit LLC to a nonprofit corporation. These changes became effective as of December 31, 2018.

Bayada received guidance through the IRS that it could maintain its tax identification number throughout the process. New Jersey has indicated that it would do so as well. These conversions will enable Bayada to retain its exiting Medicare and Medicaid provider number. Bayada has satisfied their conditions to maintain approval and is pending receipt of an incentive agreement.

To date, Bayada has spent more than $29,000,000 in capital investment at the QBF, has hired 152 new employees at the QBF and retains the full 357. The QBF is complete and fully operational.

Recognizing that the Corporation Business Tax and property taxes that were used in the net benefit model at time of approval would no longer apply to Bayada as a non-profit, staff reran the net benefit test with the new model and determined that the project will still provide a net positive benefit to the state ($86.1MM v $18.2MM).

There is no change in Bayada's $18,441,120 Grow NJ award as a result of this change.

Summary of Project Changes

	Original	**Proposed**
Total Project Square Footage	127,231 sf	127,231 sf
Jobs	162 (New) 357 (Retained)	162 (New) 357 (Retained)
Minimum Capital Investment	$3,392,827	$3,392,827
Estimated Eligible Capital Investment	$11,502,955	$11,502,955
Award Amount	$18,441,120	$18,441,120
Gross Benefit to the State (Over 20 years, Prior to Award):	$104,587,247	$36,654,371
Net Benefit to the State (Over 20 Years, Net of Award):	$86,146,127	$18,213,251

Recommendation

Consent to the restructuring of Bayada Home Health Care, Inc, ("Bayada") from a for profit corporation to a nonprofit corporation.

Prepared by: Susan Greitz

NJEDA

MEMORANDUM

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: June 11, 2019

SUBJECT: Nestle HealthCare Nutrition Inc. and Nestle Nutrition R & D Centers Inc.
GROW NJ Modification–P41050

Request:
Consent to an overall reduction in the incented new full-time jobs from 177 to 102.

As a result of this requested change, the approved award will decrease by 36% from $14,455,000 to $9,205,000. All other terms and conditions of the Grow NJ award will be consistent with the current approval.

The members are asked to approve this action because it exceeds the criteria for staff delegation to approve these matters.

Background:
Nestle HealthCare Nutrition Inc. ("Nestle") is a subsidiary of the Nestle Group, whose ultimate parent is Nestle SA. Nestle is a food and beverage manufacturing company that offers nutritional solutions for people with specific dietary needs related to various illnesses or diseases with targeted nutritional solutions to protect health and manage chronic diseases.

On July 9, 2015, Nestle was approved for a ten (10) year, $14,455,000 Grow NJ award to incent the creation of 177 new full-time jobs and retention of 59 full time jobs at risk of leaving the State, for a total of 236 full time jobs, as part of a relocation to a 179,270 sf R&D and manufacturing facility at 1041 Route 202-206, Bridgewater Township, Somerset County, a Priority Area subject to the 90% withholding limit. Capital investment to complete the project was estimated to be $60,000,000. Nestle was allowed two six-month extensions to certify project completion by July 9, 2019.

In April 2019, Nestle requested certification of its project completion. Staff confirmed that the leasable area of the qualified business facility slightly increased 3,157 sf (1.76%) from 179,270 sf to 182,427 sf which reflected the true gross leasable area occupied by Nestle and resulted in the increase in the minimum capital investment from $3,585,400 to $3,648,540. The company demonstrated that it had made $60,175,118 in capital investments, which exceeded the minimum requirement of $3,648,540 for the Grow NJ award and satisfied the capital investment in excess of the minimum bonus of $3,000 per job. Nestle reported it retained the existing 59 full-time jobs as expected but created only 102 of the expected 177 new full-time jobs, for a total of 161 jobs at the approved qualified business facility ("QBF"). The actual retained full time jobs and new full-time jobs exceeded the minimum requirement of 25 and 10, respectively, for the Grow NJ award. The company reported the median salary of the incented jobs was $136,109 which exceeded the anticipated median salary of $128,000 at approval and satisfied the requirement for the median salary bonus of $500 per job.

Staff conducted a teleconference with the company's Business Executive Officer, the highest ranking official for Nestle, and confirmed during a recent site visit that the facility continues as a R&D and manufacturing center. The company's original intent was to build 7 capabilities but that was later reduced to 3 capabilities. This business decision was to be more cost effective minimizing duplicate efforts amongst personnel. At this time, Nestle does not intend to increase headcount more than what has been certified.

Staff recalculated the grant based on the actual $60,175,118 of capital investment, 59 retained full time jobs, and 102 new full-time jobs, which decreased the award amount from $14,455,000 to $9,205,000. Over the 20 years, the net benefit to the State is $59,495,943, and therefore meets program requirements. However, because the reduction in jobs exceeded 25%, the modification is being presented to the Members for consideration.

Although there are 32% less full-time jobs than what had been expected under the current approval of this Grow NJ award, the QBF was completed as anticipated. In summary, Nestle employs 161 full-time jobs, and expended $60,175,118 in capital investment to complete the project.

Summary of Project Changes

	At Approval	**At Certification**
Eligibility Min. New Jobs	10	10
Eligibility Min. Retained Jobs	25	25
Proposed Jobs:	177 (New)	102 (New)
	59 (Retained)	59 (Retained)
Eligibility Min. Cap-Ex	$3,585,400	$3,648,540
Proposed/Actual Cap-Ex	$60,000,000	$60,175,118
Base Amount:	**$3,000**	**$3,000**
Bonus Increases:		
Jobs w/ Salary in Excess Of County Median	$500	$500
Target Industry (Manufacturing)	$500	$500

Cap-ex in excess of Minimum	$3,000	$3,000
Total Amount per Incented Employee	**$7,000**	**$7,000**
Annual Award:		
New:	177 x $7,000 = $1,239,000	102 x $7,000 = $714,000
Retained:	59 x $3,500 = $206,500	59 x $3,500 = $206,500
Total:	$1,445,500	$920,500
Award Amount:	$14,455,000	$9,205,000
Estimated 90% Withholdings	$1,561,943	$937,475
Gross Benefit to the State (Over 20 Years, Prior to Award):	$91,623,888	$68,700,943
Net Benefit to the State (Over 20 Years, Net of Award):	$77,168,888	$59,495,943
Statewide Jobs	59	59

Recommendation:
Consent to an overall reduction in the incented new full-time jobs from 177 to 102. As a result of this requested change, the approved award will decrease by 36% from $14,455,000 to $9,205,000. All other terms and conditions of the Grow NJ award will be consistent with the current approval.

Prepared by: Keirah Black

NJ FILM AND DIGITAL MEDIA TAX CREDIT PROGRAM

NJEDA

MEMORANDUM

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: June 11, 2019

Subject: Proposed Rule Amendment
Film & Digital Media Tax Credit Program

Summary:

The Members are requested to approve the proposed readoption with amendment of rules implementing the Garden State Film and Digital Media Jobs Program (attached) and to authorize staff to submit the proposed readoption with amendment for publication for public comment in the New Jersey Register, subject to final review and approval by the Office of the Attorney General and the Office of Administrative Law.

Program Overview:

The "Garden State Film and Digital Media Jobs Act," P.L. 2018, c. 56, enacted July 3, 2018, 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. The goal of the program is to incentivize production companies to film and create digital media content in New Jersey.

The New Jersey Film Tax Credit Program provides a tax credit of 30 percent of qualified film production expenses if 60 percent of the film's total production expenses, exclusive of post-production costs, are incurred for services and goods purchased through vendors in New Jersey, or the qualified film production expenses in New Jersey of the taxpayer exceed $1 million per production.

The film tax credit may be increased to 35% for 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.

The New Jersey Digital Media Tax Credit Program allows for a digital media tax credit of 20% of qualified digital media production expenses if at least $2 million of the total digital media production expenses are incurred for services performed and goods purchased through vendors in New Jersey, and at least 50% of the qualified digital media content production expenses are for wages and salaries paid to full-time employees in New Jersey.

The digital media tax credit may be increased to 25% for qualified 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.

Additionally, a tax credit against the corporate business tax in the amount of two percent of the qualified film or digital media expenses to applicants that submit an approved diversity plan outlining goals, which includes the intention to prioritize the hiring of minority persons and women in an amount of not less than 15% of the total hired, efforts to ensure equal employment opportunities, and specific goals, which may include advertising and recruitment actions, for hiring minority persons and women. The taxpayer must submit evidence that the applicant has met or made good-faith efforts in achieving those goals to receive the bonus.

The total amount of film tax credits available under the program is $75 million per state fiscal year, beginning with State Fiscal Year ("SFY") 2019 and ending with SFY2023, for a total available pool of $375 million. The total amount of digital media tax credits available under the program is $10 million per fiscal year, beginning with SFY2019 and ending with SFY2023, for a total available pool of $50 million.

<u>Proposed Readoption with Amendment</u>

In November 2018, the Members approved special adopted new rules to implement the Garden State Film & Digital Media Jobs Program, which pursuant to P.L. 2018, c. 56, were effective upon publication in the New Jersey Register but without any further action will expire on June 28, 2019. By publishing the readoption of these rules, with the amendment described below, the effectivity of the existing rules will be extended to December 26, 2019. The proposed readoption will need to be file for adoption by that date.

As part of the special adopted new rules, the Authority established fees necessary to ensure a source of administrative fee revenue for the Authority to cover the costs of administering the New Jersey Film and Digital Media Tax Credit Programs. This includes an application fee based on the estimated tax credit amount, an issuance fee of 0.5% of the tax credit amount that is payable prior to issuance of a tax credit, and, if applicable, a transfer fee should the taxpayer which to transfer the tax credits to another taxpayer, as authorized by statute.

As part of the application review process, staff receives an application package that includes the necessary information to determine: whether an application is complete, whether the application meets the program eligibility criteria, and the calculation of the estimated tax credit amount based upon the qualified film or digital media production expenses and any potential bonuses, as applicable. This application package includes a preliminary project budget that lists, on a line item basis, the total film or digital media production expenses, the total film or digital media production expenses through vendors authorized to do business in New Jersey, the qualified film or digital media production expenses, and the qualified film or digital media production expenses in the eight targeted counties.

The expenses being reported by the applicant to the Authority at the application stage are often projected expenses that have yet to be incurred, so there is limited information beyond the preliminary project budget that is available to the Authority to validate these expenses. While no issuance of tax credits occurs until a project completes an extensive certification process that includes a tax credit verification report prepared by an Independent Certified Public Accountant according to the agreed upon procedures established by the Authority, due diligence is done at the application stage to ensure that estimated tax credit amount that staff is recommending to the Members for approval is based upon expenses that are credible by industry standards. This is particularly important under a program with a fixed annual cap such as the Film and Digital Media Tax Credit Programs.

To have the best expertise possible, the Authority has retained a third-party with industry-specific knowledge to ensure that the expenses being provided are credible by industry standards. The Authority may continue to retain such an expert for all future applications.

Therefore, in order for the Authority to recover the costs of this expert, staff is recommending that the required proposed readoption of rules implementing the Garden State Film and Digital Media Tax Credit Program include an amendment to provide that the full amount of direct costs of any analysis by a third party retained by the Authority, if the Authority deems such retention to be necessary, shall be paid by the applicant.

Recommendation:

The Members of the Board are requested to approve the attached proposed readoption with amendment and to authorize staff to submit the proposed readoption with amendment for publication in the New Jersey Register, subject to final review and approval by the Office of the Attorney General and the Office of Administrative Law. The Members are also requested to approve the adoption of the rules with amendments and the promulgation in the New Jersey Register if no comments are received.

Prepared by: Pat Rose/Jacob Genovay

Attachments:

- Exhibit A – Proposed Readoption with Amendment

D R A F T

OTHER AGENCIES

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Authority Assistance Programs

Garden State Film and Digital Media Jobs Program

Proposed Readoption: N.J.A.C. 19:31-21

Proposed Amendment: N.J.A.C. 19:31-21.5

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

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

Calendar Referenced: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2019-____.

Submit written comment by ______ __, 2019, to:

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

The agency proposal follows:

Summary

The New Jersey Economic Development Authority ("EDA" or "Authority") is proposing to readopt its rules implementing the Garden State Film and Digital Media Jobs Program ("Program") found at N.J.A.C. 19:31-21, which in accordance with P.L. 2018, c. 56, will expire on June 28, 2019.

The rules are necessary to implement the Garden State Film and Digital Media Jobs Act, P.L. 2018, c. 56, which provides a credit against the Corporation Business Tax pursuant to section 5 of P.L. 1945, c. 162 (N.J.S.A. 54:10A-5) and the New Jersey Gross Income Tax pursuant to N.J.S.A. 54A:1-1 et seq., for certain expenses incurred for the production of certain film and digital media content in this State.

Pursuant to P.L. 2018, c. 56, a taxpayer, upon approval of an application to the EDA and the Director of the Division of Taxation in the Department of the Treasury, is allowed a tax credit in an amount equal to 30 percent of the qualified film production expenses or 20 percent of the qualified digital media content production expenses, of the taxpayer incurred after July 1, 2018. The tax credits will receive initial approval and be assigned a vintage year during a privilege period or taxable year commencing on or after July 1, 2018 but before July 1, 2023. The allowable credit is increased to 35 percent of the qualified film production expenses or 25 percent of the qualified digital media content production expenses of the taxpayer for the expenses incurred for services performed and tangible personal property used or consumed from a vendor whose primary business is located in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer, or Salem County.

The substantive provisions of the rules proposed to be readopted with amendment by the Authority are summarized below.

N.J.A.C. 19:31-21.1 addresses the statutory authority for Garden State Film and Digital Media Jobs Program.

N.J.A.C. 19:31-21.2 defines certain terms used in this subchapter, incorporates terms used in P.L. 2018, c. 56 pertaining to the Program, clarifies statutory terms, and provides additional terms included in the implementation of the Program.

N.J.A.C. 19:31-21.3 outlines the criteria for a taxpayer to be eligible for film and digital media tax credits including compliance with certain withholding requirements provided for payments to loan out companies and independent contractors.

N.J.A.C. 19:31-21.4 outlines the information and procedures required for submitting an application to the Authority for tax credits under the Program.

N.J.A.C. 19:31-21.5 establishes non-refundable application and other approval and tax credit tax credit transfer fees intended to assist the Authority in recouping administrative costs for the Program. In addition, proposed new N.J.A.C. 19:31-2.5(d) provides that the full amount of certain direct costs of any analysis by a third party retained by the Authority shall be paid by the applicant.

N.J.A.C. 19:31-21.6 addresses the total amount of tax credit allowed; the tax liabilities against which the credit may be applied, the prohibition against applying a tax credit any for costs or expenses included in any other certain tax credit or exemption previously granted or included in the calculation of an award of business assistance or incentive during certain periods; the type of each business entity that may be eligible for a tax credit; the order of priority in which the credit tax credit may be taken; the amount of the tax credit which under certain circumstances shall not reduce certain other tax liabilities; the availability of bonus tax credits for certain applications accompanied by a diversity plan; and, increased tax credit amounts for certain expenses incurred for services performed and tangible personal property purchased through vendors who primary place of business is located in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer, or Salem County.

N.J.A.C. 19:31-21.7 establishes the information and procedures required for submitting an application to the Authority; addresses the initial approval of applications on a first in time basis subject to annual caps; the designation of the maximum amount of the tax credit and information to be included in the initial approval received by the taxpayer which shall include certain conditions subsequent to receipt of the tax credit; specifies the documentation required to be submitted upon completion of total film production or total digital media content production expenses; addresses the final approval of the tax credit amount and issuance of the tax credit certificate to the applicant; and, outlines the process for appeal of the Authority's initial or final approval or denial.

N.J.A.C. 19:31-21.8 allows tax credits, upon application and approval by the Division of Taxation and the Authority, to sell or assign their credit, under the tax credit transfer certificate program for consideration received of not less than 75 percent of the transferred credit amount.

N.J.A.C. 19:31-21.9 caps the value of all credits approved and allowed under the Program at a cumulative total of $75 million for film tax credits and $10 million for digital media tax credits in fiscal year 2019, and in each fiscal year thereafter prior to fiscal year 2024; and, addresses the approval of tax credits in instances wherein the cumulative total amount of tax credits initially approved and tax credit transfer credits approved in a single year exceeds the amount of available tax credits in that year.

N.J.A.C. 19:31-21.10 provides that the Authority's affirmative action and prevailing wage requirements will apply to projects undertaken in connection with financial assistance received under the program.

N.J.A.C. 19:31-21.11 states that if any portion of this subchapter is adjudged to be unconstitutional or invalid by a court of competent jurisdiction, the remaining portions of the subchapter are severable and shall not be affected by that determination.

As the Authority has provided a 60-day comment period in this notice of proposal, this notice is excepted from the rulemaking calendar requirement pursuant to N.J.A.C. 1:30-3.3(a)5.

Social Impact

The Garden State Film and Digital Media Jobs Program authorizes corporation business and gross income tax credits for certain expenses incurred for the production of certain films and digital media content in New Jersey. The rules proposed for readoption with amendment will have a positive social impact by attracting motion picture, television and digital media production in New Jersey, which will promote New Jersey's diverse locations and landscapes, incentivize diversity in recruitment and hiring, catalyze tourism activity, and reestablish New Jersey's competitiveness in the motion picture and television industry.

Economic Impact

The total amount of film tax credits available under the Program is $75 million per state fiscal year, beginning with State Fiscal Year 2019 and ending with State Fiscal Year 2023, for a total available pool of $375 million. The total amount of digital media tax credits available under the program is $10 million per fiscal year, beginning with State Fiscal Year 2019 and ending with State Fiscal Year 2023, for a total available pool of $50 million. Accordingly, the Authority anticipates the Program will help strengthen the State's economy by attracting film, television and digital media production and the associated economic benefit that is generated through these productions, which includes: jobs, wages, tourism activity and spending, infrastructure and community investment in production facilities, patronage of local businesses and vendors, and value from media exposure. In addition, the availability of the new credit may result in additional film, television and digital media production throughout the state, and will be an important tool in reclaiming New Jersey's competitiveness in this industry. The rules proposed for readoption with amendment will impose minimal costs on applicants to comply with application and reporting requirements. Finally, the fees for the Program are intended to ensure a source of necessary administrative fee revenue for EDA to more fully cover the costs of administering the Program, including any third-party assistance where necessary.

Federal Standards Statement

A Federal standards analysis is not required because the rules proposed for readoption with amendment are not subject to any Federal requirements or standards.

Jobs Impact

In New Jersey, average annual employment in the motion picture and video industry totals over 7,000 or 0.6 percent of the State's private sector workers with wages paid of more than $374 million or 0.4 percent of the State's total wages. The EDA anticipates that the rules proposed for readoption with amendment will spur an indeterminate amount of job creation which includes direct job creation through film, television and digital media production companies producing content in New Jersey, and indirectly through local businesses and vendors that provide support services to film, television or digital media production.

Agriculture Industry Impact

The rules proposed for readoption with amendment will not have any impact on the agriculture industry of the State of New Jersey.

Regulatory Flexibility Statement

The rules proposed for readoption with amendment do not impose reporting, recordkeeping, or other compliance requirements on small businesses, as defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq, because the Garden State Film and Digital Media Jobs Program provides tax credits to businesses in the film, television and digital media production industries.

Housing Affordability Impact Analysis

The rules proposed for readoption with amendment will not increase the amount of housing units, particularly multi-family rental housing and for-sale housing, in qualifying projects and redevelopment projects including residential development and mixed-use projects including residential space.

Smart Growth Development Impact Analysis

The rules proposed for readoption with amendment will not impact the number of housing units or result in any increase or decrease in the average cost of housing in Planning Areas 1 or 2, or in designated centers, under the State Development and Redevelopment Plan.

Racial and Ethnic Community Criminal Justice and Public Safety Impact

The rules proposed for readoption with amendment will not have an impact on pretrial detention, sentencing, probation, or parole policies concerning juveniles and adults in the State.

Full text of proposal follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

Full text of the readoption follows:.

SUBCHAPTER 21. GARDEN STATE FILM AND DIGITAL MEDIA JOBS PROGRAM

19:31-21.1 Applicability and scope

The rules in this subchapter are promulgated by the New Jersey Economic Development Authority in consultation with the New Jersey Motion Picture and Television Development Commission and the New Jersey Division of Taxation to implement the Garden State Film and Digital Media Jobs Act, P.L. 2018, c. 56.

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:

“Authority” means the New Jersey Economic Development Authority.

“Business assistance or incentive” means “business assistance or incentive” as that term is defined pursuant to N.J.S.A. 54:50-39.d.

“Commission” means the New Jersey Motion Picture and Television Development Commission.

“Digital media content” means any data or information that is produced in digital form, including data or information created in analog form, but reformatted in digital form, text, graphics, photographs, animation, sound, and video content. “Digital media content” does not mean content offerings generated by the end user (including postings on electronic bulletin boards and chat rooms); content offerings comprised primarily of local news, events, weather, or local market reports; public service content; electronic commerce platforms (such as retail and wholesale websites); websites or content offerings that contain obscene material as defined pursuant to N.J.S.A. 2C:34-2 and 2C:34-3; websites or content that are produced or maintained primarily for private, industrial, corporate, or institutional purposes; or digital media content acquired or licensed by the taxpayer for distribution or incorporation into the taxpayer's digital media content.

“Director” means the Director of the New Jersey Division of Taxation.

“Film” means a feature film, a television series, or a television show of 22 minutes or more in length, intended for a national audience, or a television series or a television show of 22 minutes or more in length intended for a national or regional audience, including, but not limited to, a game show, award show, or other gala event filmed and produced at a nonprofit arts and cultural venue receiving State funding. “Film” shall not include a production featuring news, current events, weather, and market reports or public programming, talk show, or sports event, a production that solicits funds, a production containing obscene material as defined under N.J.S.A. 2C:34-2 and 2C:34-3, or a production primarily for private, industrial, corporate, or institutional purposes, or a reality show, except for taxpayers applying for a tax credit against the tax imposed pursuant to section 5 of P.L. 1945, c. 165, if the production company of the reality show owns, leases, or otherwise occupies a production facility of no less than 20,000 square feet of real property for a minimum term of 24 months, and invests, after July 1, 2018, no less than $3,000,000 in such a facility within a designated enterprise zone established pursuant to the New Jersey Urban Enterprise Zones Act, N.J.S.A. 52:27H-60 et seq., or a UEZ-impacted business district established pursuant to N.J.S.A. 52:27H66.2. The investment of the production company may include the investment of its landlord after July 1, 2018. To determine the investment of the landlord, the Authority shall multiply the owner's total capital investment in the building by the fraction, the numerator of which is the leased net leasable area and the denominator of which is the total net leasable area. “Film” shall not include an award show or other gala event that is not filmed and produced at a nonprofit arts and cultural venue receiving State funding.

“Fiscal year” means the State's fiscal year, which begins July 1 and ends June 30.

“Full-time or full-time equivalent employee” means an individual employed by the taxpayer for consideration for at least 35 hours a week, or who renders any other standard of service generally accepted by custom or practice as full-time or full-time equivalent employment, whose wages are subject to withholding as provided in the New Jersey Gross Income Tax Act, N.J.S.A. 54A:1-1 et seq., or who is a partner, the taxpayer, who works for the partnership for at least 35 hours a week, or who renders any other standard of service generally accepted by custom or practice as full-time or full-time equivalent employment, and whose distributive share of income, gain, loss, or deduction, or whose guaranteed payments, or any combination thereof, is subject to the payment of estimated taxes, as provided in the New Jersey Gross Income Tax Act, N.J.S.A. 54A:1-1 et seq. “Full-time or full-time equivalent employee” shall not include an individual who works as an independent contractor or on a consulting basis for the taxpayer.

"Highly compensated individual" means an individual who directly or indirectly receives compensation in excess of $500,000 for the performance of services used directly in a production. An individual receives compensation indirectly when the taxpayer pays a loan out company that, in turn, pays the individual for the performance of services.

"Independent contractor" means an individual treated as an independent contractor for Federal and State tax purposes who is contracted with by the taxpayer for the performance of services used directly in a production.

"Loan out company" means a personal service corporation or other entity that is contracted with by the taxpayer to provide specified individual personnel, such as artists, crew, actors, producers, or directors for the performance of services used directly in a production. "Loan out company" does not include entities contracted with by the taxpayer to provide goods or ancillary contractor services, such as catering, construction, trailers, equipment, or transportation.

"Partnership" means an entity classified as a partnership for Federal income tax purposes.

"Post-production costs" means the costs of the phase of production of a film that follows principal photography, in which raw footage is cut and assembled into a finished film with sound synchronization and visual effects. There shall be no distinguishing between the production and post-production phases for animated films due to the intertwined relationship between those two phases in animation.

"Pre-production costs" means the costs of the phase of production of a film that precedes principal photography, in which a detailed schedule and budget for the production is prepared, the script and location is finalized, and contracts with vendors are negotiated. For animated films, pre-production constitutes the period of time during which models are drawn on paper and/or created in the computer (for example, storyboarding).

"Primary place of business" means, for purposes of determining the amount of tax credit pursuant to N.J.A.C. 19:31-21.6(l)2 and 3, the headquarters or commercial facility of a vendor at which the qualified expense transaction occurs.

"Principal photography" means the filming of major and significant portions of a qualified film that involves the lead actors or actresses. For animated films, "principal photography" means the point at which the models created during the pre-production phase are complete and the staff begins to choreograph, animate, and render the animations.

"Privilege period" means the calendar or fiscal accounting period for which a tax is payable under the Corporation Business Tax Act, N.J.S.A. 54:10A-5.

"Program" means the Garden State Film and Digital Media Jobs Program.

"Qualified digital media content production expenses" means expenses incurred in New Jersey after July 1, 2018, for the production of digital media content. "Qualified digital media content production expenses” shall include, but not be limited to, wages and salaries of individuals employed in the production of digital media content on which the tax imposed by the New Jersey Gross Income Tax Act, N.J.S.A. 54A:1-1 et seq., has been paid or is due; and, the costs of computer software and hardware, data processing, visualization technologies, sound synchronization, editing, and the rental of facilities and equipment. Payments made to a loan out company or to an independent contractor shall not be “qualified digital media content production expenses” unless the payments are made in connection with a trade, profession, or occupation carried out in this State or for the rendition of personal services performed in the State and the taxpayer has made the withholding required by N.J.A.C. 19:31-21.3(c). “Qualified digital media content production expenses” shall not include expenses incurred in marketing, promotion, or advertising digital media or other costs not directly related to the production of digital media content. Costs related to the acquisition or licensing of digital media content by the taxpayer for distribution or incorporation into the taxpayer's digital media content shall not be “qualified digital media content production expenses.”

“Qualified film production expenses” means an expense incurred in New Jersey after July 1, 2018, for the production of a film, including pre-production costs, and post-production costs incurred in New Jersey. “Qualified film production expenses” shall include, but shall not be limited to: wages and salaries of individuals employed in the production of a film on which the tax imposed by N.J.S.A. 54A:1-1 et seq., has been paid or is due; and, the costs for tangible personal property used and services performed, directly and exclusively in the production of a 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.

“Selling business” means a taxpayer that has unused tax credits, which it wishes to sell.

“Taxable year” means the calendar or fiscal accounting period for which a tax is payable under N.J.S.A. 54A:1-1 et seq., and commencing on or after July 1, 2018, but before July 1, 2023.

“Taxation” means the New Jersey Division of Taxation.

“Tax credit transfer certificate” means the certificate issued by the Division of Taxation certifying to the selling business the amounts of film tax credit being sold. The certificate shall state that the transferor waives its right to claim the credit shown on the certificate. The certificate shall show the fiscal year in which the application was initially approved and have the same tax credit vintage year as the original tax credit certificate.

"Tax credit vintage year" means the applicant's privilege period or taxable year in which the Authority approved the application and the tax credit may be applied.

"Total digital media content production expenses" means costs for services performed and property used or consumed in the production of digital media content.

"Total film production expenses" means costs for services performed and tangible personal property used or consumed in the production of a film.

"Vendor authorized to do business in New Jersey" means a vendor that has obtained authorization to conduct business in this State by filing the appropriate documents with the State of New Jersey Department of the Treasury, Division of Revenue and Enterprise Services.

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. The taxpayer will incur after July 1, 2018, at least 60 percent of the total film production expenses, exclusive of post-production costs, for services performed and goods purchased through vendors authorized to do business in New Jersey, or the qualified film production expenses of the taxpayer during one taxable year exceed $1,000,000 per production;

2. The principal photography of the film commences within the earlier of 180 days from the date of the original 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. The film includes, when determined to be appropriate by the Commission, taking into account factors including, but not limited to, the budget and audience of the film, at no cost to the State, marketing materials promoting this State as a film and entertainment production destination, which materials shall include placement of a "Filmed in New Jersey" or "Produced in New Jersey" statement, or an appropriate logo approved by the Commission, in the end credits of the film;

4. The taxpayer submits a tax credit verification report prepared by an independent certified public accountant licensed in this State in accordance with N.J.A.C. 19:31-21.7(c)2; and

5. The taxpayer complies with the withholding requirements provided for payments to loan out companies and independent contractors in accordance with (c) below.

(b) A taxpayer shall be eligible for the program for digital media tax credits if the Authority finds that:

1. The taxpayer will incur qualified digital media content production expenses during a privilege period or taxable year, provided that:

i. At least $2,000,000 of the total digital media content production expenses of the taxpayer are incurred for services performed, and goods purchased through vendors authorized to do business in New Jersey;

ii. At least 50 percent of the qualified digital media content production expenses of the taxpayer are for wages and salaries paid to full-time or full-time equivalent employees in New Jersey; and

iii. The taxpayer submits a tax credit verification report prepared by an independent certified public accountant licensed in this State in accordance with N.J.A.C. 19:31-21.7(c)2; and

2. The taxpayer complies with the withholding requirements provided for payments to loan out companies and independent contractors in accordance with (c) below.

(c) A taxpayer shall withhold from each payment to a loan out company or to an independent contractor, an amount equal to 6.37 percent of the payment otherwise due. The amounts withheld shall be deemed to be withholding of liability pursuant to N.J.S.A. 54A:1-1 et seq., and the taxpayer shall be deemed to have the rights, duties, and responsibilities of an employer pursuant to chapter 7 of Title 54A of the New Jersey Statutes. The director shall allocate the amounts withheld for a taxable year to the accounts of the individuals who are employees of a loan out company in proportion to the employee's payment by the loan out company in connection with a trade, profession, or occupation carried on in this State or for the rendition of personal services performed in this State during the taxable year. A loan out company that reports its payments to employees in connection with a trade, profession, or occupation carried on in this State or for the rendition of personal services performed in this State during a taxable year shall be relieved of its duties and responsibilities as an employer pursuant to chapter 7 of Title 54A of the New Jersey Statutes for the taxable year for any payments relating to the payments on which the taxpayer withheld.

19:31-21.4 Application submission requirements

(a) A completed application for film tax credits shall include, but not be limited to, the following:

1. A preliminary budget for the film project with a breakout of projected costs, including pre-production costs and post-production costs;

2. A breakout of projected total film production expenses, excluding pre-production costs, to be incurred, pursuant to N.J.A.C. 19:31-21.3(a)1, for services performed and goods purchased through vendors authorized to do business in New Jersey;

3. A breakout of projected qualified film production expenses, pursuant to N.J.A.C. 19:31-21.3(a)2, in New Jersey;

4. A breakout of projected costs, including pre-production and post-production costs, to be incurred, pursuant to N.J.A.C. 19:31-21.6(h)2 or 3, for services performed and tangible personal

property purchased through a vendor whose primary place of business is located in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer, or Salem County;

5. A description of the project, which must include:

i. A plot summary;

ii. The genre and subject matter;

iii. The anticipated film rating, if applicable;

iv. The names of principals and actors; and

v. The location(s) for filming;

6. The filming schedule;

7. The anticipated or actual dates of commencement and completion of principal photography and total film production expenses;

8. An election by the taxpayer as to whether the tax credit will be based on total film production expenses, exclusive of post-production costs, or on qualified film expenses during a privilege period or taxable year, that exceed $1,000,000 per production;

9. If the applicant is a partnership or limited liability company, a list of members or owners applying for a tax credit under this program, including the percentage of ownership interest of each;

10. If the applicant intends to participate in the bonus amount of tax credit for a diversity plan pursuant to N.J.A.C. 19:31-21.6(l)1, satisfaction of the requirements in N.J.A.C. 19:31-21.6(l)1i through iv; and

11. If the film production involves an eligible reality show, a description of the capital investment, which shall be no less than $3,000,000, and a description of the production facility, which shall be no less than 20,000 square feet of real property, respectively, within a designated enterprise zone established pursuant to the New Jersey Urban Enterprise Zones Act, N.J.S.A. 52:27H-60 et seq., or a UEZ impacted business district established pursuant to N.J.S.A. 52:27H-66.2.

(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;

2. A breakout of projected digital media content production expenses for wages and salaries paid to fulltime or full-time equivalent employees in New Jersey;

3. The total number of current full-time or full-time equivalent digital media employees, plans for anticipated new full-time or full-time equivalent employees, and current non-digital media full-time or full-time equivalent employees;

4. A description of the project, which must include an overall summary of digital media content; and

5. If the applicant intends to participate in the bonus amount of tax credit for a diversity plan pursuant to N.J.A.C. 19:31-20.6(h)1, satisfaction of the requirements under N.J.A.C. 19:31-20.6(h)1i through iv.

19:31-21.5 Fees

(a) A non-refundable fee shall accompany every application for tax credits, as follows:

1. For projects with total tax credits of $1,000,000 or less, the fee to be charged at application shall be $500.00; and

2. For projects with total tax credits in excess of $1,000,000, the fee to be charged at application shall be $2,500.

(b) A non-refundable fee of 0.5 percent of the approved tax credit amount shall be paid prior to the receipt of the tax credit.

(c) A non-refundable fee of $1,000 shall be paid to the Authority upon application for a tax credit transfer certificate pursuant to N.J.A.C. 19:31-21.8.

(d) The full amount of direct costs of any analysis by a third party retained by the Authority, if the Authority deems such retention to be necessary, shall be paid by the applicant.

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) A taxpayer, upon final approval of an application to the Authority and the Director for digital media 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 20 percent of the qualified digital media content 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.

(c) No tax credit shall be allowed pursuant to this subchapter for any costs or expenses included in the calculation of any other tax credit or exemption granted pursuant to a claim made on a tax return filed with the Director, or included in the calculation of an award of business assistance or incentive, for a period of time that coincides with the privilege period or taxable year for which a tax credit authorized pursuant to this subchapter is allowed.

(d) A business that is not a “taxpayer” as defined and used in N.J.S.A. 54:10A-1 et seq., and, therefore, is not directly allowed a credit under this subchapter, but is a business entity that is classified as a partnership for Federal income tax purposes and is ultimately owned by a business entity that is a “corporation” as defined in N.J.S.A. 54:10A-4, or a limited liability company formed under the Revised Uniform Limited Liability Company Act, N.J.S.A. 42:2C-1 et seq., or qualified to do business in this State as a foreign limited liability company, with one member, and is wholly owned by the business entity that is a “corporation” as defined in N.J.S.A. 54:10A-4, but otherwise meets all other requirements of this subchapter, shall be considered an eligible applicant and “taxpayer” as that term is used in this section.

(e) A business entity that is not a gross income “taxpayer” as defined and used in N.J.S.A. 54A:1-1 et seq., and, therefore, is not directly allowed a credit under this subchapter, but otherwise meets all the other requirements of this subchapter, shall be considered an eligible applicant and “taxpayer” as that term is used in this section, and the application of an otherwise allowed credit amount shall be distributed to appropriate gross income taxpayers pursuant to the other requirements of this subchapter.

(f) A business entity that is classified as a partnership for Federal income tax purpose shall not be allowed a tax credit pursuant to this section directly, but the amount of the tax credit of a taxpayer in respect of a distributive share of entity income shall be determined by allocating to the taxpayer that proportion of the tax credit acquired by the entity that is equal to the taxpayer's share, whether or not distributed, of the total distributive income or gain of the entity for its taxable year ending within or with the taxpayer's taxable year.

(g) A New Jersey S Corporation shall not be allowed a tax credit pursuant to this section directly, but the amount of tax credit of a taxpayer in respect of a pro rata share of S Corporation income, shall be determined by allocating to the taxpayer that proportion of the tax credit acquired by the New Jersey S Corporation that is equal to the taxpayer's share, whether or not distributed, of the total pro rata share of S Corporation income of the New Jersey S Corporation for its privilege period ending with the taxpayer's taxable year.

(h) The order of priority in which the tax credit allowed by this section and any other credits allowed by law may be taken, shall be as prescribed by the Director.

(i) The amount of the tax credit applied under this section against the tax imposed pursuant to N.J.S.A. 54:10A5, for a privilege period, when taken together with any other payments, credits, deductions, and adjustments allowed by law shall not reduce the tax liability of the taxpayer to an amount less than the statutory minimum provided in N.J.S.A. 54:10A-5.

(j) The amount of the tax credit applied under this section against the tax otherwise due under N.J.S.A. 54A:1-1 et seq., for a taxable year, when taken together with any other payments, credits, deductions, and adjustments allowed by law shall not reduce the tax liability of the taxpayer to an amount less than zero.

(k) The amount of tax credit otherwise allowable under this section that cannot be applied for the taxable year due to the limitations of this subsection or under other provisions of N.J.S.A. 54:10A-1 et seq. or 54A:1-1 et seq., may be carried forward, if necessary, to the seven privilege periods or taxable years following the privilege period or taxable year for which the credit was allowed.

(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. The intention to prioritize the hiring of minority persons and women in an amount of not less than 15 percent of the total hired for the qualified film or digital medial production;

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

iii. The specific goals, which may include advertising and recruitment actions, for hiring minority persons and women, including full-time jobs for full-time or full-time equivalent employees in New Jersey for production staff and crew, entry level positions, management positions, and talent related positions; and

iv. The participation 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. The tax credit allowed pursuant to (a) above 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., shall be in an amount equal to 35 percent of the qualified film production expenses of the taxpayer during a privilege period or taxable year that are 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.

3. The tax credit allowed pursuant to (b) above against the tax imposed pursuant to N.J.S.A. 54:10A-5 or the tax otherwise due under N.J.S.A. 54A:1-1 et seq., shall be in an amount equal to 25 percent of the qualified digital media content production expenses of the taxpayer during a privilege period or taxable year that are 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.

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

(a) Applications shall be submitted to the Commission, which, upon review for eligibility, will forward the application to the Authority with the Commission's recommendation. The application shall be considered by the Authority for initial approval on a first in time basis, subject to an annual cap of $75 million for film production tax credits and $10 million for digital production tax credits in fiscal year 2019, and in each fiscal year thereafter prior to fiscal year 2024. At initial approval, the Authority will designate the maximum amount of the tax credit and will assign a tax credit vintage year to the tax credit, which will be the fiscal year in which the application receives initial approval. The initial approval letter received by the taxpayer will include conditions subsequent to receipt of the tax credit including, but not limited to, the requirement for progress reports and the date by when final documentation pursuant to (b) below is required. Failure to submit timely, periodic reports that demonstrate satisfactory progress or final documentation may lead to the forfeiture of the tax credit.

(b) In general, the final documentation required by (c) below 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.

(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 180 days from the date of original application or 150 days from the date of initial approval by the Authority;

2. The Authority shall review and approve actual budgets and proof of total and qualified film production expenses or total and qualified digital media content production expenses, including a listing of the name of the company or person paid; his, her, or its Federal identification number; and a report prepared by an independent certified public accountant licensed in the State verifying the expenses claimed by the applicant. The report shall be prepared by the independent certified public accountant pursuant to agreed-upon procedures prescribed by the Authority and the Director; and shall include such information and

documentation as shall be determined to be necessary by the Authority and the Director to substantiate the total and qualified film production expenses or the total and qualified digital media content production expenses of the taxpayer. The amount of the qualified film production expenses or qualified digital media content production expenses in the certification shall not be increased regardless of additional expenses after the date of the certification;
N.J.A.C. 19:31-21.7

3. With respect to a film, evidence satisfactory to the Commission that the film includes marketing materials, as deemed appropriate, pursuant to N.J.A.C. 19:31-21.3(a)3;

4. If the applicant was initially approved for a bonus amount of tax credit for a diversity plan pursuant to N.J.A.C. 19:31-20.6(h)1, evidence of good faith efforts to undertake the diversity plan. The bonus amount shall not be included in the amount of the final approval if the applicant fails to submit satisfactory evidence to the Authority and the Division; and

5. The Division shall conduct verification of partners or members of pass through entities, such as partnerships or LLCs.

(d) The Authority, in consultation with the Division and Commission, shall determine final approval of the tax credit in an amount based on the Authority's determination of the total and qualified film production expenses or total and qualified digital media content production expenses reported in the independent certified public accountant's certification, but in no event shall the tax credit be greater than the amount stated in the Authority's initial approval. The Authority shall provide, in writing to the taxpayer, the determination of the expenses, and a copy of the written determination shall be included in the filing of a return that includes a claim for a tax credit allowed pursuant to this section.

(e) If the Authority has approved the application, the Authority shall notify the Division of the final approval. The Division shall then issue the tax credit certificate to the applicant. The taxpayer's use of the tax credit shall be limited by N.J.A.C. 19:31-21.9(a) or (b), as applicable.

(f) An applicant may appeal the Authority's initial approval or denial under (a) above and final approval or denial under (c) above by submitting, in writing to the Authority, within 20 calendar days from the date of the Authority's action, an explanation as to how the applicant has met the program criteria. Such appeals are not contested cases subject to the requirements of the Administrative Procedures Act, N.J.S.A. 52:14B-1 et seq., and 52:14F-1 et seq., and the Uniform Administration Procedure Rules, N.J.A.C. 1:1. Appeals that are timely submitted shall be handled by the Authority as follows:

1. The Chief Executive Officer shall designate an employee of the Authority to serve as a hearing officer for the appeal and to make a recommendation on the merits of the appeal to the Board. The hearing officer shall perform a review of the written record and may require an in-person hearing. The hearing officer has sole discretion to determine if an in-person hearing is necessary to reach an informed decision on the appeal. The Authority may consider new evidence or information that would demonstrate that the applicant meets all of the application criteria.

2. Following completion of the record review and/or in-person hearing, as applicable, the hearing officer shall issue a written report to the Board containing his or her finding(s) and recommendation(s) on the merits of the appeal. The hearing officer's report shall be advisory in nature. The Chief Executive Officer, or equivalent officer, of the Authority may also include a recommendation to the written report of the hearing officer. The applicant shall receive a copy of the written report of the hearing officer, which shall include the recommendation of the Chief Executive Officer, if any, and shall have the opportunity to file written comments and exceptions to the hearing officer's report within five business days from receipt of such report.

3. The Board shall consider the hearing officer's report, the recommendation of the Chief Executive Officer, or equivalent officer, if any, and any written comments and exceptions timely submitted by the applicant. Based on that review, the Board shall issue a final decision on the appeal.

4. Final decisions rendered by the Board shall be appealable to the Superior Court, Appellate Division, in accordance with the Rules Governing the Courts of the State of New Jersey.

19:31-21.8 Application for tax credit transfer certificate

(a) Tax credits, upon receipt thereof by a taxpayer from the Director and the Authority, may be transferred, by sale or assignment, in full or in part, pursuant to this section, subject to the cumulative total in N.J.A.C. 19:3121.9(a), to any other taxpayer who may have a tax liability pursuant to N.J.S.A. 54:10A-5 or 54A:1-1 et seq. A taxpayer shall apply to the Authority and the Director for a tax credit transfer certificate, in lieu of the business being allowed any amount of the credit against the tax liability of the taxpayer. Such application shall identify the specific tax credits to be transferred, the consideration received therefor, and the identity of the transferee. Once approved by the Chief Executive Officer of the Authority and the Director of the Division of Taxation, a tax credit transfer certificate shall be issued to the taxpayer, naming the transferee. The certificate issued to the business shall include a statement waiving the taxpayer's right to claim that amount of the tax credit against the taxes that the business has elected to sell or assign. Any amount of a tax credit transfer certificate used by a purchaser or assignee against a tax liability shall be subject to the same limitations and conditions that apply to the use of the tax credits pursuant to N.J.A.C. 19:31-21.6.

(b) The sale or assignment of any amount of a tax credit transfer certificate allowed under this section shall not be exchanged for consideration received by the taxpayer of less than 75 percent of the transferred credit amount. In order to evidence this requirement, the taxpayer shall submit to the Authority an executed form of standard selling agreement that evidences that the consideration received by the taxpayer is not less than 75 percent of the transferred tax credit.

(c) In the event that the taxpayer is a partnership and chooses to allocate the income realized from the sale of the tax credits other than in proportion to the partners' distributive shares of income or gain of the partnership, the selling agreement shall set forth the allocation among the partners that has previously been submitted to the Director of the Division of Taxation in the Department of the Treasury pursuant to N.J.A.C. 19:31-21.6.

(d) The Authority shall develop and make available forms of applications and certificates to implement the transfer processes described in this section.

19:31-21.9 Cap on total credits

(a) The value of tax credits, including tax credits allowed through the granting of tax credit transfer certificates, approved by the Director and the Authority pursuant to N.J.A.C. 19:31-21.6(a) shall not exceed a cumulative total of $75,000,000 in fiscal year 2019, and in each fiscal year thereafter prior to fiscal year 2024, as indicated by the tax credit vintage year, to apply against the tax imposed pursuant to N.J.S.A. 54:10A-5 and the tax imposed pursuant to N.J.S.A. 54A:1-1 et seq. If the cumulative total amount of tax credits initially approved and tax credit transfer certificates approved for privilege periods or taxable years commencing during a single fiscal year under N.J.A.C. 19:31-21.6(a) exceeds the amount of tax credits available in that fiscal year, then taxpayers who have first applied for and have not been approved a tax credit or tax credit transfer certificate amount for that reason shall have their tax credits considered for initial approval and their tax credit transfer certificates considered for approval, in the order in which they have submitted an application, the amount of tax credit or tax credit transfer certificate on the first day of the next succeeding fiscal year in which tax credits and tax credit transfer certificates under N.J.A.C. 19:31-21.6(a) are not in excess of the amount of credits available.

(b) The value of tax credits, including tax credits allowed through the granting of tax credit transfer certificates, approved by the Authority and the Director pursuant to N.J.A.C. 19:31-21.6(b) shall not exceed a cumulative total of $10,000,000 in fiscal year 2019, and in each fiscal year thereafter prior to fiscal year 2024, as indicated by the tax credit vintage year, to apply against the tax imposed pursuant to N.J.S.A. 54:10A-5 and the tax imposed pursuant to N.J.S.A. 54A:1-1 et seq. If the total amount of tax credits initially approved and tax credit transfer certificates approved for privilege periods or taxable years commencing during a single fiscal year under N.J.A.C. 19:31-21.6(b) exceeds the amount of tax credits available in that year, then taxpayers who have first applied for and who have not been approved a tax credit or tax credit transfer certificate amount for that reason shall have their tax credits considered for initial approval and their tax credit transfer certificates considered for approval, in the order in which they have submitted an application, the amount of tax credit or tax credit transfer certificate on the first day of the next succeeding fiscal year in which tax credits and tax credit transfer certificates under N.J.A.C. 19:31-21.6(b) are not in excess of the amount of credits available.

19:31-21.10 Affirmative action; and prevailing wage

The Authority's affirmative action requirements, N.J.S.A. 34:1B-5.4, and prevailing wage requirements, N.J.S.A. 34:1B-5.1, will apply to productions undertaken with financial assistance received under the Garden State Film and Digital Media Jobs Program.

19:31-21.11 Severability

If any section, subsection, provision, clause, or portion of this subchapter is adjudged to be unconstitutional or invalid by a court of competent jurisdiction, the remaining portions of this subchapter shall not be affected thereby.

NJEDA

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: June 11, 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. Each individual film is described on the attached project summaries:

Film Tax Credit Program Awards:

P45505	Besa Movie LLC	$ 469,794
P45557	The HKB Film LLC	$ 77,397
P45578	Touchstone Television Productions LLC	$2,420,661
P45537	Day 28 Films Liberty LLC	$3,199,577
		$6,167,429

Total Film Tax Credit Awards – June 2019 **$6,167,429**

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: Besa Movie LLC P45505

APPLICANT BACKGROUND:
Besa Movie LLC is the production company responsible for "Besa". Chazz Palminteri stars in this crime-thriller film that depicts a head-on collision of two cultures that place blood vengeance above all forms of justice.

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	$1,479,609
B. Total Post Production Expenses	$ 81,000
C. Services performed and goods purchased through vendors authorized to do business in New Jersey. (excluding any post-production expenses)	$ 552,221
Percentage Calculation = C/(A-B)	39.48%
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	$1,468,109
Criterion Met	**Yes**

AWARD CALCULATION

Base Award Criteria	**Calculation**	**Result**
30% of Qualified Film Production Expenses	$1,468,109 x 30% =	$440,432
Bonus Criteria Met		
Submission of Diversity Plan deemed satisfactory by EDA and NJ Taxation. 2% of Qualified Film Production Expenses	$1,468,109 x 2% =	$29,362
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 x 5% =	$0
Total Award		**$469,794**

APPLICATION RECEIVED DATE:	12/17/2018 (Application #5)
DATE APPLICATION DEEMED COMPLETE:	1/14/2019
PRINCIPAL PHOTOGRAPHY COMMENCEMENT:	February 2019
PRINCIPAL NJ PHOTOGRAPHY LOCATION:	Multiple Locations
ESTIMATED DATE OF PROJECT COMPLETION:	March 2019
APPLICANT'S FISCAL YEAR END:	10/8/2019
TAX CREDIT VINTAGE YEAR(S):	SFY2019
ANTICIPATED CERTIFICATION DATE:	9/30/2019

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, $68.8 million remains in the program for State Fiscal Year 2019.

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: The HKB Film LLC P45557

APPLICANT BACKGROUND:
The HKB Film LLC is the production company responsible for "The Atlantic City Story". Jessica Hecht stars in the story of an unhappily married woman who runs away to Atlantic City. While there, she meets a young gambler, becomes intoxicated by his spontaneous lifestyle and the two lost souls form an unlikely bond. However, the illusion must be shattered, and their story comes to a tragic end.

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 and Digital Media 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	$314,299
B. Total Post Production Expenses	$ 3,600
C. Total expenses for services performed and goods purchased through vendors authorized to do business in New Jersey (excluding any post-production expenses)	$269,598
Percentage Calculation = C/(A-B)	86.77%
Criterion Met	**Yes**

2. Qualified Film Production Expenses: During a single privilege period, the film must have more than $1 million in qualified film production expenses. "Qualified film production expenses" are expenses incurred in New Jersey after July 1, 2018 for the production of a film, including pre-production costs and post-production costs. "Qualified film production expenses" shall include, but shall not 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 after July 1, 2018	$249,058
Criterion Met	**No**

AWARD CALCULATION

Base Award Criteria	Calculation	Result
30% of Qualified Film Production Expenses	$249,058 x 30% =	$74,717
Bonus Criteria Met		
Submission of Diversity Plan deemed satisfactory by EDA and NJ Taxation. 2% of Qualified Film Production Expenses	$0 x 2% =	$0
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.	$53,610 x 5% =	$2,680
Total Award		**$77,397**

APPLICATION RECEIVED DATE:	2/11/2019 (Application #10)
DATE APPLICATION DEEMED COMPLETE:	3/8/2019
PRINCIPAL PHOTOGRAPHY COMMENCEMENT:	February 2019
PRINCIPAL NJ PHOTOGRAPHY LOCATION:	Atlantic City
ESTIMATED DATE OF PROJECT COMPLETION:	March 2019
APPLICANT'S FISCAL YEAR END:	12/31/2019
TAX CREDIT VINTAGE YEAR(S):	SFY2019
ANTICIPATED CERTIFICATION DATE:	6/30/2019

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, $68.8 million remains in the program for State Fiscal Year 2019.

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: Touchstone Television Productions LLC P45578

APPLICANT BACKGROUND:
Touchstone Television Productions LLC is the production company responsible for "Emergence". Alexa Swinton stars in a character-driven thriller that centers around a sheriff who takes in a young child that she finds near the site of a mysterious accident who has no memory of what has happened. The investigation draws her into a conspiracy larger than she ever imagined, and the child's identity is at the center of it all.

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 and Digital Media Tax Credit Program, a film must meet at least one of two expense eligibility thresholds:

1. <u>Total Film Production Expenses</u>: 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	$11,184,083
B. Total Post Production Expenses	$ 749,927
C. Total expenses for services performed and goods purchased through vendors authorized to do business in New Jersey (excluding any post-production expenses)	$ 2,006,493
Percentage Calculation = C/(A-B)	19.23%
Criterion Met	**No**

2. <u>Qualified Film Production Expenses</u>: 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	$8,068,871
Criterion Met	**Yes**

AWARD CALCULATION

Base Award Criteria	Calculation	Result
30% of Qualified Film Production Expenses	$8,068,871 x 30% =	$2,420,661
Bonus Criteria Met		
Submission of Diversity Plan deemed satisfactory by EDA and NJ Taxation. 2% of Qualified Film Production Expenses	$0 x 2% =	$0
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 x 5% =	$0
Total Award		**$2,420,661**

APPLICATION RECEIVED DATE:	3/5/2019 (Application #11)
DATE APPLICATION DEEMED COMPLETE:	3/8/2019
PRINCIPAL PHOTOGRAPHY COMMENCEMENT:	March 2019
PRINCIPAL NJ PHOTOGRAPHY LOCATION:	Kearny Town
ESTIMATED DATE OF PROJECT COMPLETION:	April 2019
APPLICANT'S FISCAL YEAR END:	9/30/2019
TAX CREDIT VINTAGE YEAR(S):	SFY2019
ANTICIPATED CERTIFICATION DATE:	9/30/2019

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, $68.8 million remains in the program for State Fiscal Year 2019.

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, 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. The goal of the program is to incentivize production companies to film and create 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: Day 28 Films Liberty LLC P45537

APPLICANT BACKGROUND:
GIMME LIBERTY is the prequel to the 2014 theatrical film Gimme Shelter. This heroic true story is based on a working-class woman's battle against the establishment to improve the housing laws to help those in need. This "David and Goliath" storyline, follows Kathy DiFiore's courageous journey from an abused housewife to homeless, to eventually getting back on her feet to purchase her very own home where she gets the inspiration to start an organization for helping homeless women and pregnant teenagers for the last 38 years in the state of New Jersey.

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 and Digital Media Tax Credit Program, a film must meet at least one of two expense eligibility thresholds:

1. <u>Total Film Production Expenses</u>: A minimum of 60% of the film's total production expenses (excluding post-production expenses) must be incurred after July 1, 2018 for services performed and goods purchased through vendors authorized to do business in New Jersey.

A. Total Film Production Expenses after July 1, 2018	$9,998,683
B. Total Post Production Expenses	$865,658
C. Total expenses for services performed and goods purchased through vendors authorized to do business in New Jersey (excluding any post-production expenses)	$9,133,025
Percentage Calculation = C/(A-B)	100.00%
Criterion Met	**Yes**

2. <u>Qualified Film Production Expenses</u>: 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 after July 1, 2018	$9,998,683
Criterion Met	**Yes**

AWARD CALCULATION

Base Award Criteria	Calculation	Result
30% of Qualified Film Production Expenses	$9,998,683 x 30% =	$2,999,604
Bonus Criteria Met		
Submission of Diversity Plan deemed satisfactory by EDA and NJ Taxation. 2% of Qualified Film Production Expenses	$9,998,683 x 2% =	$199,973
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 x 5% =	$0
Total Award		**$3,199,577**

APPLICATION RECEIVED DATE:	01/24/2019 (Application #12)
DATE APPLICATION DEEMED COMPLETE:	01/29/2019
PRINCIPAL PHOTOGRAPHY COMMENCEMENT:	June 24, 2019
PRINCIPAL NJ PHOTOGRAPHY LOCATION:	Ramsey Borough
ESTIMATED DATE OF PROJECT COMPLETION:	December 31, 2019
APPLICANT'S FISCAL YEAR END:	12/31/2019
TAX CREDIT VINTAGE YEAR(S):	SFY2019
ANTICIPATED CERTIFICATION DATE:	April 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, $68.8 million remains in the program for State Fiscal Year 2019.

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: Mark Chierici

BOND RESOLUTIONS

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM

APPLICANT: Middlesex Water Company P45257

PROJECT USER(S): Same as applicant * - indicates relation to applicant

PROJECT LOCATION: Various Addresses Statewide (N) Multi Count

APPLICANT BACKGROUND:

Middlesex Water Company is an investor-owned public utility company that provides a full range of regulated and non-regulated water, wastewater utility and related services to a population of over 60,000 people, primarily located in eastern Middlesex County. The Company engages in collecting, treating, distributing and selling water for domestic, commercial, municipal industrial and fire protection purposes. The Company also provides water on a wholesale contract basis in New Jersey to the Township of Edison, the Borough of Highland Park, the City of South Amboy, the Old Bridge Municipal Utilities Authority, the City of Rahway and Marlboro Township. Under special contract, the Company provides water treatment and pumping services to the Township of East Brunswick. The Company was founded in 1897.

The Authority has previously approved various tax-exempt bonds for the Applicant. P37667 $55,415,000 closed November 2012 is outstanding and performing as agreed.

This project qualifies as an Exempt Public Facility - (facilities for the furnishing of water) 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.

APPROVAL REQUEST:

Authority assistance will enable the Applicant to finance the construction and installation of water facilities and functionally related equipment, upgrade of the Company's primary water treatment plant and the rehabilitation and/or replacement of previously unlined mains in the water distribution system. Proceeds of the bond will also pay the cost of issuance.

This bond financing is part of a multi-year capital expenditure program in the amount of approximately $100,000,000, and will utilize the remaining carryforward allocations for water furnishing projects from 2016, 2017, and 2018 in the amounts of $13,945,640, $19,636,040, and $19,091,167, respectively, as well as some of the volume cap for 2019 in the amount of $7,327,153.

FINANCING SUMMARY:

BOND PURCHASER:	PNC Capital Markets LLC (Senior Bond Underwriter) and Janney Montgomery Scott (Co-Managing Underwriter)
AMOUNT OF BOND:	Up to $65,000,000 Tax-Exempt Bond
TERMS OF BOND:	Up to a 50-year, bullet maturity, subject to AMT, with an interest rate not to exceed 6%, as of June 5, 2019.
ENHANCEMENT:	N/A

PROJECT COSTS:

Renovation of existing equipment & machi	$55,000,000
Renovation of existing building	$4,000,000
Engineering & architectural fees	$1,000,000

TOTAL COSTS	$60,000,000

JOBS: At Application 250 Within 2 years 10 Maintained 0 Construction 32

PUBLIC HEARING: 06/11/19 (Published 06/04/19) **BOND COUNSEL:** Chiesa, Shahinian & Giantomasi,

DEVELOPMENT OFFICER: K. Durand **APPROVAL OFFICER:** M. Chierici

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - REFUNDING BOND PROGRAM

APPLICANT: Jewish Home at Rockleigh, Inc. P45618

PROJECT USER(S): Same as applicant * - indicates relation to applicant

PROJECT LOCATION: 10 Link Drive Rockleigh Borough (N) Bergen

APPLICANT BACKGROUND:
Jewish Home at Rockleigh, Inc., established 1996, is a not-for-profit non-sectarian organization formed to care for elderly individuals who require long-term and sub-acute rehabilitative care. The Company's 180 resident facility offers nursing and geriatric services that includes rehabilitation, dementia, respite and hospice care. Carol Silver Elliott is the Company's President and CEO.

A previous request by the Applicant for a tax-exempt bond in the amount of $38,860,000 closed on 11/17/1998. The interest rate at closing was 3.20%.

The project has been reviewed by the Attorney General's Office relating to the First Amendment's Establishment Clause.

The Applicant is a 501(c)(3) not-for-profit 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 reduce its interest expense by refunding the outstanding balance of the 1998 bond issue. Proceeds of the bond will also pay the cost of issuance. Also for consideration is the $6,000,000 Tax-Exempt Bond P45613 to be used to refinance existing conventional debt.

FINANCING SUMMARY:

BOND PURCHASER: Valley National Bank or affilates (Direct Purchase)

AMOUNT OF BOND: $13,700,000 Tax-Exempt Bond.

TERMS OF BOND: 15 years; 30 year amortization. Interest only for the first two year period. 15 years fixed based on the average of the 10 year Treasury Rate and the 20 year Treasury Rate plus a spread of 1.25%. The indicative rate as of January 3, 2019 is 3.09%.

ENHANCEMENT: N/A

PROJECT COSTS:

Refinancing	$13,670,000
Finance fees	$30,000
TOTAL COSTS	$13,700,000

PUBLIC HEARING: 06/11/19 (Published 06/04/19) **BOND COUNSEL:** McCarter & English, LLP
DEVELOPMENT OFFICER: M. Sestrich **APPROVAL OFFICER:** S. Novak

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM

APPLICANT: JHF 1 Pond LLC P45613

PROJECT USER(S): Jewish Home at Rockleigh, Inc. * - indicates relation to applicant

PROJECT LOCATION: 10 Link Drive Rockleigh Borough (N) Bergen

APPLICANT BACKGROUND:

JHF 1 Pond LLC, established 2015, is a wholly-owned subsidiary and disregarded entity of The Jewish Home Family Inc., which is also the parent of Jewish Home at Rockleigh, Inc. JHF 1 Pond LLC was established for the purpose of acquiring a parcel of real property adjacent to the Jewish Home at Rockleigh, Inc. campus for future phases of a multi-phase expansion project.

Jewish Home at Rockleigh, Inc., established 1996, is a not-for-profit non-sectarian organization formed to care for elderly individuals who require long-term and sub-acute rehabilitative care. The Company's 180 resident facility offers nursing and geriatric services that includes rehabilitation, dementia, respite and hospice care. Carol Silver Elliott is the Company's President and CEO.

The project has been reviewed by the Attorney General's Office relating to the First Amendment's Establishment Clause.

The Applicant is a 501(c)(3) not-for-profit 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.

APPROVAL REQUEST:

Authority assistance will enable the Applicant to reduce its interest expense by refinancing existing conventional debt. Also for consideration is the $13,700,000 Tax-Exempt Bond P45618 to be used for refunding the outstanding balance of a 1998 bond issue for Jewish Home at Rockleigh, Inc.

FINANCING SUMMARY:

BOND PURCHASER: Valley National Bank or affilates (Direct Purchase)

AMOUNT OF BOND: $6,000,000 Tax-Exempt Bond.

TERMS OF BOND: 15 years; 30 year amortization. Interest only for the first two year period. 15 years fixed based on the average of the 10 year Treasury Rate and the 20 year Treasury Rate plus a spread of 1.25%. The indicative rate as of January 3, 2019 is 3.09%.

ENHANCEMENT: N/A

PROJECT COSTS:

Refinancing	$6,000,000
TOTAL COSTS	$6,000,000

JOBS: At Application 312 Within 2 years 15 Maintained 0 Construction 0

PUBLIC HEARING: 06/11/19 (Published 06/04/19) **BOND COUNSEL:** McCarter & English, LLP
DEVELOPMENT OFFICER: M. Sestrich **APPROVAL OFFICER:** S. Novak

LOANS/GRANTS/GUARANTEES

STATEWIDE LOAN POOL PROGRAM
(PREMIER LENDER)

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STATEWIDE LOAN POOL PROGRAM - (PREMIER LENDER)

APPLICANT: SMC River Avenue, LLC P45726

PROJECT USER(S): Scott Motor Coach Sales, Inc. * *- indicates relation to applicant*

PROJECT LOCATION: 2173-2199 Lakewood Road Dover Township (T) Ocean

APPLICANT BACKGROUND:
SMC River Avenue, LLC ("SMC") is a real estate holding company formed in 2016 for the purposes of owning and managing the property located at 2173-2199 Lakewood Road, Toms River, New Jersey. This location will be the new full-service headquarters of Scott Motor Coach Sales, Inc. ("SMCS") that will offer service, sales, and rentals of recreational vehicles. With the new expanded location, the company will now have ample space to rent out safe and secure space for its customers to store their RV's when not in use.

SMCS was formed in 1985. SMCS is a full-service dealership that sells new and used recreational vehicles which includes vans, trailers, and motorhomes. The company also rents out recreational vehicles and offers a full-service repair and service shop.

SMCS is an authorized dealer of Tiffin Motorhomes, Thor Industries and Forrest River; three of the top five RV brands sold in United States.

SMC has a $4.9 million construction/permanent loan with Ocean First Bank that was used to construct a 20,000 square foot building for a recreational vehicle dealership on a 10.68 parcel. The building consists of 7,000 square feet of office and showroom space and a 13,000 square foot garage and service area. The subject property will also contain 64 surface parking spaces and 125 recreational vehicle parking spaces.

This project involves providing permanent financing for the construction of the new facility known as 2175 Lakewood Rd., Toms River, New Jersey, for SMCS that will support the company's growth.

APPROVAL REQUEST:
Approval is requested for a 40.8% ($2,000,000) Authority participation in a $4,902,000 loan from Ocean First Bank under the Premier Lender Program.

FINANCING SUMMARY:

LENDER: Ocean First Bank

AMOUNT OF LOAN: $4,902,000 with a 40.8% ($2,000,000) EDA participation.

TERMS OF LOAN: Interest rate to be set to the five-year US Treasury plus 250 basis points fixed. The term will be five years with a twenty-year amortization. Monthly payment of principal and interest. Indicative rate of 4.68%.

TERMS OF PARTICIPATION: Fixed at closing at the five-year US Treasury or 2% whichever is greater, plus 100 basis points. The term will be five years with a twenty-year amortization. Monthly payments of principal and interest.

PROJECT COSTS:

Construction of new building or addition	$2,818,000
Land	$2,300,000
Site Work	$2,134,000
TOTAL COSTS	$7,252,000

JOBS: At Application 35 Within 2 years 18 Maintained 0 Construction 28

DEVELOPMENT OFFICER: K. Durand **APPROVAL OFFICER:** M. Jones

HAZARDOUS DISCHARGE SITE REMEDIATION FUND

NJEDA

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: June 11, 2019

SUBJECT: NJDEP Hazardous Discharge Site Remediation Fund Program

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

HDSRF Municipal Grants:

P45313	County of Middlesex (Perth Amboy Waterfront Park)	$128,110
P45707	City of Paterson (Leader Dyeing & Finishing Co)	$ 72,354
		$200,464

Total HDSRF Funding – June 2019 **$200,464**

Tim Sullivan

Prepared by: Kathy Junghans

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - HAZARDOUS SITE REMEDIATION - MUNICIPAL GRANT

APPLICANT: County of Middlesex (Perth Amboy Waterfront Park) P45313

PROJECT USER(S): Same as applicant * - indicates relation to applicant

PROJECT LOCATION: Buckingham Property Perth Amboy City (T/UA) Middlesex

GOVERNOR'S INITIATIVES: (X) Urban ( ) Edison ( ) Core ( ) Clean Energy

APPLICANT BACKGROUND:

The project site, identified as Block 238, Lot 4&4.18; 5&6 and 1&3 are former industrial sites which have potential environmental areas of concern (AOCs). County of Middlesex currently owns the project site and has satisfied proof of site control. It is the City's intent, upon completion of the environmental investigation activities to redevelop the project site for a public park.

NJDEP has approved this request for Site Investigation (SI) and 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.

APPROVAL REQUEST:

The County of Middlesex is requesting grant funding to perform SI and RI in the amount of $128,110 at the Waterfront Park project site.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT: $128,110

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Site investigation	$64,055
Remedial investigation	$64,055
EDA administrative cost	$500
TOTAL COSTS	$128,610

APPROVAL OFFICER: K. Junghans

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - HAZARDOUS SITE REMEDIATION - MUNICIPAL GRANT

APPLICANT: City of Paterson (Leader Dyeing & Finishing Co) P45707

PROJECT USER(S): Same as applicant * - indicates relation to applicant

PROJECT LOCATION: 94 Madison Avenue Paterson City (T/UA) Passaic

GOVERNOR'S INITIATIVES: (X) Urban ( ) Edison ( ) Core ( ) Clean Energy

APPLICANT BACKGROUND:

Between April 2005 and February 2006, City of Paterson, received an initial grant in the amount of $3,630 under P15697 and a supplemental grant in the amount of $109,331 under P16798. The project site identified as Block 2403, Lot 3,4 and 5 is a former textile dyeing and finishing facility which has potential environmental areas of concern (AOCs). The City of Paterson currently owns the project site and has satisfied proof of site control. It is the City's intent, upon completion of the environmental investigation activities to redevelop the project site for light industrial 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.

APPROVAL REQUEST:

City of Paterson is requesting aggregate supplemental grant funding to perform RI in the amount of $72,354 at the Leader Dyeing & Finishing Co. project site. Because the aggregate supplemental funding including this request is $181,685, it exceeds the maximum aggregate staff delegation approval of $100,000 and therefore requires EDA's board approval. Total grant funding including this approval is $$185,315.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT: $72,354

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial investigation	$72,354
EDA administrative cost	$500
TOTAL COSTS	$72,854

APPROVAL OFFICER: K. Junghans

PETROLEUM UNDERGROUND STORAGE TANK (PUST)

NJEDA

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: June 11, 2019

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

The following residential and commercial grant projects have been approved by the Department of Environmental Protection to perform upgrade and site remediation activities. The scope of work is described on the attached project summaries:

PUST Residential Grant:

P45686	Jeaniene Brownlee	$120,666

PUST Commercial Grant:

P45561	MBDF, LLC	$251,816

Total UST Funding – June 2019 **$372,482**

Tim Sullivan

Prepared by: Kathy Junghans

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - UNDERGROUND STORAGE TANK GRANT

APPLICANT: Jeaniene Brownlee P45686

PROJECT USER(S): Same as applicant * - indicates relation to applicant

PROJECT LOCATION: 188 Wyoming Ave. Maplewood Township (N) Essex

GOVERNOR'S INITIATIVES: ( ) Urban ( ) Edison ( ) Core ( ) Clean Energy

APPLICANT BACKGROUND:

Jeaniene Brownlee is a homeowner seeking to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform extensive remediation. The tank will be decommissioned and removed accordance with NJDEP requirements. The NJDEP has determined that the project costs are technically eligible.

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

APPROVAL REQUEST:

The applicant is requesting grant funding in the amount of $120,666 to perform the approved scope of work at the project site.

The NJDEP oversight fee of $12,067 is the customary 10% of the grant amount. This assumes that the work will not require a high level of NJDEP involvement and that reports of an acceptable quality will be submitted to the NJDEP.

FINANCING SUMMARY:

GRANTOR: Petroleum UST Remediation, Upgrade & Closure Fund

AMOUNT OF GRANT: $120,666

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Upgrade,Closure,Remediation	$120,666
NJDEP oversight cost	$12,067
EDA administrative cost	$250
TOTAL COSTS	$132,983

APPROVAL OFFICER: K. Junghans

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - UNDERGROUND STORAGE TANK GRANT

APPLICANT: MBDF, LLC P45561

PROJECT USER(S): Same as applicant * - indicates relation to applicant

PROJECT LOCATION: 142-146 Hawthorne Ave. Newark City (T/UA) Essex

GOVERNOR'S INITIATIVES: ( ) Urban ( ) Edison ( ) Core ( ) Clean Energy

APPLICANT BACKGROUND:

In May 2017, MBDF, LLC, received a grant in the amount of $748,184 under P43753. Michael Baker is the owner of the gasoline station who is seeking to perform extensive soil remediation for (2) 3,000 gallon, (1) 2,000 gallon and (1) 1,000 gallon leaking regulated underground storage tanks (USTs) that were newly discovered within eighteen months from the date of discovery at the project site. The tanks were decommissioned in accordance with NJDEP requirements. The NJDEP has determined that the project costs are technically eligible to perform additional remedial activities. The property is located in a metropolitan planning area and is eligible to receive up to $1,000,000 in grant funding.

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

APPROVAL REQUEST:

The applicant is requesting supplemental grant funding in the amount of $251,816 to perform the approved scope of work at the project site. Total grant funding including this approval is $1,000,000.

The NJDEP oversight fee of $25,182 is the customary 10% of the grant amount. This assumes that the work will not require a high level of NJDEP involvement and that reports of an acceptable quality will be submitted to the NJDEP

FINANCING SUMMARY:

GRANTOR: Petroleum UST Remediation, Upgrade & Closure Fund

AMOUNT OF GRANT: $251,816

TERMS OF GRANT: No Interest; 5 year repayment provision on a pro-rata basis in accordance with the PUST Act.

PROJECT COSTS:

Remediation	$251,816
NJDEP oversight cost	$25,182
EDA administrative cost	$500
TOTAL COSTS	$277,498

APPROVAL OFFICER: K. Junghans

OFFICE OF RECOVERY

ENERGY RESILENCE BANK (ERB) PROGRAM

NJEDA

MEMORANDUM

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: June 11, 2019

Subject: Energy Resilience Bank – University Hospital-Newark Power Plant Repowering Project Funding Modification Recommendation

Request:

The Members are requested to modify the November 14, 2017 Board action for the University Hospital-Newark Power Plant Repowering Project under the Energy Resilience Bank (ERB) program by changing the reservation of ERB funding from $36,267,500 to $39,120,000 for the project due to preliminary project engineering design adjustments and Design Build bid responses which exceeded the original project budget.

Background:

In November 2017, the University Hospital-Newark Power Plant Repowering Project was presented to the EDA Board for review and funding consideration under the Energy Resilience Bank (ERB) program.

Established by the 2013 New Jersey Medical and Health Sciences Restructuring Act, University Hospital (UH) in Newark is an independent state-owned public healthcare institution, home to Northern New Jersey's Level I Trauma Center as well as specialty programs including an ambulatory care center and a cancer center. Since the 2013 New Jersey Medical and Health Sciences Education Restructuring Act, UH and Rutgers University (Rutgers) have shared the former UMDNJ campus in Newark and coordinate joint operations and responsibilities under a Continuing Services Agreement. The campus land is owned by the State of New Jersey, both UH and Rutgers separately own several buildings on the campus, and Rutgers operates the campus central utility plant, which provides steam, high-temperature hot water, chilled water and electricity to Rutgers and University Hospital buildings. UH and Rutgers have executed a Sublease Agreement, including an Operations and Services Agreement, for this project, which has been reviewed by the Attorney General's Office. Rutgers will be a project partner and will provide expertise and assistance with project development and management, as well as support some of the project funding.

The proposed ERB project will consist of a new combined heat and power (CHP) system at the UH-Rutgers' central utility plant in Newark and will include three new single fuel natural gas CHP combustion turbine generators, each able to continuously deliver approximately 5.7 MW electricity (or a total output of approximately 17.1 MW) that will be interconnected within the facility with the necessary blackstart and islanding system controls to be able to operate independently from the grid in case of a power outage or other emergency. UH will own the new CHP system as part of its leasehold interest in the real property.

Consistent with ERB program requirements, University Hospital, in coordination with its partner Rutgers, has undertaken additional preliminary design and feasibility analysis and has proceeded with a Request for Qualifications and subsequent Request for Proposals process for Design Build services. UH/Rutgers received six proposals/responses, all of which were higher than original budget estimates. UH/Rutgers are now finalizing project negotiations with their preferred respondent, but this still results in a higher total project cost than the original November 2017 budget and EDA Board action. UH/Rutgers and ERB staff have also reviewed and updated the resilient costs breakdown.

The original estimated total project cost was $44,500,000, and based on information provided by University Hospital, EDA had determined that approximately 81.5% of the campus served by the central utility plant and the new CHP will be used by or for the benefit of University Hospital operations and therefore ERB could finance $ 36,267,500 (ERB Grant of $22,517,000 and ERB Loan of $13,750,500). Additional project funding of approximately $750,000 was to be provided from PSEG's Hospital Efficiency Program. UH was to be responsible for providing the balance of project funds, approximately $7,482,500.

It is nowestimated that the total project cost will be $48,000,000 and ERB would be able to fund 81.5% or $39,120,000. $19,406,500 are cost reasonable resilient related costs per ERB program guidelines. PSEG's Hospital Efficiency Program has now increased their expected project funding to $1,850,000. Additionally, the New Jersey Infrastructure Bank is expected to provide $7,030,000 to the project. Consistent with the ERB's Financing and Program Guide, the University Hospital project will be provided with the following, subject to cost reasonableness analysis and review of final project costs:

ERB Grant:	$ 27,291,900	
ERB Loan Funding:	$ 11,828,100	*(2% interest rate, 20-year term)*

The financing will be a general obligation to University Hospital with the projected annual cost of $718,037. Through the initial feasibility and technical review, the annual net energy cost savings combined with estimated annual operating and maintenance costs/savings and service warranty contracts is approximately $2,969,484, which is sufficient to repay the ERB project loan within the loan terms, and to repay the other project debt of $185,000 annually to PSEG and $426,763 annually to the New Jersey Infrastructure Bank within their respective loan terms.

ERB Program Fund Balance: After today's action, $182,008,274 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:

Approval to modify the November 14, 2017 Board action for the University Hospital-Newark Power Plant Repowering Project under the Energy Resilience Bank (ERB) program by changing the reservation of ERB funding from $36,267,500 to $39,120,000 for the project due to preliminary project engineering design adjustments and Design Build bid responses which exceeded the original project budget.

Prepared by: Peggy Lutz

BOARD MEMORANDUM

NJEDA

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: June 11, 2019

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

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

Premier Lender Program:

1) Sunrise Pharmaceutical Inc. ("Sunrise") (P45649), located in Rahway City, Union County, is a manufacturer and marketer of generic drugs. Sunrise was founded in 2004 and was purchased by the current management in 2007. Sunrise has been approved by the FDA to manufacture nine different formulations targeted towards Parkinson's, weight loss, kidney and liver failure. Sunrise operates out of two leased facilities. The Provident Bank approved a $2,200,000 bank loan contingent upon a 22.73% ($500,000) Authority participation under the Access Pilot Program. Proceeds will be used to refinance existing debt. Currently, the Company has 68 employees and plans to create 42 new positions over the next two years.

Small Business Fund Program:

1) 463 Schuyler Ave Real Estate LLC (P45654), located in Kearny Town, Hudson County, is a real estate holding company formed in 2018 to purchase the project property. The operating company, CMT Sounds Systems Limited Liability Company was established in 2011 as an audio/visual rental production company offering both rental equipment and event production. Equipment rentals include portable staging, sound equipment, lighting, keyboards, percussion instruments, guitars, and amplifiers. The event production side includes musicals, dance recitals, choir recitals, outdoor events, weddings and graduations. M&T Bank approved a $657,000 bank loan contingent upon a 14.67% ($97,000) Authority participation. Proceeds will be used to purchase the project property. The Company currently has one employee and plans to create three new positions within the next two years.

Prepared by: G. Robins

NJEDA

EXECUTIVE SESSION

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

RE: First Lease Amendment Agreement with Hurel Corporation
The Technology Centre of New Jersey
671 South Route 1, North Brunswick, NJ (Tech III, BDC II, Suite A)

DATE: June 11, 2019

Summary

I request that the Members' approve entering into the First Lease Amendment Agreement ("First Amendment") to the Lease with Hurel Corporation ("Hurel") which will authorize the following:

- A six-month total rent deferral, for the period beginning April 1, 2019 until September 30, 2019 and a partial rent deferral for the month of October 2019 totaling $85,188.91 in the aggregate with repayment commencing April 1, 2020 over 23 months (February 14, 2022) at 0% interest

- A deferral of $2,574 of the Additional Rent 2018 Operating Expense due under section 6.5(c) of the Lease, with repayment commencing on April 1, 2020 over 23 months (February 14, 2022) at 0% interest

- A waiver of the five percent (5%) Additional Rent late charge as detailed in this memo

Background

Formed in 2005, Hurel is a maker of cell-based microliver models that deliver human-relevant prediction to scientists in pre-clinical drug discovery and the safety-testing of environmental and industrial chemicals. From April 2011 to January 2016, Hurel leased premises in CCIT. In February 2016, Hurel, under delegated authority, leased the Tech III 5,421 rentable square foot graduate laboratory. Until April 2019, Hurel paid its monthly occupancy costs on a timely and regular basis in the leased premises.

In mid-summer 2018, Hurel's Chief Executive Officer, Robert Freedman ("Freedman"), underwent a knee replacement surgery which had a poor surgical outcome which required further surgery to avoid the possible amputation of Freedman's leg, and longer than usual rehabilitation period. Freedman was not actively engaged in running Hurel from the date of the surgery until October 2018. Although the firm was having a financially successful year in 2018 (e.g., from

September through November, monthly revenues averaged $160,000 a month), Freedman's absence in the latter half of 2018 started to have a financial impact on the firm commencing in mid-December 2018 through February 2019, when average monthly revenue dropped to below $69,000. In an unaudited 2019 financial statement, Hurel posted $193,000 in losses for the first calendar quarter.

The decrease in monthly average revenue forced Hurel to use its working capital. In addition, in March 2019, Hurel lost its Chief Operating Officer and primary salesperson to a competitor. Since January 2019, Freedman has deferred some or all of his monthly regular compensation, which deferral as of May 31st totals $90,784. Freedman has also agreed that he will not accept any bonuses or other forms of compensation or additional compensation until all deferrals have been paid in full to the Authority.

To improve its operating position while implementing its plan to return to its projected monthly income targets, Hurel has requested a deferment of occupancy costs totaling ±$87,763. The Authority's proposed deferred occupancy costs will consist of the following:

a. Deferring 100% of the Net Rent payments from April 2019 through September 2019 ($77,304.78)

b. Deferring $7,884.13 of the $12,884.13 October 2019 Net Rent payment (a. and b. collectively are "Deferred Net Rent" totaling $85,188.91)

c. Deferring $2,574 of Additional Rent due as 2018 Operating Expenses ("Deferred Additional Rent")

To ease Hurel's financial burden, staff also recommends waiving the Additional Rent 5% late charge on the Deferred Net Rent and the Deferred Additional Rent until April 1, 2020.

Between January 1, 2019 and October 31, 2019, Freedman will defer a total of $129,929.59 (61.63%) of his regular compensation as follows:

- Between January 1, 2019 and March 31, 2019, Freedman has deferred 66.77% ($42,166.68) of his regular compensation

- Between April 1 and June 30, 2019, Freedman will defer 100% (3 x 21,083.34 x 100% = $63,250.02) of his regular compensation

- Between July 1, and August 31, 2019, Freedman will defer 50% (2 x $21,083.34 x 50% = 21,083.34) of his regular compensation

- Between September 1 and October 31, 2019, Freedman will defer 8.13% (2 x 21,083.34 x 8.13% = $3,429.55) of his regular compensation

Between April 1, 2019 and October 31, 2019, Freedman will defer $87,762.91 of his regular compensation, which will equal the Deferred Net Rent and Deferred Additional Rent the Authority will defer during the same period. Freedman's total regular compensation deferral will exceed the Authority's proposed Deferred Net Rent and Deferred Additional Rent by ±$42,167 ($129,929 – $87,763 = $42,166).

Commencing July 1, 2019, Hurel will be required to pay:

- Additional Rent (common area maintenance and utilities), payment in lieu of taxes (PILOT), and all other charges on a timely basis through the end of the Lease term (February 14, 2022)

- The past due amounts, of Additional Rent, PILOT, and all other charges ($13,839.04) for April and May 2019 as follows:

  a. By July 1, 2019, pay the May 2019 Additional Rent, PILOT and all other charges ($7,035.96)

  b. By August 1, 2019, pay the April 2019 Additional Rent and PILOT and all other charges ($6,803.08)

On June 6, 2019, Hurel wired the June 2019 Additional Rent and PILOT and all other charges due ($6,874.41).

From January to May of this year, the Additional Rent and PILOT averaged $6,914. Staff recommends waiving the Additional Rent late charge of 5% on the Additional Rent, PILOT and all other charges for April through June 2019. Hurel will commence normal Net Rent payments in November 2019.

As security, the Authority currently holds $38,653.38, which is approximately 3 months of the 2019 monthly rent ($38,653.38 ÷ $12,884.13 = 2.99). In the event of a default, the Authority has at risk approximately 3 months of 2019 rent. Absent any other financial default under the Lease, the Authority has at risk is ±$49,111 of the proposed Deferred Rent and Deferred Additional Rent ($87,763.91 - 38,653.38 = $49,110.53).

Hurel believes that the proposed plan to correct its current negative cash flow position, which includes deferral of Freedman's regular compensation ($129,929.59), managing its existing cash flow (accounts payables and receivables), and the Authority's occupancy cost deferral of $87,763, will be sufficient to return the firm to a positive cash position. To provide Hurel adequate time to implement its strategy to improve its financial condition, staff recommends providing Hurel until April 2020 to commence repayment, over the balance of the lease term (23 months), of the Deferred Net Rent and Deferred Additional Rent. The deferred payments would not accrue interest. Staff recommends repayment of the Deferred Net Rent and Deferred Additional Rent on a graduated basis as outlined in the following chart:

Start	End	Deferred Net Rent	Deferred Additional Rent	Total Monthly Payments	Notes
4/1/2020	9/30/2020	$925.96	$27.98	$953.94	25% of monthly payment
10/1/2020	3/31/2021	$2,342.15	$70.77	$2,412.92	50% of monthly payment
4/1/2021	9/30/2021	$4,471.38	$135.10	$4,606.48	75% of monthly payment
10/1/2021	2/14/2022	$7,750.39	$234.18	$7,984.57	100% of monthly payment

Attached as Exhibit A to this memo is the proposed First Amendment which is in substantially final form. The final terms of the First Amendment may be subject to revisions, although the basic terms and conditions will remain consistent with those in the attachment. The final terms of the First Lease Amendment will be subject to the approval of the Chief Executive Officer and the Attorney General's Office.

Recommendation

In summary, I request the Members approve the execution of a First Lease Amendment Agreement, on final terms subject to approval by the Chief Executive Officer and the Attorney General's Office, which authorizes:

- A six-month total rent deferral, for the period beginning April 1, 2019 until September 30, 2019 and a partial rent deferral for the month of October 2019 totaling $85,188.91 in the aggregate with repayment commencing April 1, 2020 over 23 months (February 14, 2022) at 0% interest

- A deferral of $2,574 of the Additional Rent 2018 Operating Expense due under section 6.5(c) of the Lease, with repayment commencing on April 1, 2020 over 23 months (February 14, 2022) at 0% interest

- A waiver of the five percent (5%) Additional Rent late charge as detailed in this memo

Tim Sullivan
Chief Executive Officer

Att: Exhibit A: First Amendment to the Lease
Prepared by: Juan Burgos

EXHIBIT A: HUREL FIRST LEASE AMENDMENT

FIRST LEASE AMENDMENT AGREEMENT

THIS LEASE AMENDMENT AGREEMENT, made as of the [insert day] day of [insert month], 2019 (the "FIRST LEASE AMENDMENT AGREEMENT") is by and between HUREL CORPORATION, ("TENANT"), and the NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY ("LANDLORD").

WHEREAS, TENANT and LANDLORD entered into a certain Biotechnology Development Center II Lease Agreement made the 1st day of February 2016 (the "INITIAL LEASE"); and

WHEREAS, the INITIAL LEASE and FIRST LEASE AMENDMENT AGREEMENT are collectively referred to herein as the "LEASE"; and

WHEREAS, TENANT and LANDLORD have agreed that LANDLORD shall defer, until April 1, 2020, NET RENT as follows: 100% of the NET RENT for the period between April 1, 2019 and September 30, 2019, and $7,884.13 of NET RENT for the month of October2019 (collectively the "DEFERRED NET RENT"); and

WHEREAS, TENANT and LANDLORD have agreed that TENANT shall pay the DEFERRED NET RENT as outlined in **Exhibit A** to the FIRST LEASE AMENDMENT AGREEMENT; and

WHEREAS, TENANT and LANDLORD have agreed that LANDLORD shall defer, until April 1, 2020, the balance of ADDITIONAL RENT of $2,574.00 due as OPERATING EXPENSES under the 2018 OPERATING STATEMENT ("DEFERRED ADDITIONAL RENT"); and

WHEREAS, TENANT and LANDLORD have agreed that TENANT shall pay the DEFERRED ADDITIONAL RENT as outlined in **Exhibit A** to the FIRST LEASE AMENDMENT AGREEMENT; and

WHEREAS, TENANT and LANDLORD have agreed that TENANT will not be obligated to pay any late charges for the DEFERRED NET RENT and the DEFERRED ADDITIONAL RENT only under Section 5.6 of the INITIAL LEASE for the period between April 1, 2019 through April 1, 2020; and

WHEREAS, TENANT agrees that Robert Freedman, Chief Executive Officer of the TENANT, will defer his regular compensation as more fully described herein; and

WHEREAS, TENANT shall pay all applicable ADDITIONAL RENT, PILOT and/or TENANT'S TAX SHARE and all other charges as set forth in the INITIAL LEASE as modified by this FIRST LEASE AMENDMENT AGREEMENT on a timely basis;

NOW, THEREFORE, in the joint and mutual exercise of their powers, and in consideration of the mutual covenants herein contained, the parties amend the LEASE as follows:

1. Except for the last full paragraph, Section 5.2 of the INITIAL LEASE is deleted and replaced with **Exhibit A** to the FIRST LEASE AMENDMENT AGREEMENT.

2. TENANT has not paid the April, May and June 2019 ADDITIONAL RENT, PILOT and/or TENANT'S TAX SHARE and other charges in the amount of $20,712.91, as of the date hereof. LANDLORD hereby agrees to waive the 5% late charge for April, May and June 2019 only.

3. a. TENANT shall pay all past due amounts for April and May 2019, totaling $13,839.04 , as follows:

   i. By July 1, 2019, the April 2019 ADDITIONAL RENT, PILOT and/or TENANT'S TAX SHARE and other charges ($7,035.96)

   ii By August 1, 2019, the May 2019 ADDITIONAL RENT, PILOT and/or TENANT'S TAX SHARE and other charges ($6,803.08)

   b. LANDLORD hereby acknowledges receipt of TENANT's payment of June 2019 ADDITIONAL RENT, PILOT and/or TENANT'S TAX SHARE and other charges ($6,874.41).

j. Commencing July 1, 2019, TENANT shall pay all applicable NET RENT, PILOT and/or TENANT'S TAX SHARE and all other LEASE charges on a timely basis through the expiration of the LEASE TERM.

k. LANDLORD will waive the late charge fee of 5% on the DEFERRED NET RENT and DEFERRED ADDITIONAL RENT until April 1, 2020, when the repayment of DEFERRED NET RENT and the DEFERRED ADDITIONAL RENT is to commence.

l. TENANT agrees that its Chief Executive Officer, Robert Freedman ("Freedman"), will defer $129,929.59 of his regular compensation as follows:

   a. Between January 1, 2019 and March 31, 2019, . Freedman acknowledges that Freedman has deferred 66.77% of his regular compensation ($42,166.68)

   b. Between April 1 and June 30, 2019, Freedman will defer 100% of his regular compensation (3 x 21,083.34 x 100% = $63,250.02)

   c. Between July 1, and August 31, 2019, Freedman will defer 50% of his regular compensation (2 x $21,083.34 x 50% = 21,083.34)

   d. Between September 1 and October 31, 2019, Freedman will defer 8.13% of his regular compensation (2 x 21,083.34 x 8.13% = $3,429.55)

m. From July 1, 2019 through October 31, 2019, TENANT, shall provide documentation satisfactory to LANDLORD of Freedman's deferred compensation by no later than the tenth (10^{th}) day of each month. LANDLORD, its agents, and employees shall have thirty (30) days after receiving the TENANT'S documentation to audit TENANT'S books and

EXHIBIT A: HUREL FIRST LEASE AMENDMENT

records concerning TENANT's documentation and raise any disputes regarding its accuracy at LANDLORD'S sole cost and expense.

TENANT further agrees that TENANT will not offer and Freedman will not accept any bonuses or other forms of compensation or additional compensation until all deferrals herein have been paid in full to the Authority.

n. In the event the majority or all of TENANT's business or assets or ownership interests are sold, conveyed or otherwise transferred to a third party including but not limited to any entity (i) into or with which TENANT is merged or consolidated , (ii) which controls, is controlled by or is under common control with TENANT or (iii) acquiring all or substantially all of TENANT'S stock this First Amendment shall be deemed to be automatically terminated and all of the deferred payments hereunder shall be immediately due and owing.

o. In the event TENANT fails to comply with each and every term and condition of this FIRST LEASE AMENDMENT AGREEMENT beyond the applicable notice and cure period set forth in Section 16.5 of the INITIAL LEASE, this First Amendment shall be deemed to be automatically terminated and all of the deferred payments hereunder shall be immediately due and owing. In such event LANDLORD shall be entitled to exercise any and all of its remedies under the Lease and at law.

p. Miscellaneous:

A. Unless expressly stated to the contrary in this FIRST LEASE AMENDMENT AGREEMENT all references in the LEASE to "LEASE" shall also refer to "FIRST LEASE AMENDMENT AGREEMENT."

B. Except as expressly modified hereby, all terms, conditions, definitions, undertakings and covenants of the INITIAL LEASE shall remain in full force and effect and are in no way abrogated by this FIRST LEASE AMENDMENT AGREEMENT. Capitalized terms used in the within FIRST LEASE AMENDMENT AGREEMENT but not otherwise defined herein shall have the meanings ascribed to them in the INITIAL LEASE.

C. If any provision of this FIRST LEASE AMENDMENT AGREEMENT shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof or of the INITIAL LEASE.

D. The recitals hereinabove are hereby incorporated into this FIRST LEASE AMENDMENT AGREEMENT as though set forth herein in their entirety.

E. This FIRST LEASE AMENDMENT AGREEMENT may not be amended except upon written consent of both parties hereto.

F. This FIRST LEASE AMENDMENT AGREEMENT shall be interpreted under the laws of the State of New Jersey.

G. This FIRST LEASE AMENDMENT AGREEMENT 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 LEASE AMENDMENT AGREEMENT 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 of this FIRST LEASE AMENDMENT AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have duly executed this FIRST LEASE AMENDMENT AGREEMENT as of the date first written above.

Attest:

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Name:
Title:

Name: Lori Matheus
Title: Senior Vice President, Finance and Development

Attest:

HUREL CORPORATION

Name:
Title:

Name: Robert Freedman
Title: Chief Executive Officer

AGREED TO AND ACCEPTED INDIVIDUALLY AS TO SECTIONS 5 AND 6

Robert Freedman

EXHIBIT A TO THE FIRST LEASE AMENDMENT AGREEMENT

1. LANDLORD will defer 100% of the NET RENT from April 1, 2019 through September 30, 2019 (6 months) until April 1, 2020. For the NET RENT due on October 1, 2019, LANDLORD will defer $7,884.19 of October 2019 NET RENT until April 1, 2020.
2. LANLDORD will defer $2,574 of ADDITONAL RENT due as 2018 OPERATING EXPENSES until April 1, 2020.

3. TENANT shall pay DEFERRED RENT and DEFERRED ADDITIONAL RENT as follows: for 6 calendar months commencing on April 1, 2020, TENANT will pay DEFERRED NET RENT AND DEFERRED ADDITIONAL RENT in the amount of $953.95; for 6 calendar months commencing on October 1, 2020, TENANT wil pay DEFERRED NET RENT AND DEFERRED ADDITIONAL RENT in the amount of $2,412.92; for 6 calendar months commencing on April 1, 2021, TENANT will pay DEFERRED NET RENT AND DEFERRED ADDITIONAL RENT in the amount of $4,606.48; and until the end of the INITIAL TERM commencing on October 1, 2021, TENANT will pay DEFERRED NET RENT AND DEFERRED ADDITIONAL RENT in the amount of $7,894.57.

4. TENANT shall pay NET RENT, DEFERRED NET RENT, and DEFERRED ADDITIONAL RENT as detailed in the schedule below.

Amortization Period	Rent Period Begin	Rent Period End	(NET RENT $SF	x RSF) / 12	= Monthly NET RENT	+ DEFERRED NET RENT and DEFERRED ADDITIONAL RENT	= Monthly NET NET, DEFERRED NET RENT and DEFERRED ADDITIONAL RENT Due	DEFERRED NET RENT and DEFERRED NET RENT PAYMENTS	+ DEFERRED ADDITIONAL RENT and DEFERRED ADDITIONAL RENT PAYMENTS	= DEFERRED NET RENT AND DEFERRED ADDITIONAL RENT BALANCE
	4/1/2019	4/30/2019	$29.50	5,241	$0.00	$0.00	$0.00	($12,884.13)	($2,574.00)	($15,458.13)
	5/1/2019	5/31/2019	$29.50	5,241	$0.00	$0.00	$0.00	($12,884.13)	$0.00	($28,342.26)
	6/1/2019	6/30/2019	$29.50	5,241	$0.00	$0.00	$0.00	($12,884.13)	$0.00	($41,226.39)
	7/1/2019	7/31/2019	$29.50	5,241	$0.00	$0.00	$0.00	($12,884.13)	$0.00	($54,110.52)
	8/1/2019	8/31/2019	$29.50	5,241	$0.00	$0.00	$0.00	($12,884.13)	$0.00	($66,994.65)
	9/1/2019	9/30/2019	$29.50	5,241	$0.00	$0.00	$0.00	($12,884.13)	$0.00	($79,878.78)
	10/1/2019	10/31/2019	$29.50	5,241	$5,000.00	$0.00	$5,000.00	($7,884.13)	$0.00	($87,762.91)
	11/1/2019	11/30/2019	$29.50	5,241	$12,884.13	$0.00	$12,884.13	$0.00	$0.00	($87,762.91)
	12/1/2019	12/31/2019	$29.50	5,241	$12,884.13	$0.00	$12,884.13	$0.00	$0.00	($87,762.91)
	1/1/2020	1/31/2020	$29.50	5,241	$12,884.13	$0.00	$12,884.13	$0.00	$0.00	($87,762.91)
	2/1/2020	2/29/2020	$29.50	5,241	$12,884.13	$0.00	$12,884.13	$0.00	$0.00	($87,762.91)
	3/1/2020	3/31/2020	$30.00	5,241	$13,102.50	$0.00	$13,102.50	$0.00	$0.00	($87,762.91)
1	4/1/2020	4/30/2020	$30.00	5,241	$13,102.50	$953.94	$14,056.44	$925.96	$27.98	($86,808.97)
2	5/1/2020	5/31/2020	$30.00	5,241	$13,102.50	$953.94	$14,056.44	$925.96	$27.98	($85,855.03)
3	6/1/2020	6/30/2020	$30.00	5,241	$13,102.50	$953.94	$14,056.44	$925.96	$27.98	($84,901.09)
4	7/1/2020	7/31/2020	$30.00	5,241	$13,102.50	$953.94	$14,056.44	$925.96	$27.98	($83,947.15)
5	8/1/2020	8/31/2020	$30.00	5,241	$13,102.50	$953.94	$14,056.44	$925.96	$27.98	($82,993.21)
6	9/1/2020	9/30/2020	$30.00	5,241	$13,102.50	$953.94	$14,056.44	$925.96	$27.98	($82,039.27)
7	10/1/2020	10/31/2020	$30.00	5,241	$13,102.50	$2,412.92	$15,515.42	$2,342.15	$70.77	($79,626.35)
8	11/1/2020	11/30/2020	$30.00	5,241	$13,102.50	$2,412.92	$15,515.42	$2,342.15	$70.77	($77,213.43)
9	12/1/2020	12/31/2020	$30.00	5,241	$13,102.50	$2,412.92	$15,515.42	$2,342.15	$70.77	($74,800.51)
10	1/1/2021	1/31/2021	$30.00	5,241	$13,102.50	$2,412.92	$15,515.42	$2,342.15	$70.77	($72,387.59)
11	2/1/2021	2/28/2021	$30.00	5,241	$13,102.50	$2,412.92	$15,515.42	$2,342.15	$70.77	($69,974.67)
12	3/1/2021	3/31/2021	$30.00	5,241	$13,102.50	$2,412.92	$15,515.42	$2,342.15	$70.77	($67,561.75)
13	4/1/2021	4/30/2021	$30.00	5,241	$13,102.50	$4,606.48	$17,708.98	$4,471.38	$135.10	($62,955.27)
14	5/1/2021	5/31/2021	$30.00	5,241	$13,102.50	$4,606.48	$17,708.98	$4,471.38	$135.10	($58,348.79)
15	6/1/2021	6/30/2021	$30.00	5,241	$13,102.50	$4,606.48	$17,708.98	$4,471.38	$135.10	($53,742.31)
16	7/1/2021	7/31/2021	$30.00	5,241	$13,102.50	$4,606.48	$17,708.98	$4,471.38	$135.10	($49,135.83)
17	8/1/2021	8/31/2021	$30.00	5,241	$13,102.50	$4,606.48	$17,708.98	$4,471.38	$135.10	($44,529.35)
18	9/1/2021	9/30/2021	$30.00	5,241	$13,102.50	$4,606.48	$17,708.98	$4,471.38	$135.10	($39,922.87)
19	10/1/2021	10/31/2021	$30.00	5,241	$13,102.50	$7,984.57	$21,087.07	$7,750.39	$234.18	($31,938.30)
20	11/1/2021	11/30/2021	$30.00	5,241	$13,102.50	$7,984.57	$21,087.07	$7,750.39	$234.18	($23,953.73)
21	12/1/2021	12/31/2021	$30.00	5,241	$13,102.50	$7,984.57	$21,087.07	$7,750.39	$234.18	($15,969.16)
22	1/1/2022	1/31/2022	$30.00	5,241	$13,102.50	$7,984.57	$21,087.07	$7,750.39	$234.18	($7,984.59)
23	2/1/2022	2/14/2022	$30.00	5,241	$6,551.25	$7,984.59	$14,535.84	$7,750.41	$234.18	($0.00)