



MEMORANDUM

TO: Members of the Authority
FROM: Timothy Sullivan
Chief Executive Officer
DATE: July 16, 2019
SUBJECT: Agenda for Board Meeting of the Authority July 16, 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

Real Estate

Board Memorandums

Executive Session

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

June 11, 2019

MINUTES OF THE MEETING

Members of the Authority present: Chairman Kevin Quinn, Commissioner Marlene Caride of the Department of Banking and Insurance; Julie Diaz representing Commissioner Robert Asaro - Angelo of Department of Labor and Workforce Development; Dan Ryan representing Commissioner Catherine McCabe of the Department of Environmental Protection; Catherine Brennan representing State Treasurer Elizabeth Muoio; Public Members Philip Alagia, Louis Goetting and John Lutz, Third Alternate Public Member.

Members present via conference call: Public Members Charles Sarlo, Vice Chairman; Fred Dumont, William Layton and Thomas Scrivo.

Absent: Massiel Medina Ferrara, Public Member.

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

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

Pursuant to the Internal Revenue Code of 1986, 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.

MINUTES OF AUTHORITY MEETING

The next item of business was the approval of the May 14, 2019 meeting minutes. A motion was made to approve the minutes by Mr. Ryan, and seconded by Mr. Lutz, and was approved by the 12 voting members present.

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

AUTHORITY MATTERS

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

REQUEST: Approval to enter into a Memorandum of Understanding with the Commission for the purpose of providing support services to the Commission.

MOTION TO APPROVE: Mr. Alagia **SECOND:** Commissioner Caride **AYES: 12**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

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: 12**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

INCENTIVE PROGRAMS

Grow New Jersey Assistance Program

Commissioner Angelo joined the meeting at this time.

Ms. Diaz left the meeting at this time.

ITEM: Case Medical, Inc.

APPL.#45598

REQUEST: To approve the finding of jobs at risk

MOTION TO APPROVE: Mr. Ryan **SECOND:** Ms. Brennan **AYES: 12**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

ITEM: Case Medical, Inc.

APPL.#45598

REQUEST: To approve the application of Case Medical, Inc. for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Bloomfield Twp., NJ. Project location of Bloomfield Twp., Essex County qualifies as a Distressed Municipality under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Transit Oriented Development, Cap. Inv. in excess of Min. (non-Mega) and Targeted Industry of Manufacturing. The estimated annual award is \$970,500 for a 10-year term.

MOTION TO APPROVE: Ms. Brennan **SECOND:** Commissioner Angelo **AYES: 12**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

ITEM: CIT Bank, N.A.

APPL.#45503

REQUEST: To approve the finding of jobs at risk

MOTION TO APPROVE: Commission Caride **SECOND:** Mr. Alagia **AYES: 12**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

ITEM: CIT Bank, N.A.

APPL.#45503

REQUEST: To approve the application of CIT Bank, N.A. for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Morristown, NJ. Project location of Morristown, Morris County qualifies as a Priority Area under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Jobs with Salary in Excess of County Average, Large Number of New/Retained F/T Jobs and Targeted Industry of Finance. The estimated annual award is \$2,216,250 for a 10-year term.

MOTION TO APPROVE: Mr. Ryan **SECOND:** Ms. Brennan **AYES: 12**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

ITEM: Infobip LLC

APPL.#45571

REQUEST: To approve the application of Infobip LLC for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Jersey City, NJ. Project location of Jersey City, Hudson County qualifies as an Urban Transit HUB Municipality under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Transit Oriented Development, Jobs with Salary in Excess of County Average and Targeted Industry of Technology. The estimated annual award is \$206,250 for a 7-year term.

MOTION TO APPROVE: Mr. Lutz **SECOND:** Mr. Alagia **AYES: 12**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

ITEM: Zipdrug, Inc.

APPL.#45671

REQUEST: To approve the application of Zipdrug, Inc. for a Grow New Jersey Assistance Program Grant to encourage the applicant to make a capital investment and locate in Jersey City, NJ. Project location of Jersey City, Hudson County qualifies as an Urban Transit HUB Municipality under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Transit Oriented Development and Targeted Industry of Technology. The estimated annual award is \$630,000 for a 10-year term.

MOTION TO APPROVE: Mr. Ryan **SECOND:** Ms. Brennan **AYES: 12**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

Grow New Jersey Assistance Program - Modifications

ITEM: Atlantic City Contact Center, LLC

APPL.#41071

REQUEST: To approve a modified project with an overall reduction in the incented new full-time jobs from 332 to 121.

MOTION TO APPROVE: Mr. Ryan **SECOND:** Commissioner Angelo **AYES: 12**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

ITEM: Bayada Home Health Care, Inc APPL.#42313
REQUEST: To consent to the restructuring of Bayada Home Health Care, Inc. from a for profit corporation to a nonprofit corporation.
MOTION TO APPROVE: Mr. Lutz **SECOND:** Commissioner Caride **AYES: 11**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

Mr. Goetting recused himself because he represented the applicant previously.

ITEM: Nestle HealthCare Nutrition Inc. & Nestle Nutrition R & D Centers Inc. APPL.#41050
REQUEST: To consent to an overall reduction in the incented new full-time jobs from 177 to 102.
MOTION TO APPROVE: Mr. Ryan **SECOND:** Mr. Alagia **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

NJ Film and Digital Media Tax Credit Program

ITEM: Proposed Rule Amendment, Film & Digital Media Tax Credit Program
REQUEST: To approve the proposed re-adoption with amendment and to authorize staff to submit the proposed re-adoption with amendment for promulgation in the New Jersey Register, subject to final review and approval by the Office of the Attorney General and the Office of Administrative Law.
MOTION TO APPROVE: Ms. Brennan **SECOND:** Commissioner Caride **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

ITEM: To approve the following NJ Film and Digital Media Tax Credit Projects for allocations in Fiscal Year 2019

PROJECT: Besa Movie LLC APPL.#45505
MAX AMOUNT OF TAX CREDITS: \$469,794
MOTION TO APPROVE: Ms. Brennan **SECOND:** Mr. Lutz **AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

Mr. Sarlo left the call at this time.

PROJECT: The HKB Film LLC APPL.#45557
MAX AMOUNT OF TAX CREDITS: \$77,397
MOTION TO APPROVE: Mr. Lutz **SECOND:** Commissioner Caride **AYES: 11**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14

PROJECT: Touchstone Television Productions LLC APPL.#45578
MAX AMOUNT OF TAX CREDITS: \$2,420,661
MOTION TO APPROVE: Ms. Brennan **SECOND:** Commissioner Caride **AYES: 11**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 15

PROJECT: Day 28 Films Liberty LLC APPL.#45537
MAX AMOUNT OF TAX CREDITS: \$3,199,577
MOTION TO APPROVE: Mr. Lutz **SECOND:** Ms. Brennan **AYES: 11**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 16

BOND PROJECTS

Bond Resolutions

PROJECT: Middlesex Water Company APPL.# 45257
LOCATION: Statewide
PROCEEDS FOR: Renovation of existing building/equipment
FINANCING: \$65,000,000 Tax-Exempt Bond
MOTION TO APPROVE: Commissioner Caride **SECOND:** Mr. Alagia **AYES: 11**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 17
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

PROJECT: Jewish Home at Rockleigh, Inc. APPL.# 45618
LOCATION: Rockleigh Borough, Bergen County
PROCEEDS FOR: Refinancing
FINANCING: \$13,700,000 Tax-exempt Bond
MOTION TO APPROVE: Mr. Ryan **SECOND:** Mr. Goetting **AYES: 11**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 18
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

PROJECT: JHF 1 Pond LLC APPL.# 45613
LOCATION: Rockleigh Borough, Bergen County
PROCEEDS FOR: Refinancing
FINANCING: \$6,000,000 Tax-exempt Bond
MOTION TO APPROVE: Ms. Brennan **SECOND:** Mr. Ryan **AYES: 11**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 19
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

LOANS/GRANTS/GUARANTEES

Direct Loan Program

PROJECT: Fort Monmouth Economic Revitalization Authority APPL.#45702
LOCATION: Oceanport Borough, Monmouth County
PROCEEDS FOR: Working Capital
FINANCING: \$5,000,000 NJEDA Direct Loan
THIS PROJECT WAS WITHHELD FROM CONSIDERATION.

Statewide Loan Pool Program

PROJECT: SMC River Avenue, LLC APPL.#45726
LOCATION: Dover Township, Ocean County
PROCEEDS FOR: Working Capital
FINANCING: \$4,902,000 Ocean First Loan with a 40.8% (\$2,000,000) EDA participation.
MOTION TO APPROVE: Mr. Ryan **SECOND:** Mr. Layton **AYES: 11**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 20

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: Commissioner Angelo **SECOND:** Mr. Ryan **AYES: 11**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 21

PROJECT: County of Middlesex (Perth Amboy Waterfront Park) APPL.#45313
LOCATION: Perth Amboy, Middlesex County
PROCEEDS FOR: Site/Remedial Investigation
FINANCING: \$128,110

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. Lutz **SECOND:** Mr. Goetting **AYES: 11**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 22

PROJECT: Jeaniene Brownlee
LOCATION: Maplewood Twp., Essex County
PROCEEDS FOR: Upgrade, Closure, Remediation
FINANCING: \$120,666

APPL.#45686

PROJECT: MBDF, LLC
LOCATION: Newark, Essex County
PROCEEDS FOR: Remediation
FINANCING: \$251,816

APPL.# 45561

OFFICE OF RECOVERY

Energy Resilience Bank

ITEM: Energy Resilience Bank — University Hospital-Newark Power Plant Repowering Project Funding Modification Recommendation

REQUEST: To modify the November 14, 2017 Board action by changing the reservation of ERB funding from \$36,267,500 to \$39,120,000 for the project.

MOTION TO APPROVE: Mr. Ryan **SECOND:** Ms. Brennan **AYES: 11**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 23

BOARD MEMORANDUMS

FOR INFORMATION ONLY: Credit Underwriting projects Approved Under Delegated Authority

Premier Lender Program:

PROJECT: Sunrise Pharmaceutical Inc.
LOCATION: Rahway City, Union County
PROCEEDS FOR: Refinancing
FINANCING: \$2,200,000 Provident Bank loan with a 22.73% (\$500,000) Authority participation under the Access Pilot Program.

APPL.#45649

Small Business Fund Program:

PROJECT: 463 Schuyler Ave Real Estate LLC

APPL.#45654

LOCATION: Kearny Town, Hudson County

PROCEEDS FOR: Purchase of Property

FINANCING: \$657,000 M&T Bank loan with a 14.67% (\$97,000) Authority participation.

PUBLIC COMMENT

Mayor Francisco Moran, City of Camden, Camden, NJ
Sherriff Whip Wilson, Camden, NJ
John Ciaramella, President, Atlantic City Contact Center, Atlantic City, NJ
Minister Wasim Muhammad, Muhammad's Temple, Camden, NJ
Damon Pennington, Camden Arts Yard, Vorhees, NJ
Mike Douglas, Resintech, Camden, NJ
Victor Carrillo, EMR, Camden, NJ
Jordan Walker, Respond, Camden, NJ
Bryan Morton, NCU, Camden, NJ
Jon Young, Freeholder, Camden County Board of Chosen Freeholders, Camden, NJ
Samir Nunoz, Superior Arts, Camden, NJ
Lou Cappelli, Freeholder Director, Camden County Board of Chosen Freeholders
Haddon Twp., NJ
Sue Altman, Working Families
Jerome Montes, NJ Citizens, Lawrence, NJ
Stan White Retired
Keith Benson, Camden
Amir Khan, Camden
Dennis Gormley, ATNJ, Vorhees, NJ
Warren Golden, Atlantic City Contact Center, Atlantic City, NJ

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

Mr. Warren Golden, CFO and Mr. John Ciaramella, President, Atlantic City Contact Center, addressed the board in opposition to the use of the Net Benefit Test used for the modification to their project.

EXECUTIVE SESSION

The next item was to adjourn the public portion of the meeting and move in to executive session to discuss matters involving lease negotiations where disclosure could adversely affect the public interest and to receive attorney-client advice regarding ongoing legal inquiries. The minutes of which will be released when the need for confidentiality no longer exists.

MOTION TO APPROVE: Ms. Brennan **SECOND:** Mr. Alagia **AYES: 11**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 24

The Board returned to Public Session.

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

REQUEST: To 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.

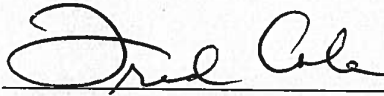
MOTION TO APPROVE: Mr. Alagia **SECOND:** Mr. Ryan **AYES:** 8

RESOLUTION ATTACHED AND MARKED EXHIBIT: 25

There being no further business, on a motion by Mr. Ryan, and seconded by Ms. Brennan, the meeting was adjourned at 12:55pm.

Certification:

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



Fred Cole
SVP Operations/ELO
Assistant Secretary



MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan
DATE: July 16, 2019
RE: Monthly Report to the Board

INVESTING IN PEOPLE

The NJEDA's support of Governor Murphy's goal of investing in people was evident as the first class of 30 small business owners graduated from the collaborative NJEDA and African American Chamber of Commerce of New Jersey (AACCNJ) [Small Business Bonding Readiness Assistance Program](#) on June 26th. Over the course of the program, which started in January, participating small business owners took part in classroom training, webinars, and one-on-one sessions with experts designed to position them to obtain surety bonding, a prerequisite to competing for state and federal government contracts. Members of the first graduating class have already [qualified for more than \\$4 million in surety bonding](#).

Also in support of small business owners, we issued the first in a series of blog posts highlighting New Jersey entrepreneurs and NJEDA resources to help them overcome their challenges. The blog presents an opportunity for sharing of experiences and lessons learned within the state's entrepreneurial community.

INVESTING IN COMMUNITIES

Events in June offered opportunities to engage with community leaders in support of Governor Murphy's goal of investing in communities. The NJEDA joined The Governance Project to present state leaders at the National Governor's Association with national best practices for leveraging Opportunity Zones in ways that attract transformative community investment and cultivate sustainable economic growth. The forum combined insights from The Governance Project's national focus on inclusion, education, and engagement with critical local stakeholder perspectives from the NJEDA's work with municipalities and community leaders.

We also met with members of the Urban Mayors Association to share information on Governor Murphy's proposed incentive programs, and participated in the first ever regional Vanguard Conference in Newark. The conference was hosted by Next City, a nonprofit organization with a mission to inspire social, economic and environmental change in cities through journalism and events around the world. Vanguard is an annual gathering of the best and brightest young urban leaders working to improve cities across sectors, including urban planning, community development, entrepreneurship, government, transportation, sustainability, design, art and media.

MAKING NEW JERSEY THE STATE OF INNOVATION

In support of the Governor's goal of restoring the state's leadership in innovation, we recently announced closing of a \$250,000 convertible note to Monmouth County-based [Additive Orthopaedics](#) through the [NJ CoVest Fund](#). The Fund is designed to help emerging technology and life sciences companies bridge the funding gap between product development and commercialization and further the NJEDA's ability to support

the businesses throughout their growth lifecycle. Located in Little Silver, Additive Orthopaedics is an early-stage company focused on integrating advanced manufacturing and biologics to develop implants and devices for foot and ankle repairs. The company plans to use this funding to hire new employees, finance additional research and development, and secure necessary regulatory approvals.

A program that has helped to attract early-stage and growth capital for innovative New Jersey companies is being expanded with the signing of Assembly Bill 5604 by Governor Murphy. The bill expands New Jersey's Angel Investor Tax Credit Program, which provides a tax credit for a percentage of an angel investor's investment in a qualifying emerging New Jersey technology or life science business. Under the expanded program, the available tax credit increases from 10 percent to 20 percent of a qualified investment, with an additional five percent bonus available for investments in a business located in a qualified opportunity zone, low-income community, or a business that is certified as minority- or women-owned by the State.

Also in June, I had the pleasure of participating in "Growing New Jersey's Fintech Ecosystem," hosted by the New Jersey Tech Council and Cross River Bank. The event brought together elected officials, policy makers and key business leaders in New Jersey to discuss how the Fintech ecosystem is growing in New Jersey, and why it is the ideal location for fintech companies today.

MAKING GOVERNMENT EASIER TO DO BUSINESS WITH

Efforts to raise awareness of state resources that help improve access to capital for small businesses continued in June, with staff visits to NJEDA-supported businesses. These included Alliance Calibrations Group (ACG) in North Brunswick, which purchased a new 11,000-square-foot facility with a loan from Premier Lender M&T bank which included an NJEDA participation.

We also visited Haleema Islamic Fashions in downtown Trenton to highlight funding available through the Small Business Lease Assistance Program, which reimburses small businesses a portion of annual lease payments for new or additional space leased in targeted cities around the state. Several years ago, Haleema Islamic Fashions owner Prestina Ray started selling Islamic garb at the Trenton Farmers Market. In 2016, she secured a storefront within Trenton and has moved twice to accommodate her business's continued growth. Ray opened the doors of her new, larger location at 102 East State Street in June.

EVENTS/SPEAKING ENGAGEMENTS/PROACTIVE OUTREACH

NJEDA representatives participated as speakers, attendees, or exhibitors at 51 events in May. These included Startup Grind Princeton, Somerset County Biz Fest, the Women in STEM Empowerment Summit, and the New York Offshore Wind Supplier Forum.

ORGANIZATIONAL REALIGNMENT

As we have discussed at numerous meetings, NJEDA is undergoing a fundamental transformation to a comprehensive economic development agency focused on growing innovation, providing sector-based resources, nurturing small businesses, catalyzing investment in communities, and promoting New Jersey internationally as a premier business and investment destination. As we undergo this organizational transformation, we are also making overdue investments in people, processes and systems to meet our responsibilities as stewards of taxpayer resources, and are committed to fixing what needs fixing when it comes to how we operate.

NJEDA has and will continue to be more than just a provider of tax incentives. We are working every day to reinforce that as we present a broad set of diverse resources, tools, and support to the business community. Our goal is to advance development more comprehensively and inclusively to grow a stronger and fairer New Jersey economy where all residents can share in economic prosperity. To support the full scope of new

initiatives, we have taken a number of organizational redesign steps, including the creation of the Office of Economic Transformation, which is working to drive significant growth in jobs and investment in high growth sectors. The Office of Small Businesses Services is charged with providing robust financial, workforce, and technical support to the State's small business community, with a focus on historically underrepresented firms, including women, minority, veteran, disability, and LGBTQ-owned enterprises. The Office of International Trade and Investment was formed last year to drive Foreign Direct Investment (FDI) into New Jersey and recruit international businesses to the State.

Secondly, there is work to be done in the areas of compliance, transparency, and oversight, and we are fully committed as an organization to fixing what needs fixing. The reports issued by both the Office of the State Comptroller and the Governor's Task Force on NJEDA Incentives provide a clear roadmap for where we need to focus. Our immediate action plan will focus on three areas in particular – training, processes, and systems.

- **Training** – It is our responsibility to provide employees with the training and resources they need to do their jobs in a way that is thorough and consistent. This includes onboarding new hires with comprehensive and job-specific training, as well as providing ongoing training for current NJEDA employees. Frequent refreshers on continually changing programs and legislation, parameters around our interaction with clients, consultants and lobbyists, and training focused around fraud detection and prevention, are a top priority.
 - As first steps toward accomplishing this, we have hired a talent development and training specialist to create and oversee our enhanced training programs and have also assigned staff to focus on developing organizational policies and procedures manuals for the various programs we administer.
- **Process** – We are reviewing, revising, and documenting all processes to ensure controls and consistency across all programs - from the moment a customer interacts with business development and submits an application, through our review and underwriting process, and ultimately into compliance and monitoring once they are approved for NJEDA assistance. Several steps are either underway or planned that will help to improve our organizational processes.
 - Last year, we created the Division of Compliance and Program Management, whose responsibility is to develop and oversee internal process improvement initiatives. The Division is led by Bruce Ciallella who is a member of the Senior Leadership Team and reports directly to me. With the establishment of this Division comes a commitment by our organization to staff the Division appropriately to ensure that we have the capacity to apply the thorough and consistent monitoring that is required to properly administer these programs. One of the steps the Division has already taken is to establish a data-sharing partnership with the NJ Department of Labor to more closely monitoring annual reporting of jobs
 - We will also be taking several steps to strengthen our front-end review of applications:
 - Strengthening of debarment/legal review process, with the expectation that a third-party professional services firm may be engaged to support a more robust process.
 - Requiring CEO certification of applications and all supporting documents immediately prior to Board action, in addition to at the time of application submission.
 - Verification that a project is in good standing with the NJ Department of Labor and the NJ Department of Environmental Protection before proceeding to the Board for approval.

- In the months ahead, we will be developing a comprehensive and documented process to address whistleblower complaints – be they from internal EDA staff, or members of the public.
- **Systems** – We recently celebrated a milestone in a years-long process to improve our internal systems with the launch of our new Customer Relationship Management (CRM) and loan software platforms earlier this month. These new systems will significantly improve and streamline our organization’s operations as far as how we input, share, access, and track information. Enable will be a critical tool that should quickly help strengthen our practices related to verification, monitoring and reporting.



AUTHORITY MATTERS



MEMORANDUM

To: Members of the Authority
From: Tim Sullivan
Chief Executive Officer
Date: July 16, 2019
Subject: Community Development Financial Institutions (CDFI) Initiative

Summary

The Members are requested to approve:

1. The creation of two, 3-year pilot programs, Loan to Lender ("LTL") and Premier CDFI ("PCP"), to make capital available for the purpose of expanding the ability of CDFIs to provide financing to small businesses in New Jersey.
2. Utilization of up to \$15,000,000 in ERF funds to capitalize both LTL and PCP under the CDFI Initiative.
3. Delegation to Authority staff to approve individual applications under the PCP Program, to be reviewed in accordance with the terms set forth in the attached program specifications.
4. Authorize EDA staff to start accepting applications for proposed new programs on September 1, 2019.

Background

In 1997, the Fund for Community Economic Development (FCED) was created through a partnership with public utilities (PSE&G and First Energy), the New Jersey Economic Development Authority and the State of New Jersey. The purpose of the Fund was to provide a source of flexible financing to support community and economic development in urban centers. The program areas included loans to lenders, real estate loans and pre-development assistance. The Fund is no longer active, as resources to support this effort are no longer available.

Understanding the necessity of continuing to support small business in New Jersey, the Authority continued to capitalize a LTL program by utilizing its own resources in the form of a Direct

Loan to qualified CDFIs. Since inception, the Authority has approved and funded six (6) CDFIs through the previous LTL program for a total of \$5.6 million and currently has \$3.6 million outstanding to four (4) CDFIs. Going forward, the predecessor LTL program will know longer be active.

Summary

Through his comprehensive economic plan for building a stronger and fairer economy in New Jersey, Governor Murphy has placed a high priority on better supporting small business. In support of this goal and as part of the Authority's ongoing practice of assessing the needs of the small business community, a cross functional team consisting of representatives from Business Development, Underwriting and Post Closing Services held individual discussions with six (6) representatives from CDFIs, who routinely work with micro-enterprises and small businesses not qualified for traditional bank financing. Additionally, a listening session was hosted by the Authority in which CDFIs and organizations that support small business in New Jersey attended. The session yielded important input from the participants which included the need for resources that expand upon the parameters of the prior LTL Program, an increased partnership between the Authority and CDFIs, a way for CDFIs to participate in the Premier Lender Program similar to traditional banks, and the need for nonrecourse and patient capital.

To address some of these needs, the Authority is recommending the creation two programs and the utilization of up to \$15 million to help address the needs identified. The two programs are part of an overall CDFI initiative to enhance the partnership between the Authority and CDFIs and increase the capital available to support small businesses. The first program is the Loan to Lender ("LTL") where the Authority will provide financing to CDFIs for the purposes of administering as term loans or lines of credit to qualified small businesses. The second program is the Premier CDFI Program ("PCP") through which the Authority will enter into participations, direct loans or guarantees to qualified small businesses in partnership with CDFIs. A CDFI participating in LTL may not utilize LTL funding to finance transactions approved through PCP. Also, a CDFI may seek approval to participate in one or both components of the program.

Through the LTL component of the CDFI Initiative, loans of up to \$1.5 million will be available to experienced CDFIs with a minimum of five (5) years demonstrated lending and portfolio management history. The CDFIs may use the Authority's financing to administer term loans or lines of credit to qualified businesses. The term of the loan from the Authority to the CDFI will be 20 years, with 0% interest in the first two years. Loans made to businesses by CDFIs that participate in the LTL, will follow the guidelines and credit policies set forth by the CDFI. LTL funding cannot be utilized to restructure or refinance existing debt. Additional information can be found in the attached program specifications.

Through the PCP component of the CDFI Initiative, participations, guarantees and direct loans of up to \$500,000 will be available to qualified small businesses in partnership with CDFIs. Authority guarantees may support CDFI term loans and working capital lines of credits. Loan and guarantee requests will be underwritten based on the existing approval guidelines and policies of the Authority's existing Small Business Fund Program and the Authority's general underwriting policies to determine items including, but not limited to: interest rate, term, amortization, and eligible uses. With the exception of guarantees, all EDA exposure under the

pilot will be subordinate in collateral, but not in payment. Guarantees will be pari-passu and pro-rata. Additional information can be found in the attached program specifications.

Fees

The fees for the CDFI Initiative will be consistent with fees the Authority is using under existing financing programs or has used in prior programs of the same scope.

LTL

For the LTL component, the fees are consistent with the prior LTL program and include an application fee of \$1,000, and commitment and closing fees of 0.875% of the loan amount.

PCP

The fees for the PCP component of the CDFI Initiative are consistent with the Authority's existing Small Business Fund Program and include an application fee of \$300 and commitment and closing fees of 0.5% of the loan amount. For guarantees, a fee sized to percentage guarantee will be required, not to exceed 0.5% of the loan amount (for example: 25% guarantee will require a 0.25% fee, a 50% guarantee will require a 0.5% fee).

Recommendation

The Members of the Board are requested to approve:

1. The creation of two pilot programs, Loan to Lender ("LTL") and Premier CDFI ("PCP"), to make capital available to for the purposes of expanding the ability of CDFIs to provide financing to New Jersey small businesses.
2. Utilization of up to \$15,000,000 in ERF funds to capitalize both LTL and PCP under the CDFI Initiative.
3. Delegation to Authority staff to approve individual applications under the PCP Program, to be reviewed in accordance with the terms set forth in the attached program specifications.
4. Authorize EDA staff to start accepting applications for proposed new programs on September 1, 2019.



Tim Sullivan
Chief Executive Officer

Prepared by: Business Development, Underwriting and Finance and Bond Portfolio Management

Loan to Lender Proposed Program Specifications	
Program Purpose	<p>To provide financial assistance to experienced CDFIs to expand their ability to provide financing to New Jersey small businesses.</p> <p>EDA will provide financing to experienced CDFIs to provide as term loans or lines of credit to qualified businesses.</p>
Funding Source	ERF or any other funding source as required
Eligible Applicants	Experienced CDFI's with a minimum of 5 years demonstrated lending and portfolio management history
Eligible Uses	<p>CDFIs may use Authority financing to provide term loans or lines of credit to qualified businesses.</p> <p>Funding cannot be used to restructure or refinance existing debt</p> <p>CDFIs may not utilize LTL funding to finance requests through PCP</p>
Loan Amounts	<p>Up to \$1,500,000, with maximum exposure of \$1,500,000 to any one entity, based on credit worthiness.</p> <p>One third to be advanced at closing and the remaining amount to be disbursed as two additional tranches once 75% of the previous tranche is committed. Full drawdown of funding within 2 years.</p>
Term and Rates, and Repayment	<p>20-year term</p> <p>Interest rate:</p> <ul style="list-style-type: none"> • Years 0-2 (Deployment period): 0% • Years 3-7 (Interest only): 2% • Years 8-20 (Fully amortized w/ quarterly P&I payments): 2%

Loan to Lender Proposed Program Specifications	
Fees	<ul style="list-style-type: none"> • Application Fee: \$1,000 • Commitment Fee: 0.875% of loan amount • Closing Fee: 0.875% of loan amount
Board Approval	Board approval required
Reporting	<p>Quarterly portfolio reporting from CDFI to the Authority. Report may include, but not be limited to:</p> <ul style="list-style-type: none"> • number of projects • location of projects • amount of LTL funding by project and totals • leverage of private funding per project • total full-time employment creation and maintenance, • women, minority, veteran and LBGQT owned businesses

APPROVAL OF CDFI LOAN TO LENDER

Overview:

CDFIs with a successful history of lending and portfolio management, may be considered for funding through LTL.

List of required information for consideration of approval under LTL

1. Bylaws and Articles of Incorporation
2. List of the Board of Directors and their professional affiliations
3. Organizational chart with description of staff positions
4. Listing of key personnel with resumes
5. Most recent 3 years financial statements (audited, if available)
6. Interim P&L and balance sheet
7. List of operating revenue sources (including restrictions on amounts, conditions, etc)
8. List of local and private sector support (if applicable)
9. Ongoing funding commitments (if applicable)
10. Lending and risk management policies (including underwriting criteria and loan monitoring procedures)
11. Product description(s) (including rates, terms and allowable uses of loan proceeds) for program(s) that funding will be used for
12. Cash/investment management policy
13. Sample loan documents (including application, loan agreement, and promissory note)
14. Current portfolio status report and risk analysis (including aging or portfolio)
15. Tax Clearance Certificate

Premier CDFI Program Proposed Program Specifications	
Program Purpose	<p>To provide financial assistance to experienced CDFIs to expand their ability to provide financing to New Jersey small businesses.</p> <p>EDA will provide direct loans, participations or guarantees to qualified small businesses in partnership with an approved Premier CDFI.</p>
Funding Source	ERF or any other funding source as required
Eligible Applicants	<p>Small businesses applying for financing through an approved Premier CDFI that meet the following requirements:</p> <ul style="list-style-type: none"> • Business has been in operation for at least one year (minimum of three years for not-for-profits) • Business must meet minimum Guarantor Credit Score and LTV requirements depending on the applicant and financing: <ul style="list-style-type: none"> ○ Loans: Minimum of one personal guarantor with a Credit Score equal to or greater than 680, and Must have a minimum historical debt service of at least 1.0:1 ○ Guarantees: Minimum of one personal guarantor with a Credit Score(s) equal to or greater than 680, guarantee not to exceed 50% of bank loan amount, length of guarantee is not to exceed five years ○ Not-for-Profits: Debt service coverage of at least 1.0:1
Eligible Uses	<p>Authority funding would be used as participations, guarantees or direct loans to qualified small businesses in partnership with approved Premier CDFIs</p> <p>Authority participations may support CDFI term loans. Authority</p>

Premier CDFI Program Proposed Program Specifications	
	<p>guarantees may support CDFI term loans or working capital lines of credits.</p> <p>CDFIs may not utilize LTL funding to finance requests through PCP</p>
Loan Amounts	Up to \$500,000 per request, with a maximum exposure of \$500,000 per related borrowing entity
Term and Rates, and Repayment	<p>Loan and guarantee requests will be underwritten based on the existing approval guidelines and policies of the Small Business Fund (SBF) Program and the EDA's general underwriting policies to determine items including but not limited to interest rate, term, amortization, and eligible uses.</p> <p>With the exception of guarantees, all EDA exposure under the pilot will be subordinate in collateral, but not in payment. Guarantees will be pari-passu and pro-rata.</p> <p>5-year US Treasury or floor of 2%, whichever is higher, with basis point additions for credit risk.</p>
Fees	<ul style="list-style-type: none"> • Application Fee: \$300 • Commitment Fee: 0.5% of the loan amount • Closing Fee: 0.5% of the loan amount • Guarantee Fee: Up to 0.5% sized to percentage guaranteed required, not to exceed 0.5% (for example: 25% guarantee will require a 0.25% fee, a 50% guarantee will require a 0.5% fee)
Board Approval	Delegation to Authority staff to approve individual applications to the program
Reporting	Ongoing monitoring by Portfolio Services

APPROVAL OF CDFI PREMIER STATUS

Overview:

CDFIs with a successful history of lending and portfolio management, may be considered for approval as a Premier CDFI. As a Premier CDFI, a financial institution can receive expedited approvals for participations, direct loans or guarantees.

List of required information for consideration of approval under PCP

1. Bylaws and Articles of Incorporation
2. List of the Board of Directors and their professional affiliations
3. Organizational chart with description of staff positions
4. Listing of key personnel with resumes
5. Most recent 3 years financial statements (audited, if available)
6. Interim P&L and balance sheet
7. List of operating revenue sources (including restrictions on amounts, conditions, etc)
8. List of local and private sector support (if applicable)
9. Ongoing funding commitments (if applicable)
10. Lending and risk management policies (including underwriting criteria and loan monitoring procedures)
11. Product description(s) (including rates, terms and allowable uses of loan proceeds) for program(s) that will be utilized for PCP request
12. Three examples of credit underwriting for transactions similar in size and scope to those anticipated to be funded through PCP
13. Cash/investment management policy
14. Sample loan documents (including application, loan agreement, and promissory note)
15. Current portfolio status report and risk analysis (including aging or portfolio)
16. Tax Clearance Certificate



MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan
Chief Executive Officer
DATE: July 16, 2019
SUBJECT: New Jersey Golden Seeds Chapter

Proposal:

The Members are requested to approve NJEDA staff leading the organization and formation of a New Jersey Golden Seeds chapter to enhance the funding for female led startup companies in New Jersey and for the NJEDA to become a Member of Golden Seeds, a national angel investor network. Membership carries an annual fee of \$6,250 and a one-time initiation fee of \$2,500 upon joining.

Policy:

Governor Murphy's Economic Development Strategic Plan of constructing and shaping "The State of Innovation: Building a Stronger and Fairer Economy in New Jersey" includes a goal of creating the most diverse innovation ecosystem in the nation and doubling venture capital in the state. Furthermore, the Governor's Economic Development plan's fourth goal is to close the racial and gender wage and employment gaps.

This recommendation is part of NJEDA's efforts to build more investment opportunities for diverse groups in the New Jersey Innovation Economy. NJEDA has long supported investment opportunities for New Jersey companies. As part of Governor Murphy's Economic Development Strategic Plan and NJEDA's purpose, NJEDA seeks opportunities to support investment groups with a significant breadth of experience, investor member training, member networks, and strong track record. Golden Seeds satisfies these criteria and is being recommended as detailed herein.

Problem:

One means of closing wage and employment gaps is to close the funding gap for female-led startups. Female entrepreneurs raise significantly less private capital than their male counterparts. According to TechCrunch, an online news outlet focused on start-ups and technology companies, in 2018 despite efforts to level the playing field for female entrepreneurs, U.S. female only founded startups raised just 2.2% of venture capital investment in 2018. This trend continues in Q1 2019, with female only founded starts raising just 2% of the venture capital investment dollars. Although women owned businesses account for 40% of new companies, according to American Express, Golden Seeds estimated that less than 20% of startup capital goes to women-led businesses.

Further, currently, less than 10% of decision-makers at VC firms are women, and 74% of U.S. VC firms have zero female investors. Until those numbers begin to transform, little progress will likely be made on closing the funding gap.

However, the preliminary Q1 2019 data also has some good news, with a positive trend in the number of women led companies receiving significantly more funding than prior years. According to Tech Crunch, in the first quarter of 2019, female-founded startups have closed \$8.1B of venture capital dollars a 55% increase from Q1 2018 . Investing in women-led businesses also makes good financial sense. A recent analysis from Boston-based trading firm Quantopian reported that between 2002 and 2014, researchers compared the returns of Fortune 1000 companies led by female CEOs to those of the S&P 500. During that time, the companies with women at the helm saw returns that were 226% higher. Further supporting the strong performance data, the Peterson Institute for International Economics completed a survey of 21,980 firms from 91 countries and found that having women at the C-Suite level significantly increased net margins. Joe Carella, Assistant Dean at the University of Arizona, Eller College of Management, has also found that diverse companies become more creative. According to Mr. Carella, " an analysis of Fortune 500 companies found that companies that have women in top management roles experience 'innovation intensity' and produce more patents — by an average of 20 percent more than teams with male leaders." Hence all data points show the need for New Jersey to take the lead in investing in women owned businesses to support our innovation economy ambitions.

Background:

Angel investors are high net worth individuals who support start-up businesses through financing and direct involvement. These investors seek a return on their capital and an opportunity to impact the companies and entrepreneurs they select, adding substantial value to companies by sharing their advice, skills, and networks. Angel investing is an active and essential part of the American economy. In 2018 angel investors funded over 66,110 companies and invested over \$23.1 billion in these businesses. Without access to funding from angels, many of these companies would be unable to prosper and grow. Angel investing is done primarily through organized angel groups, like Golden Seeds, whose members work together to identify investment opportunities, conduct due diligence, monitor the companies' progress and provide support in many other ways.

Golden Seeds is a firm dedicated to pursuing investment returns through the empowerment of women entrepreneurs and the people who invest in them. The group was founded in 2005 and is headquartered in NYC. Golden Seeds membership consists of women (80%) and men (20%) dedicated to evaluating, funding and helping companies with at least one woman in a management role. The closest Golden Seeds chapter to New Jersey is in New York City and has 120 Members.

Golden Seeds is being recommended for NJEDA in-kind support (see further details below) and direct membership support based on the following attributes, which are attributes the NJEDA will consider when evaluating membership in any investment group:

- **Track Record:** Golden Seeds has a 14-year track record of successfully supporting over 150 female-led businesses throughout the US.
- **Breadth of Experience:** Golden Seeds is one of the few national platforms focused on advancing women-led entrepreneurship in the country with over 275 members; hence having a breadth of credentialed investors from varying locations, sectors and backgrounds. The opening of a NJ chapter will potentially attract investment from these investors around the country into NJ female-led businesses.

- **Training:** Golden Seeds has a unique and proprietary training curriculum that all members participate in. Additionally, the experience of the network of investors will further support the new/potential members of the NJ Golden Seeds Chapters.
- **Member Network:** Golden Seeds' angel network is one of the largest in the nation, with over 275 members and six chapters – Atlanta, Boston, Dallas, Houston, New York, and Silicon Valley – plus members in other locations throughout the country. In all, Golden Seeds has members in 20 states and Puerto Rico.

Additionally, it should be noted:

- Golden Seeds, through their NY offices, has invested in three New Jersey female-led businesses and NJ EDA has had a common portfolio company and has firsthand experience with the value provided by Golden Seeds as a board member to the common portfolio company.
- Golden Seeds uses a platform that allows for accurate tracking of deal flow and investment review that is open to all Golden Seeds members. As a member NJ EDA will have access to the database.

With regard to in-kind support, NJEDA staff proposes to help organize a New Jersey chapter of Golden Seeds to focus on New Jersey women-led businesses. Chapters are not separate legal entities; a chapter consists of a group of Golden Seeds members with a focus on the particular State or region in which they are located. See the appendix labeled "Guideline 'Gateway' Chapters of Golden Seeds" for more information on chapter set up and activities.

The reason for NJEDA to participate in the proposed initiative is to help coalesce an active and supportive environment in New Jersey for angel investors to fund innovative female -led businesses in the State. Helping form a Golden Seeds chapter in New Jersey will continue the EDA's positive involvement in this critical early stage company investment sector, with a specific focus on women-led businesses. NJEDA has a history of partnering with funding groups to bring more capital to the NJ Innovation economy, including Jumpstart NJ Angel Network (through marketing support), Tech Launch Accelerator (through an RFP for initial capital), and over \$50 Million of committed capital to various venture funds. NJEDA also has a history of working with Golden Seeds both as a Founders & Funders participant and a funder for a common company called, Chromis Fiber Optics. Working with Golden Seeds will build on a well-recognized market leading platform and bring the breadth of their national investor platform for potential investment into NJ companies.

Golden Seeds Value to NJEDA:

As a member of Golden Seeds. Program, NJEDA will receive the following benefits:

- Access to an innovative deal pipeline of women-led companies in many of the State's focus industries
- Networking with successful executives
- Networking with entrepreneurs who may be interested in other NJEDA products
- Access to the knowledge and experience of other members with regard to due diligence, evaluation, and monitoring of investments
- Spots at Golden Seeds' training programs
- Educational programs on topics relevant to technology and life science investing
- Membership in the Angel Capital Association, the trade association of angel investors
- Better deal flow – quality and quantity
- Greater potential to diversify an Angel portfolio and reducing risk of investment losses

Other than the NJEDA, all Golden Seeds members are expected to:

- Participate in due diligence teams
- Meet annual investment requirements (\$25k minimum investment)
- Participate in training offered by the Golden Seeds Knowledge Institute
- Embrace Golden Seeds' values
- Adhere to the Golden Seeds Code of Conduct
- Annually confirming their status as SEC Accredited Investors, but Golden Seeds has approved an exception for NJEDA

NJEDA is not an accredited investor but rather an independent state government authority and as such will not make direct investments under the same terms as the individual angel investors. However, as confirmed by the Golden Seeds management team, the NJEDA can use its membership for deal flow that can be considered under an NJEDA program such as NJ Ignite, NJ CoVest or the NOL program.

Policy Alignment:

Founding a New Jersey chapter of Golden Seeds aligns with Governor Murphy's Economic Development Plan (The State of Innovation: Building a Stronger and Fairer Economy in New Jersey). This initiative will attract and support innovation and investments within New Jersey, bolstering novel groundbreaking ideas and opportunities for women entrepreneurs. More specifically, the Governor's Economic Development Plan included a goal of creating the most diverse innovation ecosystem in the nation and doubling venture capital in the state. Through a partnership with Golden Seeds, the NJ EDA will be increasing available capital for women-led businesses as well as mentoring women entrepreneurs through monthly office hours with an anticipated outcome of greater success for women-led business. Furthermore, the Governor's Economic Development Plan's fourth goal of closing the racial and gender wage and employment gaps, should directly see a positive impact with more funding available to women which not only increases their business capital but allows them funding for salaries to support this growth.

With a Golden Seeds chapter in New Jersey, members will be able to work together to identify investment opportunities, conduct due diligence, monitor the companies' progress and provide support in many other ways. This will all contribute to creating a strong, cohesive and robust angel investing community that will contribute to the diversity of women in the C-suite, that is not currently present or being supported in New Jersey.

Anticipated Contributions from NJ EDA:

In its early iteration and formation, staff proposes providing time commitment as follows:

- Liaising and coordinating with the NYC Golden Seeds chapter on standing up the NJ chapter
- Outreach to potential interested investor members
- Participation and/or hosting Golden Seeds training sessions throughout the year on the following topics:
 - Intro to Angel Investing – a 3-hour class
 - Due Diligence – a 4-hour class
 - Cap Tables & Term Sheets – a 4-hour class
 - Boards & Exits – a 3-hour course
- Coordinating and hosting monthly NJ office hours - 10 times per year. It is envisioned that these office hours could rotate around the state to various sites (perhaps NJ Ignite host sites)

once a critical mass of NJ Golden Seeds investors is reached (estimated at 10-12 angel investors).

- Marketing the existence of the NJ Golden Seeds chapter to female entrepreneurs
- Referring both entrepreneurs and investors to the NJ Golden Seeds Chapter

We anticipate that this initiative may consume up to 25% of the time of the TLS Venture Officer and Venture Associate (each) as well as 15% of the VP's time in the early organization days, after which the commitment would ramp down.

Over time, EDA staff will transition these efforts to other group members. However, absent EDA's initial efforts, it is unclear if the group would stand up in the State on its own. Instead, members would continue to commute to the NY chapter and hence perpetuate the lack of NJ identity in this space. The TLS team has identified over 200 potential high net worth individuals who may be interested in a NJ Chapter of Golden Seeds. Next steps would include an introductory letter of interest to those 200+ individuals and the formation of a steering committee and/or advisory committee.

Request:

Approval to support standing up a NJ chapter of Golden Seeds as outlined herein and joining Golden Seeds as a member.



Attachment: Golden Seeds Culture and Values Statement

The Golden Seeds culture is rooted in two key attributes: value and values.

Golden Seeds' successful culture combines two attributes that some may consider to be mutually exclusive, but have proven to be complementary...

...delivering *value* to investors and entrepreneurs in a productive investment environment,

...while displaying an unwavering commitment to a core set of *values* that underpin all our activities.

The values we share, which continue to attract passionate, high-caliber investors and entrepreneurs to Golden Seed, are:

- **Trust.** We seek to operate with transparency and respect the confidentiality of information presented to us.
- **Innovation.** We expect innovation and creativity to drive value for the future.
- **Collaboration.** We enjoy collaboration with investors, advisors, co-investors, entrepreneurs, clients and strategic partners.
- **Respect.** We create the conditions for mutual respect of both investors and entrepreneurs.



About Golden Seeds

Golden Seeds is a firm dedicated to pursuing investment returns through the empowerment of women entrepreneurs and the people who invest in them. The group was founded in 2005 and is headquartered in New York City, with active chapters in Atlanta, Boston, Dallas, Houston, and Silicon Valley – and active members throughout the country.

Founded to identify and fund women-led companies

Golden Seeds has become a leading force in focusing on women's leadership, gender diversity, entrepreneurship and job creation.

In 2004, women entrepreneurs represented 40 percent of the entrepreneurs in the country, but they led fewer than 3 percent of the start-up companies that received capital. At that time, women were not actively participating as investors in start-up companies; only 5 percent of angel investors were women.

The founders of Golden Seeds mobilized to create an environment in which:

- Women-led companies are seriously considered for venture funding,
- Gender diversity, which produces better financial results, is enabled,
- Women are active investors in the start-up sector,
- Women entrepreneurs and investors have the opportunity to participate in wealth creation; and
- The economy would benefit in multiple respects from these vibrant activities.

Hundreds of Golden Seeds members help level the playing field for women entrepreneurs

Golden Seeds' progress has been substantial. In 2017, women-led companies were 24 percent of all angel-funded companies, and women investors represented 20 percent of all angel investors.

Golden Seeds' angel network has become one of the largest in the country, with over 275 members nationwide. Many of these women and men (20 percent of our members are men) have succeeded at the highest levels of business, law, medicine and academia. They bring experience, skills, networks, stature and capital to propel the economy through Golden Seeds investments. They are active participants in screening companies, conducting due diligence and mentoring entrepreneurs.

In addition to the investments of individual investors, Golden Seeds has a unique and symbiotic relationship with three funds with committed capital of \$36 million. These funds provide further capital in support of the Golden Seeds mission.

Since 2005, over 3000 companies have applied to Golden Seeds for funding. All companies are evaluated, many proceed through due diligence and receive extensive guidance from Golden Seeds investors. In total, Golden Seeds has invested over \$109 million in 150 companies. The firm and its members have provided important leadership in this investment sector.

www.goldenseeds.com
www.blog.goldenseeds.com



Guidelines **“Gateway” Chapters of Golden Seeds**

Golden Seeds is eager to ensure that the launch of any new Golden Seeds chapter is successful in every way.

Golden Seeds welcomes the opportunity to create chapters that will:

- Identify promising women-led companies;
- Attract new members of Golden Seeds who will meet, mentor, and fund companies in the nearby area and beyond;
- Expand Golden Seeds’ relationships with individuals and institutions that may support its goals – as investors, syndicate partners, investment bankers or collaborators in the success of our companies; and
- Become an active part of the Golden Seeds nationwide network of nearly 300 investors.

Chapter Activities

The activities of the chapter will support the Golden Seeds mission in the following ways:

- Membership cultivation events
 - Hold events for prospective members;
 - Create methods for effectively converting prospects to members; and
 - Ensure that new members receive training and orientation.
- Membership meetings at least quarterly, which may include
 - Education sessions – Golden Seeds training, visits by Golden Seeds leadership, internal planning meetings;
 - Outside speakers – speakers on topics of relevance, or to learn about the local ecosystem, universities, accelerators, incubators, other angel groups;
 - Field trips – to accelerators, incubators, universities, other; and
 - Visits by Golden Seeds companies from other regions that are seeking funding.
- Conduct Golden Seeds Office Hours monthly or bi-monthly, including
 - Stimulating companies to register;
 - Agree upon annual calendar for Office Hours;
 - Identify suitable venue(s);
 - Ensure member participation;
 - Train members to interact with entrepreneurs and provide guidance;
- Provide feedback on promising companies that may apply to Golden Seeds for

funding.

- Coordinate screening, forum, due diligence follow-up on high potential companies with other chapters who have the capacity to support these activities.

Nationwide Golden Seeds Events Available to all Members

In addition to the activities within the local chapter, the members will be invited to attend many events that are available to all Golden Seeds members.

- National New Member Orientation (Zoom);
- Monthly Screening meetings (Zoom available for Silicon Valley meetings)
- Monthly Forum Meetings (Zoom);
- Monthly National Syndication Call (Zoom);
- Knowledge Institute Training – some available by Zoom;
- Golden Seeds Annual Summit – NYC – typically in January
- All members are welcomed to attend meetings in person at any Golden Seeds chapter.

Chapter Leadership

Leaders of Golden Seeds chapters perform specific roles to further the success of Golden Seeds in their locations. The model focuses on “distributed leadership”, with multiple people playing roles and structured to ensure that the roles are clear and are shared if warranted.

It is recommended that any new chapter form a “Leadership Committee” with the following roles:

- Operating Committee Chair (or Co-Chairs) – coordinate all activities
- Deal Flow Chair Membership Chair-One lead, ideally one other to help
 - Lead recruitment efforts;
 - Coordinate invitations to events and relevant follow up;
 - Coordinate events with NY staff for sending and tracking invitations; and
 - Be sure that new members become engaged and trained shortly after joining;
 - Encourage members to join sector groups and other initiatives as appropriate.
- Deal Flow Chair/Manage Office Hours – One lead, at least one or two others to help
 - Cultivate relationships with organizations that will refer companies to Golden Seeds;
 - Agree to calendar, venue and logistics for each Office Hours session;
 - Coordinate Office Hours registrations with NY staff; and
 - Manage Office Hours for the chapter, including introducing the companies to Golden Seeds, coordinating the activities on each Office Hours event, recap notes on promising companies and other follow up.

- Coordinate screening, forum, due diligence follow-up on high potential companies with other chapters who have the capacity to support these activities
- Events Chair – One lead, perhaps one other to help
 - Schedule an event at least quarterly, that may be training, outside speakers, member engagement, or social;
 - May or may not be adjacent to Office Hours sessions; and
 - Decide topic, arrange venue, coordinate invitations with NY staff.

Golden Seeds Headquarters Support for Local Chapters

The HQ staff of Golden Seeds will provide considerable support in the launch and on-going management of the chapter, including

- **Member Training and Engagement**
 - Effective on-boarding of members through New Member Orientation;
 - Availability of training of the Golden Seeds curriculum of the Knowledge Institute;
 - Training on the effective management of Office Hours;
 - Ensure that all members have sufficient information and talking points to become ambassadors for Golden Seeds;
 - Ensure that members are exposed to all Golden Seeds investment opportunities and work on due diligence whenever possible.
- **Deal flow support**
 - The New York staff will support the above membership activities and will support the registration of entrepreneurs for Office Hours.
 - As promising companies are identified, the staff and leadership of other Golden Seeds chapters will support the process of advancing due diligence on those companies.
- **Administrative support**
 - The chapter will be featured on the Golden Seeds website;
 - The chapter would be a “group” on ProSeeder, the Golden Seeds software system, which will enable communications to all chapter members;

Enterprise Services and Technology



An investment banking platform seeding company.



A digital platform to connect filmmakers with opportunity and support.



The leading provider of enterprise prediction markets serving corporations and governments.



A cloud-based solution that measures and tracks the impact of marketing campaigns.



Leverages proprietary data and technology to improve search ranking for apps.



Develops electronic prototype printers for electrical engineers.



bentobox

Offers restaurants beautiful, mobile friends drive revenue and customers.



Crimson Hexagon

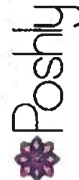
The leading provider of social media monitoring and analysis.



Develops a revolutionary nanolaminated alloy that is stronger and lighter than steel



A real-time data stream processing platform that powers personalized actions.



Empowers beauty and personal care brands with business intelligence.



Enabling clean, cost-effective fuel to fleets



A platform that helps marketers find the right marketing tools.



ACVIVATE

A SaaS platform connecting justice staff with human services professionals



Kalion develops sustainable chemical processes for industrial chemicals.



A talent marketplace for business leaders to nominate women to serve on boards.



Working in developing nations to deliver mapping solutions that solve critical problems.



Cyber security company protecting digital ad revenue.



The world's lowest cost and highest energy density energy storage solution.



A SaaS technology for hotel chains and individual properties to automate their group bookings.



Develops clean energy lending programs and monetizes them through carbon markets.



Helps marketing and commerce teams create, publish and track their webAR marketing



Maximizes the reach and efficiency of content marketing for social media



Specializes in creating material handling systems using collaborative mobile autonomous robots.



High-performance, cost effective plastic optical fiber and related products for high bandwidth communication.



A multi-dimensional array database management system designed for big data analysis.



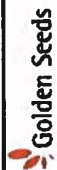
A secure board portal that offers security, functionality, optimal user experience and affordability.



Fuel technology that allows for renewable components to blend with petroleum based diesel.



Provides truck dealerships with digital resources to better serve customers and improve business



Healthcare	Consumer Products and Applications
<p>Amplix Pharmaceuticals Amplix is developing novel, broad-spectrum antifungal agents for the treatment of life-threatening fungal infections.</p>	<p>Dancing Deer Baking Co. Dancing Deer makes cookies, cakes, & brownies and also co-pack a line of mixes.</p>
<p>BERGEN MEDICAL A medical device company developing a new series of surgical topical skin adhesive products.</p>	<p>DAYZERO DIAGNOSTICS Revolutionize infectious disease diagnostics and treatment.</p>
<p>OmniInsights Behavioral health outcomes monitoring and analytics platform.</p>	<p>DAY ONE RESPONSE Develops life-saving solutions for global disaster relief focusing on delivering safe drinking water.</p>
<p>DesignMedix Develops impactful disease cures that overcome drug resistance.</p>	<p>DRY. SODA CO. All natural, less sweet and lower calorie soda using unique flavors and well-designed, award winning bottles.</p>
<p>Metatango Preventing noise-induced and chemical-induced hearing loss.</p>	<p>JOY LUX A health and wellness company creating devices that transform women's pelvic floor health.</p>
<p>LARK A mobile health company that makes products to help people get healthier and happier.</p>	<p>LOVESAC Multichannel retailer of patented alternative furniture products and accessories.</p>
<p>OCULOGICA Developing a neuro-diagnostic focused on brain injury.</p>	<p>REUSEME Reusable products built on the core tenants of multi-functionality, durability, value and fashion.</p>
<p>otonexus MEDICAL TECHNOLOGIES An ultrasound medical device company that diagnoses middle ear infections</p>	<p>LE SOUK The design industry's premier global sourcing platform, featuring only the finest mills and tanneries.</p>
<p>Saladax BIOLOGICAL An <i>in vitro</i> diagnostics company developing products for personalized medicine.</p>	<p>Little Passports Delivers monthly packages that educate children about other countries and cultures.</p>
<p>zenflow An therapy that permanently relieves urinary obstruction related to enlarged prostate.</p>	<p>TOT SQUAD A mobile service offering the cleaning, repair and installation of car seats and strollers.</p>



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: July 16, 2019

RE: Opportunity Zone Challenge Program

Summary

Members are asked to approve:

1. The creation of the Opportunity Zone Challenge Program - a program to award grants of up to \$100,000 each to municipalities and counties in order to boost community capacity in financial and technical planning around Opportunity Zone economic development and ensure maximized attraction and realization of Opportunity Zone-based investments. Grant awards will be competitively awarded and limited to proposals that achieve a minimum score based on the evaluation criteria set forth in the attached product specifications.
2. NJEDA Economic Recovery Fund (ERF) utilization of up to \$500,000 to capitalize the Opportunity Zone Challenge Program.

Background

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

Opportunity Zone designations have, by their design, a great potential to focus the flow of capital and economic investment into communities that have historically faced economic challenges. This

long-term scarcity of investment, combined with the pressing needs and strained capacities of local governments, has often led to diminished local abilities to develop and capitalize beneficial projects. With the advent of Opportunity Zones and the potential for historically high flows of previously unavailable capital, this lack of capacity to harness investment could lead many communities to lose out on real estate and business equity investments with the potential to create catalytic change.

The goal of this grant program is to encourage communities to build economic development capacity by developing community-specific plans that will frame their pursuit of Opportunity Zones-based investments.

Program Details

The Opportunity Zone Challenge program intends to award a total of up to \$500,000, structured as individual grants of up to \$100,000 each, to select Municipal or County governments or a Municipal Partnership whose applications achieve a requisite score or greater. Applicants must demonstrate through their applications how their proposed strategic plans will catalyze the building of investment capacity in their Opportunity Zone(s) - and help communities to realize their goals for Opportunity Zone investments.

The grant is open to the 75 New Jersey municipalities and 21 counties where at least one Opportunity Zone census tract, either in whole or in part, is located within the geographic boundaries.

Applicants must designate strategic partners with whom they will be conducting their Opportunity Zone strategic planning efforts. A municipality, county, or municipal partnership is required to enter into a formalized partnership agreement with a minimum of one (1) strategic partner. The purpose of these agreements is to leverage external expertise to best achieve the goals of the Opportunity Zone Challenge. Strategic partners must have executed the partnership agreement before the municipality, county, or municipal partnership submits its grant application.

Grant recipients will be required to design and submit a detailed, Opportunity Zones-focused strategic plan - which will be used to guide growth of economic development-focused technical capacities in marketing, business development, financial analysis, municipal planning and/or regulatory reform. The plan proposal must clearly demonstrate a viable path to bringing ideas to implementation and show a collaborative stakeholder engagement process and strategy. The local government entity will then be responsible for implementing the plan - based upon their unique needs and targeted to where the community sees the potential for long-term, socially responsible Opportunity Zone investment.

Strategic Plan proposals may focus on any number of elements, including:

- Financial or Marketing Plan/Prospectus
- Real Estate Development Plan
- Zoning, Code and Regulatory Reform Plan
- Planning efforts that would address the underlying planning and capacity-building goals of the Opportunity Zones Challenge

Proposals will be accepted up and until September 16, 2019 at 4:30 pm EDT. Proposals will then be reviewed for completeness and scored based on the criteria set for in the project specifications attached below. The expected date of the grant award will be October 2019.

For an applicant to be considered for a grant award, an entity must meet a minimum score of 50. Upon receipt and evaluation of all compliant proposals, staff will present its recommendations to the Board.

A municipality or a county may only submit one application each in a lead role, but an applicant municipality may also be included in a municipal partnership or as a strategic partner in additional applications where they play a non-lead role. A strategic partner may participate in more than one application. A proposal on behalf of a county does not preclude a municipality within that county from submitting their own proposal.

The attached product specifications provide greater detail as to the minimum eligibility requirements the applicant must meet to be considered for an award. Applications must include plans for specific deliverables that can be fully completed (with copies provided to EDA for public consumption) six calendar months after the execution of funding agreement between EDA and the recipient. Recipients may request an extension of up to one (1) month. The extension request will be at the sole discretion of the Authority and delegated to staff.

Recommendation

Approval is requested for the Opportunity Zone Challenge Program, in the maximum amount of \$500,000 from the Economic Recovery Fund, to fund five (5) grants of up to \$100,000 each to communities for economic development that will help to position municipalities, counties, and municipal partnerships to augment their capacity for investment and attract local Opportunity Zone project investment. Grant awards will be based on proposals that achieve a minimum score based on the evaluation criteria set forth in the attached product specifications.

Approval is also requested to delegate to staff the authority to grant a one-month extension, upon request, to the deadline for municipalities and counties that have been awarded grants under the Opportunity Zone Challenge Program to complete their strategic plans and submit their final deliverables.



Tim Sullivan
Chief Executive Officer

Attachments

Exhibit A - Innovation Challenge Program Specification

**Exhibit A Opportunity Zone Challenge Grant
Proposed Specifications
July 2019**

Total Funding Amount	Up to \$500,000
Administrating Agency	EDA
Program Purpose & Overview	<p>The Opportunity Zones Challenge is designed to serve as an extension of Governor Murphy’s vision towards building a stronger and fairer New Jersey economy. As highlighted by the Governor’s 2018 economic development strategic plan titled “The State of Innovation”, these joint goals will require a focus on investment in two of the state’s greatest assets: communities and people. To this end, New Jersey seeks to assist communities in leveraging the powerful Opportunity Zones incentive to the best of their abilities.</p> <p>Grant recipients will be required to design and submit a detailed, Opportunity Zones-focused strategic plan - which will be used to guide growth of economic development-focused technical capacities in marketing, business development, financial analysis, municipal planning and/or regulatory reform. The local government entity will then be responsible for implementing the plan - based upon their unique needs and targeted to where the community sees the potential for long-term, socially responsible Opportunity Zone investment.</p> <p>Opportunity Zone designations have, by their design, a great potential to focus the flow of capital and economic investment into communities that have historically faced economic challenges. This long-term scarcity of investment, combined with the pressing needs and strained capacities of local governments, has often led to diminished local abilities to develop and capitalize beneficial projects. The goal for this grant program is to encourage communities towards rebuilding this capacity – by developing community-specific plans that will frame their pursuit of Opportunity Zones-based investments.</p> <p>To build local community centered investment capacity, the Authority will create the Opportunity Zone Challenge Program - a program to award grants of up to \$100,000 each to communities for economic development plans to boost community capacity in financial and technical planning around economic development and ensure maximized attraction and realization of Zone-based investments. Grant awards will be based on applications that achieve a minimum score based on the evaluation criteria set forth in the attached product specifications.</p>

**Exhibit A Opportunity Zone Challenge Grant
Proposed Specifications
July 2019**

Eligible Applicants	<ul style="list-style-type: none">• Applicant must meet one of the following definitions:<ul style="list-style-type: none">○ New Jersey municipal government (a proposal submitted by a single municipality)○ New Jersey county government (a proposal submitted by a single county)○ Municipal partnership (two to five New Jersey municipalities partnering on a proposal, with a single designated lead municipality) • Applicant must have least one Opportunity Zone census tract, either in whole or in part, located within the geographic boundaries of the New Jersey municipality or county. • For a municipal partnership application, each participating municipality must contain, within their geographic boundaries, either wholly or partially at least one (1) census tract designated as an Opportunity Zone. • A municipality, county, or municipal partnership applicant is required to have entered into a formalized partnership agreement before application with a minimum of one (1) strategic partner. The purpose of these strategic partners is to leverage external expertise to best achieve the goals of the Opportunity Zone Challenge. Strategic partners must also have an expressed interest in helping Opportunity Zone municipalities grow their capacity for investment. The partnership agreement(s) must outline the roles and responsibilities of the parties, demonstrates collaboration in working towards building community capacity for economic development, and, if applicable, details any other resource commitments from the strategic partner to the application. The agreement can be conditional to a successful grant award. • Each municipal or county applicant will be considered the project lead, both for purposes of the application and (if successful) for activities to be undertaken following grant award. In the case of a municipal partnership, the partnership must designate <u>ONE</u> lead municipality to serve in this role. • Project leads will have the following responsibilities: serve as the sole entity under whose name the application will be submitted; serve as the sole entity with whom the Authority would execute a grant agreement (in the event of an application approval); serve as the sole entity receiving disbursements from the Authority per the terms of the grant agreement and distributing the disbursements among partners, as necessary, to execute the planning project; and
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**Exhibit A Opportunity Zone Challenge Grant
Proposed Specifications
July 2019**

	<p>serve as the sole entity responsible for meeting the deliverables of the contract.</p> <ul style="list-style-type: none">• A municipality or a county may only submit one application each in a lead role, but an applicant municipality may also be included in a municipal partnership or as a strategic partner in additional applications where they play a non-lead role. A strategic partner may participate in more than one application. A proposal on behalf of a county does not preclude a municipality within that county from submitting their own proposal.• Strategic partners may be involved in multiple applications but must operate in accord with compliance process of the lead municipality or county.• Lead municipality or county will be responsible for collecting compliance documentation from the strategic partner in accordance with any applicable procurement processes.
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**Exhibit A Opportunity Zone Challenge Grant
Proposed Specifications
July 2019**

<p>Strategic Plan Examples</p>	<p><u>1) Financial or Marketing Plan/Prospectus</u></p> <p>Plans intended to showcase to investors the advantages and benefits of Opportunity Zone real estate and/or business equity investment opportunities located within the Opportunity Zone municipality/county or partnership. The plans are the result of activities including, but not limited to: data planning, collation, collection, and/or analysis activities; leveraging of existing data sets and analysis from the NJ Department of Community Affairs; external Opportunity Zones-based research and analysis; development of documents or electronic media</p> <p>Examples of projects may involve showcasing investment projects within a specific business sector in Opportunity Zones, including but not limited to the following:</p> <ul style="list-style-type: none"> • showcasing of benefits of construction or rehabilitation of commercial and mixed-use buildings for multi-tenant business development within an Opportunity Zone • showcasing investment in entities that provide necessary services to a specific business sector • showcasing potential venture capital business investments • showcasing funding of an industry specialized laboratory or research and development space located within an Opportunity Zone. <p><u>2) Real Estate Development Plan</u></p> <p>Opportunity Zone-focused feasibility planning for the development of commercial or mixed-use projects, including multi-family, retail, office, hospitality, community, and industrial. Examples might include but are not limited to the following:</p> <ul style="list-style-type: none"> • planning for the ground up construction of local building projects within the Opportunity Zone or Zones • planning for adaptive reuse of a vacant building or series of buildings within the Opportunity Zone or Zones • planning for the construction or adaptive reuse of structures that promote new innovative housing solutions • planning for the building or adaptive reuse of vacant buildings into mixed use, multi-tenant residential, industrial or other business development within an Opportunity Zone or Zones. <p>Projects may be stand-alone or distinct parts of a larger development within an Opportunity Zone.</p>
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**Exhibit A Opportunity Zone Challenge Grant
Proposed Specifications
July 2019**

	<p><u>3) Zoning, Code and Regulatory Reform Plan</u> Planning towards the modification (i.e. reform) of local and/or county zoning, codes, and regulations in order to promote streamlining customer experiences, reduction of costs involved in development processes and expedited process to encourage investment in Opportunity Zones. The plans will also focus on protecting local stakeholders, residents and ecosystems and concentrate on local investment goals.</p> <p><u>4) Other</u> Any Opportunity Zone-focused planning efforts not specifically detailed above that would address the underlying planning and capacity-building goals of the Opportunity Zones Challenge. We welcome any new and innovative approaches to expanding capacity and economic development that do not fall directly into the categories above – particularly where geared towards any unique or novel challenges in a particular community.</p>
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**Exhibit A Opportunity Zone Challenge Grant
Proposed Specifications
July 2019**

Scoring Criteria	<p>All compliant proposals; received on or before September 16, 2019 at 4:30pm EDT; will be reviewed.</p> <p>Proposals will be evaluated by a cross-organizational Evaluation Committee composed of the Authority’s staff and possibly other state agency subject matter expert to evaluate, score, and rank applications received in response to this Application, and the criteria established herein.</p> <p>Proposals will be evaluated & scored on the criteria listed below (# 1 – 7), based on the information submitted in applications as set forth in below.</p> <p>The New Jersey Economic Development Authority will not consider for award a proposal unless it achieves or exceeds an overall score of fifty (“50”) on a scale of 0-80, with 80 being the highest rating.</p> <p>Highest Score Possibility: 80 points Minimum Score Requirement: 50 points</p> <p>Evaluation Criteria 1 - The point scale is as follows for: 0 points - Absence of ability to meet the criteria. 1 – 7 points – Minimal ability to meet the criteria. 8 - 11 points – Satisfactory ability to meet the criteria. 12 - 17 points – Exceptional ability to meet the criteria. 18 - 20 points - Unique ability to meet the criteria.</p> <p>1) Evidence of the proposal to demonstrate the plan’s ability to achieve one or more capacity building goals of the Opportunity Zone Challenge, as outlined in the Scope of Work.</p>
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**Exhibit A Opportunity Zone Challenge Grant
Proposed Specifications
July 2019**

	<p>Evaluation Criteria 2 – 6 - The point scale is as follows for: 0 points - Absence of ability to meet the criteria. 1 – 3 points – Minimal ability to meet the criteria. 4-6 points – Satisfactory ability to meet the criteria. 7-9 points – Exceptional ability to meet the criteria. 10 points - Unique ability to meet the criteria.</p> <ol style="list-style-type: none">2) Strength of programming or policy design within the Proposal, regarding the reputation, capacity, and proposed level of commitment from the strategic partnering entity(ies); benefits and practical advantages of the partnership(s).3) Demonstrated ability within plan to increase municipal, regional and county government knowledge and capacity to build investment growth.4) Proposal’s emphasis on meeting Opportunity Zone community investment goals5) Presence and strength of business equity investment strategy within the proposal.6) Presence and strength of a defined collaborative stakeholder engagement process and strategy.
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**Exhibit A Opportunity Zone Challenge Grant
Proposed Specifications
July 2019**

	<p>Evaluation Criteria 7 - The Point scale is as follows: 10 points for Top 1-25 Rank 8 points for 26-40 Rank 6 Points for 41-60 Rank 4 Points for 61-99 Rank 2 Points for 100-150 Rank 1 point for 151 and above</p> <p>7) 2017 Municipal Revitalization Index Rank. See https://www.nj.gov/dca/home/MuniRevitIndex.html</p> <p>In the case of a single municipality, the municipality's rank as listed in the 2017 Municipal Revitalization Index ranking will be used as the ranking criteria for proposal evaluation</p> <p>In the case of two or more municipalities, the 2017 Municipal Revitalization Index rankings for each participating municipality will be averaged to create a rank for the proposal evaluation criteria.</p> <p>In the case of a county government, the 2017 Municipal Revitalization Index rankings for each Opportunity Zone municipality within the County will be averaged to create a rank for the proposal evaluation criteria.</p> <p>The rank will be rounded to the nearest whole number in the event of a remainder.</p> <p style="padding-left: 40px;">If the remainder is equal to or greater than .5, the rounding will round up to the next whole number. Example: If the average score is 4.55, the score will round up to 5.</p> <p>If the remainder is less than .5, the rounding will round down to the next whole number. Example: If the average score is 4.33, the score will round down to 4.</p>
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**Exhibit A Opportunity Zone Challenge Grant
Proposed Specifications
July 2019**

	<p>In the event of a tied score, the following will be used to break the tie:</p> <ul style="list-style-type: none">• <i>Numerical rank used for scoring in Question 7 – Municipal Revitalization Index (1 = Highest Score, 565 = Lowest Score);</i>• <i>Highest score from Question 1 - Evidence of the proposal to demonstrate the plan’s ability; Highest score from Question 5- Presence and strength of business equity investment strategy within the proposal.</i>
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**Exhibit A Opportunity Zone Challenge Grant
Proposed Specifications
July 2019**

Application Process and Board Approval	<p>Scoring Committee to review applications based on publicly released scoring criteria.</p> <p>Applications that achieve a minimum score of 50 will be ranked and staff will present recommendations to the EDA Board.</p>
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**Exhibit A Opportunity Zone Challenge Grant
Proposed Specifications
July 2019**

INCENTIVE PROGRAMS

**GROW NEW JERSEY ASSISTANCE PROGRAM (GROW NJ)
MODIFICATIONS**



MEMORANDUM

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: July 16, 2019

SUBJECT: Express Scripts Pharmacy, Inc., Accredo Health Group, Inc. and Express Scripts Services Company
Legacy Grow NJ Modification–P38382

Request:

As a result of the reduction of eligible jobs from 713 to 524, approval is requested from the Members to affirm that the project has not materially changed to allow staff to complete its certification of project completion. Additionally, as staff is still reviewing the job certification and the number of jobs may still be reduced, staff requests delegated authority to approve a further 10% reduction from the current number of 524.

All other terms and conditions of the Grow NJ award will be consistent with the current approval.

Background:

Express Scripts Pharmacy, Inc. is a subsidiary of Express Scripts Holding Company that was incorporated in June 2013. Together the companies coordinate the distribution of outpatient pharmaceuticals through a combination of benefit management services, including retail drug card programs, home delivery services, formulary management programs and other clinical management programs.

On August 27, 2013, Medco Health Solutions of Willingboro, L.L.C. was approved for a ten (10) year, \$40 million Legacy Grow NJ award to incent the creation of 128 new full-time jobs and retention of 585 full time jobs at risk of leaving the State. Capital investment in the Qualified Business Facility (“QBF”), a fulfillment center in Florence Township, Burlington County, was estimated to be \$61,500,000. In August 2014, staff consented to the change in the grantee from Medco Health Solutions of Willingboro, L.L.C. to Express Scripts Pharmacy, Inc. (“Express Scripts”) following the merger of Medco and Express Scripts, pursuant to delegated authority. In September 2017, Express Scripts affiliates, Accredo Health Group, Inc. and Express Scripts Services Company, were added to the agreement at the company’s request with the statewide job requirement increased from 817 to 965 to reflect each

affiliate's statewide employment in the last tax period prior to the award. As a Legacy Grow project, the project completion certification deadline under the law is July 28, 2019.

In May 2019, Express Scripts requested certification of its project completion. The Company reported it retained 408 of the 585 at-risk full-time jobs and created 116 of the expected 128 new full-time jobs, for a total of 524 vs 713 full-time jobs at the approved QBF. The actual retained full-time jobs and new full-time jobs exceeded the minimum requirement of 100, respectively, for the Legacy Grow award. However, because the jobs were reduced more than 25% from that approved by the Board, the Members' approval is needed to affirm that except for the reduction in the jobs, the project has not changed.

Pursuant to the Incentive Agreement, since jobs were reduced more than 25% from what was approved, the net benefit to the State over 15 years was recalculated using the current net benefit model, and the project with less employees continues to meet the program requirements.

Staff conducted a teleconference with the company's President and confirmed during a recent site visit that the facility continues as a fulfillment center to dispense online prescription orders. The company indicated the reduction to the workforce was due to a change in business relationships but does intend to increase headcount more than what has been certified.

Staff calculated the reduced maximum award of \$31,440,000 based on the reported 524 full time jobs and will make its final decision on the approval of the project completion certification no later than the expiration of the award on July 28, 2019. Given the legislatively mandated deadline, staff is seeking the Member's approval concurrently with conducting its due diligence on the certification of project completion.

Although Express Scripts employs 27% less full-time jobs (524 vs 713) than what had been expected under the current approval of this Legacy Grow NJ award, the project has not changed since the company expended \$65,113,036 in capital investment to complete the project as anticipated.

Summary of Project Changes

	<u>At Approval</u>	<u>At Certification</u>
Min. Legacy Grow Eligible Jobs	100 (new and retained)	100 (new and retained)
Proposed Jobs:	128 (New)	116 (New)
	585 (Retained)	408 (Retained)
Eligibility Min. Cap-Ex	\$20,000,000	\$20,000,000
Proposed/Actual Cap-Ex	\$61,500,000	\$65,113,036
Base Amount:	\$5,000	\$5,000
Bonus Increases:		
Targeted Industry	\$1,000	\$1,000

Total Amount per Incented Employee	\$6,000	\$6,000
Annual Award:		
New:	128 x \$6,000 = \$768,000	116 x \$6,000 = \$696,000
Retained:	585 x \$6,000 = \$3,510,000	408 x \$6,000 = \$2,448,000
Total:	\$4,000,000 (cap)	\$3,144,000
Award/Aggregate Amount:	\$40,000,000	\$31,440,000
Gross Benefit to the State (over 15 years)	\$156,500,000	\$50,083,342
Net Benefit to the State: Over 15 Years, Net of award	\$116,500,000	\$18,643,342
Statewide Jobs	965	2,017

Recommendation:

As a result of the reduction of eligible jobs from 713 to 524, approval is requested from the Members to affirm that the project has not materially changed. Additionally, as staff is still reviewing the job certification and the number of jobs may still be reduced, staff requests delegated authority to approve a further 10% reduction from the current number of 524.

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



MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan
Chief Executive Officer
DATE: July 16, 2019
SUBJECT: Film Tax Credit Program

The following project under the Film Tax Credit Program has been reviewed by EDA staff and recommended for approval. The film is described on the attached project summary:

Film Tax Credit Program Awards:

P45507	Viacom International, Inc.	<u>\$ 583,857</u>
Total Film Tax Credit Awards – July 2019		\$ 583,857

A handwritten signature in blue ink, appearing to be "PS", is written over a horizontal line.

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: Viacom International, Inc.

P45507

APPLICANT BACKGROUND:

Viacom International, Inc. produces an annual award show titled Black Girls Rock!, founded by former DJ and model Beverly Bond, that honors and promotes Black women in different fields involving music, entertainment, medicine, entrepreneurship and visionary aspects. The categorized awards include "The 'Rock Star' Award," "Social Humanitarian," "Who Got Next?," "Living Legend," "Shot Caller," "Trailblazer," "Motivator," "Young, Gifted & Black," "Star Power," and "Visionary." The program also features musical performances by female recording artists in the R&B and Soul music genres.

This film content has been reviewed and recommended for approval under the Act by the New Jersey Motion Picture and Television Commission.

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	\$4,504,625
B. Total Post Production Expenses	\$ 103,604
C. Services performed and goods purchased through vendors authorized to do business in New Jersey. (excluding any post-production expenses)	\$1,928,958
Percentage Calculation = C/(A-B)	44%
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	\$1,946,189
Criterion Met	Yes

AWARD CALCULATION

Base Award Criteria	Calculation	Result
30% of Qualified Film Production Expenses	\$1,946,189 x 30% =	\$583,857
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		\$583,857

APPLICATION RECEIVED DATE:	12/20/2018 (Application #8)
DATE APPLICATION DEEMED COMPLETE:	1/30/2019
PRINCIPAL PHOTOGRAPHY COMMENCEMENT:	8/26/18
PRINCIPAL NJ PHOTOGRAPHY LOCATION:	Newark
ESTIMATED DATE OF PROJECT COMPLETION:	8/26/18
APPLICANT'S FISCAL YEAR END:	12/31/2019
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 2020. After today's approval, \$74.4 million remains in the program for State Fiscal Year 2020. However, there are 15 applications in the pipeline totaling \$66.4 million leaving \$8.6 million available for State Fiscal Year 2020.

APPROVAL REQUEST:

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

APPROVAL OFFICER: T. Wells

BOND RESOLUTIONS

AMENDED BOND RESOLUTIONS



TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

SUBJECT: NJEDA State Pension Funding Current Interest Bonds, Series 1997A and State Pension Funding Zero Coupon Bonds, Series 1997B – P15750

DATE: July 16 , 2019

Request:

The Authority is being asked to approve the de-listing of its State Pension Funding Current Interest Bonds, Series 1997A (the “Series 1997A Bonds”) and its State Pension Funding Zero Coupon Bonds, Series 1997B (the “Series 1997B Bonds” and, together with the Series 1997A Bonds, the “Series 1997 A and B Bonds”) from the Luxembourg Stock Exchange and to authorize the execution and delivery of any documents in connection therewith.

Background:

On June 30, 1997, the Authority issued State Pension Funding Bonds, Series 1997 A-C (Federally Taxable) in the aggregate amount of approximately \$2.8 billion pursuant to the Pension Bond Financing Act of 1997, L. 1997, c. 114 (the “1997 Act”) and the State Pension Funding Bond Resolution adopted on June 20, 1997, as supplemented (the “Resolution”). Debt service on the State Pension Fund Bonds is subject to appropriation on an annual basis by the State Legislature and secured by a contract between the Authority and the State Treasurer. The Series 1997 A & B Bonds have outstanding principal balances of approximately \$1.28 billion and \$357 million, respectively. The Authority refunded the Series 1997 C Bonds in March 2003 which still have an outstanding principal balance of \$375,000,000.

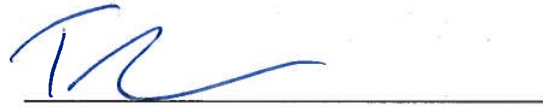
Pursuant to the Resolution, the Series 1997 A and B Bonds were authorized to be listed on the Luxembourg Stock Exchange. However based on information publically available from the Luxembourg Stock Exchange web site, there has been no trading of the Series 1997 A and B Bonds on the Luxembourg Stock Exchange. Based on the lack of trading, no benefit is being realized by the Authority from maintaining the listing of the Series 1997 A and B Bonds on the Luxembourg Stock Exchange. The approximate annual cost to the State for maintaining the listing on the Luxembourg Stock Exchange is €6,000 (\$6,724.20 as of June 15, 2019).

Chiesa, Shahinian & Giantomasi PC, is serving as Bond Counsel to the Authority for this matter, and has provided its opinion that the adoption of the Second Supplemental Resolution (defined

below) and the actions authorized thereby, including the de-listing of the Series 1997 A & B Bonds from the Luxembourg Stock Exchange will not materially adversely affect the owners of the Series 1997 A & B Bonds. In addition, U.S. Bank National Association, as trustee has consented as required per the Resolution.

Recommendation:

Based upon the historical lack of trading on the Luxembourg Stock Exchange and the recurring expense of maintaining the listing, the Members are requested to approve the adoption of the Second Supplemental State Pension Funding Bond Resolution (the "Second Supplemental Resolution") authorizing the de-listing of the Series 1997 A and B Bonds from the Luxembourg Stock Exchange and the execution and delivery of any documents in connection therewith.



Prepared by: Lori Zagarella

BOND MODIFICATIONS



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: July 16, 2019

SUBJECT: The Gill St. Bernard's School
\$14,485,000 Tax-Exempt Stand-Alone Bond Modification
(P40208 & P40211)

Request:

Consent to the following changes:

1. Extend the Maturity from January 1, 2040 to 25 years from the new closing date;
2. Extend the Direct Purchase Period from January 20, 2025 to 10 years from the new closing date;
3. Alter the Interest Rate Calculation; and
4. Alter the Taxable Interest Rate.

Background:

The Gill St. Bernard's School ("Gill", "the School", or "the Borrower") is a 501 c (3) not-for-profit organization that provides education to students in grades K-12. The School was formed in 1900 and has 16 buildings in Chester Township and Gladstone Borough. Gill St. Bernard's operates a college preparatory day school with separate lower, middle, and upper school buildings and has an enrollment of 685 students from across New Jersey. The School has current accreditation from both The Middle States Association of Colleges and Schools Commissions on Elementary and Secondary Schools (MSA-CESS) as well as The New Jersey Association of Independent Schools (NJ AIS).

In 2014, the Members approved an \$8.3 million tax-exempt bond and a \$6.2 million advance refunding bond for a total of \$14.485 million in financing. Bond proceeds were used to purchase 130 acres of land and the buildings to expand the school's facilities and to refund prior bonds used for construction of a gymnasium and an elementary school. Wells Fargo ("the Bondholder") purchased the Bonds which have 25-year terms with variable interest rates based on formulas outlined in the Indenture Agreement. In 2018, the Authority approved a waiver of the effects of the 2017 Tax Act on the bond's interest rate calculation. The new tax law would have resulted in a significant rate increase resulting from a calculation where the Maximum Federal Corporate Tax Rate inversely affects the rate.

Currently the Bondholder and Borrower are seeking changes in advance of an upcoming rate reset, as well as to take advantage of the current favorable market conditions. In addition to changing the rate, they will extend the maturity date and Direct Purchase Period so that the bond reverts to its original 25-year term with a 10-year Direct Purchase Period. These changes will also enable a new swap agreement between the Bank and Borrower to proceed. More specifically, they are seeking to amend the Bond Agreement and Indenture Agreement to effectuate an extension of the Maturity and Direct Purchase Period as well as to change the calculation of the Index-Based Interest Rate calculation and the Taxable Interest Rate in the event the Bond becomes taxable. The Continuing Covenants Agreement will be amended as well to reflect the changes of the above terms and agreements.

The Bond's Maturity date will be extended so that the bond now matures 25 years from the new closing giving an anticipated maturity of August 1, 2044 rather than January 1, 2040. The Direct Purchase Period is being extended from January 20, 2025 to 10 years from the new closing date to match up with the new maturity date. The Direct Purchase Period allows the Borrower to lock in a rate at which the Bank is committed to hold the bond for the entirety of the designated period.

The Bond's interest rate is being changed to an Index Rate calculated as follows: multiplying the Applicable Factor of 80.4% (previously 69.5%) by one-month LIBOR, plus the Applicable Spread of 93 basis points (previously 125 basis points). This provides an indicative rate of 2.8466% compared to a rate of 2.9061% under the current calculation. In the event that the bond loses its tax-exempt status, the Taxable Interest rate calculation will be the product of the interest rate in effect multiplied by $1 / (1 - \text{Prevailing Maximum Federal Corporate Tax Rate})$. The old Taxable Rate would be the rate in effect multiplied by times 1.54. Using the new rate, that would give an indicative Taxable Rate of 3.60% compared to an indicative rate under the old calculation of 4.38%.

Chiesa, Shahinian, and Giantomasi, PC, Bond Counsel to the Authority has advised that the changes will not affect the tax-exempt status of the bond. A public hearing is required for this modification, and notice has been published in the applicable newspapers. The modification will cause a reissuance and the Authority will file an IRS form 8038.

Recommendation:

Consent to change the interest rate calculation and extend the maturity and Direct Purchase Period of the bond. The bond's Continuing Covenants Agreement will also be amended to reflect the changes in the Indenture and Bond Agreement.





MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: July 16, 2019

SUBJECT: Oaks Integrated Care, Inc.
\$2,357,202 Tax-Exempt Stand-Alone Bond Modification
(P25363 & P25802)

Request:

Consent to the following changes:

1. Provide a new maturity date of 8/1/2034;
2. Convert the interest rate to a fixed rate equal to 4.10%;
3. Alter the payment schedule to reflect the new maturity and rate; and
4. Remove the Call Option.

Background:

Oaks Integrated Care ("Oaks" or "the Borrower") formerly known as Family Services of Burlington County, New Jersey, is a not-for-profit 501(c) (3) provider of behavioral health and wellness services to adults, children, and families in nine counties throughout southern and central New Jersey. Established in 1962, Oaks provides over 60 programs that focus on community integration, integrated substance abuse treatment, strengthening families, preventing hospitalization and improving long term outcomes. In addition to counseling and support services, Oaks provides programs for adoption support, teenage parent programs, day programs for developmentally disabled adults, partial care mental health services and group homes services. They employ over 850 full and part time employees.

In 1994, the Members approved a \$1.6 million tax exempt bond to acquire land and buildings to use as a comprehensive community mental health facility as well as renovations on the buildings.

In 2009, the Members approved a \$3.283 million tax-exempt bond to refinance approximately \$3.4 million in several existing outstanding conventional loans with Liberty Bell Bank and Beneficial Savings as well as to refund \$493,000 of outstanding principal from the 1994 bond. The proceeds of the existing loan debts were used to finance the acquisition and improvement of group homes, permanent supportive apartment facilities and office buildings and costs of issuances. TD Bank ("the Bondholder") purchased the bond through a direct issuance with a 25-year term and a rate of 1-month LIBOR plus 200bps, with a call option in 2019.

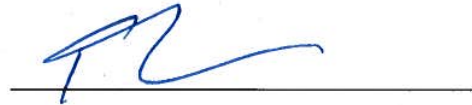
Rather than call the Bond, TD Bank and the Borrower have renegotiated the terms of the Bond and have asked for the Members' consent, as required. Currently the Bondholder and Borrower are seeking to amend the Bond Agreement to effectuate an extension of the Maturity, change the interest rate, alter the payment schedule to reflect these changes, and to remove the call date. These changes are being made in advance of the upcoming call date of this year.

The Bond's Maturity date will be extended so that the bond now matures 15 years from the new closing giving an anticipated maturity of August 1, 2034 rather than May 1, 2034. The Bond's interest rate will now be set as 4.10% calculated as 190bps above the Federal Home Loan Bank of Boston rate. The interest rate in the past had been calculated as 1-month LIBOR plus 200bps, which would give an indicative rate of 4.38%. The payment schedule that is attached to the Bond and Bond Agreement will be amended to reflect the changes in final maturity and interest rate. The Call Dates' language will be deleted in its entirety, as this modification takes place in the call date period.

Chiesa, Shahinian, and Giantomasi, PC, Bond Counsel to the Authority has advised that the changes will not affect the tax-exempt status of the bond. A public hearing is required for this modification, and notice has been published in the applicable newspapers. The modification will cause a reissuance and the Authority will file an IRS form 8038.

Recommendation:

Consent to change the maturity, interest rate, and payment schedule, in addition to removing the call date provisions.



Prepared By: Angus Comly



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: July 16, 2019

SUBJECT: New Jersey Natural Gas Company ("NJNG")
\$97,045,000 Tax-Exempt Bonds (P36797) - Modification

Request:

Consent to the following changes to the Bonds to facilitate a remarketing:

1. Allow the extension of the maturity for Series A and B of Bonds Series 2011A-C;
2. Change the interest rates for the Bonds 2011A-C effective January 1, 2018; and
3. Modify certain covenants to address issues relating to payment of interest to be waived, and additional interest to be paid by the Borrower due to an inaccurate interest calculation.

Background:

NJNG, a subsidiary of New Jersey Natural Resources, is a natural gas utility that provides regulated retail natural gas service to approximately 494,000 customers in the central and northern regions of New Jersey. NJNG is regulated by the NJ Board of Public Utilities ("BPU"). The Company's service territory encompasses 1,516 square miles in 105 municipalities. Of note, NJNG Chairman Larry Downes was also the former Chairman of the NJEDA. During his time serving as NJEDA Chairman, Mr. Downes recused himself from all NJNG-related matters.

In 1995 through 1998, the Members approved a total of five tax-exempt bonds with a combined value of \$97.045 million. to acquire and install natural gas distribution and transmissions mains, customer service lines, gas regulators, meters and ancillary equipment related to the furnishing of gas in the Morris County franchise area. Below is the list of the outstanding bonds subject to this refunding request.

In 2011, the EDA approved \$97 million of tax-exempt bonds in three series: Series A (\$9.545 million), Series B (\$41 million), and Series C \$46.5 million) to refund the EDA bonds issued between 1995 and 1998. The bonds were purchased by Wells Fargo Capital Strategies LLC ("the Bondholder") and are currently held by the same company.

In 2005, the Members approved a separate issuance of \$35.8 million in tax-exempt bonds in three series. As a conduit financing, the Authority has no financial exposure under the 2005 or 2011 bonds.

The company is now planning to remarket the bonds and is requesting Authority consent to amend the bond documents to conform with current bond market pricing and terms. These amendments include the following changes; to extend the maturities of each of the three bond Series, amend the interest rates for the period from January 1, 2018, and to address issues relating to interest payments resulting from an inaccurate rate calculation.

Specifically, the parties are seeking to extend the maturities as follows: Series A from September 1, 2027 to August 1, 2039, and Series B from August 1, 2035 to August 1, 2043. Additionally, the interest rates for the Series 2011A-C Bonds will effectively be amended for the period starting January 1, 2018 where the rate will be converted from a Bank Index Rate to a Term Interest Rate (as currently permitted under the Amended and Restated Indenture) in connection with the end of the current Bank Index Rate. The new rate will be finalized upon closing the remarketing not to exceed 5.75%.

Finally, the parties are addressing issues relating to payments made on interest that were incorrect due to an inaccurate interest calculation beginning in January 1, 2018 resulting from the changes in Federal Tax Law. These changes caused the interest payments to increase, however the increased payable amount was not calculated or billed, so interest payments were paid at the same rate prior to the changes in Tax Law. To address these issues, the amount by which interest was underpaid in 2018 will be waived, and the outstanding interest payments of 2019 will be paid in a lump sum after closing. Future interest payments will be replaced by correct payments calculated with taking the changes of the tax law when it went in to affect.

Chiesa, Shahinian, and Giantomasi, PC, Bond Counsel to the Authority has advised that the changes will not affect the tax-exempt status of the bond. A public hearing is required for this modification, and notice has been published in the applicable newspapers. The modification will cause a reissuance and the Authority will file an IRS form 8038.

Recommendation:

Consent to change the maturities and interest rate modes of the bonds, and consent to remediation of inaccurate interest payments in the period beginning January 1, 2018.



Prepared By: Angus Comly

LOANS/GRANTS/GUARANTEES

PETROLEUM UNDERGROUND STORAGE TANK (PUST)



MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan, Chief Executive Officer
DATE: July 16, 2019
SUBJECT: NJDEP Petroleum UST Remediation, Upgrade & Closure Fund Program

The following residential project has 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 summary:

PUST Residential Grant:

P45597	John Reilly	\$98,924
Total UST Funding – July 2019		\$98,924

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

Tim Sullivan

Prepared by: Kathy Junghans

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

APPLICANT: John Reilly

P45597

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 32 Sanders Road

Edison Township (N)

Middlesex

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

APPLICANT BACKGROUND:

Between February 2018 and December 2018, John Reilly received an initial grant in the amount of \$9,610 under P44489 and a supplemental grant in the amount of \$98,577 under P45038 to remove a leaking 550-gallon residential #2 heating underground storage tank (UST) and perform the required remediation. The tank was decommissioned and removed in accordance with NJDEP requirements. The NJDEP has determined that the supplemental project costs are technically eligible to perform additional remedial activities.

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 aggregate supplemental grant funding in the amount of \$98,924 to perform the approved scope of work at the project site. Because the aggregate supplemental funding including this request is \$197,501, 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 \$207,111.

The NJDEP oversight fee of \$9,892 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: \$98,924

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remediation	\$98,924
NJDEP oversight cost	\$9,892
EDA administrative cost	\$250
TOTAL COSTS	\$109,066

APPROVAL OFFICER: K. Junghans

REAL ESTATE



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

RE: Higher Education Public Private Partnership Program
New Jersey City University
West Campus Block 1 and 5B - KKF University Enterprises, LLC
Seconded Amended Application

DATE: July 16, 2019

Summary

The Members are asked to approve New Jersey City University's ("Applicant") and KKF University Enterprises LLC ("Private Partner") second amended application to develop a mixed-use development to in two phases, that will now include a revised 347 market rate apartments, 8,564 SF of commercial space, 295 parking spaces, and related residential amenities ("Project" or "Development"), on approximately ±2.257 acres on the Applicant's campus under the Higher Education Private Public Partnership Program (the "Program") established by P.L. 2009, c. 90, as amended (the "Act"). The Project's total development cost will now increase to ±\$111.1 million, with the outstanding phase 2 cost totaling ±\$66.97 million. The Applicant currently owns the ±2.257 acres.

This amended application is required because of the required changes, to resolve the Riverkeeper Litigation, to the Crossroads supermarket project site with the same Applicant that is adjacent to this Project and previously approved by the Members. Part of Crossroads parking now resides on what was formerly 123 parking spaces that would have served Block 1 ("Phase 2 Project"). To address the parking issue for its Crossroads project, the Applicant and the Private Partner have revised the Phase 2 Project to include only 1 building with 144 structured parking spaces, 46 additional apartment units, and 8,564 SF of retail. Under the Act, the Authority retains "the right to revoke [its] approval if it determines that the project has deviated from the plan submitted." Staff performed a substantive review of the amended application and supporting documentation in accordance with the Act and pursuant to the Authority's Higher Education Institution Public-Private Partnership Program Guidelines (the "Guidelines") and recommends approval of the

Applicant's proposed revisions to the Phase 2 Project. The Authority's approval will be subject to the Applicant submitting additional items that are outlined below.

Background

A. Prior Approvals

In September 2015, the Members approved the public-private partnership between the Applicant and the Private Partner for the Applicant's West Campus which was to have included a two phased development consisting of 301 market rate apartments, 11,093 SF of commercial space, 303 parking spaces, and related residential amenities for an estimated development cost of ±\$83.42 million. For your information, the initial board approval is attached as Exhibit A to this memo.

Because Jersey City would not approve 2 redevelopment area bonds ("RABs") for the West Campus (one for KKF and one for Claremont Construction for their respective mixed-use projects), the Members subsequently approved, in July 2016, the first amendment to this application and the Claremont Construction application in which Jersey City, in lieu of approving the RABs, granted an infrastructure bond (±\$16 million) for the West Campus, which was equivalent to the RABs financings.

B. Application Timeliness

The original application was filed within the existing deadline of August 1, 2015. An application amendment may be filed after the deadline. However, the project still must be completed within 5 years of the Authority's final approval by no later than September 9, 2020. Real Estate Division Staff has reviewed this amended application by the Applicant and considered the amendment to be complete.

C. Private Financing and Ownership of the Land

Staff has reviewed the amended application to confirm that the Private Partner continues to assume full financial responsibility for the construction of the Project and that the Applicant has no financial responsibility for the Project's construction. The Applicant currently owns the ±2.257 acres that will be leased to the Private Partner controlled entity(ies) for the Project. As required by the Act, the Applicant will continue to own the land during the lease term.

D. Revised Project Description, Encouraging Green Building and Project Schedule

1. Revised Project Description

The West Campus (approximately ±22 acres) is subject to ongoing environmental litigation in the United States District Court in a consolidated matter titled the "Riverkeeper Litigation," civil docket number 05-955. The Riverkeeper Litigation includes resolving what type of development may occur on the remediated portions of the impacted properties, which includes Blocks 4A and 6 on the West Campus known as the Crossroads commercial development site which is immediately adjacent to the Private Partners' Project Site.

Phase 2 of the Private Partner’s Project as initially approved by the Members was to include 2 separate buildings (with 23 single car garages), a 16-space parking lot along Carbon Place, and a 123-space parking lot at the corner of Hernandez Way and Carbon Place (see Exhibit B attached). However, in March 2019, the Members approved the revised Crossroads Project site to resolve the environmental litigation, which objected to Crossroads original site plan due to the site’s environmental conditions. The reconfigured Crossroads site plan removed the Private Partner’s parking lot at the corner of Hernandez Way and Carbon Place and added it to the Crossroads site for customer parking and possible future development of a parking deck by the Applicant to serve the ShopRite and the proposed performing arts center (see Exhibit C attached).

To address the loss of 123 parking spaces, the Applicant and the Private Partner agreed to revise the Phase 2 Project as follows: instead of developing 2 buildings including 23 one car garages and 2 separate parking areas (see Exhibit B), KKF proposes to construct one building, fronting Carbon Place, that will include 144 structured parking spaces on 2 floors, 8,564 SF of ground floor retail, and 198 apartments above the structured parking (see Exhibit C attached). Elevations and floor plans for the proposed phase 2 building are attached as Exhibit D. The following chart summarizes the differences between the approved and proposed Phase 2 Project:

	APPROVED PROJECT			PROPOSED PROJECT			PROJECT DIFFERENCE		
	Phase 1 Under Construction	Phase 2	Total Approved	Phase 1 Under Construction	Phase 2 Proposed	Total Proposed	Total Difference	% Change - Phase 2	% Change - Total Project
Studio Units	0	13	13	0	38	38	25	192.31%	192.31%
1 BR Units	120	108	228	120	136	256	28	25.93%	12.28%
2 BR Units	29	31	60	29	24	53	(7)	-22.58%	-11.67%
Retail SF	0	11,903	11,903	0	8,564	8,564	(3,339)	-28.05%	-28.05%
Single Garages	0	23	23	0	0	0	(23)	-100.00%	-100.00%
Surface Parking Spaces	0	139	139	0	0	0	(139)	-100.00%	-100.00%
Structured Parking	151	0	151	151	144	295	144	-100.00%	95.36%
Tota Units	149	152	301	149	198	347	46	30.26%	15.28%
Total Retail	0	11,903	11,903	0	8,564	8,564	(3,339)	-28.05%	-28.05%
Total Parking Spaces	151	162	313	151	144	295	(18)	-11.11%	-5.75%

2. Green Building Standards

New Jersey Green Building and/or LEED Standards under Act “encouraged” and are not mandatory. The Private Partner continues to represent that the revised Project will incorporate Green Building and/or LEED Standards “when practicable.”

3. Project Schedule

The Project initially was approved by the Board for completion by September 9, 2020 which would have been within the 5 year statutory completion deadline. However, the Project could not be completed by this deadline due to the Riverkeeper Litigation. The Applicant believed they had designed the adjacent Crossroads Project to comply with the environmental restrictions. When Crossroads’ plans became an issue the Applicant and the Private Partner then agreed to revise the Project’s design to provide added parking for Crossroads to resolve the Riverkeeper Litigation. This resulted in a redesign of Phase 2 of this Project as described in this memo.

Based on the foregoing and subject to the conditions of approval set forth in this memo, Staff recommends that the Members approve the amended project completion schedule as being a

permitted extension under the Act. Neither the Applicant nor the Private Partner was the cause of the delay. The pause in the Project as described above was due solely to the Riverkeeper Litigation and was not within the Applicant or Private Partner's control.

Block 5B (Phase 1), currently under construction, will be completed in September or October of this year. Phase 1 was initially anticipated to be completed in the winter of 2018 but was then subject to permitting delays. Under the Act, the 2 phases of the Project will have to be completed on or before September 9, 2020. The Applicant has revised the Phase 2 Project schedule as follows: construction will start on about September 1, 2019, and the receipt of a temporary certificate of occupancy is projected to be issued on or about July 1, 2021.

Staff further recommends a Phase 2 Project completion extension until December 31, 2021, which will take into account any unforeseen weather, site conditions, or other construction related issues during the Phase 2 Project construction period.

In accordance with the Guidelines, staff has reviewed the Applicant's description of the Phase 2 Project, its design, and schedule. Staff concludes that the Applicant continues to propose a feasible project plan, design, and schedule.

E. Revisions to the Partnership Documents

The lease between the Applicant and the Private Partner were revised to:

- Change the Phase 2 Project site as described in this memo
- Change the Phase 2 Project description as summarized in this memo
- Change the Private Partner's ground lease rent for phase 2 which will be calculated based on 157 apartments due to the Private Partner's additional cost for the phase 2 redesign related costs
- Provide the Project an easement on Block 4A for a necessary PSE&G transformer
- Permit the Private Partner to encroach upon and construct below Block 4C for required campus wide stormwater infrastructure and piping for the Phase 2 Project
- Provide that the Private Partner has the sole obligation to provide parking for the Phase 2 Project

F. Partner's Experience and Qualifications

The Private Partner has not proposed any changes to the development team. Staff concludes that the Project's development team, as previously proposed, has sufficient experience to own, develop, construct, operate and maintain the Development.

G. Project Financing and Feasibility

1. Sources and Uses of Funds

The following chart summarized the revisions to the sources and uses statement for the Project:

SUMMARY OF USES	APPROVED			PROPOSED			PROJECT DIFFERENCE		
	Phase 1 Under Construction	Phase 2	Total Project	Phase 1 Under Construction	Phase 2	Total Project	Total Difference	% Change Phase 2	% Change Total Project
Acquisition	\$543,563	\$483,322	\$1,026,885	\$543,563	\$0	\$543,563	(\$483,322)	-100.00%	-47.07%
Improvements	\$34,939,284	\$31,104,702	\$66,043,986	\$34,939,284	\$55,936,434	\$90,875,718	\$24,831,732	79.83%	37.60%
Professional Services	\$2,438,786	\$1,917,189	\$4,355,975	\$2,438,786	\$2,015,000	\$4,453,786	\$97,811	5.10%	2.25%
Financing & Other Costs	\$2,976,008	\$2,703,158	\$5,679,166	\$2,976,008	\$4,207,203	\$7,183,211	\$1,504,045	55.64%	26.48%
Contingency	\$2,044,882	\$1,628,829	\$3,673,711	\$2,044,882	\$2,280,225	\$4,325,107	\$651,396	39.99%	17.73%
Development Fee	\$1,397,571	\$1,244,188	\$2,641,759	\$1,397,571	\$2,530,000	\$3,927,571	\$1,285,812	103.35%	48.67%
Total Uses	\$44,340,094	\$39,081,388	\$83,421,482	\$44,340,094	\$66,968,863	\$111,308,957	\$27,887,475	71.36%	33.43%

SUMMARY OF SOURCES	APPROVED			PROPOSED			PROJECT DIFFERENCE		
	Phase 1 Under Construction	Phase 2	Total Project	Phase 1 Under Construction	Phase 2	Total Project	Total Difference	% Change Phase 2	% Change Total Project
Equity	\$19,340,094	\$12,081,388	\$31,421,482	\$19,340,094	\$22,468,863	\$41,808,957	\$10,387,475	85.98%	33.06%
1st Mortgage	\$25,000,000	\$27,000,000	\$52,000,000	\$25,000,000	\$31,000,000	\$56,000,000	\$4,000,000	14.81%	7.69%
Mezzanine Debt	\$0	\$0	\$0	\$0	\$13,500,000	\$13,500,000	\$13,500,000		
Total Sources	\$44,340,094	\$39,081,388	\$83,421,482	\$44,340,094	\$66,968,863	\$111,308,957	\$27,887,475	71.36%	33.43%

The phase 2 amended application did not include financial commitments. As currently modeled in the operating proforma, the mezzanine debt will be refinanced in year 3 operations. As part of the refinancing, the Private Partner will contribute an additional ±\$5.273 million of equity. The following chart summarizes the rate, term and amortization period for the first mortgage and mezzanine debt:

INITIAL 3 YEARS OF OpEx	1st Mortgage	Mezzanine Debt
	Principal	\$31,000,000
Rate	5.75%	4.75%
Amortization	30	3
Term	30	3

4th YEAR TO YEAR 30 OF OpEx	1st Mortgage	Mezzanine Debt
	Principal	\$39,000,000
Rate	5.50%	0
Amortization	30	0
Term	30	0

2. Operating Proforma

The operating proformas includes the following annual assumptions:

- Income Growth Rate: 2%
- Vacancy rate: 4%
- Operating Cost Inflation Rate: 2%

If the operating expense inflation rate is increased to 3%, and the remaining assumptions are held constant, the Project can still maintain a debt service coverage ratio of 1.20.

3. Market Feasibility

The Private Partner updated the market feasibility study to reflect the proposed Phase 2 Project revisions. The following charts summarizes the analyst’s conclusions regarding unit size, unit count in each apartment category, recommended monthly rent by unit, and projected monthly income required to rent each unit:

Recommended Unit Size and Quantities	Avg SF Recommended	Phase 2 Proposed Avg SF	Difference	% Difference	# Units Recommended	Phase 2 Proposed Units	Difference	% Difference
Studio	525	510	(15)	-2.86%	45	38	(7)	-15.56%
1 BR	775	706	(69)	-8.90%	136	136	0	0.00%
2 BR	1150	982	(168)	-14.61%	17	24	7	41.18%

Recommended Rents & Income	2021 Recommended Rent	Recommended Income (35% for Housing Costs)	Phase 2 Proposed Mo. Rents	Proposed Income (35% for Housing Costs)	Rent Difference	% Rent Difference	Income Difference	% Income Difference
Studio	\$1,829	\$62,709	\$1,531	\$52,491	(\$298)	-16%	(\$10,217)	-16.29%
1 BR Jr.	\$2,060	\$70,629	\$1,851	\$63,463	(\$209)	-10%	(\$7,166)	-10.15%
1 BR with Den	\$2,364	\$81,051	\$2,393	\$82,046	\$29	1%	\$994	1.23%
2 BR	\$2,929	\$100,423	\$2,841	\$97,406	(\$88)	-3%	(\$3,017)	-3.00%

The analyst concludes that the primary renters will include the following (in descending order):

- 25-34 Age Households - single or married, who reside regionally and are employed in Jersey City, Manhattan or Newark. . . . This [renter] is anticipated to be primarily without children living at home.
- 35-44 Age Households – often referred to as ‘renters by choice’, these tenants will be single or married, who reside regionally and are employed in Jersey City, Manhattan or Newark. Although some of these renters will have a child living at home, the majority will be childless.
- NJCU – Graduate students, faculty, and to a lesser degree, Under-Graduate students who will be doubling up in a single apartment.

Upon construction completion, the analyst estimated that the Project will reach stabilized occupancy (95%), within 13 and 20 months, assuming that between 10 and 15 apartments are leased per month.

4. Long-Range Maintenance Plan

The long-range maintenance was revised to account for the Phase 2 Project revisions. The plan submitted complies with industry standards for replacement reserve accounts and capital maintenance plans and the long-range maintenance guidelines prepared by the Authority’s consultant and adopted by the Authority. Accordingly, staff concludes that Applicant has submitted an adequate long-range maintenance plan for the Phase 2 Project.

5. Recommendation Regarding Project Financing and Feasibility

After reviewing the Project's budget, operating proforma, market study, and supporting information, the Real Estate Division's staff has assessed the soundness of the financial plan and concludes that the Project continues to be financially feasible and has a supported need. Staff concludes that the Project's development cost, accounting for prevailing wage, and projected operating expenses continue to be reasonable and are within current market conditions.

H. DPMC Classification

The Private Partner has not selected a general contractor and represents that the selected contractor will comply with the required DMPC classification.

I. Other Requirements of the Act

In accordance with the requirements of the Act, the applicant previously produced evidence and has certified to comply with the following requirements of the Act:

- *Prevailing Wage.* The Project Owner will pay prevailing wage as required by the Act ("Each worker employed in the construction, rehabilitation, or building maintenance services of facilities by a private entity that has entered into a public-private partnership agreement with a State or county college . . . shall be paid not less than the prevailing wage rate").
- *Project Labor Agreement.* The Project Owner will enter into the required project labor agreements during the construction, operation, and long-range maintenance of the project (the Applicant included a draft agreement in its submission).
- *Bond.* The Project Owner will post the required payment bond or have the bond posted on its behalf.

J. Recommendation

Staff recommends that the Board approve the amended application subject to the following conditions being met to the satisfaction of appropriate staff (e.g., Chief Executive Officer, Senior Vice President of Finance and Development, or the Vice President of the Real Estate Division) for the **Phase 2 Project**:

1. Providing a copy of the executed Lease and Development Agreements with attachments (excluding the plans and specifications, if applicable)
2. Submitting, in final form, the development and operating budgets in the Authority's Excel template (substantially the same as the documents reviewed by the Authority)
3. Submitting, in final form, Project labor agreements for the construction and contracts to implement the long-range maintenance plan, which require not paying less than prevailing

wage and to the greatest extent possible, enhances employment opportunities for individuals residing in the county of the Project's location

4. Submitting the satisfactory DPMC classification for the selected contractor
5. Submitting, in final and satisfactory form, posted bonds guaranteeing prompt payment of moneys due to the contractor (and/or subcontractors)
6. Submitting a final copy of the Project's financing commitments:
 - a. The City of Jersey City Council resolution authorizing the bond financing in an amount not to exceed \$16 million and authorizing the City to pay the Applicant for past and future infrastructure improvements on the West Campus
 - b. PILOT approval resolution and the executed PILOT agreement
 - c. Executed private financing commitments (construction and permanent)
 - d. If applicable, executed private equity financing commitment
 - e. Current financial statement (not more than 3 months old from the date of submission) of the person or entity providing the Private Partner's equity financing
 - f. Final executed agreement between the Applicant and the City regarding infrastructure improvements to be constructed by the Applicant satisfactory to the Act
7. Submitting other items (i.e., any other document which may contain a material business term to the "partnership agreement" between the parties) that the Applicant must provide in order to obtain the Authority's final approval
8. Providing quarterly reports commencing upon the Authority providing a letter stating the conditions of this memo have been met for the Project phase and ending upon the receipt of an initial certificate(s) of occupancy (or equivalent) for the Project phase

The Applicant and the Private Partner shall have until December 31, 2021, to complete the Phase 2 Project. No further extensions to the Phase 2 Project completion date will be granted.

The Applicant **shall not** permit the Private Partner to commence construction on the **Phase 2 Project** until the Authority's staff receives and reviews the requested items listed above and the Authority's staff issues correspondence stating that conditions in this memo are met.

Recommendation

In summary, I request the Members approve the amended application for phase 2 of the Project subject to the conditions stated above and authorize designated Authority staff to approve the conditions upon satisfactory completion by the Applicant.



Tim Sullivan
Chief Executive Officer

Att.: Exhibits A through D

Prepared by: Juan Burgos

EXHIBIT A: SEPTEMBER 2015 BOARD APPROVAL

EXHIBIT A: SEPTEMBER 2015 BOARD APPROVAL

**ADOPTED
SEP 10 2015**

Attachment

Resolution of the New Jersey Economic Development Authority Regarding Approval of New Jersey City University's Higher Education Public Private Partnership Application to Develop a Mixed Use Development – West Campus Blocks 1 and 5B (KFF University Enterprises, LLC)

WHEREAS, the Members of the New Jersey Economic Development Authority have been presented with and considered a Memorandum in the form attached hereto; and

WHEREAS, a Memorandum requested the Members to adopt a resolution authorizing certain actions by the New Jersey Economic Development Authority, as outlined and explained in the said Memorandum.

NOW, THEREFORE, BE IT RESOLVED by the New Jersey Economic Development Authority:

1. The actions set forth in the Memorandum attached hereto, are hereby approved, subject to any conditions set forth as such in said Memorandum.
2. The Memorandum, attached hereto, is hereby incorporated and made a part of this resolution as though set forth at length herein.
3. This resolution shall take effect immediately, but no action authorized herein shall have force and effect until 10 days, Saturdays, Sundays, and public holidays excepted, after a copy of the minutes of the Authority meeting at which this resolution was adopted has been delivered to the Governor for his approval, unless during such 10-day period the Governor shall approve the same, in which case such action shall become effective upon such approval, as provided by the Act.

DATED: September 10, 2015

EXHIBIT 24



MEMORANDUM

TO: Members of the Authority

FROM: Timothy J. Lizura
President and Chief Operating Officer

RE: Higher Education Public Private Partnership Program
New Jersey City University
West Campus Blocks 1 and 5B (KKF University Enterprises, LLC)

DATE: September 10, 2015

Summary

The Members are asked to approve New Jersey City University's ("Applicant") application to develop a mixed-use development, in two phases, that will include 301 market rate apartments, 11,093 SF of commercial space, 303 parking spaces, and related residential amenities ("Project" or "Development"), on approximately ±2.25 acres on the Applicant's campus under the Higher Education Private Public Partnership Program (the "Program") established by P.L. 2009, c. 90, as amended (the "Act"). The Project's total development cost will be ±\$83.42 million. The Applicant currently owns the ±2.25 acres. Under the Act, the "Authority shall review all completed applications" and "[n]o project shall be undertaken until final approval has been granted by the [A]uthority." N.J.S.A. 18A:64-85.f(3). Staff performed a substantive review of the application and supporting documentation in accordance with the Act and pursuant to the Authority's Higher Education Institution Public-Private Partnership Program Guidelines (the "Guidelines") and recommends approval of the Applicant's Project. The Authority's approval will be subject to the Applicant submitting additional items that are outlined below.

*New Jersey City University
Higher Education Public Private Partnership Program
West Campus Blocks 1 and 5B
Page 1*

Background

The Authority's Scope of Review

Under the Program, the Authority must review and approve an application, which, in order to be complete, must contain the following items:

1. a full narrative description of the project
2. a public-private partnership agreement between the state or county college and the private developer
3. a land lease or land agreement
4. financial information including the estimated costs and financial documentation for the project
5. a detailed project schedule (i.e. timetable) for completion of the project extending no more than five years after consideration and approval
6. DPMC classification information for the required contractors and/or subcontractors;
7. evidence of arrangements for entering into project labor agreements and paying prevailing wages as required by the Act
8. evidence of arrangements for issuance of the required bonds.

The financial documentation shall include a long term maintenance plan that will "specify the expenditures that qualify as an appropriate investment in maintenance." In addition, the Authority may impose "other requirements that the [A]uthority deems appropriate or necessary."

Within the Act's deadline, the Applicant submitted a complete application for the Project with adequate exhibits and supporting documentation which included an adequate form of the Ground Lease and Project Development Agreements which serve as the partnership agreement for this Project. Real Estate Division Staff deemed the application complete.

The Act requires that any project undertaken through the Program must be financed in whole by the private entity. Staff has reviewed the project documents to confirm that the private partner assumes full financial and administrative responsibility for the construction of the Project and that the Applicant has no financial responsibility for the construction of the Project. The Act also requires that the State or institution of higher education must retain full ownership of the land upon which any project undertaken through the Program. Staff has reviewed the Project documents to confirm that the Applicant will retain full ownership of the land where the Project will be developed.

Project Description and Schedule

A. West Campus Development Plan

1. Overview

The Applicant's Facilities Master Plan outlines the university's planned expansion on the West Campus. In 1970's, the Applicant started acquiring the ±21.3 acres, former industrial land, which is bounded by Route 440 to the North, Carbon Plan to the East, South Road to the West, and West Side Avenue to the South. In 2005, Jersey City adopted the West Campus Redevelopment plan, which incorporates the Applicant's vision:

The University intends for the West Campus to be more than a typical college campus. It will also be a place for city residents to work, shop and live. When fully developed, the project will include a significant amount of retail space, structured parking, student as well as market-rate housing, academic teaching spaces, academic offices, a performing arts center, and primary and secondary schools.

2. West Campus Environmental History

Honeywell remediated the chromium related contamination on the 21 acres, which is the subject of a consent decree and deed restrictions. Additionally, the Applicant recently remediated the non-chromium environmental contamination on portions of the 21 acres, which is also subject to a deed restriction.

3. West Campus Site Plan

The Applicant's current site plan for the West Campus, which is attached as Exhibit A, includes:

- A performing arts center
- A student dorm (currently being developed as a public private partnership between the Applicant and RISE, formerly Ambling University Development Group)
- 581 market rate apartments, ±50,000 SF ground floor retail, and 620 parking spaces (which includes this Project), and
- A supermarket, fitness center, ±650 structured parking spaces, a rooftop restaurant and tennis courts.

B. Blocks 1 and 5B

In May 2015, the Applicant issued a Request for Proposals to design, develop, construct, manage, and a residential and commercial project Block 1 and 5B. Thirteen firms received the RFP, however only KKF University Enterprises, LLC ("Project Owner") submitted a proposal. The Applicant selected the Project Owner to develop a mixed-use development on Blocks 1 and 5B that will include 301 apartments, 11,903 SF of commercial space, 303 parking spaces and related residential amenities. In June 2015, the Applicant's Board of Trustees approved the

Project Owner as the private partner for the Project under the Act and authorized the appropriate officials of the Applicant to negotiate and execute documents to consummate the transaction.

The Project Owner will enter into a ground leases and development agreements with the Applicant for Blocks 1 and 5B, and will own, finance, develop, construct, and manage the improvements.

The Project Owner will develop the Project in two phases as follows:

1. *Phase 1:* In the spring of 2017, the Project Owner will commence construction on Block 5B, and will complete the first phase in the winter of 2018.
2. *Phase 2:* In the spring of 2020, the Project Owner will commence construction on Block 1 in the spring of 2020, and will complete the second phase in the winter of 2021.

The proposed Development will include 301 market rate apartments, 11,903 SF of retail commercial space, 303 parking spaces, and related residential amenities allocated as follows:

Phase 1: Block 5B Residential			
Unit Type	Units	Avg. SF	Avg. Mo. Rent
Studio	0		\$0
1 BR	120	705	\$1,911
2 BR	29	828	\$2,721
3 BR	0		
Total	149		

Phase 2: Block 1 Residential			
Unit Type	Units	Avg. SF	Avg. Mo. Rent
Studio	13		\$1,544.00
1 BR	108	633	\$2,088.00
2 BR	31	912	\$2,657.00
3 BR	0		\$0
Total	152		
Phase 2: Block 1 Commercial			
Tenant	\$SF Rent	Square Feet	Annual Rent
TBD	\$36.75	11,903	\$437,435.25

Total Apartments	301
Total Commercial	11,903
Total Parking	303
Total Square Feet	262,286

The Project will include 3 five-story buildings allocated as follows:

Phase 1: Block 5B

- First Floor: residential entrance, fitness and yoga rooms, residential units, and structured parking,
- Second through Fifth Floors: residential units
- Pool in the courtyard

Phase 2: Block 1, Building 1A

- First Floor: residential entrance, commercial retail, property management office, residential units, and 12 parking garages
- Second through Fifth Floors: residential units
- 16 parking spaces along Carbon Place evenly divided between buildings 1A and 1B

Phase 2: Block 1, Building 1B

- First Floor: residential entrance, residential units, internet café, exercise room, and 12 parking garages
- Second through Fifth Floors: residential units
- A parking lot including 123 parking spaces accessible to residents in buildings 1A and B

C. Estimated Job Creation

The Project Owner estimates that the Project will create 100 construction jobs and 40 permanent jobs (residential and commercial combined).

D. Encouraging Green Building

The Act encourages projects to adhere to the Leadership in Energy and Environmental Design ("LEED") Green Building Rating System and/or the NJ Green Building Manual. The Applicant states the lease and development agreement provide, that "when practicable," the Project will "incorporate NJDCA Green Building Standards and/or LEED Standards into the Project."

E. Project Schedule

The Applicant provided a schedule to complete the two phases of the Development by the end of 2021. This end date complies with the requirement of the Act that projects must be completed within 5 years of the Authority's approval date.

In accordance with the Guidelines, staff reviewed the Applicant's description of the Project, its design, and project schedule. Staff concludes that the Applicant has proposed a feasible project plan and design, and that the Applicant has proposed a schedule that will meet the Act's five year completion deadline.

Summary of the Partnership Documents

The Applicant and the Project Owner will enter into a lease and development agreement for each phase of the Project. The documents are the substantially similar, except for items specific to each development phase.

The parties' roles, responsibilities and benefits in the Project are summarized below:

A. Applicant

1. *Lease Term.* The Applicant will lease the property for a 50 year term, commencing on Term Commencement Date, which the parties will select by executing a written agreement. The Applicant has provided the Project with one 25-year option under the Lease.

2. *Initial Payment and Rent.* The Applicant will receive rent payments as follows:

Milestone	Payment
Block 1 Initial Payment -- at lease execution	30% of 1% of total development cost, or \$117,2441.16, subject to the standard conditions in the Authority's memo approving the Applicant's dorm project (January 2015 meeting)
Block 1: Initial Payment -- 30 days after the RAB and PILOT area approved by the City of Jersey City	70% of 1% of the total project cost, or \$273,569.72
Block 5B Initial Payment -- at lease execution	30%of 1% of the total development cost or \$133,020.28, , subject to the standard conditions in the Authority's memo approving the Applicant's dorm project (January 2015 meeting)
Block 5B: Initial Payment -- 30 days after the RAB and PILOT area approved by the City of Jersey City	70% of 1% of the total project cost, or \$310,380.65

Milestone	Payment
Blocks 1 and 5B: Fixed Rent – commencing on the 1 year anniversary of the receipt of each temporary or permanent certificate of occupancy	\$2,500 per apartment unit (with a minimum amount of \$2,100 per apartment unit) plus \$1.75 per SF of occupied and rented commercial retail space
Block 1 and 5B: Fixed Rent – upon the second anniversary of the receipt of the each temporary or permanent certificate of occupancy, and every one year anniversary thereafter	The amount of Fixed Rent “shall be equal to the percentage change in the Consumer Price Index (“CPI”) since the immediately preceding CO Anniversary Date; subject to a maximum annual increase of two percent (2%)” The CPI is the “Consumer Price Index for New York/New Jersey All Urban 1982-84=100”

The average rental payment over the term is ±\$1.209 million, and the present value of the total lease payments, using a 4% discount rate, is ±\$21.35 million.

3. *Utilities and Approvals.* Applicant will cooperate with the Project Owner to file utility applications and “documents necessary to obtain” utility services.
4. *Sell or Assign the Property.* Subject to the terms of the Lease, the Applicant may sell or assign the Property.
5. *Quiet Enjoyment.* The Applicant agrees that during the lease term, the Project Owner “shall lawfully and quietly hold, occupy and enjoy the Premises . . . without hinderance or molestation by or from anyone claiming by, through or under the [Applicant],” except for Permitted Exceptions.
6. *Right to Perform Project’s Owner’s Lease Covenants.* The Applicant may, after providing the required notice and the Project Owner has failed to perform, “pay any Imposition . . . take out, pay for, maintain or deliver any [required] insurance, . . . cause any lien . . . to be discharged. . . , or perform any other act” required by the Lease.
7. *Environmental Issues.* The Applicant “shall comply with all requirements related to the ongoing and larger site wide remediation of the [West Campus] and shall enforce all such obligations of responsible parties” as noted in the Development Agreement.

8. *Change Orders.* The Applicant will review and approve the Project change orders.
9. *Other Work.* The Applicant may perform “other work” on the West Campus, so long as it does not “materially interrupt, interfere with, hinder or delay” the Project.
10. *Ownership of Improvements at End of the Term.* At the end of the Lease term, Applicant is entitled to all the improvements (excluding trade fixtures and business improvements not part of the Project) free and clear of all liens.

B. Project Owner

1. *Rent and Impositions.* The Project Owner will pay the initial payment, the fixed rent, and any required impositions.
2. *Obtain Required Approvals and Utility Services.* The Project Owner must obtain all required approvals and required utility services for the Project.
3. *Design and Construction.* The Project Owner will be responsible for the design, development, construction, equipping and furnishing the Project as required by the Development Agreement and the Lease.
4. *Development Team.* The Project Owner will be responsible for the hiring, supervising and compensating the design, construction and other professionals necessary to develop the Project.
5. *Project Financing.* At its sole cost and expense, the Project Owner will be responsible for the Project budget and financing the Project’s development and construction.
6. *Project Schedule.* The Project Owner will be responsible for delivering the Project within the time frame of the approved project schedule.

7. *Environmental Issues.*

- a. *No Discharge.* During the term of the Lease, the Project “shall not permit . . . any Person to, use, handle, store, generate, manufacture, transport, discharge or release any Hazardous Materials” on the property.
 - b. *Compliance with Environmental Laws.* The Project Owner agrees to comply with all applicable environmental laws.
8. *Utility Service.* The Project Owner will be responsible for all utility charges at the site.
9. *Indemnification.* The Project Owner agrees to indemnify, defend and hold harmless the Applicant “arising . . . in connection” with the Project Owner’s “possession, use, occupancy or management” of the Project.
10. *Bond and Insurance.* The Project Owner will obtain insurance required by the Lease and bonds required by the Development Agreement.

Partner’s Experience and Qualifications

The Guidelines call for an assessment of the experience and qualifications of the development partner and its team.

A. *Project Owner*

1. *KKF University Enterprises, LLC*

This is the first venture of KKF University Enterprises, LLC (KKF), which is solely owned by Kimberly J. Kaye-Fried, the daughter of Robert M. Kaye, the owner of the PRC Group of Companies. Ms. Kaye-Fried is a property management professional and works for PRC Management Company. “In transitioning real property development opportunities to his children . . . Mr. Kaye has consented to the allocation, assignment, apportionment of PRC Group personnel to . . . KKF . . . at KKF’s sole cost without financial benefit to Mr. Kaye or any PRC company.” The PRC Group will be providing development, construction, and management services to the Project.

2. *PRC Group of Companies*

Established by Robert M. Kaye, the PRC Group of Companies (the “PRC Group” or “Group”) has extensive experience in commercial and residential development, construction and management. In business for more than 50 years, the following chart summarizes some of PRC’s projects:

Units	Role	Units	TDC
Apartments Own & Manage	Own and Manage	1949 Units	\$101,150,000
Condos & Townhomes	Joint Venture; Manage	318 Units	\$50,005,000
Apartments Construction Only	Construction	48 Units	\$19,440,000
Office Buildings	Own and Manager	339,200 SF	\$34,270,000
Office Warehouse	Own and Manage	84000 SF	\$6,700,000
Commercial	Own and Manage	4,200 SF	\$840,000
		Total	\$212,405,000

The Group provides full real estate services; it can own, develop, construct and manage the real estate projects that the Group undertakes.

B. Feinberg & Associates

With over 20 years of architectural experience, Feinberg & Associates has provided services in planning and designing two “town centers” – Washington Town Center, Robbinsville (550 residential units over 100,000 SF of retail and office space); Livingston Towne Center, Livingston (24 condominiums, 156 space garage, 25,000 SF retail). The firm also provided architectural services on Phase 1 of the Campus Town Center.

C. General Contractor

The Project Owner has not selected a general contractor and represents that the selected contractor will comply with the Act’s requirements regarding DPMC classification, the payment of prevailing wages and entering into the required project labor agreements.

Staff concludes that the Project’s development team has sufficient experience to own, develop, construct, operate and maintain the Development.

Project Financing and Feasibility

A. Sources and Uses of Funds

The following chart summarizes the project’s uses and sources:

Uses	Phase 1: Block 5B	Phase 2: Block 1	Total
Acquisition	\$543,563	\$483,322	\$1,026,885
Improvements	\$34,939,284	\$31,104,702	\$66,043,986
Professional Services	\$2,438,786	\$1,917,189	\$4,355,975
Financing and Other Costs	\$2,976,008	\$2,703,158	\$5,679,166
Contingency	\$2,044,882	\$1,628,829	\$3,673,711
Development Fee	\$1,397,571	\$1,244,188	\$2,641,759
Total Uses	\$44,340,094	\$39,081,388	\$83,421,482

Sources	Block 5B	Block 1	Total
Permanent Loan	\$25,000,000	\$27,000,000	\$52,000,000
Redevelopment Area Bond	\$2,500,000	\$2,800,000	\$5,300,000
Equity	\$16,840,000	\$9,281,000	\$31,421,000
Total Sources	\$44,340,094	\$39,081,388	\$83,421,482

The Application did not include any financial commitments. Currently, the Project Owner has assumed that the initial permanent loan will have a 10 year term with a 30 year amortization and an interest rate of 5.5% for each development phase.

The redevelopment area bond (RAB), with a rate of 7% and a term of 30 years, will be repaid through a payment in lieu of taxes (PILOT) included in each buildings operating budget, andm h starts at ±\$358,079 for Block 1 and ±\$285,388 for Block 5B, increasing annually at ±3% percent. Currently, the Project Owner intends to purchase the redevelopment area bonds.

B. Operating Proforma

The operating proformas included conservative annual assumptions for vacancy (12%) and operating inflation (2% except for utilities, which inflates at 3%), and income growth rates (2.5%). If the operating expense inflation rate is increased to 3%, and the remaining assumptions are held constant, the Project can still maintain a debt service coverage ratio of 1.25.

C. Market Study

The Outeau Group prepared the Project’s market study, which included the following findings:

1. *Hudson County’s Percentage of Households that rent is Greater than the State Average.* The share of Hudson County households that rent is 68%, compared to 35% in the rest of New Jersey.
2. *Favorable Market Demographics.* The Project’s market area has a high percentage of 1 and 2 person households (64%), households with no persons under 18 years of age (73%), households that have never married, widowed, and single head of households (66%). In addition, persons between the ages of 25 and 34 account for 23% of the market areas population. These types of households are are attracted to the proposed Development.
3. *The Target Market Demographic Can Afford the Proposed Rents.* Fifty-four percent of the households within 5 miles of the Project site earn more than \$60,000 (the minimum income threshold). In addition, 59% of person between 25 and 34, and 69% of the persons between 35 and 44 have sufficient income to afford the proposed rents.

4. *Rental Units Will Continue To Be in High Demand.* The market will continue to demand rental units, requiring an additional 10,560 units through 2020.
5. *Project Fosters Urban Living with Proximity and Access to Public Transportation.* The Project site is less than ½ mile from the light rail line, and Jersey City provides excellent access to various forms of public transportation (light rail, PATH, buses, and ferries) hubs.

The firm concludes that the proposed Development's unit mix, design and rental rates are "well aligned to economic and demographic trends" of the target market.

D. Long-Range Maintenance Plan

The Act requires that the budget, operating proforma and financial documents submitted with an application must include a long-range maintenance plan that specifies expenditures that qualify as an appropriate investment in capital improvements and maintenance. As part of its financial documentation, the Applicant submitted a long-range maintenance plan which included standards for the calculation of funds for replacement over the useful life of the project, detail for the initial calculation of need for replacement funds (e.g., estimated items, useful life, replacement costs, quantity and total costs), estimated the total amount required, and provided a schedule for use of the reserve funds over the Project's life.

The Project Owners will pay for long-range maintenance items from an annual reserve funded through operating income and permanent loan refinancings. Staff concludes that the Project Owner will have sufficient capital reserves to meet the Project's long-range maintenance needs during the Lease term.

The plan submitted complies with industry standards for replacement reserve accounts and capital maintenance plans and the long-range maintenance guidelines prepared by the Authority's consultant and adopted by the Authority. Accordingly, staff concludes that Applicant has submitted an adequate long-range maintenance plan for the Project.

After reviewing the project's budget, operating proforma, market study, and supporting information, the Real Estate Division's staff has assessed the soundness of the financial plan and concludes that the Project is financially feasible and has a supported need. Staff concludes that the Project's development cost, accounting for prevailing wage, and projected operating expenses are reasonable and within current market conditions.

DPMC Classification

The Project Owner has not selected a general contractor and represents that the selected contractor will comply with the required DMPC classification.

Other Requirements of the Act

In accordance with the requirements of the Act, the applicant has produced evidence and has certified to comply with the following requirements of the Act:

- *Prevailing Wage.* The Project Owner will pay prevailing wage as required by the Act (“Each worker employed in the construction, rehabilitation, or building maintenance services of facilities by a private entity that has entered into a public-private partnership agreement with a State or county college . . . shall be paid not less than the prevailing wage rate”).
- *Project Labor Agreement.* The Project Owner will enter into the required project labor agreements during the construction, operation, and long-range maintenance of the project (the Applicant included a draft agreement in its submission).
- *Bond.* The Project Owner will post the required payment bond or have the bond posted on its behalf.

Recommendation

Staff recommends that the Board give final approval of the application subject to the following conditions being met to the satisfaction of appropriate staff for each phase of the Project (e.g., Chief Executive Officer, President and Chief Operating Officer, Senior Vice President of Finance and Development, or the Director of the Estate Division):

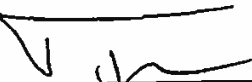
1. Providing a copy of the executed Lease and Development Agreements with attachments (excluding the plans and specifications, if applicable)
2. Submitting, in final form, the development and operating budgets in the Authority’s Excel template (substantially the same as the documents reviewed by the Authority)
3. Submitting, in final form, project labor agreements for the construction and contracts to implement the long range maintenance plan, which require not paying less than prevailing wage and to the greatest extent possible, enhances employment opportunities for individuals residing in the county of the project’s location
4. Submitting the DPMC classification for the selected contractor
5. Submitting, in final and satisfactory form, posted bonds guaranteeing prompt payment of moneys due to the contractor (and/or subcontractors)
6. Submitting a final copy of the Project’s financing commitments:

- a. redevelopment area bond approval resolution and final version of the bond indenture
 - b. PILOT approval resolution and the executed PILOT agreement
 - c. executed private financing commitments (construction and permanent)
 - d. if applicable, executed private equity financing commitment
 - e. current financial statement (not more than 3 months old from the date of submission) of the person or entity providing the Project Owner's equity financing
7. Submitting other items (i.e., any other document which may contain a material business term to the "partnership agreement" between the parties) that the Applicant must provide in order to obtain the Authority's final approval
 8. Providing quarterly reports through the end of construction

The Applicant **shall not** permit the Project Owner to commence construction **on any phase** of the Project until the Authority's staff receives and reviews the requested items listed above and the Authority's staff issues correspondence stating that conditions in this memo are met.

Recommendation

In summary, I ask for the Members to authorize the Authority's staff to approve the project upon meeting the conditions outlined in this memo.

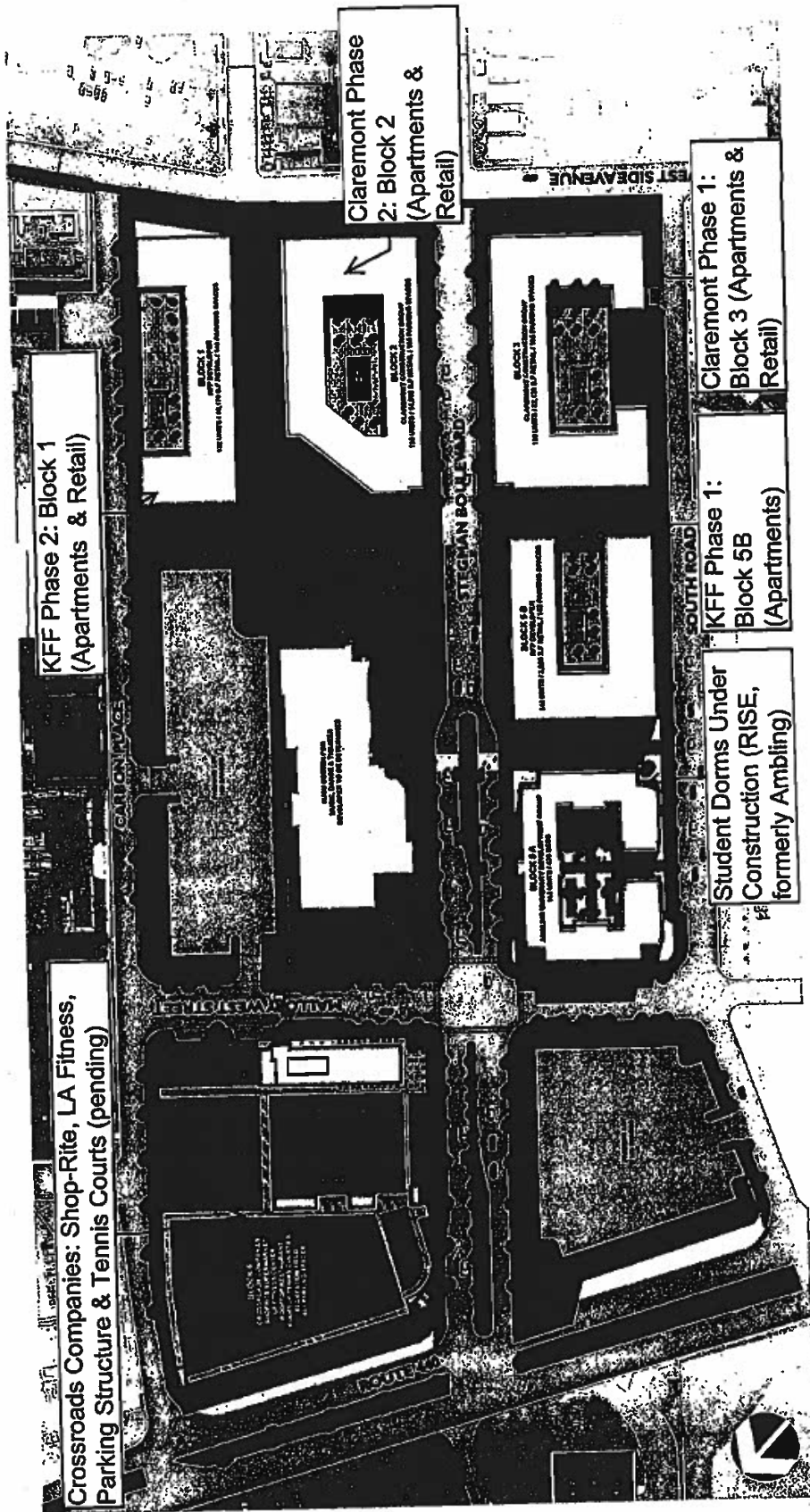


Timothy J. Lizura
President and Chief Operating Officer

Prepared by: Juan Burgos

EXHIBIT A: WEST CAMPUS SITE PLAN

*New Jersey City University
Higher Education Public Private Partnership Program
West Campus Blocks 1 and 5B*



WEST CAMPUS MASTER PLAN

NEW JERSEY CITY UNIVERSITY

Location: Jersey City, New Jersey

EXHIBIT B:

**SEPTEMBER 2015 APPROVED SITES FOR THE CROSSROADS
COMPANIES AND KKF UNIVERSITY ENTERPRISES LLC
PROJECTS**

**EXHIBIT C: MARCH 2019 APPROVED CROSSROADS COMPANIES SITE
AND PROPOSED KKF UNIVERSITY ENTERPRISES PHASE 2
SITE**

EXHIBIT D: PROPOSED PROJECT ELEVATIONS AND FLOOR PLANS

FENBERG ASSOCIATES
 ARCHITECTS & INTERIOR DESIGN
 1400 MARKET STREET, SUITE 100, PHILADELPHIA, PA 19102
 TEL: 215.252.2200 FAX: 215.252.2208
 WWW.FENBERG.COM

NEW JERSEY CITY UNIVERSITY - RESIDENTIAL BUILDING
 BUILDING 1
 JERSEY CITY, NEW JERSEY
 FOR KKF BLOCK 1 URBAN RENOVATION, LLC

SHEET NO. 101
 DATE: 07/16/19
 SCALE: AS SHOWN

DATA - BUILDING BLOCK 1

BLOCK IN LOT #	1
TOTAL	24
RESIDENTIAL	24
COMMERCIAL	0
TOTAL UNITS	24

RESIDENTIAL UNITS

STUDIO	1
1 BEDROOM	1
2 BEDROOM	22
TOTAL UNITS	24

RESIDENTIAL SQUARE FOOTAGE

STUDIO	1,100
1 BEDROOM	1,100
2 BEDROOM	1,100
TOTAL	3,300

DATA

AREA	10,000
SECOND FLOOR PLANT	10,000
THIRD FLOOR PLANT	10,000
TOTAL	30,000

NOTE: DOES NOT INCLUDE PLANT OR DECK SQUARE FOOTAGE

DATA - BUILDING BLOCK 1

BLOCK IN LOT #	1
TOTAL	24
RESIDENTIAL	24
COMMERCIAL	0
TOTAL UNITS	24

RESIDENTIAL UNITS

STUDIO	1
1 BEDROOM	1
2 BEDROOM	22
TOTAL UNITS	24

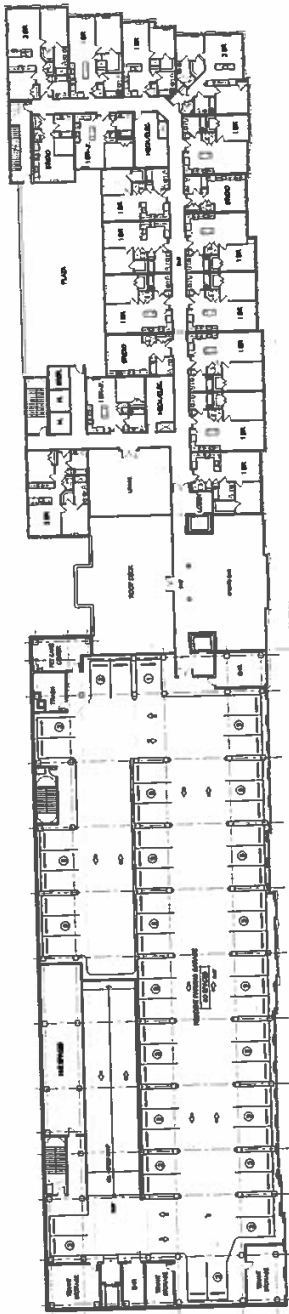
RESIDENTIAL SQUARE FOOTAGE

STUDIO	1,100
1 BEDROOM	1,100
2 BEDROOM	1,100
TOTAL	3,300

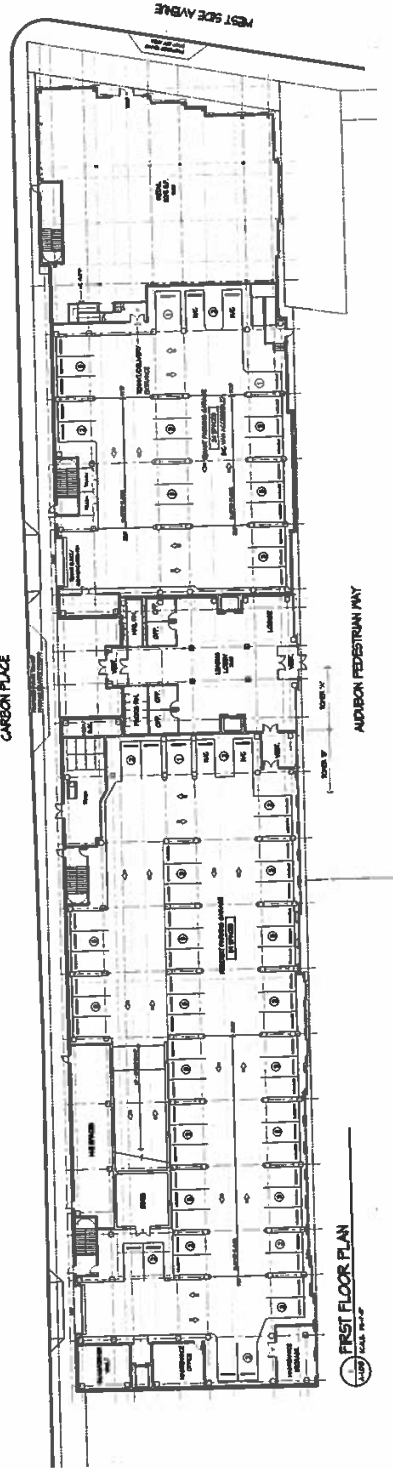
DATA

AREA	10,000
SECOND FLOOR PLANT	10,000
THIRD FLOOR PLANT	10,000
TOTAL	30,000

NOTE: DOES NOT INCLUDE PLANT OR DECK SQUARE FOOTAGE



1 SECOND FLOOR PLAN
SCALE: 1/8" = 1'-0"



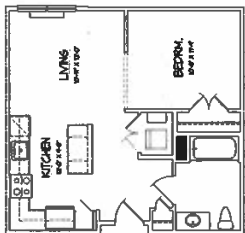
2 FIRST FLOOR PLAN
SCALE: 1/8" = 1'-0"

101 / CLIENT REVIEW - 7/22/19

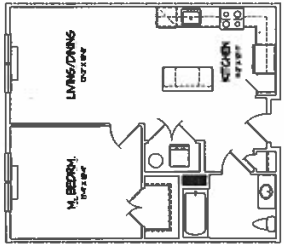
FEINBERG ASSOCIATES ARCHITECTURAL DESIGN & INTERIOR DESIGN 1000 HIGHLAND PARK DRIVE, SUITE 400, VERONA, NJ 07093 TEL: 908.262.0000 FAX: 908.272.8800 www.feinbergassociates.com		NEW JERSEY CITY UNIVERSITY - RESIDENTIAL BUILDING BUILDING 1 JERSEY CITY, NEW JERSEY FOR: KCF BLOCK 1 URBAN RENOVATION, LLC.	PROJECT NO. 19-001 SHEET NO. 101 DATE: 07/16/19 SCALE: AS SHOWN DRAWN BY: JAC CHECKED BY: JAC	SECTION & UNITS UNIT #1 UNIT #2 UNIT #3 UNIT #4 UNIT #5 UNIT #6 UNIT #7 UNIT #8 UNIT #9 UNIT #10 UNIT #11 UNIT #12 UNIT #13 UNIT #14 UNIT #15 UNIT #16 UNIT #17 UNIT #18 UNIT #19 UNIT #20 UNIT #21 UNIT #22 UNIT #23 UNIT #24 UNIT #25 UNIT #26 UNIT #27 UNIT #28 UNIT #29 UNIT #30 UNIT #31 UNIT #32 UNIT #33 UNIT #34 UNIT #35 UNIT #36 UNIT #37 UNIT #38 UNIT #39 UNIT #40 UNIT #41 UNIT #42 UNIT #43 UNIT #44 UNIT #45 UNIT #46 UNIT #47 UNIT #48 UNIT #49 UNIT #50 UNIT #51 UNIT #52 UNIT #53 UNIT #54 UNIT #55 UNIT #56 UNIT #57 UNIT #58 UNIT #59 UNIT #60 UNIT #61 UNIT #62 UNIT #63 UNIT #64 UNIT #65 UNIT #66 UNIT #67 UNIT #68 UNIT #69 UNIT #70 UNIT #71 UNIT #72 UNIT #73 UNIT #74 UNIT #75 UNIT #76 UNIT #77 UNIT #78 UNIT #79 UNIT #80 UNIT #81 UNIT #82 UNIT #83 UNIT #84 UNIT #85 UNIT #86 UNIT #87 UNIT #88 UNIT #89 UNIT #90 UNIT #91 UNIT #92 UNIT #93 UNIT #94 UNIT #95 UNIT #96 UNIT #97 UNIT #98 UNIT #99 UNIT #100	A-1.022
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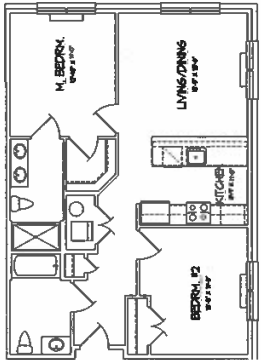
1 STUDIO UNIT (510 S.F.)



1 BEDRM. JR. UNIT (544 S.F.)



1 BEDRM. UNIT (721 S.F.)



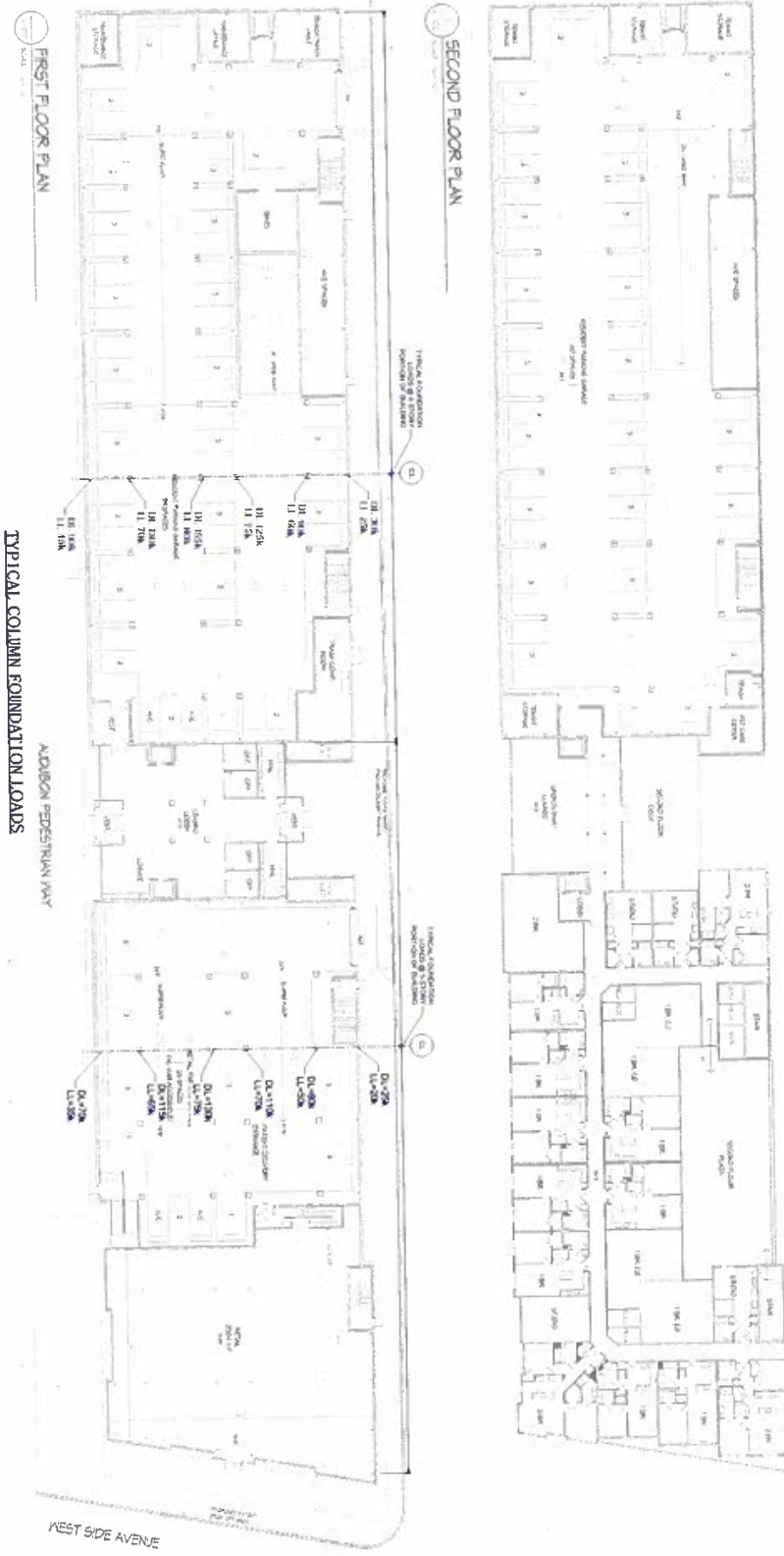
2 BEDRM. UNIT (982 S.F.)

NO.	DESCRIPTION	AREA (S.F.)	PERCENT	TOTAL AREA (S.F.)
1	STUDIO UNIT	510	0.52	971
2	1 BEDRM. JR. UNIT	544	0.56	1515
3	1 BEDRM. UNIT	721	0.74	2236
4	2 BEDRM. UNIT	982	1.01	3218
TOTAL		2657	2.73	9710

1 BUILDING SECTION



1 SIXTH FLOOR PLAN



DATA - BUILDING BLOCK 1	
NO. OF FLOORS	2
NO. OF UNITS	10
NO. OF STAIRS	2
NO. OF ELEVATORS	1
NO. OF GARAGES	0
NO. OF STORAGE	0
NO. OF BICYCLES	0
NO. OF VEHICLES	0
NO. OF TRUCKS	0
NO. OF BUSES	0
NO. OF TRAILERS	0
NO. OF BOATS	0
NO. OF MOTORHOMES	0
NO. OF RECREATION VEHICLES	0
NO. OF OTHER	0
NO. OF TOTAL	0

DATA - BUILDING BLOCK 1	
NO. OF FLOORS	2
NO. OF UNITS	10
NO. OF STAIRS	2
NO. OF ELEVATORS	1
NO. OF GARAGES	0
NO. OF STORAGE	0
NO. OF BICYCLES	0
NO. OF VEHICLES	0
NO. OF TRUCKS	0
NO. OF BUSES	0
NO. OF TRAILERS	0
NO. OF BOATS	0
NO. OF MOTORHOMES	0
NO. OF RECREATION VEHICLES	0
NO. OF OTHER	0
NO. OF TOTAL	0

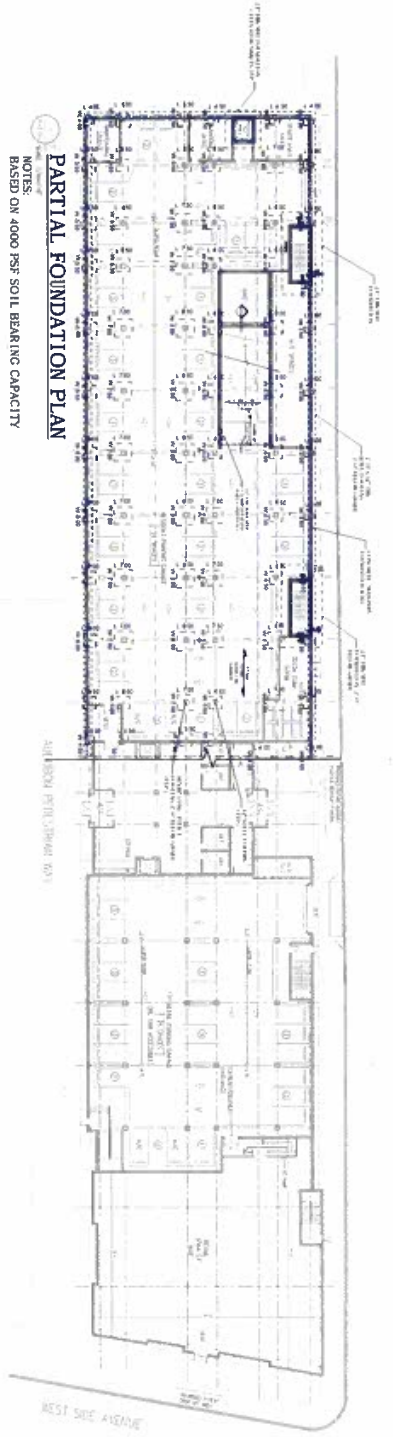
<p>DATE: 07/16/19 DRAWN BY: [Name] CHECKED BY: [Name] PROJECT NO: A-100</p>	<p>NEW JERSEY CITY UNIVERSITY RESIDENTIAL BUILDING - BUILDING 1 JERSEY CITY, NEW JERSEY</p> <p>FOR: KKF BLOCK 1 URBAN RENEWAL, LLC.</p>	<p>FEINBERG & ASSOCIATES ARCHITECTURAL & ENGINEERING</p> <p>100 West Street, Jersey City, NJ 07310 Tel: 201.974.0000 Fax: 201.974.0001 www.feinbergandassociates.com</p>
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PARTIAL 3RD FLOOR FRAMING PLAN



PARTIAL 2ND FLOOR FRAMING PLAN



PARTIAL FOUNDATION PLAN

NOTES:
BASED ON 4000 PSF SOIL BEARING CAPACITY

SEE PLAN FOR CHANGES

WEST SIDE AVENUE

BOARD MEMORANDUM



MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan, Chief Executive Officer
DATE: July 16, 2019
SUBJECT: Projects Approved Under Delegated Authority –
For Informational Purposes Only

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

Direct Loan Program:

- 1) Chestnut St Realty LLC (P45774), located in Norwood Borough, Bergen County, is a real estate holding company formed in 2016 to purchase the project property. The operating company, Pro Source Shop Inc. ("Pro Source") was founded in 2009 to sell a variety of home goods and kitchenware via online platforms such as Walmart, eBay, and Amazon and their own private label website, Kovot. Pro Source has incorporated other products such as toys, cookeries and leisure wear. The NJEDA approved a \$1,000,000 direct loan in conjunction with a \$1,800,000 loan from Citizens Bank to be used to refinance existing debt. Currently, the Company has eight employees and plans to create eight new jobs over the next two years.

Premier Lender Program:

- 1) 225 Liberty Street LLC (P45743), located in Metuchen Borough, Middlesex County, is a real estate holding company that was formed in 2019 to purchase the project property. The operating company, TC Woodworking, LLC d/b/a TC Fabrication ("TCW"), is a full-service design, fabrication, management, installation, transportation and storage company for retail stores, trade show exhibits, popup stores, and museum/store installations. TCW's clients include Nike, Panera Bread and IKEA as well as regional and local companies. OceanFirst Bank N.A. approved a \$2,835,750 bank loan contingent upon a 36.84% (\$1,044,750) Authority participation. Proceeds will be used to purchase the project property. The Company currently has 17 employees and plans to create eight additional jobs within the next two years.

- 2) 465 Industrial Way West Owner, LLC (P45747), located in Eatontown Borough, Monmouth County, is a real estate holding company formed to purchase the project property. The operating company, Specialty Lighting Industries, Inc. ("SLI"), founded in 1993, is a family owned architectural lighting fixture company. SLI invents, designs, engineers, manufactures and installs lighting solutions for commercial, retail, hospitality and residential applications. Provident Bank approved a \$4,560,000 bank loan contingent upon a 15.79% (\$720,000) Authority participation. Proceeds will be used to purchase the project property. Currently, the Company has 40 employees and plans to create four new positions over the next two years.
- 3) Federation Realty, L.L.C. (P45775), located in South Brunswick Township, Middlesex County, is a real estate holding company that was formed in 2000 to purchase the project property. The operating company, Federation Distribution Services, Inc. ("Federation"), formed in 1995, is a warehousing, distribution, fulfillment and logistics company providing third party logistics services to the entire East Coast. Customers include producers of canned vegetables, dried fruits and seafood wholesalers, and are USDA approved. Provident Bank approved an \$8,330,000 bank loan contingent upon a 12% (\$1,000,000) Authority participation. Proceeds will be used to consolidate existing debt and for property expansion. The Company currently has 45 employees and plans to create 15 new positions over the next two years.

Small Business Fund Program:

- 1) 332 Haddon LLC (P45773) is a real estate holding company formed by the principals of two unrelated operating companies, A2C Mortgage, LLC, a mortgage broker, and Keith Sparks, CPA LLC, an accountant. The companies are relocating from Haddonfield to the new property for business expansion. Fulton Bank approved a \$499,500 loan contingent upon a 40.04% (\$200,000) Authority participation. Proceeds will be used to purchase the project property in Haddon Township. Currently, staffing totals six and is expected to grow to ten within two years.
- 2) Highstep Properties, LLC (P45725), located in Fairfield Borough, Essex County, is a newly formed entity created to purchase the project property. The operating company, Highstep Technologies Inc. ("Highstep"), was formed in 1998 as a software development and services company. Highstep's services include: custom software development, mobile applications, application development, Cloud computing, and Website design and development. Clients include banking, utilities, healthcare and construction. The Company was approved for a \$73,800 direct loan. Proceeds will be used to purchase the project property. Currently, the Company has six employees and plans to create five new jobs over the next two years.
- 3) Kamela Kator (P45733) is the owner of an operating company, Uniform Warehouse Inc. ("Uniform"). Uniform, founded in 2001, customizes uniforms for law enforcement and security companies by sewing or screening company names, emblems and patches on apparel at three locations in California. The NJEDA approved a \$180,000 direct loan in conjunction with a \$630,000 loan from BB&T Bank. Proceeds will be used to purchase a building in Vineland which will become their new East Coast warehouse. Uniform plans to create ten new positions in Vineland.

- 4) Property Partner Managers, LLC (P45729), located in Westfield Town, Union County, was formed in 2019 to purchase the project property. The operating company, Pro Touch Physical Therapy Group, LLC, ("Pro Touch") was established in 2015 as a physical therapy clinic, focusing on joint motion, muscle strength and daily living activities. Pro Touch treats sciatica, scoliosis, fibromyalgia and TMJ disorders. OceanFirst Bank, N.A. approved a \$612,750 loan contingent upon a 31.6% (\$193,500) Authority participation. Proceeds will be used to purchase the project property. The Company currently has two employees and plans to create two new positions within the next two years.

Small Business Fund Program - Modification:

- 1) Kamela Kator (P45733), located in Vineland City, Cumberland County, was approved for a \$180,000 direct loan in June 2019. Under delegated authority, a change in the loan to value was approved. The LTV increased from 90% at time of approval to 95% prior to closing. All other terms and conditions of the original approval remain unchanged.

A handwritten signature in blue ink, appearing to be 'F. L.', is written above a horizontal line.

Prepared by: G. Robins



TO: Members of the Authority
FROM: Tim Sullivan, Chief Executive Officer
DATE: July 16, 2019
SUBJECT: Hazardous Discharge Site Remediation Fund - Delegated Authority
Second Quarter 2019 Approvals (For Informational Purposes Only)

Pursuant to delegations approved by the Board in May 2006, staff may approve new grants under the Hazardous Discharge Site Remediation Fund (HDSRF) up to \$100,000 and supplemental awards for existing grants (of any size) up to an aggregate of \$100,000, provided that the aggregate amount of the supplemental awards does not exceed \$100,000.

Attached is a summary of the Delegated Authority approvals ending June 30, 2019 for the second quarter. Seven grants were approved totaling \$298,069.

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

Tim Sullivan

Prepared by: Kathy Junghans

PROJECT	APPLICANT	DESCRIPTION	GRANT AMOUNT
45477	Hammonton Town (Sams's Super Service)	Initial grant for Remedial Investigation	\$66,200
45031	Paterson City (8 26 Wayne Ave. Dairy Queen)	Supplemental grant for Site Investigation	\$24,280
45328	Closter Borough (Closter Swim Club)	Initial grant for Remedial Investigation	\$16,220
45585	Mercer County Improvement	Supplemental grant for Remedial Investigation	\$31,647
45394	Paterson City (Dairy Queen)	Supplemental grant for Remedial Investigation	\$38,300
45655	Carneys Point Township (411 S. Pennsville-Auburn Rd)	Initial grant for Remedial Investigation	\$28,208
45327	Delran Township (Abrasive Alloy Casting Company)	Supplemental grant for Remedial Investigation	\$93,214
7 Grants		Total Delegated Authority for HDSRF Applications	\$298,069

*Includes cumulative awards to date (initial & supplemental). Supplemental grant awards do not exceed \$100,000 the delegation permitted



TO: Members of the Authority
FROM: Tim Sullivan
 Chief Executive Officer
DATE: July 02, 2019
SUBJECT: Petroleum Underground Storage Tank Program - Delegated Authority Approvals
 (For Informational Purposes Only)

Pursuant to the delegations approved by the Board in May 2006, staff may approve new grants under the Hazardous Discharge Site Remediation Fund (HDSRF) and Petroleum Underground Storage Tank Program (PUST) up to \$100,000 and may approve supplemental awards for existing grants (of any size) up to an aggregate of \$100,000, provided that the aggregate amount of the supplemental awards do not exceed \$100,000.

The Petroleum Underground Storage Tank Program legislation was amended to allow funding for the removal/closure and replacement of non-leaking residential underground storage tanks (UST's) and non-leaking non-residential UST's up to 2,000 gallons for eligible not for profit applicants. The limits allowed under the amended legislation is equivalent to the New Jersey Department of Environmental Protection cost guide.

Below is a summary of the Delegated Authority approvals processed by Finance & Development for the period April 01, 2019 to June 30, 2019

Summary:	# of Grants	\$ Amount
Leaking tank grants awarded	30	\$659,478
Non-leaking tank grants awarded	0	\$0

Applicant	Description	Grant Amount	Awarded to Date
Cantor, Marc (P45659)	Partial initial grant for upgrade, closure and remediation	\$3,621	\$3,621
Chicaiza, Martha (P45286)	Initial grant for upgrade, closure and remediation	\$19,751	\$19,751
Ching, Oscar (P45278)	Initial grant for upgrade, closure and remediation	\$11,438	\$11,438
Clax, Leroy (P45496)	Supplemental grant for site remediation	\$10,332	\$67,672
Collado, Jocelyn (P45660)	Initial grant for upgrade, closure and remediation	\$9,882	\$9,882
Dafgak, Margaret (P45685)	Initial grant for upgrade, closure and remediation	\$19,500	\$19,500
DeSalvatore, James and Karen (P45658)	Initial grant for upgrade, closure and remediation	\$20,357	\$20,357
Degnan, Thomas and Susan (P45657)	Initial grant for upgrade, closure and remediation	\$7,835	\$7,835
Dennis, Laurie (P45693)	Initial grant for upgrade, closure and remediation	\$6,000	\$6,000
Estate of Winifred Skorski	Initial grant for upgrade,	\$70,525	\$70,525

Applicant	Description	Grant Amount	Awarded to Date
(P44514)	closure and remediation		
Foger, Soli and Tani (P45562)	Supplemental grant for site remediation	\$18,621	\$29,911
Galvin, Paula (P45699)	Initial grant for upgrade, closure and remediation	\$21,612	\$21,612
Graci, Salvatore (P45661)	Initial grant for upgrade, closure and remediation	\$17,913	\$17,913
Hobbs, Susie (P45560)	Supplemental grant for site remediation	\$95,118	\$107,058*
Juliano, Anna Biggiani (P44442)	Initial grant for upgrade, closure and remediation	\$48,406	\$48,406
Lamar, John (P45696)	Partial initial grant for upgrade, closure and remediation	\$4,819	\$4,819
Lopes, Joseph (P45689)	Initial grant for upgrade, closure and remediation	\$10,247	\$10,247
Milton First Aid Squad, Inc. (P45368)	Supplemental grant for site remediation	\$3,112	\$29,459
Obeng, Pip and Georgina (P45491)	Supplemental grant for site remediation	\$2,541	\$34,543
Phillely, David (P45664)	Initial grant for upgrade, closure and remediation	\$25,937	\$25,937
Piccoli, Joseph and Laura (P45648)	Partial supplemental grant for site remediation	\$862	\$9,537
Schaffer, Gonnie (P45283)	Initial grant for upgrade, closure and remediation	\$50,058	\$50,058
Shamael, Doti (P45647)	Supplemental grant for site remediation	\$600	\$22,846
Smith, Sharon A. (P45662)	Initial grant for upgrade, closure and remediation	\$4,188	\$4,188
Sorkau, Anna (P45289)	Initial grant for upgrade, closure and remediation	\$28,886	\$28,886
Spencer, Edward and Renee (P45681)	Initial grant for upgrade, closure and remediation	\$25,340	\$25,340
Stickle, Jeffrey (P45494)	Supplemental grant for site remediation	\$3,042	\$29,798
Vazquez, Hipolito and Catherine (P45298)	Partial initial grant for upgrade, closure and remediation	\$128	\$128
Vidal, Efren (P45667)	Initial grant for upgrade, closure and remediation	\$18,978	\$18,978
Vincentown United Methodist Church (P45294)	Initial grant for upgrade, closure and remediation	\$99,829	\$99,829

30 Grants**Total Delegated Authority
funding for Leaking****\$659,478**

Applicant	Description	Grant Amount	Awarded to Date
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applications.

*This amount includes grants approved previously by the Board and this award does not exceed the \$100,000 aggregate supplemental limit for staff delegation.



Tim Sullivan

Prepared by: Kathy Junghans , Finance Officer



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: July 16, 2019

SUBJECT: Real Estate Division Delegated Authority for Leases and Right of Entry (ROE)/
Licenses for Second Quarter 2019 - *For Informational Purposes Only*

The following approvals were made pursuant to Delegated Authority for Leases and ROE/
Licenses in April, May and June 2019:

LEASES

<u>TENANT</u>	<u>LOCATION</u>	<u>TYPE</u>	<u>TERM</u>	<u>S.F.</u>	<u>CCIT GRANT</u>
Bellerophon Therapeutics	Bioscience Center Incubator	Lease Holdover	Month to Month	1600 sf	N/A
Aucta Pharmaceuticals	Bioscience Center Incubator	Lease Holdover	Month to Month	1,000 sf	N/A
BioAegis Therapeutics	Bioscience Center Incubator	Lease Holdover	Month to Month	800 sf	N/A
Urogen Pharmaceuticals	Bioscience Center Incubator	Lease Holdover	Month to Month	655sf	N/A
API Pharmatech	Bioscience Center Incubator	Lease Amendment	7 months	Additional small lab for total of 1,600sf	N/A
Genomic Prediction	Bioscience Center Incubator	Lease Amendment and Extension	14 months	Additional 800sf for total of 3,200sf	N/A
HistoBridge	Bioscience Center Incubator	New Lease	One Year	800sf	N/A

Rutgers	Bioscience Center	Lease Renewal	Exercised 5 year renewal option.	29,975 s/f	N/A
Innovaera Pharmaceuticals	Bioscience Center Incubator	Lease Amendment	3 months	Reduction of space to 1,000sf	N/A
Angex Pharmaceuticals	Bioscience Center Incubator	Lease Extension/Amendment	One Year	125sf	N/A

RIGHT OF ENTRY/LICENSES/EXTENSIONS

<u>ENTITY</u>	<u>LOCATION</u>	<u>TYPE</u>	<u>CONSIDERATION</u>
Middlesex County Fair	Tech Expansion	ROE to park ad trailer	-0-
Youth Sports Festival	Tech Expansion	ROE for carnival	-0-

MISCELLANEOUS

<u>ENTITY</u>	<u>LOCATION</u>	<u>TYPE</u>	<u>CONSIDERATION</u>
None			



 Tim Sullivan
 Chief Executive Officer

Prepared by: Donna T. Sullivan



EXECUTIVE SESSION

TO: Members of the Authority
FROM: Tim Sullivan, Chief Executive Officer
DATE: July 16th, 2019
SUBJECT: Offshore wind (OSW) port – economic and financial feasibility assessment

Request

The Members of the Board are asked to approve the Authority entering into a contract amendment to NJEDA-2018-GSA-RFQ080 with McKinsey and Company, Inc. Washington D.C. (McKinsey) to assess the economic and financial viability of a new offshore wind (OSW) port development project. Due to potential commercial considerations, the location of the project – which has been identified based on a significant body of work – remains confidential at this time.

The contract amendment is for a firm-fixed-price, not to exceed amount of \$365,987.84, with the contract amendment subject to the existing contract's initial two (2) year contract term.

Staff anticipates the report will be finalized within a ten (10) week period from date of contract execution.

Findings from the feasibility study will be used to inform any subsequent decision by the Authority on whether and how to proceed with a potential development.

Background

Based on significant evidence of the strategic need, and conscious of the need to mobilize quickly to capture maximum economic benefits, staff seeks approval to commission a feasibility assessment of a potential OSW port. This will clarify the economic and financial viability of a new OSW-focused port, as well as the optimal development type, sequencing and footprint. As such, this study represents an important decision point for the Authority and State.

With other states already mobilizing, delays risk New Jersey missing out on potential supply chain benefits. For example, New York Governor Cuomo has announced a \$200 million-dollar commitment to support the development of OSW port facilities, while a site on Arthur Kill was recently identified as high-potential for OSW marshalling (which could potentially service NJ and NY projects).

This Memorandum clarifies staff's proposed objectives, decision-making pathway and timeframes. In particular, it explains why new OSW port infrastructure is required and why staff is proposing that the Authority lead this work, how the proposed contract amendment advances a potential port development, and when key milestones in the Authority's broader decision-making process are expected to be achieved.

This Memorandum is structured as follows:

- 1 A once in a generation offshore wind (OSW) pipeline
- 2 The need for new and fit-for-purpose port capacity to meet OSW needs
- 3 Site identification
- 4 Next step – commissioning an economic and financial feasibility study
- 5 Procurement and timeframes
- 6 Mitigating conflicts with NJ Board of Public Utilities' (NJBPU) (now complete) OSW solicitation
- 7 Recommendation

1 A once in a generation offshore wind (OSW) project pipeline

On 31 January 2018, Governor Phil Murphy signed Executive Order No.8 (EO8) directing the NJBPU and all state agencies with responsibility under the Offshore Wind (OSW) Economic Development Act (OWEDA) to “take all necessary action” to implement OWEDA and begin mobilizing towards a goal of 3,500 MW (3.5 GW) of OSW generation by 2030. The solicitation of 1,100 MW, awarded in June this year, was the first step towards the 2030 target; with additional scheduled solicitations of 1,200 MW in 2020 and 1,200 MW in 2022.

New Jersey is also part of a collective of East Coast states including New York, Massachusetts, and Maryland that have announced a potential 18+ GW OSW project pipeline. Besides ensuring new and clean generating capacity, this pipeline represents a once in a generation economic development opportunity. According to the University of Delaware's Special Initiative on Offshore Wind there is a nearly \$70 billion capital investment opportunity for businesses in the offshore wind power supply chain over the course of the next decade. *Exhibit A-1* highlights the State's geographic advantage in capitalizing on this opportunity.

Delivery and ongoing servicing of the region's proposed OSW pipeline is expected to require 23,000 – 37,000 jobs by 2028, according to a 2017 Clean Energy State Alliance Report. If New Jersey were to capture its proportional share of this economic activity, the state could expect that between 10,000 to 16,000 local jobs would be linked to the industry. Given New Jersey's transparent and aggressive procurement schedule outlined by the NJBPU in 2018 (of 1,100 MW in 2018, 1,200 MW in 2020, and 1,200 MW in 2022), as well as its commitment to support infrastructure, innovation, and workforce development in the OSW industry, the State is very well-positioned to serve as a supply chain hub. This competitive advantage was further strengthened with the NJBPU's award on June 21 this year of the first (1,100 MW) to Ørsted.

In this context, OSW was identified as a focus sector in the Governor's 2018 "State of Innovation" Economic Plan; with the Authority – through its Office of Economic Transformation (OET) – tasked with identifying supply chain gaps and realizing development opportunities. Specifically, the Authority has focused its efforts on understanding the economic opportunity of the OSW industry, refining the State's value proposition for potential OSW supply chain companies, and performing analysis to identify ports and infrastructure to serve and attract the industry.

2 The need for new and fit-for-purpose port capacity to meet OSW needs

New and fit-for-purpose port capacity is required to meet 2030 OSW targets and to maximize economic benefits for the State.

Based on extensive industry feedback, the OET has identified an opportunity to catalyze the development of a transformational hub-style port; both to support the cost-effective delivery of the State's own OSW pipeline, and to maximize economic benefits for the State from the larger northeast pipeline.

More broadly, the opportunity recognizes the critical 'pull' factor that ports represent for aspects of the OSW supply chain. Ports are critical to all aspects of OSW, with the bulk of component manufacturing, marshalling and final assembly taking place at or close to the portside. Ports are often tailored to the specific needs of OSW projects and their supply chains. For example, large and heavy components such as nacelles, blades and foundations can typically only be transported by water; in-turn necessitating their manufacture and fabrication at or adjacent to the port itself. By extension, this requires quaysides that are reinforced sufficiently to accommodate significant

component weights and scale; as well as sufficient water depth to accommodate the ships required to transport components to installation sites. In addition, waterfront facilities are needed to serve as installation and staging areas where components can be accumulated prior to being loaded onto the installation vessels and transported offshore. During both the construction and operations phases, crew transfer vessels need to make frequent transits to a wind farm, transporting the technicians responsible for construction, planned maintenance, and unplanned repairs. In summary, OSW port infrastructure requirements are unique, wide-ranging and extend over a project's entire life cycle, including eventual decommissioning and deconstruction.

Several detailed assessments of the State's and wider northeast region's existing port infrastructure has highlighted the need for new and fit-for-purpose capacity to meet OSW industry needs. This evidence base includes studies by the NJBPU (ongoing), the US Department of Energy and the New York State Energy Research and Development Authority (NYSERDA), amongst others.

Findings have been further substantiated through targeted consultation with industry, including a Request for Information (RFI) which the OET issued to industry in September last year. Besides identifying a need for additional port capacity, the RFI underscored the need for government action in order to bring new capacity online. The Authority is leading the initial groundwork on behalf of the State and in consultation with its sister agencies on the Offshore Wind Interagency Taskforce.

Exhibit A-2 showcases a European offshore wind port development, located in Hull, England – this development has already seen £310 million (\$400 million) invested by the private sector in turbine production facilities, with a target to attract a total of £1 billion (\$1.3 billion).

3 Site identification

Significant work has been undertaken to identify potential locations for a transformational hub-style OSW port based on strict technical requirements; with this work identifying one location as most suitable.

This evidence base includes detailed studies by NJBPU and NYERSDA, as well as industry responses to an RFI which the Authority issued to the OSW industry in September last year. Technical studies and RFI responses indicated that the site under consideration has very high potential to support a transformational hub-style OSW port.

For these reasons, Staff is seeking to appraise the economic and financial feasibility of a port development at the site – while retaining the option to undertake feasibility studies of other sites in the future.

4 Next step – commissioning an economic and financial feasibility study

Resolving whether – and in what form – a potential development is economically and financially feasible at this site will require a phased decision-making process. To this end, and drawing on best practice, the Authority has adopted the following three-step decision-making process:

Step One – Developing a “Strategic Business Case”, to identify strategic needs and benefits;

Step Two – Developing a “Preliminary Business Case”, to reconfirm the need and benefits, and to arrive at a preferred development option; and

Step Three – Developing a “Detailed Business Case”, to develop a detailed evidence base with which to inform an investment decision and resolve the procurement method.

Step One is complete, with staff identifying a clear need (i.e to bridge existing shortfalls in meeting OSW port needs) and benefit in meeting that need (i.e on-time and cost-effective delivery of 2030 targets, as well as maximizing economic benefits for the State).

Step Two is underway, with work already undertaken to identify locations for a port development, based on strict technical criteria (see description of the draft NJBPU port study above). This enabled the identification of the highest potential locations based on a list of 35+ initially identified areas.

Staff is now requesting approval to seek expert assistance with Step two; specifically, commissioning a feasibility assessment of a limited range of development options at the identified site. For each option, this assessment would determine to a high degree of accuracy:

- The economic return for the State and local municipality (expressed as a Benefit Cost Ratio (BCR));¹
- Financial viability (i.e. the revenue generating capacity, relative to total cost, expressed in Net Present Value (NPV) terms); and
- Any fiscal implications for the State (e.g. requirement for a subsidy).

The outcomes from this initial feasibility assessment will form a key input to the Authority’s decision on whether to proceed to a Detailed Business Case for the preferred option.

This RFP’s Scope of Work contemplates an initial feasibility assessment only. Should staff consider that the Authority should proceed with a Detailed Business Case for any option, staff will separately solicit bid proposals and present recommendations to the Board for a separate

¹ A BCR is the ratio of the benefits of a project or proposal, expressed in monetary terms, relative to its costs, also expressed in monetary terms

contract or contract amendment(s) for that work.

Staff may present recommendation(s) for feasibility studies for other sites at a future time.

5 Procurement the of study & timeframes

The selection of a contractor for this work followed an extensive procurement process.

Reflecting the need to mobilize quickly to maximize economic benefits for the State, as well as commercial confidentiality considerations relating to future site acquisition, the Authority opted to utilize the U.S. General Services Administration (“GSA”) process to procure a qualified contractor. Based on an assessment of capability with infrastructure feasibility and early-stage development, the Authority approached nine (9) GSA vendors to determine interest and to confirm that the vendor would not be conflicted due to past or ongoing direct or indirect involvement with NJPBU’s OSW solicitation.² All nine (9) Vendors were requested to submit a signed confidentiality statement and eligibility declaration form. Based on this:

- Six (6) vendors declined to submit confidentiality statements and non-conflict declaration forms, five (5) stating it was due to their past or ongoing involvement in NJBPU’s (then underway) 1,100MW OSW solicitation, with one (1) firm not responding at all;
- Three (3) vendors, while confirming no involvement with NJBPU’s solicitation, chose not to submit a proposal.

As this approach did not result in bid submittals, requests for quotes under the “additional work” clauses of existing consulting contracts were issued to two firms, Jones Lang LaSalle Americas, Inc. (JLL) and McKinsey and Company, Inc. Washington D.C. (McKinsey), who have existing contracts with the Authority for economic and/or real estate consulting work.

Both firms were required to confirm their non-involvement with the NJBPU solicitation and provide confidentiality statements, in advance of receiving the request for quote. The Scope of Works remained unchanged from the earlier GSA RFP and the responses were assessed using the same criteria.

An Evaluation Committee comprising qualified Authority staff reviewed both submissions and recommended proceeding with additional work under the existing contract with McKinsey, which better demonstrated the necessary experience to undertake the services related to the Scope of Work. Staff then issued McKinsey a Best and Final Offer letter, and McKinsey responded with a not to exceed amount of \$365,987.84.

² Vendors who received proposals were selected from GSA e-Library, per GSA Schedule SIN Categories 871-1 (Professional Engineering Services – Strategic Planning for Technology Programs/Activities) and 874-1 (Mission Oriented Business Integrated Services – Integrated Consulting Services)

6 Mitigating conflicts with NJBPU's OSW (now complete) solicitation

The Authority took the following steps to mitigate any potential conflicts with the NJBPU's process, which was then underway:

1. Bidders, and JLL and McKinsey, were required to declare that they are not party to – or previously party to – a bid before the NJBPU regarding that agency's 1,100MW OREC solicitation issued on September 17, 2018; and
2. Bidders, and JLL and McKinsey, were required to sign a confidentiality statement, agreeing to treat any site information included in the RFP as strictly confidential.

In addition, the GSA RFP and request for quotes to JLL and McKinsey explicitly stated that the procurement of the feasibility study is independent of the solicitation issued on September 17, 2018 by the NJBPU, for the development of the first 1,100 MW of offshore wind in New Jersey.

The NJBPU's solicitation concluded on June 21st with the announcement that Danish company Orsted had been granted the award for the first 1,100 MW. The announcement is available here: <https://www.bpu.state.nj.us/bpu/newsroom/2019/approved/20190621.html>

7 Recommendation

The Members of the Board are asked to approve the Authority entering into a contract amendment to NJEDA-2018-GSA-RFQ080 with McKinsey and Company, Inc. Washington D.C. (McKinsey) to assess the viability of a new Offshore Wind (OSW) port at a preidentified location.

The contract amendment is for a firm-fixed-price, not to exceed amount of \$365,987.84, with the contract amendment subject to the existing contract's initial two (2) year contract term



Tim Sullivan
Chief Executive Officer

Prepared by: Jonathan Kennedy and Brian Sabina

EXHIBIT A-1: Offshore Wind Lease Areas

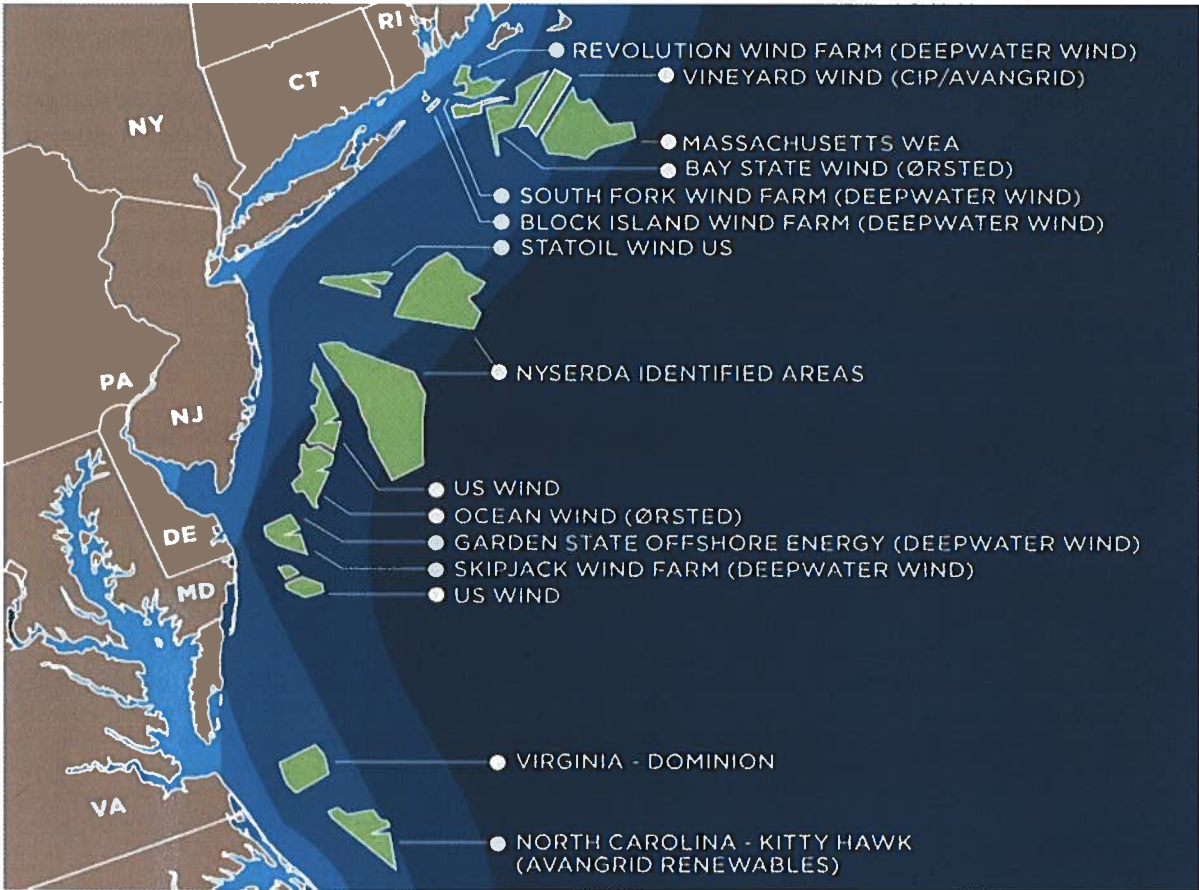
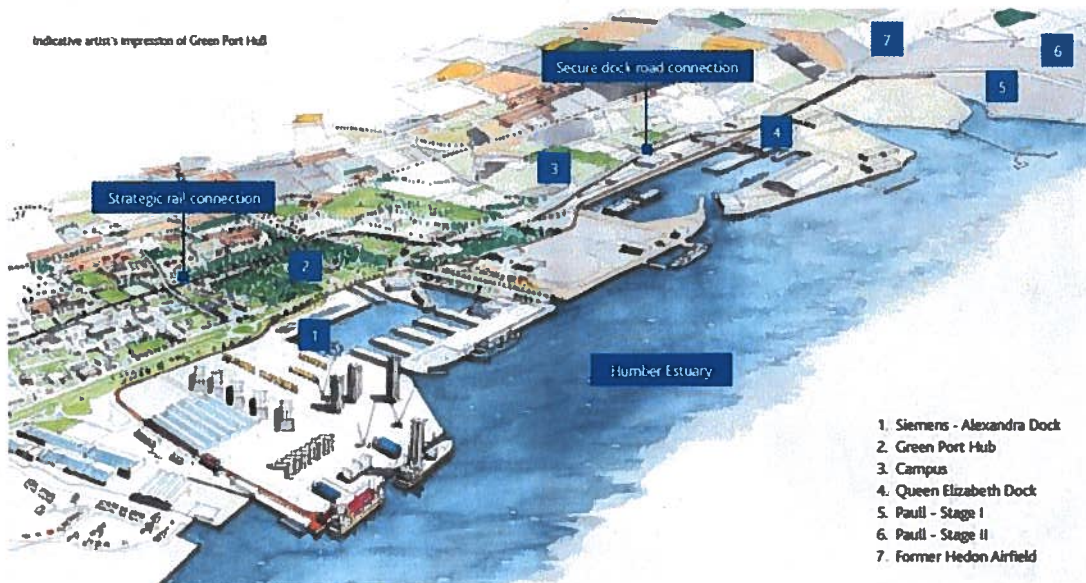


EXHIBIT A-2: Green Port Hull – An OSW port development in Hull, UK

Below are visual impressions of a future Green Port Hull, a £1 billion (US\$1.3 billion) development that is currently underway. The development aims to build upon an existing £310 million (US\$400 million) investment by Siemens in OSW turbine production at Hull's Alexandra Dock.



Source: <https://greenporthull.co.uk/projects/alexandra-dock>