MEMORANDUM

TO: Members of the Authority

FROM: Timothy Sullivan
Chief Executive Officer

DATE: July 17, 2024

SUBJECT: Agenda for Board Meeting of the Authority July 17, 2024

Notice of Public Meeting

Roll Call

Approval of Previous Month's Minutes

CEO's Report to the Board

Real Estate

Economic Transformation

Community Development

MOU

Incentives

Authority Matters

Board Memoranda

Executive Session

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

June 12, 2024

MINUTES OF THE MEETING

The Meeting was held in-person and by teleconference call.

Members of the Authority present in person: Chairman Terry O'Toole, Aaron Creuz, Executive Representative; Commissioner Robert Asaro-Angelo of the Department of Labor and Workforce Development; Elizabeth Dragon representing Commissioner Shawn LaTourette of the Department of Environmental Protection; and Public Members: Vice Chairman Charles Sarlo, Massiel Medina Ferrara; and Robert Shimko, First Alternate Public Member.

Members of the Authority present via conference call: Aaron Binder representing State Treasurer Elizabeth Muoio of the Department of Treasury; Manuel Paulino representing Acting Commissioner Justin Zimmerman of the Department of Banking and Insurance; Public Members: Phil Alagia, Virginia Bauer, Fred Dumont, Aisha Glover, and Marcia Marley.

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

Members of the Authority absent: Jewell Antoine-Johnson, Second Alternate Public Member.

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

In accordance with the Open Public Meetings Act, Mr. Sullivan announced that notice of this meeting has been sent to the *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 at the Department of State.

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

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

MINUTES OF AUTHORITY MEETING

The next item of business was the approval of the May 8, 2024 meeting minutes. A motion was made to approve the minutes by Mr. Creuz, seconded by Ms. Bauer and approved by the fourteen (14) voting members present.

PUBLIC COMMENT

Mr. Michael Reid, staff member of Bakin' Bad, a cannabis dispensary located in Atlantic City, addressed the Board on behalf of the owner, Ed Wilson, regarding the company's journey t-date and their interest in participating in a cannabis-related state program.

FOR INFORMATION ONLY: Ms. Bauer provided the Incentives Committee Report.

INCENTIVES

Aspire

ITEM: Aspire Program- Product #00313490 - Togus Urban Renewal LLC
REQUEST: To approve the issuance of tax credits from the Aspire program for a single-phased Transformative Film project located in Bayonne, New Jersey, Hudson County, up to 50% of the total project cost.
MOTION TO APPROVE: Comm. Angelo SECOND: Ms. Bauer AYES: 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

ITEM: Aspire Program- Product #313422 - 260 Washington St Urban Renewal LLC
REQUEST: To approve the issuance of tax credits from the Aspire program for a residential project located in Newark, New Jersey, Essex County up to 60% of the total project cost.
MOTION TO APPROVE: Ms. Dragon SECOND: Ms. Glover AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

Mr. Alagia recused because there is a condominium agreement between the project owner and the County of Essex.

Ms. Glover left the meeting at this time.

FOR INFORMATION ONLY: Chairman O'Toole provided the Policy Committee Report.

MOU

ITEM: Memorandum of Understanding and first addendum with the Higher Education Student Assistance Authority for funding for the Pay it Forward Program
REQUEST: To approve: (1) The transfer of funding to the Higher Education Student Assistance Authority (HESAA) for use in the Pay it Forward Program (PIF). This funding will be drawn from the Authority's MOU with the NJ Department of Labor & Workforce Development (DOLWD), which was approved by the Board at the February 2024 Meeting and authorizes NJEDA to accept funding from the Workforce Development Partnership Fund to support the design and execution of workforce development programs; (2) An MOU between EDA and HESAA to establish an ongoing funding relationship between the entities for this and future funding transfers from NJEDA to HESAA to fund PIF; and (3) Addendum 1 to that MOU to implement the transfer of initial funding.
MOTION TO APPROVE: Ms. Ferrara SECOND: Mr. Creuz AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

COMMUNITY DEVELOPMENT

ITEM: Allocation of remaining balance from the FY24 appropriation for the Main Street Recovery Fund
REQUEST: To approve: (1) Allocating the remaining balance of funding identified in the FY 2024 State Budget Appropriation Act to the Main Street Recovery Fund (P.L. 2023, c.74) to fund additional grant approvals for the Small Business Improvement Grant (SBIG) and Small Business Lease Grant (SBLG); (2) The utilization of a five percent (5%) administrative fee to support the NJEDA's costs to administer the additional funding; and (3) Utilization of the remaining funding for grant approvals as follows: a.) Funding allocated to the SBIG, with 40% of this amount set aside for grants to businesses located in an Opportunity Zone eligible census tract; and b.) Funding allocated to the SBLG for grant approvals, with 40% set aside for grants to businesses in Opportunity Zone eligible census tracts.
MOTION TO APPROVE: Ms. Dragon SECOND: Mr. Creuz AYES: 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

ITEM: Award of Activation, Revitalization and Transformation (ART) Real Estate Grants
REQUEST: To approve grant awards to Atlantic City real estate projects.
THIS ITEM HAS BEEN WITHHELD FROM CONSIDERATION

Mr. Dumont left the meeting at this time.

ECONOMIC TRANSFORMATION

ITEM: New Jersey Innovation Evergreen Fund: June 2024 Qualified Investment Approval
REQUEST: To approve a Qualified Investment under the New Jersey Innovation Evergreen Program.
MOTION TO APPROVE: Ms. Dragon SECOND: Mr. Creuz AYES: 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

ITEM: Fees and expenses cap increase for the New Jersey Black & Latino Seed Fund (BLSF), the SSBCI Socially & Economically Disadvantaged Individuals (SEDI) Seed Fund and Life Science Fund, and New Jersey Innovation Evergreen Fund (NJIEF)
REQUEST: To: (1) Increase the limit on allowable management fees for Black & Latino Seed Fund managers to align with the funds' Limited Partnership Agreements; (2) Increase the limit for the BLSF managers annual operating expenses; (3) Increase the approval limit for the SSBCI SEDI and Life Science Fund managers annual operating expenses; and (4) Increase the limit for NJIEF Qualified Venture Firm direct administrative expenses.
MOTION TO APPROVE: Comm. Angelo SECOND: Ms. Bauer AYES: 12
RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

FOR INFORMATION ONLY: Mr. Sarlo provided the Real Estate Committee Report.

REAL ESTATE

ITEM: Maternal and Infant Health Innovation Center: Recommendation for Award: 2023-RFP-059 Architectural/Engineering, 2023-RFP-060 Construction Management Services, PROD-00310664
REQUEST: To approve the Authority's selection and award of contracts for the Maternal and Infant Health Innovation Center (Project).
MOTION TO APPROVE: Mr. Shimko SECOND: Ms. Dragon AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

Ms. Ferrara recused because the City of Trenton's Planning Board, which will be reviewing this project, falls under her purview based on her current employment with the City of Trenton.

FOR INFORMATION ONLY: Chairman O'Toole provided the Audit Committee Report.

AUTHORITY MATTERS

ITEM: 2023 Authority Activities Annual Report
REQUEST: To approve the Authority's Activities portion of the Annual Report for 2023 as required under N.J.S.A. 34:1B-4 and Executive Order No. 37 (2006) and to approve submission of the report to the Governor's Authorities Unit, post to the Authority's website, and transmit to the Legislature.
MOTION TO APPROVE: Mr. Sarlo **SECOND: Mr. Creuz AYES: 12**
RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

Ms. Bauer left the meeting at this time.

ITEM: Recommendation for Award - #2023-RFP-181 - Risk Management and Insurance Brokerage Services
REQUEST: To approve entering into a contract for one (1) two-year base term, with three (3) one-year extension options to provide insurance broker and risk management services to the Authority, which include consultative services to the Wind Port Management team.
MOTION TO APPROVE: Mr. Creuz SECOND: Mr. Shimko AYES: 11
RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

BOARD MEMORANDA FYI ONLY

- Credit Underwriting Projects Approved Under Delegated Authority, May 2024
- Economic Transformation Products - Delegated Authority Approvals, Declinations, & Other Actions, Q1 2024

Ms. Ferrara commented that the City hosted a tour for HUD for its CHOICE Neighborhood application yesterday. Ms. Ferrara expressed her thanks on behalf of the City of Trenton to the EDA Team for their support of the City's HUD Choice Neighborhood application.

There being no further business, on a motion by Mr. Creuz, and seconded by Ms. Dragon, the meeting was adjourned at 11:41am.

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

Danielle Esser

Danielle Esser, Director
Governance & Strategic Initiatives
Assistant Secretary

MEMORANDUM

To: Members of the Authority

From: Tim Sullivan

Date: July 17, 2024

Re: July 2024 Board Meeting – CEO Report

We're halfway through 2024 and it's been a busy seven months for the New Jersey Economic Development Authority (NJEDA). With the commitment of our board and the hard work of our staff, the NJEDA has continued to launch new programs, expand existing ones, and support the economic growth of communities across the state.

Yesterday, I attended the NJ State Building & Construction Trades Council's 119th Annual Convention. Our labor unions are essential to our mission of revitalizing our communities and growing our economy. Under Governor Phil Murphy's leadership, New Jersey has proven that we can support our brothers and sisters in labor, while supporting the success of our businesses.

The North to Shore Festival proved to be successful again, in its second year, with amazing performances, conversations, and cultural programs taking place in Asbury Park, Atlantic City, and Newark. As part of this year's festival, the NJEDA proudly sponsored AfroTech Executive 2024, which drew several hundred attendees to downtown Newark for AfroTech's first ever event in New Jersey. AfroTech convened corporate executives, founders, entrepreneurs, and investors for vital discussions on tech innovation, financial literacy and responsibility, and generational wealth creation. I appreciate AfroTech's partnership and look forward to working together to break down barriers for entrepreneurs of color.

Earlier this year, I had the honor of attending Governor Phil Murphy's 2025 budget address, during which he outlined a proposal that puts affordability and fiscal responsibility at the forefront. I'm happy to report that the budget the Legislature passed, and the Governor signed into law included nearly $283 million in funding that will allow the NJEDA to create more opportunities for small business owners, innovative emerging companies, and families.

Over $52 million was appropriated to support the NJEDA's Economic Transformation programs, including $30 million to support Strategic Innovation Centers (SICs). Over the past year, we have announced support for several new SICs across the state, which will help drive ingenuity, support entrepreneurs, and create new jobs. $10 million was included to support the Manufacturing Voucher Program. Thanks in part to this program, New Jersey's manufacturing industry has grown exponentially since Governor Murphy took office, resulting in 6,000 new jobs. Another $4 million was included to launch a new Artificial Intelligence (AI) Innovation Challenge. The State's early investment into AI is helping pave toward national leadership in the space.

The FY25 budget included nearly $70 million to support our Community Development programs. $26.5 million was appropriated to support the Main Street Recovery Program, which will ensure we can continue supporting the growth and expansion of small businesses across the state. Another $5 million was included to support the Cannabis Equity Grant Program, which has already started to uplift cannabis entrepreneurs and ensure communities most affected by the War on Drugs can benefit from the legal market.

Several bills were also passed alongside the budget, which combined, will allow the NJEDA to continue developing key industries that will create a strong and resilient economy. A bill was signed into law expanding eligibility for our Child Care Facilities Improvement Program to include family child care centers. Several bills made updates to a few of our programs including the Film and Digital Media Tax Credit Program, Historic Property Reinvestment Program, and Brownfields Redevelopment Incentive Program. Another bill was signed into law that appropriates $65 million to enable the NJEDA to purchase New Jersey Transit properties, which will then be transformed into mixed-use, transit-oriented developments that will spur economic activity, while creating a direct revenue source for the mass transit agency.

I hope all of our staff and board members are able to take some time to relax and spend time with their families throughout the rest of the summer. I encourage everyone to take advantage of all that New Jersey has to offer, including our beaches and boardwalks, lakes, and state parks, and all the small businesses up and down the state that help keep our economy moving forward. Enjoy your summer!

Tim Sullivan, CEO

MEMORANDUM

TO: Members of the Authority

FROM: Timothy Sullivan
Chief Executive Officer

DATE: July 17, 2024

SUBJECT: Creation of Real Estate Gap Financing Grant Program

Request

The Members are asked to approve:

1. Cancelation of the Construction Inflation Fund ("CIF") program and return of application fees to 15 applicants.

2. Creation of the Real Estate Gap Financing Grant Program (the "Program"), a $10,000,000 pilot grant program funded from the "Gap Financing – Real Estate Projects Funding" previously appropriated in the Fiscal Year 2023 Appropriations Act (P.L. 2022, c.49) from American Rescue Plan ("ARP") Coronavirus State and Local Fiscal Recovery Funds ("SLFRF") to provide grants for real estate development projects located in distressed municipalities that require gap financing and that address the negative economic impacts of the COVID-19 pandemic.

3. Delegation to the Chief Executive Officer ("CEO") of the New Jersey Economic Development Authority ("Authority") to amend the Memorandum of Understanding ("MOU") with the New Jersey Department of Community Affairs ("DCA") which was executed July 12, 2023 for the CIF, or to enter into a new MOU, for the new Program, which includes $10,000,000 for project funding and $500,000 to support the Authority's administrative costs associated with operating the Program.

Background and Status of Construction Inflation Fund Program

The Construction Inflation Fund program was approved by the Board in December 2022 and the program launched in August 2023 as a competitive application process to provide $10 million of federal SLFRF funds to eligible applicants (small businesses) for real estate development projects impacted by COVID19, such as with increased construction and/or project development costs and funding gaps.

The CIF program had numerous eligibility criteria/program requirements which required significant information and documentation from applicants pertaining to COVID impact, initial construction costs and subsequent increases (i.e. pre and post COVID impact), adherence to NJEDA requirements pertaining to construction such as prevailing wage, affirmative action, contractor registration, and evidence of full financing and then funding gap. These program and application requirements ended up being more complex and challenging than anticipated for applicants to meet and to satisfactorily and sufficiently submit the required documentation. The CIF program had numerous eligibility criteria/program requirements which required significant information and documentation from applicants pertaining to COVID impact on the initial construction costs which then led to and resulted in subsequent cost increases (i.e. pre and post COVID impact), documentation of full construction contracts with evidence of adherence to NJEDA requirements in such contracts pertaining to prevailing wage and affirmative action language, contractor registration, and evidence of initial project financing and then post-COVID impact demonstrated funding gap. 17 applications were submitted by the October 19, 2023 deadline – 15 of which paid the required application fee. As part of the initial application review process, staff sent requests for preliminary information (i.e. application fee had not been paid and clarifying questions for 9 applicants that indicated that construction had already started on their projects) to some applicants.

Based on the amount of missing/incomplete application information, either the program requirements were not clear to the applicants or applicants were not able to satisfactorily meet the requirements. In order for EDA staff to continue with this program, it would require that we request that applicants continue to provide additional information. Due to the limited information submitted in the applications, the complexity of the program, and the level of incomplete documentation provided in response to the initial requests regarding construction documents, it would most likely require significant requests for documentation (possibly several back-and-forth iterations to ensure consistency with all applicants). Even after such a process, a substantial number of applicants may not have understood the program requirements and may not be eligible. Additionally, any significant delay – including having to launch a revised program after reviewing all currently submitted applications – risks losing the SLFRF funds, as they have to be expended by December 31, 2026.

For the reasons stated above, staff recommends that the Board cancel the CIF program.

At this time, no applications for CIF program funding have been scored/evaluated by a scoring committee or approved or denied. Additionally, per the Authority's fee rules (N.J.A.C. 19:30-6.1(d)), application fees may be refunded in certain circumstances, such as when the program funding is exhausted. In this instance, the cancelation of the program has the same effect on the pending applicants as if the program funding was exhausted. Thus, staff recommends that the Board approve the refund of application fees that have been paid.

New Real Estate Gap Financing Grant Program Overview

The Real Estate Gap Financing Grant Program is a pilot program established to provide grants for real estate development projects located in distressed municipalities as defined below that require gap financing and that address the negative economic impacts of the COVID19 pandemic.

Consistent with other Authority programs, the Real Estate Gap Financing Grant Program is established to mitigate the negative economic impacts of the COVID-19 pandemic and will provide grant funding to support real estate new construction or substantial rehabilitation projects located within distressed municipalities.

The American Rescue Plan, which was signed into law by President Joe Biden on March 11, 2021, is a $1.9 trillion economic stimulus bill designed to rebuild and restart the American economy in the wake of the Coronavirus (COVID-19) public health emergency by investing in families, communities, and small businesses. Through the SLFRF, the ARP delivers $350 billion to state, local, and tribal governments to support their response to, and recovery from, COVID-19.

In June 2022, Governor Murphy signed the Fiscal Year 2023 Appropriations Act P.L. 2022, c.49 ("Act") into law. The Act appropriated significant State and federal funding to the Authority for numerous strategic economic development investments to support key industries, advance the innovation economy, continue to bolster recovery, and spur statewide growth. These strategic investments included $10 million appropriated for "Gap Financing – Real Estate Projects Funding" from ARP SLFRF. The $10 million funds will be deposited into the Economic Recovery Fund which will allow the Authority to authorize a grant program as listed under N.J.S.A § 34:1B-7.13(a)(13) for "a fund to provide grants or competition prizes, either directly or through a not-for-profit entity, that is consistent with economic development priorities as defined by the authority's board, where funds have been specifically allocated to the economic recovery fund for this purpose, including but not limited to an appropriation or transfer from another government entity."

As the New Jersey economy continues to rebound in the wake of COVID-19, the Program will provide grants to eligible applicants to undertake impactful real estate development projects located in distressed municipalities which will help alleviate and respond to some of the negative economic impacts resulting from the COVID-19 pandemic.

The proposed Real Estate Gap Financing Program will still provide gap financing to real estate development projects that respond to COVID-19 related negative economic impacts, but minor changes are made from the original CIF so that the new Program is more likely to succeed. Changes include a broadening of eligible applicants from small businesses to both for-profit and non-profit developers. The focus of funding for projects located in distressed municipalities (as described herein) will build off and supplement ongoing Authority and state efforts for continued economic recovery and revitalization. Additionally application requirements have been simplified and made more consistent with other recent Authority real estate programs.

Eligible Project Types

The following types of real estate projects (new construction and/or substantial rehabilitation as defined below) which are located in distressed municipalities as defined below are eligible and will be considered for Real Estate Gap Financing grants:

- Commercial (including office and/or supermarkets/grocery stores)
- Mixed-use developments (any residential portion must comply with the 20% reservation for low- and moderate-income households required by N.J.S.A. 52:27D-329.9(b).
- Non-profit/community use projects (not government owned)
- Cultural, Arts, Performing Arts
- Manufacturing/Industrial

Projects consisting solely of warehouse and/or retail spaces are ineligible for funding. Additionally, any warehouse use included must be ancillary and in direct support of the site's eligible primary use.

Projects primarily for governmental or educational use are ineligible for funding, including buildings that would be owned, ground leased, or primarily leased (51% of square footage) by governmental or educational entities following development.

Applicants must agree to a 5-year deed restriction ensuring no change in the proposed project use for 5 years.

Substantial rehabilitation shall have the same meaning as "reconstruction" in N.J.A.C. 5:23-6.3 as "any project where the extent and nature of the work is such that the work area cannot be occupied while the work is in progress and where a new certificate of occupancy is required before the work area can be reoccupied. Reconstruction may include repair, renovation, alteration or any combination thereof. Reconstruction shall not include projects comprised only of floor finish replacement, painting or wallpapering, or the replacement of equipment or furnishings. Asbestos hazard abatement and lead hazard abatement projects shall not be classified as reconstruction solely because occupancy of the work area is not permitted."

Projects that have started construction are not eligible. Construction, including demolition and remediation, cannot start until EDA's approval of the application. All projects will be subject to compliance with New Jersey prevailing wage law and the Public Works Contractor Registration Act (N.J.S.A. 34:11-56.48 et seq.) which require all contractors, subcontractors, or lower tier subcontractors (including subcontractors listed in the bid proposal) who bid on or engage in the performance of any public work in New Jersey to register with the NJ Department of Labor and Workforce Development.

Per US Treasury deadlines and federal SLFRF requirements, all Program funds must be expended by December 31, 2026. Therefore, project readiness to proceed and ability to complete the project within the program timeline requirements will be a key funding consideration.

Eligible Project Locations

The project location must be located within a municipality ranked in BOTH the top 20% of the Department of Community Affairs 2023 Municipal Revitalization Index and the top 20% of Commuter Adjusted Population as described below. Although the cities of Atlantic City, Camden, Newark, New Brunswick, Passaic, Paterson, and Trenton meet the above location eligibility criteria, EDA has recently targeted significant other program funding to these cities, including the Activation, Revitalization, and Transformation (A.R.T.) Program Phase I, the Urban Investment Fund Grant Program, and the Atlantic City Revitalization Grant Program and therefore, project locations in these seven municipalities are not eligible.

- **Top 20%** of municipalities within the 2023 Municipal Revitalization Index (MRI). The MRI serves as the State's official measure and ranking of municipal distress. The MRI ranks New Jersey's municipalities according to eight separate indicators that measure diverse aspects of social, economic, physical, and fiscal conditions in each locality. The MRI is used as a factor in distributing certain "need based" funds.

- **Top 20%** of municipalities based on Commuter-Adjusted Population (2018-2022 American Community Survey 5-Year Estimates)
    - This is "Daytime Population" which is the calculation of Total Resident Population + Total Workers Working in Area – Total Workers Living in Area.

Eligible municipalities where projects could be located would include the 25 municipalities as listed below:

> Bayonne, Belleville, Bridgeton, Carteret, East Orange, Elizabeth, Garfield, Hackensack, Irvington, Jersey City, Kearney, Lakewood Township, Linden, Long Branch, Middle Township, Millville, North Bergen, Orange, Pennsauken, Perth Amboy, Plainfield, Union City, Vineland, West New York, and Winslow.

Eligible Applicants

Eligible applicants are for-profit or non-profit entities (each, an "Applicant" or "Developer Entity"). Applications are limited to one application per EIN. Any city, State, or county entity and any state colleges or universities are not eligible to apply for this Program funding, including any such government entity that may also have a non-profit status under federal law.

Applicants must be in substantial good standing with the New Jersey Department of Labor and Workforce Development, New Jersey Department of Environmental Protection, and NJEDA prior to approval. The Program requires Applicants to provide a current tax clearance certificate at application to demonstrate the applicant is in good standing with the New Jersey Division of Taxation, unless the applicant is not required to register with the Division of Taxation.

Grant Funding

In order to provide Grants and support projects by different entities and in several different municipalities, no applicant (and or applicant related entity) may receive more than one grant award and only one application will be funded in any one municipality.

Minimum grant funding request would be $500,000 per project.

Maximum grant funding request would be $5,000,000 per project.

Program grant funding may not exceed 50% of the total of all project development costs within the approved application. Property acquisition costs/equity are not to be considered as part of total project development costs.

Program grant funding can only be used for the real estate project costs specifically approved based on the application, Authority review, and funding grant agreement. Project costs may include hard construction costs with a maximum 10% contingency, soft costs not exceeding 20% of total project costs and developer fee not exceeding 10% of total project costs or as otherwise allowed by another State agency providing funding to a project. Acquisition funding and operating costs are not eligible.

All project costs and Grant funding are subject to federal Duplication of Benefits requirements and a cost reasonableness analysis will be undertaken prior to project approval.

Application Process

The Program will be a competitive grant program with applications due by a set deadline. Online applications will be accepted during a defined, minimum 60-day application period, and all applications will be reviewed following the closure of the application period. Applications are limited to one application per EIN.

The Authority will accept questions regarding this program during the first 30 days following application launch. Questions and responses will be posted on the Authority's webpage for this program.

As part of a Program application, the Authority will request information about the proposed project, which may include, but which is not limited to:

1) Project description of overall project proposal describing building to be rehabbed/new construction proposed, property/site details and location information, existing conditions of the building/property, and the proposed project type/building use
2) Narrative describing how the proposed project is responsive to negative impacts of the COVID-19 pandemic (such as reduced economic activity, business/development delays or impacts, decreased pedestrian traffic or residents, conditions of vacancy, etc.)
3) Evidence of site control or a path to site control
4) Municipal Letter of Support
5) Project financial information including development budget, sources and uses, project feasibility, and evidence or status of financing
6) Project development timeline/implementation schedule indicating readiness to proceed, status of funding, permit and other approvals, and ability to complete the project within the program timelines
7) Applicant's organizational documentation
8) Applicant's experience and capacity to undertake and complete the proposed project;

Note that readiness to proceed and project development timelines for completion will be scoring factors. Applicants should provide as much detail as possible regarding the steps involved and projected timeline for undertaking and completing the proposed project if Grant funds are awarded.

The Authority will perform a review of applications after the closing of the application period. Applications will first be reviewed for application completeness to ensure that all necessary application information and documents are submitted and complete. Applicants will be given ten business days to cure any deficiencies. If at the end of the cure period, the applications are still incomplete, they will be notified the application will not be advancing to be scored and will be deemed nonresponsive.

At the sole discretion of the Authority, staff may ask for clarification of the information included in the application, including but not limited to narrative responses, supporting documentation, and attachments.

A Duplication of Benefits review and cost reasonableness analysis will be completed prior to any project being approved.

Scoring

Applications will be reviewed and scored by staff of the Authority formed as an evaluation scoring committee. Applications will be scored on a scale of 0 - 100 points, with award recommendations limited to applications that meet or exceed the minimum score requirement of 65 points.

Scoring factors and points will include:

- 30% Overall proposal concept (Proposed community and economic impacts/benefits of the project, project location, participation of Small, Women, Minority, Veteran Owned Businesses, and ways in which proposed project addresses negative COVID19 impacts)
- 20 % Experience & capacity of applicant/development team
- 30% Readiness to proceed and reasonableness of proposed timeline to undertake and complete proposed project
- 20 % Financial feasibility and cost effectiveness of proposed project

Board Approval

Following application review and processing as described above, applications that meet or exceed the minimum score requirement of 65 out of a possible 100 points will be recommended to the Board for award approval starting with the highest scored application until all the Program funding is awarded.

If an applicant requests grant funding for an eligible project but there are not sufficient Program funds available to fund the full grant request, the Authority will inform the applicant of the amount of grant funds available. If the applicant wishes to proceed, the applicant will be required to commit to and then fund the difference to fill the gap to ensure the submitted project proposal is undertaken as described.

If all program funds are not awarded during the initial application period and/or if additional Program funds become available, then applications will be reopened on a rolling basis and grants awarded on a first come, first served basis to eligible applicants that meet the minimum score (subject to the limit on awards per municipality).

All eligible applications will proceed to the Board for approvals, and all applications which have not been declined due to non-discretionary reasons will also proceed to the Board.

As a pilot program, decisions based on non-discretionary reasons are subject to the existing delegated authority. Accordingly, the CEO will delegate authority to the appropriate staff on all appeal decisions for non- discretionary reasons.

To ensure that federal expenditure deadlines are met, staff recommendations to the Board for approval of applications will include timelines and anticipated project development milestones to be met and will indicate that if timelines are not met, then the Authority may recapture or require repayment of Grant funds and/or the Applicant may no longer be eligible for any remaining unused grant funds.

Grant Agreement and Funding Disbursements

Following Board approval, the Authority will enter into a Grant Agreement ("Grant Agreement") with the applicant detailing the project to be funded, eligible project costs, the amount of grant funding, and all financial programmatic requirements including the amount of other funding as may be applicable. The Grant Agreement will detail timelines for the project based on the project schedule included in the application and the project approval. At the Authority's sole discretion, the Authority may grant timeline extensions. The Grant Agreement will indicate that, to comply with federal funding requirements, all projects must be fully completed, and all funds fully disbursed by 12/31/2026.

The applicant shall be responsible for assuring the compliance of the project with all terms and conditions of the application, Grant Agreement, and the Program funding requirements.

The Grant Agreement will detail state requirements. All projects shall be subject to compliance with New Jersey prevailing wage law and compliance with other labor standards requirements, as well as other state requirements which may be applicable depending on project details and funding amounts including possibly New Jersey Executive Order 215 of 1989 regarding Environmental Assessments. No construction can have started on any project prior to execution of a Grant Agreement.

Additionally, the Grant Agreement will have a deed restriction indicating that, if project development timelines are not met, the Authority may recapture or may require repayment of Grant funds and/or the Applicant may no longer be eligible for any remaining unused grant funds. The Authority will also require that the applicant file a 5-year deed restriction on the property utilizing the Authority's required restriction language. The deed restriction will be released by the Authority after 5 years from final Project closeout.

The Grant Agreement will detail the funding disbursement process. Following the execution of the Grant Agreement, Grant funds will be disbursed either incrementally as eligible project expenses are incurred and may be prorated with other funding sources, if applicable, with the Authority's standard construction retainage withheld until project completion or grant funds may be disbursed in coordination with the other funder's disbursement process. Funding disbursement requests must be evidenced by documentation supporting that the expenses were incurred, work has been performed in accordance with prevailing wage and labor standards compliance requirements, and work was done consistent with Grant approval and eligible uses of Program funding.

Fees

As allowed by EDA's recently revised fee rules, no application fee will be charged because EDA is using part of the funds for EDA's administrative costs.

Recommendation

The Members are requested to approve: (1) the cancelation of the Construction Inflation Fund Pilot Program and return of application fees to 15 applicants; (2) the creation of the Real Estate Gap Financing Grant Program, a $10,000,000 pilot grant program utilizing SLFRF funding to provide grants for real estate development projects located in distressed municipalities that require gap financing and that address negative economic impacts of the COVID-19 pandemic; and, (3) delegation to the Authority's Chief Executive Officer to amend or enter into a new a Memorandum of Understanding with the New Jersey Department of Community Affairs.

Tim Sullivan, CEO

Attachments:
– Real Estate Gap Financing Grant Program Specifications

REAL ESTATE GAP FINANCING GRANT PROGRAM: **Grant Pilot Program Specifications** **July 17, 2024**	
Funding Source	$10,000,000 million (FY 2023 state budget appropriation) American Rescue Plan ("ARP") Coronavirus State and Local Fiscal Recovery Funds ("SLFRF") *5% ($500,000) to be used for EDA's program administration costs*
Program Purpose and Products	The Real Estate Gap Financing Grant Program pilot program is established with funding of $10,000,000 to provide grants for real estate development projects located in distressed municipalities as defined below that require gap financing and that address the negative economic impacts of the COVID19 pandemic. Consistent with other Authority programs, the Real Estate Gap Financing Grant Program is established to mitigate the negative economic impacts of the COVID-19 pandemic and will provide grant funding to support real estate new construction or substantial rehabilitation projects located within distressed municipalities. All projects must be undertaken and completed within SLFRF timeframes which mandate project completion by 12/31/26. Applicants must confirm that they are aware and agree that the real estate projects proposed in their application can be completed by 12/31/26 (as per US Treasury).
Eligible Project Locations	The project location must be located within a municipality ranked in BOTH the top 20% of the Department of Community Affairs 2023 Municipal Revitalization Index and the top 20% of Commuter Adjusted Population as described below. Although the cities of Atlantic City, Camden, Newark, New Brunswick, Passaic, Paterson, and Trenton meet the above location eligibility criteria, EDA has recently targeted significant other program funding to these cities, including the Activation, Revitalization, and Transformation (A.R.T.) Program Phase I, the Urban Investment Fund Grant Program, and the Atlantic City Revitalization Grant Program and, therefore, project locations in these seven municipalities are not eligible. • **Top 20%** of municipalities within the 2023 Municipal Revitalization Index (MRI). The MRI serves as the State's official measure and ranking of municipal distress. The MRI ranks New Jersey's municipalities according to eight separate indicators that measure diverse aspects of social, economic, physical, and fiscal conditions in each locality. The MRI is used as a factor in distributing certain "need based" funds. • **Top 20%** of municipalities based on Commuter-Adjusted Population (2018-2022 American Community Survey 5-Year Estimates) ○ This is "Daytime Population" which is the calculation of Total Resident Population + Total Workers Working in Area – Total Workers Living in Area.

REAL ESTATE GAP FINANCING GRANT PROGRAM: **Grant Pilot Program Specifications** **July 17, 2024**	
	Eligible municipalities where projects could be located would include the 25 municipalities as listed below: Bayonne, Belleville, Bridgeton, Carteret, East Orange, Elizabeth, Garfield, Hackensack, Irvington, Jersey City, Kearney, Lakewood Township, Linden, Long Branch, Middle Township, Millville, North Bergen, Orange, Pennsauken, Perth Amboy, Plainfield, Union City, Vineland, West New York, and Winslow.
Eligible Project Types	The following types of real estate projects (new construction and/or substantial rehabilitation as defined below) which are located in distressed municipalities as defined below are eligible and will be considered for Real Estate Gap Financing grants: ▪ Commercial (including office and/or supermarkets/grocery stores) ▪ Mixed-use developments (any residential portion must comply with the 20% reservation for low- and moderate-income households required by N.J.S.A. 52:27D-329.9(b). ▪ Non-profit/community use projects (not government owned) ▪ Cultural, Arts, Performing Arts ▪ Manufacturing/Industrial Projects consisting solely of warehouse and/or retail spaces are ineligible for funding. Additionally, any warehouse use included must be ancillary and in direct support of the site's eligible primary use. Projects primarily for governmental or educational use are ineligible for funding, including buildings that would be owned, leased, or primarily leased (51% of square footage) by governmental or educational entities following development. Applicants must agree to a 5-year deed restriction ensuring no change in the proposed project use for 5 years. Substantial rehabilitation shall have the same meaning as "reconstruction" in N.J.A.C. 5:23-6.3 as "any project where the extent and nature of the work is such that the work area cannot be occupied while the work is in progress and where a new certificate of occupancy is required before the work area can be reoccupied. Reconstruction may include repair, renovation, alteration or any combination thereof. Reconstruction shall not include projects comprised only of floor finish replacement, painting or wallpapering, or the replacement of equipment or furnishings. Asbestos hazard abatement and lead hazard abatement projects shall not be classified as reconstruction solely because occupancy of the work area is not permitted."

	Projects that have started construction are not eligible. Construction, including demolition and remediation, cannot start until EDA's approval of the application. All projects will be subject to compliance with New Jersey prevailing wage law and the Public Works Contractor Registration Act (N.J.S.A. 34:11-56.48 et seq.) which require all contractors, subcontractors, or lower tier subcontractors (including subcontractors listed in the bid proposal) who bid on or engage in the performance of any public work in New Jersey to register with the NJ Department of Labor and Workforce Development. Per US Treasury deadlines and federal SLFRF requirements, all Program funds must be expended by December 31, 2026. Therefore, project readiness to proceed and ability to complete the project within the program timeline requirements will be a key funding consideration.
Eligible Applicants	Eligible applicants are for-profit or non-profit entities (each, an "Applicant" or "Developer Entity"). Applications are limited to one application per EIN. Any city, State, or county entity and any state colleges or universities are not eligible to apply for this Program funding, including any such government entity that may also have a non-profit status under federal law. Applicants must be in substantial good standing with the New Jersey Department of Labor and Workforce Development, New Jersey Department of Environmental Protection, and NJEDA prior to approval. The Program requires Applicants to provide a current tax clearance certificate at application to demonstrate the applicant is in good standing with the New Jersey Division of Taxation, unless the applicant is not required to register with the Division of Taxation.
Application Process	The Program will be a competitive grant program with applications due by a set deadline. Online applications will be accepted during a defined, minimum 60-day application period, and all applications will be reviewed following the closure of the application period. Applications are limited to one application per EIN. The Authority will accept questions regarding this program during the first 30 days following application launch. Questions and responses will be posted on the Authority's webpage for this program. As part of a Program application, the Authority will request information about the proposed project, which may include, but which is not limited to: 1. Project description of overall project proposal describing building to be rehabbed/new construction proposed, property/site details and location information, existing conditions of the building/property, and the proposed project type/building use

	2. Narrative describing how the proposed project is responsive to negative impacts of the COVID-19 pandemic (such as reduced economic activity, business/development delays or impacts, decreased pedestrian traffic or residents, conditions of vacancy, etc.) 3. Evidence of site control or a path to site control 4. Municipal Letter of Support 5. Project financial information including development budget, sources and uses, project feasibility, and evidence or status of financing 6. Project development timeline/implementation schedule indicating readiness to proceed, status of funding, permit and other approvals, and ability to complete the project within the program timelines 7. Applicant's organizational documentation 8. Applicant's experience and capacity to undertake and complete the proposed project; Note that readiness to proceed and project development timelines for completion will be scoring factors. Applicants should provide as much detail as possible regarding the steps involved and projected timeline for undertaking and completing the proposed project if Grant funds are awarded. The Authority will perform a review of applications after the closing of the application period. Applications will first be reviewed for application completeness to ensure that all necessary application information and documents are submitted and complete. Applicants will be given ten business days to cure any deficiencies. If at the end of the cure period, the applications are still incomplete, they will be notified the application will not be advancing to be scored and will be deemed nonresponsive. At the sole discretion of the Authority, staff may ask for clarification of the information included in the application, including but not limited to narrative responses, supporting documentation, and attachments. A Duplication of Benefits review and cost reasonableness analysis will be completed prior to any project being approved.
Review Factors for Funding Consideration	Applications will be reviewed and scored by staff of the Authority formed as an evaluation scoring committee. Applications will be scored on a scale of 0 - 100 points, with award recommendations limited to applications that meet or exceed the minimum score requirement of 65 points. Scoring factors and points will include: ▪ 30 % Overall proposal concept (Proposed community and economic impacts/benefits of the project, project location, participation of Small,

REAL ESTATE GAP FINANCING GRANT PROGRAM: Grant Pilot Program Specifications July 17, 2024	
	Women, Minority, Veteran Owned Businesses, and ways in which proposed project addresses negative COVID19 impacts) ▪ 20 % Experience & capacity of applicant/development team ▪ 30 % Readiness to proceed and reasonableness of proposed timeline to undertake and complete proposed project ▪ 20 % Financial feasibility and cost effectiveness of proposed project
Board Approval	Following application review and processing as described above, applications that meet or exceed the minimum score requirement of 65 out of a possible 100 points will be recommended to the Board for award approval starting with the highest scored application until all the Program funding is awarded. If an applicant requests grant funding for an eligible project but there are not sufficient Program funds available to fund the full grant request, the Authority will inform the applicant of the amount of grant funds available. If the applicant wishes to proceed, the applicant will be required to commit to and then fund the difference to fill the gap to ensure the submitted project proposal is undertaken as described. If all program funds are not awarded during the initial application period and/or if additional Program funds become available, then applications will be reopened on a rolling basis and grants awarded on a first come, first served basis to eligible applicants that meet the minimum score (subject to the limit on awards per municipality). All eligible applications will proceed to the Board for approvals, and all applications which have not been declined due to non-discretionary reasons will also proceed to the Board. As a pilot program, decisions based on non-discretionary reasons are subject to the existing delegated authority. Accordingly, the CEO will delegate authority to the appropriate staff on all appeal decisions for non-discretionary reasons. To ensure that federal expenditure deadlines are met, staff recommendations to the Board for approval of applications will include timelines and anticipated project development milestones to be met and will indicate that if timelines are not met, then the Authority may recapture or require repayment of Grant funds and/or the Applicant may no longer be eligible for any remaining unused grant funds.
Grant Funding	In order to provide Grants and support projects by different entities and in several different municipalities, no applicant (and or applicant related entity) may receive more than one grant award and only one application will be funded in any one municipality.

	Minimum grant funding request would be $500,000 per project. Maximum grant funding request would be $5,000,000 per project. Program grant funding may not exceed 50% of the total of all project development costs within the approved application. Property acquisition costs/equity are not to be considered as part of total project development costs. Program grant funding can only be used for the real estate project costs specifically approved based on the application, Authority review, and funding grant agreement. Project costs may include hard construction costs with a maximum 10% contingency, soft costs not exceeding 20% of total project costs and developer fee not exceeding 10% of total project costs or as otherwise allowed by another State agency providing funding to a project. Acquisition funding and operating costs are not eligible. All project costs and Grant funding are subject to federal Duplication of Benefits requirements and a cost reasonableness analysis will be undertaken prior to project approval.
Grant Agreement and Funding Disbursement	Following Board approval, the Authority will enter into a Grant Agreement ("Grant Agreement") with the applicant detailing the project to be funded, eligible project costs, the amount of grant funding, and all financial programmatic requirements including the amount of other funding as may be applicable. The Grant Agreement will detail timelines for the project based on the project schedule included in the application and the project approval. At the Authority's sole discretion, the Authority may grant timeline extensions. The Grant Agreement will indicate that, to comply with federal funding requirements, all projects must be fully completed, and all funds fully disbursed by 12/31/2026. The applicant shall be responsible for assuring the compliance of the project with all terms and conditions of the application, Grant Agreement, and the Program funding requirements. The Grant Agreement will detail state requirements. All projects shall be subject to compliance with New Jersey prevailing wage law and compliance with other labor standards requirements, as well as other state requirements which may be applicable depending on project details and funding amounts including possibly New Jersey Executive Order 215 of 1989 regarding Environmental Assessments. No construction can have started on any project prior to execution of a Grant Agreement. Additionally, the Grant Agreement will have a deed restriction indicating that, if project development timelines are not met, the Authority may recapture or may

	require repayment of Grant funds and/or the Applicant may no longer be eligible for any remaining unused grant funds. The Authority will also require that the applicant file a 5-year deed restriction on the property utilizing the Authority's required restriction language. The deed restriction will be released by the Authority after 5 years from final Project closeout. The Grant Agreement will detail the funding disbursement process. Following the execution of the Grant Agreement, Grant funds will be disbursed either incrementally as eligible project expenses are incurred and may be prorated with other funding sources, if applicable, with the Authority's standard construction retainage withheld until project completion or grant funds may be disbursed in coordination with the other funder's disbursement process. Funding disbursement requests must be evidenced by documentation supporting that the expenses were incurred, work has been performed in accordance with prevailing wage and labor standards compliance requirements, and work was done consistent with Grant approval and eligible uses of Program funding.
Fees	As allowed by EDA's recently revised fee rules, no application fee will be charged because EDA is using part of the funds for EDA's administrative costs.

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: July 17, 2024

Subject: Strategic Innovation Center Investment in NJ FAST powered by Plug and Play

Summary:

The Members are asked to approve a commitment of up to $17.1 million in Plug and Play New Jersey Fund I, L.P, a to be registered Delaware limited partnership ("***PNP NJ Fund***"), to be managed by Plug and Play Fund Management I, LLC ("***PNP Fund Mgmt***" or "***GP***"). As part of the PNP NJ Fund, the GP, through its affiliate Plug & Play, LLC (the "***Operator***"), and with the GP, will operate a fintech/insuretech accelerator called the NJ Fintech Accelerator with Stevens Institute of Technology ("***NJ FAST***"). The Members are also asked to approve a 4.5% administrative fee to NJEDA for administrative costs plus associated Authority legal costs as allowed through the Economic Recovery Fund ("***ERF***") statute.

The commitment shall include an investment of up to $12.5 million in the PNP NJ Fund, $4.25 million of operating accelerator expenses over four years and $0.32 million of base and additional rent for the site of the accelerator. As described below, the Authority will invest into a partnership with PNP Fund Mgmt to establish and operate NJ FAST in Hoboken, New Jersey. The initiative represents the first fintech/insuretech accelerator to be operated in the Northeastern United Stated by Plug & Play in partnership with a world class academic and financial partner. The Program will utilize funds appropriated to the ERF to undertake development of or invest in Strategic Innovation Centers following the policy approved by the Board on July 15, 2021.

This approval will authorize the CEO to execute all documents required, including the substantially complete definitive agreements marked confidential in the appendix to this memo subject to the satisfactory review of the New Jersey Attorney General's office.

Background:

Strategic Innovation Centers:

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

The policy approval included the use of fifty-five million ($55,000,000) appropriated to the NJEDA's ERF for the purpose of developing Strategic Innovation Centers in accordance with the policies. The 2023, 2024 and 2025 State appropriations acts allocated an additional seventy million ($70,000,000), fifty million ($50,000,000), and thirty million ($30,000,000) respectively, bringing the total amount to two-hundred five million ($205,000,000) available for Strategic Innovation Center (SIC) investments. NJEDA's policy anticipates capturing a 4.5% administrative fee at approval of each project, in accordance with Board approved program policy. Additionally, the ERF statute authorizes the use of ERF funding for the costs of a project, includes legal expenses (including special counsel retained by the Attorney General's Office). Inclusive of the commitments itemized below and associated administrative fee, there remains available $165,020,000 of unallocated SIC funds before approval of NJ FAST.

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

- Investment in HAX, LLC (approved October 13, 2021): $25,000,000
- Investment in Helix (DevCo) (approved December 8, 2021): $10,000,000
- Allocation to Maternal and Infant Health Innovation Center (approved May 8, 2024): $3,000,000 (The May 8, 2024 Board memo incorrectly referenced $9 million in the body of the text, but the request in the recommendation correctly identified $3 million.)

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

1. Address opportunities for the Authority to take a lead role in developing Strategic Innovation Centers such as building and/or overseeing the operations of the Strategic Innovation Center or collaborating with another party through an early investment that serves as a catalyst for the project.

2. Consider unsolicited proposals or investment opportunities for Strategic Innovation Center projects in the State. In all cases, funding is limited to twenty-five million ($25,000,000) for any single project with a requirement for matching private capital, and the project must align with the ERF targeted industries[1] or demonstrate that it will meaningfully support increasing diversity and inclusion within the State's entrepreneurial economy. Additionally, all Strategic Innovation Center projects using ERF funds under these policies must be approved by the Board.

Following evaluation (Appendix B), EDA staff has determined the project, herein, NJ FAST, meets the outlined policy requirements for recommendation of an SIC investment given that it directly supports R&D, innovation and entrepreneurship for start-up companies in the Fintech and Insuretech industries.

Background on NJ FAST

In May of 2022, NJEDA issued an RFI seeking input that would help the NJEDA better understand the scope and characteristics of technology driven financial innovations, generally referred to as fintech, and the potential value in creating a center for fintech activity in New Jersey. Subsequently, Stevens Institute of Technology, in concert with Plug and Play, selected as program operator through Stevens's own independent RFP process, put forward the SIC proposal for support to develop and operate a New Jersey Fintech Hub accelerator program to be known as NJ FAST.

After review of the SIC proposal, Staff's recommendation is to provide financial investment in the form of accelerator support, accelerator rent, and an investment fund managed by Plug & Play, LLC, pursuant to the Strategic Innovation Center policy, as NJ FAST aligns with the objectives of the Strategic Innovation Centers

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

initiative (Appendix B).

Accelerator programs offer a range of support to startups, including mentorship opportunities, financial investment, and operational advice. Mentors are experienced professionals who can provide valuable guidance on the startup's business model, product development, and marketing strategies. Plug and Play presently runs over 60 accelerator programs across 22 major industries, ranging from sportstech to supply chain. Through 2022, PNP had accelerated 2,444 startups, with ten (10) different companies becoming unicorns (those reaching values over $1 billion), over 70% of companies still operating after three years, and over 50% of companies still operating after five years. Since 2015, PNP has been able to successfully raise over seven billion ($7,000,000,000) in funding for graduating start-up companies.

NJ FAST will create a physical facility that directly supports research and development (R&D), innovation, and entrepreneurship. It will foster the development of new, innovative Fintech and Insuretech start-up companies in the State. The project will include a combination of services including workshops, mentorship sessions, business development services, education opportunities, access to unique equipment and industry partners and investment opportunities, as detailed below. The program will accelerate two cohorts or batches of start-ups per year, comprised of no less than 10 independent companies per cohort. A minimum of twenty (20%) percent of each cohort will be sourced from the State of New Jersey. In addition, PNP will actively seek start-ups led by diverse founders with the goal that each cohort will include representation of at least 15% diverse founders. Plug and Play is well placed to engage with diverse communities following from their already established Diversity, Respect, Inclusion, Visibility and Equity (D.R.I.V.E.) initiative. This platform is designed to develop, assist, and provide better access to funding for diverse founders, and educate our broader ecosystem on the importance of DE&I and how it fuels innovation.

The partnership with PNP to create a New Jersey Fintech and Insuretech hub will foster and grow the regional innovation ecosystem providing significant economic impact to the State, as required for a Strategic Innovation Center. PNP has significant experience working with over 400 corporate partners. The accelerator Operator has informed staff that Prudential Financial will serve as a founding corporate member to NJ FAST, contributing funds to operate the accelerator, as described in detail below.

Accordingly, Staff negotiated the attached Limited Partnership Agreement and accompanying Side Letter in confidential Appendix A, expressly subject to the Board's review and approval, with PNP that entails the creation of NJ FAST, the Fintech and Insuretech accelerator program that will identify and support start-up companies and will manage the distribution of the NJEDA's investment funds in the project. PNP will manage the day-to-day operations of NJ FAST. The definitive documents include the conditions of the NJEDA investment of up to seventeen million ($17,100,000). PNP has offered exclusivity for similar operations not to be duplicated in NY and MA - both considered east coast financial hubs.

Structure

The structure of the NJ FAST investment is detailed in the definitive documents and summarized below. The NJEDA will contribute up to $10 million to the investment fund within the Plug and Play New Jersey Fund I, L.P., managed by PNP New Jersey Fund I, LLC ("GP"). Plug and Play Fund Management I, LLC will serve as the managing member of the GP, and will be individually managed by Saeed Amidhozour (also known as Saeed Amidi) and Rahim Amidhozour (also known as Rahim Amidi).

In addition to the $10 million investment at the initial closing, NJEDA will match investment from third-party investors on a dollar-for-dollar basis, up to an additional $2.5 million, not to exceed $12.5 million by the NJEDA. The investment fund size may be increased to equal up to $25 million of LP commitments without requiring additional consents of the existing LPs. Capital for investment from the investment fund will be called from LPs as determined by the GP. PNP Fund Mgmt intends to deploy most (at least 50%) of the investment fund within a five (5) year investment period and deploy the balance of the capital in follow-on investments prior to the end of the initial ten-year term. The Fund will carry standard terms as outlined in the term sheet and negotiated in the final documentation. The GP is committing 10% to Plug and Play New Jersey Fund I, L.P. up to $2.5 million. PNP's investment model seeks to co-invest along with other lead investors. They can speak to a network of more than 200 such co-investors, historically. Therefore, NJEDA expects the economic impact of the Authority's SIC investment will to be in excess of the stated matching requirement, considering the total catalyzed investment amount, or private leverage multiple from the fund.

PNP NJ Fund shall provide a limited number of select investors, including New Jersey Economic Development Authority (NJEDA), with the opportunity to realize long-term appreciation, generally from strategic venture capital investments in equity or equity-oriented securities in technology companies with, on a fully-diluted basis, an effective pre-money valuation of $20 million or less at the time of PNP NJ Fund's investment, and (i) that are graduates from NJ FAST, or (ii) technology companies that are in the fintech and insuretech industries that are either (1) located in New Jersey, or (2) which have participated in other accelerator programs operated by the Operator or in which the Operator or the GP have invested and such companies move 75% of their full-time equivalent positions to New Jersey, provided that technology companies qualifying under either (ii)(1) or (ii)(2) must demonstrate a connection to NJ FAST powered by Plug and Play. Equity investments will be made in at least 15% of participating companies.

Plug & Play, LLC will operate the NJ FAST Accelerator, entering into an agreement with Stevens Institute of Technology ("Stevens") to serve as the academic partner to NJ FAST. The NJ FAST accelerator will be a placed-based program in New Jersey primarily operating out of Hoboken. The Operator will be responsible for executing the lease for the Hoboken site so that the lease is in effect when EDA signs the agreement for the NJ FAST investment. Additional satellite locations may be allowed subject to the Authority's written approval. The initial satellite location is anticipated to be in Newark, New Jersey, in association with Prudential as the program's initial corporate sponsor. NJEDA will put forward a maximum contribution towards the non-rent operating expense of the NJ FAST accelerator of $4.25 million, in lieu of fund management fees, as described in the Definitive Agreement. Contributions will be made by NJEDA in milestones:

a) $1.5 million in segment one reduced to $1.25 million if NJ FAST secures at least one Corporate Member. $1 million of which is due at signing of Definitive Agreement. The balance is due in four equal amounts upon completion of (i) Elite List, a select list of qualified startups to be considered for admittance into the upcoming Batch of the NJ FAST powered by Plug and Play Program of Batch 1, (ii) EXPO, serving as a demo day and live pitch made for the benefit of potential investors, entrepreneurs, corporations, universities and other members of the public for Batch 1, (iii) Elite List for Batch 2, (iv) Expo for Batch II, provided there are no material breaches by the Operator.

b) $750,000 in Segments 2-5 of NJ FAST, paid in increments of $375,000 on the first day of each segment, and $375,000 in four equal amounts upon completion of each Elite List and each EXPO for each Batch, provided there are no material breaches by the Operator.

Additionally, NJEDA's contribution of rent expense (base and additional rent) will total $0.323 million, provided annually for three years. The uses of this SIC investment in aggregate are as follows:

NJ FAST Commitment	
	$MMs
NJEDA Fund	$12.500
NJEDA OpEx	$4.250
Hoboken Rent	$0.323
Total	$17.073

The Operator will dedicate at least 4 employees to operate the NJ FAST accelerator on the ground in Hoboken, NJ no later than six (6) months after the signing of the Definitive Agreements, with other global personnel available as needed. The primary facility will be located in Hoboken, NJ. Staff has been told that NJ FAST will also, in association with founding corporate member, Prudential Financial, create a satellite location in Newark, New Jersey.

The Operator will vet all applications submitted by qualified startups, provide value-added operational support and coaching in the form of curriculum, corporate engagements, marketing, and use of facilities to the startups. At the conclusion of each batch the operator will organize an “EXPO”, serving as a demo day and live pitch made for the benefit of potential investors, entrepreneurs, corporations, universities and other members of the public for Batch 1. All in total, the benefits of Plug & Play as the Operator of the NJ FAST accelerator culminate in an experience and value, otherwise, unavailable to foster the specific fintech and insuretech companies and ecosystem the SIC is positioned to serve in the State.

The Operator will be required to put forward detailed written progress reports to NJEDA, including overall program overview and development, list of upcoming and past activities and programs and summary of program results and metrics, as outlined in the attached term sheet and will be captured in the final documentation.

PLUG & PLAY

PNP is a global innovation platform operating in 60 cities focused on bringing Fortune 1000 corporations, innovative technology start-up companies, and institutional investors together to develop innovative technologies in specific markets. PNP runs accelerator programs across twenty (20) different industries which accelerate technology implementation through the matching of large corporations with the brightest start-ups on a global scale. PNP sourced more than 750 companies in 2023 from their accelerators, and network including co-investors and over 400 corporate partners – investing in 187 companies with an average check size of $107,000. Ninety percent (90%) of the investments were at the seed stage. The firm’s objective is to provide follow-on investment in at least 30% of the companies. Across all PNP programs in 2023, they successfully exited 18 companies. The group can speak to such unicorn investments – those reaching values over $1 billion – such as Dropbox, Lending Club and PayPal. On the whole, PNP seeks to demonstrate examples of measurable ROI in the number of startups met, number of NDA’s signed, number of pilots initiated, how many pilots led to commercial deals, and how many of these commercial deals helped achieve a corporation’s overarching goals.

PNP’s Fintech accelerator program, established in 2015, has become one of the largest fintech innovation platforms in the world. With over 800 companies graduated through its Fintech accelerator program, PNP has been able to help raise over seven billion ($7,000,000,000) in funding for graduating start-ups. PNP’s Fintech program has participants from various regions around the world providing a unique opportunity for start-ups to connect with potential partners and customers from around the world. With ten (10) different companies from PNP’s Fintech program having gone to become unicorns, over 70% of companies that have participated in PNP’s programs still in operation after three years, and over 50% of companies still in operation after five years, PNP has a proven track record of being able to identify and support start-up companies with sustainable business models and high growth potentials. Key personnel for the NJ FAST initiative include:

<u>Saeed Amidi</u>
Saeed Amidi founded Plug and Play in 2006. Since then, the PNP portfolio has raised over $9 billion and has gained invaluable support alongside PNP’s network of over 10,000 startups. With 30+ locations worldwide and 400+ VC Partners, PNP has extended Silicon Valley’s expertise across the world. NJEDA will require key person life insurance on Saeed Amidi.

Saeed has actively invested in startups since 1998. He has invested in high-growth startups such as PayPal (NASDAQ: PYPL), Honey (Acquired by PayPal), Guardant Health (NASDAQ: GH), DropBox (NASDAQ: DBX), LendingClub (NYSE: LC), Tenor (Acquired by Google), and Deepscale.AI (Acquired by Tesla). Some of his other investments include Rappi, N26, Hippo Insurance, SoundHound, ProcessGold (Acquired by UiPath), api.ai (Acquired by Google), Drastin (Acquired by Splunk), Grove (Acquired by Wealthfront), PowerPlan (Acquired by Roper), Aquantia (Acquired by Marvell), Kamcord (Acquired by Lyft), NextBio (Acquired by Illumina), URX (Acquired by Pinterest), and ChangeCoin (Acquired by Airbnb).

Rahim Amidi

Rahim Amidi is a technology investor, serial entrepreneur, and seasoned executive with over 35 years of experience in early-stage venture capital, as well as, commercial real estate development and management.

With a deep network in Silicon Valley and Los Angeles, Rahim has been a successful investor in early-stage startups since 1998. Rahim is an early-stage investor in PayPal (NASDAQ: PYPL), DropBox (NASDAQ: DBX), Genapsys, CourseHero, ApplyBoard, Guardant Health (NASDAQ: GH), SoundHound, Vudu (Acquired by Walmart), IntegenX (acquired by Thermo Fisher Scientific), Camstar (Acquired by Siemens), Quantenna Communications (Acquired by ON Semiconductor), Aquantia (Acquired by Marvell Technology), CyberFlow Analytics (acquired by Webroot), NextBio, Surkus, Tenor (Acquired by Google), and The Bouqs Company.

Michael Olmstead

Michael Olmstead is the Chief Revenue Officer and a Partner at PNP. He leads sales (~$100M) and corporate partnerships globally, with a client list of over 500 $1B+ companies. Michael is responsible for market expansion, including launching PNP 's first offices in Paris, Munich, Amsterdam, and Africa. Michael is the Managing Partner of the Plug and Play Future Commerce Fund, a commerce focused fund with LP's including Kohl's, PVH, and TJX.

In 2013, Michael founded the Brand & Retail program, PNP 's first ever industry specific startup accelerator. Through this program, Michael has sourced and led over 50 commerce focused seed stage investments, including Honey ($4B acquisition by PayPal), Kustomer ($1B acquisition by Facebook), and Rappi ($8B valuation). This program paved the way for PNP launching 17 additional industry specific programs including Fintech, Insuretech, Mobility, Sustainability and Smart Cities in the years following.

Academic Partner: Stevens Institute of Technology

Stevens Institute of Technology (“Stevens”), a New Jersey not-for-profit, research university in Hoboken, New Jersey, has agreed to serve as the Strategic Innovation Center’s Academic Partner. Stevens brings to NJFAST decades of expertise and leadership in financial systems technology, AI, cybersecurity and more. Stevens' faculty and students will collaborate directly with partners and startup fintech companies to advance fintech innovation and spur economic growth. Stevens already has a major presence in the fintech industry, including through the NSF-backed Center for Advancing Financial Technology (CRAFT). Researchers at CRAFT work to secure financial data by creating and testing more equitable trading platforms and support improved market simulation and stress-testing tools.

The Academic Partnership Agreement to be entered into between Stevens and PNP specifies individual party responsibilities. The Academic Partnership Agreement must be in effect when EDA signs the agreement for the NJ FAST investment. PNP and Sevens will be responsible for the conditions and terms of the agreement. Stevens’ commitment is anticipated to include: (1) offering training and educational, licensing and research opportunities to program participants; (2) creation of an entrepreneurial community around the SIC program; (3) co-sponsorship of SIC program activities; (4) a one hundred thousand ($100,000) per year contribution towards the rent for a three-year term for the program’s initial Hoboken location; and (5) limited use of Stevens’ name, marks, and logos. In return PNP commits to: (1) provide Stevens a member position on the Accelerator Advisory Board, (2) inform Stevens of potential equity investment opportunities; (3) promote the availability of student interns and faculty consultants; (4) promote Stevens’ sponsored research projects and services; (5) promote the licensing of Stevens’ intellectual property / patents; and (6) host at least four events each year at Stevens’ campus for the benefit of Stevens’ students, facility, and community. The proposed operating requirements serve to safeguard the success of NJ FAST while ensuring the Stevens community is a partner in propelling the State’s innovation economy’s growth.

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: July 17, 2024

SUBJECT: 2024 NJ Founders and Funders All-Stars Event and Pilot Grant Program

SUMMARY

Members of the Board are requested to approve the implementation of a 2024 New Jersey Founders & Funders All-Stars startup and investor meetup event and an associated pilot grant program, which will provide the opportunity for startup participants to earn a $100,000 grant award. Following the event, the Authority will open an application for the program and will award one $100,000 grant, where one of the eligibility criteria is having the highest score recommendation at the pitch competition event among all applicants. Delegation of authority is requested for the Chief Executive Officer to:

a. Oversee event details including startup, investors, and ecosystem stakeholder selection process and address any related challenges; and
b. Approve an eligible application for the NJ Founders & Funders All Stars Grant, based the parameters set forth in this memo and the attached program specifications.

BACKGROUND

New Jersey Founders & Funders ("F&F") is an ecosystem-building semi-annual event organized by the Authority to facilitate collaborative discussions between sophisticated angel or venture capital investors and eligible high-growth, New Jersey-based businesses. Since its inception in June 2014, more than 400 companies and 262 investors have participated in the F&F events across 16 events. Recent events have featured startups across the life sciences, finance, technology, and clean energy industries with more than 50% of startup attendees being diverse or women-led businesses. Events feature up to twelve 10-minute one-on-one matched pitch sessions between attending companies and investors. Since inception, the event has facilitated nearly 3,000 formal meetings and countless other informal conversations.

Following the success of recent New Jersey F&F events, Staff recommends implementing an All-Stars event to strengthen connectivity between investors and NJ-based entrepreneurs and help fuel the State's innovation economy through further investment, insight, and inspiration. The Authority has previously organized "All-Stars" events for more mature startups that have previously participated in NJ F&F events, with a financial award made eligible a select participant. The first NJ Founders & Funders All-Stars event was hosted by the NJEDA in 2017. This proposed All-Stars event will represent the F&F's second All-Stars event made available to eligible startup participants to pitch their startup opportunity for the chance to earn a financial award.

PROPOSED EVENT AND GRANT PROGRAM DESIGN

More than 250 New Jersey-based startups have participated in NJ F&F events since the last All-Stars event in 2017. Each past NJ F&F event experienced oversubscribed demand from the State's community of startup founders. As a result, the standard NJ F&F event eligibility criteria preclude startups from attending more multiple program events. The All-Stars event offers the opportunity for all previously attending companies to register to return to the event and present a progress update to investors, showcase their cumulative innovation with the community, and pitch for the opportunity of financial award.

The proposed All-Stars event will also feature a resource fair with opportunities for engagement with additional innovation ecosystem stakeholders, including university partners, industry trade groups, and non-profits operating within the innovation ecosystem. The event will accommodate table slots for the first 15 innovation ecosystem-focused organizations such as universities, non-profits, industry trade groups, chambers of commerce, and other innovation ecosystem stakeholders, that register for event participation. The event will include ample opportunities for networking among entrepreneurs, investors, and other relevant innovation ecosystem community stakeholders.

A public Notice of Funding Availability (NOFA) will be posted prior to the event. All companies previously participating at NJ Founders & Funders events are invited to register for the All-Stars event and registrations will be accepted via an online form with no fees. Attendance will be offered to the first 30 registrants that complete the intake form and meet all eligibility requirements described below. Startup company participants may send up to two representatives to attend the event.

As with the standard NJ F&F events, the All-Stars event will feature organized one-on-one introductions between NJ-based companies and investors. Following the matched one-on-one pitch session between founders and funders, investors will score each pitch to identify the three highest-scoring startups by evaluating the startups through a standard scorecard developed by the Staff based on criteria such as, strength of team, company value proposition, market validation, and total addressable market size. Participating investors will be asked to complete a standardized score card for each company they meet with. The three highest-scoring startups will have the opportunity to pitch to the full audience of attendees, who will then evaluate the startups using the same criteria based on vote by text.

Following the event, the Program will open an application for grant funding. One $100,000 grant will be awarded to an eligible applicant. The eligibility criteria for the financial award are described below and will include the requirement that the award recipient have the highest score among all applicants of the 2024 All-Stars event. The grant award will be subject to the execution of a Program grant agreement.

ELIGIBILITY

Event Registration:
As noted above, All-Stars event attendance will be offered to the first 30 innovative New Jersey-based startup registrants that complete the registration form and meet the startup event participation eligibility requirements. Staff will review startup registrations to screen for completeness and eligibility. The eligibility screening process for event registration will rely on registrant self-certifications or easily producible documentation, as noted below. To participate in

the event, entrepreneurs must satisfy the following eligibility requirements and demonstrate them as follows, at the time of registration:

- The registrant is registered to do business in NJ, to be confirmed by submission of a valid NJ Business Registration Certificate or valid NJ Tax Clearance Certificate.
- The registrant submits a 1-2 page executive summary on the business (any format).
- The registrant has participated in a prior NJ F&F between Spring 2017 and Fall 2024, to be confirmed internally by Staff.
- The registrant maintains a place of business in the state, to be confirmed by the submission of a lease agreement, deed, co-working agreement, or equivalent.
- The registrant maintains 50% or more of their U.S.-based full-time W2 employees reside or fill a position in the State, or 50% or more of the wages paid to the Company's U.S.-based full-time employees go to employees that reside or fill a position in the State, to be confirmed by the submission of a satisfactorily completed employee log.
- The registrant has raised at least $1M in third-party capital since inception, to be confirmed by the submission of a capitalization table or equivalent.

Staff will review registrations in the order they are received for completion and will review for eligibility in the order of completion. Staff will notify the first 30 approved applicants of their ability to attend the event. Should any approved attendee drop out, attendance will be offered to the next eligible company in order of completed registration. Registrants not approved to attend due to ineligible applications will have the ability to challenge the decision prior to the event.

Grant Application:
Following the All-Stars event, the Authority will open an application to apply for $100,000 of grant funding. The Authority will award one $100,000 grant to a business who satisfies the following eligibility requirements and demonstrate them as follows, at the time of grant application:

- The applicant registered for and attended the F&F 2024 All-Stars event, to be confirmed by Staff.
- The applicant received the highest score, compared to all other eligible applicants, at the New Jersey F&F 2024 All-Stars event, to be confirmed by Staff.
- The applicant registered for and attended a standard NJ F&F event between Spring 2017 and Fall 2024, to be confirmed internally by Staff.
- The applicant maintains 50% or more of their U.S.-based full-time W2 employees that reside or fill a position in the State, or 50% or more of the wages paid to the Company's U.S.-based full-time employees go to employees that reside or fill a position in the State, to be confirmed by a Federal Form 941 or NJ-WR30 form in addition to a signed employee log and/or equivalent documentation.
- The applicant maintains a place of business in the State, to be confirmed by the submission of a lease, deed, co-working agreement, or equivalent.
- The applicant previously raised at least $1M of previous third-party capital since inception, to be confirmed by executed stock purchase agreements, capitalization table, or equivalent documentation.
- The applicant has completed payment of the $500 application fee.

In addition to the eligibility parameters stated above, applicants must be in substantial good standing with the New Jersey Department of Labor and Workforce Development (NJDOL) and

New Jersey Department of Environmental Protection (NJDEP) to be eligible for the grant. A valid New Jersey tax clearance certificate must also be provided prior to application approval to demonstrate the applicant is registered to do business in New Jersey and in substantial good standing with the NJ Division of Taxation. Upon receiving an application, Staff will review for completion and eligibility. Prior to approval, applicant must pass the Authority's legal debarment review.

GRANT AWARD

The proposed NJ Founders & Funders All-Stars Grant Program will provide grant funding (under the requirements and structure herein) to support the growth of NJ-based startups and encourage further investment in the state while recognizing the achievements of successful entrepreneurial businesses. The use of grant proceeds will be limited to company working capital. The award structure aligns with the Authority's ongoing strategy of supporting the New Jersey innovation ecosystem. Eligible businesses may only use the grant awards to support business working capital needs. Proceeds may not be used for any activities such as building construction or machine purchasing such that would trigger NJ prevailing wage requirements.

Funding for the grant and event costs will be made available through the New Jersey Innovation Evergreen Fund program, which reserves 75 basis points of the total amounts deposited in the fund, calculated on an annual basis, for programs administered by the Authority to create an innovation ecosystem that supports and promotes high-growth businesses in the State, including such activities as investor and founder networking events. Current program reserves for ecosystem programming stand at $336,483. Grant funding for the Program will ultimately be provided through the Economic Recovery Fund pursuant to N.J.S.A.34:1B-7.13(a)13, which authorizes grants or competition prizes for the Authority's economic development priorities.

Following selection of the competition recommended winner, grant funding is conditional upon execution of a program grant application. One grant award of $100,000 will be offered. This grant will be non-dilutive and will be disbursed in full following a completed grant agreement. The company that receives the grant award must meet the compliance guidelines specified above throughout a three-year compliance period. Companies will submit annual compliance report updates to the Authority within 90 days of the end of each calendar year, using a standard report template to be provided by Staff. To remain in compliance with the program, completed Annual Reports must include the following:

- Demonstration awardee maintains 50% or more of their U.S.-based full-time W2 employees reside or fill a position in the State, or 50% or more of the wages paid to the Company's U.S.-based full-time employees go to employees that reside or fill a position in the State, to be confirmed by a Federal Form 941, NJ-WR30 form, signed employee log, and/or equivalent documentation.
- Demonstration awardee maintains a place of business in the State, to be confirmed by the submission of a lease, deed, co-working agreement, or equivalent.

If the awardee falls out of compliance or fails to submit the Annual Report, the company will enjoy a one-year grace period to remedy the issue. If they are unable to remedy their compliance following the grace period, the company may be subject to a claw back provision up to the amount of the grant award. The claw back requirement will be reduced by 1/3rd for each year the company remains in compliance.

DELEGATED AUTHORITY

Staff requests delegated authority to the Chief Executive Officer to oversee event details including startup, investors, and ecosystem stakeholder selection process. As the result of any registration challenge is only entrance to the All-Stars event, staff requests delegated authority to the Chief Executive Officer to oversee the challenge process, including all final administrative decisions arising from such challenges.

Staff also requests delegated authority to the Chief Executive Officer to approve an eligible application for the NJ Founders & Funders All Stars Grant, based the parameters set forth in this memo and the attached program specifications. This delegated authority is comparable to delegated authority for existing grant programs.

Entities whose grant applications are denied will have the right to appeal. Appeals must be filed within the timeframe set in the declination letter (which staff will establish prior to the first appeal and which must be at least 10 business days). The Director of Legal Affairs will designate Hearing Officers who will review the application, the appeal, and any other relevant documents or information. The Hearing Officer will recommend an administrative decision. Appeals solely based on a non-discretionary basis shall be submitted to the Chief Executive Officer for final decision under delegated authority.

RECOMMENDATION

The Members are requested to approve the creation and implementation of a 2024 New Jersey Founders & Funders All-Stars pitch competition and startup and investor meetup event and related grant award. Following the event, the Authority will open an application for grant funding and will award one $100,000 grant to an eligible applicant that received the highest score recommendation at the pitch competition event among eligible applicants.

____

Tim Sullivan, CEO

Prepared by:
Grace Warner – Product Officer, Venture Programs
Alexander Pachman – Manager, Venture Programs

Appendix A: Product Specifications

APPENDIX A: PRODUCT SPECIFICATIONS

Funding Source	Funding for the event costs will be available through the New Jersey Innovation Evergreen Fund program, which reserves 75 basis points of the total amounts deposited in the fund, calculated on an annual basis, for programs administered by the Authority to create an innovation ecosystem that supports and promotes high-growth businesses in the State, including such activities as investor and founder networking events. Grant funding for the program will initiative from the Evergreen Fund budget described above, but flow through, and ultimately be provided from, the Economic Recovery Fund pursuant to N.J.S.A.34:1B-7.13(a)13, which authorizes grants or competition prizes for the Authority's economic development priorities.
Program Expiration	Event registration will be accepted and reviewed on a rolling basis (first-come, first-served) up until the event capacity limit (30 companies and 15 ecosystem stakeholders). Applications for grant funding will also be accepted and reviewed on a first-come, first-served basis throughout an application period.
Program Purpose/Objective	The New Jersey Founders & Funders All-Stars Program event aims to recognize the connections made through this program, resulting in investment, insight, and inspiration to help fuel the New Jersey Innovation Ecosystem. The event provides New Jersey entrepreneurs opportunities for networking among peers, investors, and other relevant innovation ecosystem community stakeholders.
Eligible Applicants	Startup company applicant eligibility for the grant application will be as follows: • The applicant registered for and attended the NJ F&F 2024 All-Stars event, to be confirmed internally by the NJEDA Venture Programs Team. • The applicant received the highest score, compared to all other eligible applicants, at the NJ F&F 2024 All-stars event, to be confirmed internally by the NJEDA Venture Programs Team. • The applicant registered for and attended a standard NJ F&F event between Spring 2017 and Fall 2024, to be confirmed internally by the Authority's Venture Programs Department Staff. • The applicant maintains 50% or more of their U.S.-based full-time W2 employees that reside or fill a position in the

	State, or 50% or more of the wages paid to the Company's U.S.-based full-time employees go to employees that reside or fill a position in the State, to be confirmed by a Federal Form 941, NJ-WR30 form, signed employee log, and/or equivalent documentation. • The applicant maintains a place of business in the State, to be confirmed by the submission of a valid lease, deed, co-working agreement, or equivalent. • The applicant previously raised at least $1M of previous third-party capital since inception, to be confirmed by executed stock purchase agreements, capitalization table, or equivalent documentation. • The applicant has completed payment of the $500 application fee.
Use of Funds	Eligible businesses may only use the grant awards to support business working capital needs. Proceeds may not be used for any activities such as building construction or machine purchasing such that would trigger NJ prevailing wage requirements.
Grant Agreement Terms	Proposed 2024 NJ Founders and Funders All-Stars Award Guidelines: • Following selection of the competition recommended winner, grant funding is conditional upon execution of a program grant application. • One grant award of $100,000 will be offered. This grant will be non-dilutive and will be disbursed in full following a completed grant agreement. • Authority staff will monitor the awardee's continued compliance with the Program eligibility through annual compliance reports submitted by awardees, throughout the three-year compliance period for the recipient. • If awardee fails to maintain eligibility or required annual reporting throughout the three-year compliance period, the company will be in default following a one-year grace period and may be subject to a claw back provision by the Authority for the awarded grant capital. • The claw back requirement will be reduced by 1/3rd for each year the company remains in compliance throughout the three-year compliance period.
Amount	One grant award of $100,000 will be offered. This grant will be non-dilutive.
Term	There will be a three-year compliance period following award disbursement where recipients are required to submit annual reporting confirming they remain in compliance with the

	program Grant Agreement terms.
Fees	There will be a one-time $500 application fee to apply for the grant funding following the program event.
Funding Disbursement	Grant amount to be fully disbursed after execution of program Grant Agreement.

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: July 17, 2024

SUBJECT: New Jersey Innovation Evergreen Fund: July 2024 Qualified Investment Approval

SUMMARY

The Members are asked to approve a Qualified Investment presented today under the New Jersey Innovation Evergreen Program ("Program") for an application submitted by Bullpen Management LLC ("Bullpen Capital") to invest into ManyMoons Co. ("The Many Company"). This initial Qualified Investment is for an amount up to $3,000,000, with additional associated fees and expenses as described in this memorandum. The approval will allow Staff to utilize Program funds to execute a Qualified Investment into a Qualified Business alongside Bullpen Capital. Additionally, upon approval of this investment, Staff will reserve Program capital for subsequent follow-on investments into the Qualified Business and for management fees and direct administrative expenses required to support the investment, as authorized in Program regulations, and described in this memorandum.

BACKGROUND

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

The Act authorizes the Authority to sell up to $300 million of Corporation Business Tax (CBT) and Insurance Premium Tax (IPT) credits through a series of competitive auctions, proceeds of which are to be deposited in the Evergreen Fund to be used for Program investments. The Board approved the sale of $50 million in tax credits through the inaugural Program auction in December 2022. Based on the outcome of the inaugural auction, participants were approved to purchase the

$50 million of tax credits for an aggregate amount of $41.1 million. The proceeds of the auction are added to the $5 million of Program funds received through a FY2023 State budget appropriation to fund initial Evergreen Fund investments and expenses. As of July 8th, 2024, approximately $37 million of unallocated capital remains available for program investments and expenses.

To invest the Evergreen Fund monies, the Program establishes an application process through which venture firms first may apply for designation as a Qualified Venture Firm. Venture firms, which do not need to be located in the State, may apply for designations on a rolling basis, and applications are reviewed in order of submission. Applications for Qualified Venture Firms opened on December 16, 2022, and 14 Qualified Venture Firms have been approved to join the platform to-date. Qualified Venture Firms are approved by Staff pursuant to an updated delegated authority policy approved by the Members on April 10, 2024.

Qualified Investment Review Process

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

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

It is anticipated additional follow-on capital investment will be needed to support Qualified Investments. Under the Program, the Authority shall have the right, but not the obligation to make follow-on investments from the Evergreen Fund into Qualified Businesses. The Authority will reserve Program capital for follow-on investments into Qualified Businesses in an amount based on the same ratio set aside by the Qualified Venture Firm, up to the Program investment limits noted above in any twelve-month period. As previously approved by the Members, follow-on investments will be approved by the Authority's Chief Executive Officer under delegated authority (with certain exceptions) as explained in this memorandum.

The recommendation presented to Members for consideration this month represents the Program's third Qualified Investment to invest up to $3,000,000 of Program capital alongside Bullpen Capital into the New Jersey-based innovative, high-growth company, The Many Company. The Program Qualified Investment would follow a $3,250,000 equity investment executed by Bullpen Capital into The Many Company on January 10, 2024. Based upon the projections provided by Bullpen Capital, and following approval by the Members, Staff will reserve an additional $3,000,000 for subsequent follow-on investments into The Many Company, matching the ratio of reserves set aside by Bullpen Capital, along with an additional $562,500 for management fees and $240,000 for direct administrative expenses required to execute and manage the Qualified Investment. Reserves are adjusted up or down at least annually based upon guidance from Bullpen Capital.

Please refer to **Appendix A** for a summary of Bullpen Capital and an overview of the firm's eligibility as a Qualified Venture Firm. Please refer to **Appendix B** for a summary of The Many Company and of the business's eligibility as a Qualified Business. Finally, please refer to **Appendix C** for an overview of the proposed Qualified Investment transaction terms and related reserves for subsequent follow-investments, transaction management fees, and direct administrative expenses.

QUALIFIED INVESTMENT REQUIREMENTS

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

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

QVF and Investment Requirements at Time of Initial Qualified Investment

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

1) Number of Investors Employed by the Firm: QVFs must continue to employ at least two full-time investors with the authority to direct investment capital with at least five years of professional money management experience (each) at the time of application.

2) Minimum Assets Under Management: QVFs must continue to maintain at least $10,000,000 in assets under management at the time of application.

3) Limit on Size and Number of Investments: QVFs may only complete up to two qualified investments per calendar year. Applications for investments shall not be less than $100,000 per Qualified Investment and must be limited to $5,000,000 per investment. If the proposed Qualified Business is a New Jersey university spin-off, utilizes intellectual property developed at a NJ university that is core to its business model, or is certified by the State as a "minority business" or a "women's business" pursuant to P.L. 1986, c. 195 (N.J.S.A. 52:27H-21.17 et seq.)., the businesses may qualify for a Qualified Investment of up to $6,250,000.

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

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

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

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

Qualified Investment. The investments must be part of the same fundraising round and on equal terms.

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

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

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

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

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

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

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

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

QUALIFIED VENTURE FIRM COMPLIANCE REQUIREMENTS

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

Additionally, Qualified Venture Firms that received points through the Program's weighted criteria evaluation model for maintaining robust diversity, equity, and inclusion or New Jersey Incentive Area investment policies must demonstrate best efforts to comply with their policy goals. Firms that fail to do so will be rescored through the weighted criteria evaluation model and risk decertification should their score fall below the minimum acceptable score. For the purposes of the Program, New Jersey Incentive areas are defined as areas in the State designated pursuant to the "State Planning Act," P.L.1985, c.398 (C.52:18A-196 et seq.), as Planning Area 1 (Metropolitan), or that has been designated as a qualified Opportunity Zone pursuant to 26 U.S.C. s.1400Z-1.

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

QUALIFIED BUSINESS COMPLIANCE REQUIREMENTS

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

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

FOLLOW-ON INVESTMENT REQUIREMENTS

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

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

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

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

RECOMMENDATION:

Based on the evaluation conducted by Authority staff, according to the criteria established by the legislation, and clarified through Program regulations and the April 2022 Program Board memorandum, approval for an amount up to a $3,000,000 initial Qualified Investment alongside Bullpen Capital into the innovative, high-growth, New Jersey-based company The Many Company is recommended, conditioned on the execution of Program closing agreements, along with expected associated management fees of up to an additional $562,500 and for expected associated direct administrative expenses of up to an additional $240,000. Following approval, the Program will reserve an additional $3,000,000 for subsequent follow-on investments into The Many Company matching the ratio of reserves set aside by Bullpen Capital.

Tim Sullivan, CEO

Prepared by:
Alexander Pachman – Manager, Venture Programs
Grace Warner – Product Officer, Venture Programs

Attachment:
Appendix A – Summary of Qualified Venture Firm and Eligibility
Appendix B – Summary of Qualified Business and Eligibility
Appendix C – Confidential Summary of Transaction Details

Appendix A – Summary of Qualified Venture Firm and Eligibility

Bullpen Management LLC

NJEDA Staff finds the Qualified Investment applicant, Bullpen Management LLC, meets all Program Qualified Investment eligibility requirements. The firm was approved by Staff as a program Qualified Venture Firm under delegated authority on July 2nd, 2024. As described in this memorandum, the firm maintains at least two full-time investors with the authority to direct investment capital with at least five years of professional money management experience (each). Additionally, Staff finds that the firm exceeds the Program minimum assets under management of at least $10,000,000 in assets under management, which is measured as the sum of the firm's net assets of the funds managed by the Qualified Venture Firm, equity capitalization of the funds managed by the Qualified Venture Firm, and written commitments of cash or cash equivalents committed by investors. The proposed Qualified Investment represents the firm's first investment into the Qualified Business and the application for Qualified Investment was submitted within 90 days of the Qualified Venture Firm's investment into the Qualified Business. Finally, the proposed Qualified Investment size of $3,000,000 falls within the 15 percent concentration limit of the firm's total assets under management.

Overview

Founded in 2010, Bullpen Capital is an early-stage venture capital firm headquartered in San Francisco California. The firm typically invests in companies raising capital through financing rounds that fall through the cracks between Seed and Series A Stage financing rounds. Bullpen Capital targets post-seed companies that have achieved strong product market fit but have been overlooked by institutional investors. After over a decade of active investing, the firm manages over $737M in assets under management across six flagship funds. The firm's senior management team has a rich history of founding and investing in some of the industry's most prominent technology companies. Prior funds include nine unicorn investments now valued at over $1B, including FanDuel, HomeLight, Grin, Carbon Health, and Paper. An additional eight portfolio companies are valued at more than $500M. More than 50% of portfolio company founders across the firm's three most recent flagship funds have been BIPOC or women. The firm is currently investing out of its $142.2M Fund Six which has deployed over $21M into six companies.

Strategy

Over the past decade, Bullpen has made over 125 investments into companies they deem as "pre-consensus". A pre-consensus company could be one ahead of mainstream interest or overlooked by other investors typically across one of three vectors of bias. First, Bullpen Capital portfolio companies tend to operate in non-consensus industries. For example, the firm led early-stage investments in sectors such as daily fantasy and sports betting, influencer marketing and the creator economy, and education technology well in advance of the sectors gaining favor among other institutional investors. The approach has led to successful early-stage investments in unicorn companies including FanDuel, Grin, and Paper. Second, many portfolio companies are based in overlooked geographies. Finally, Bullpen Capital maintains a strong track record of investing in founders from underrepresented backgrounds, the firm has an impressive track record of investing in women and BIPOC founders. As a part of Bullpen's investment strategy they seek out these companies, using a metrics-based approach to identify high-potential targets.

The firm typically prefers to lead post-seed rounds, writing initial investment checks from $2-3M to companies with developed go-to-market strategies operating with about $1M of annually recurring revenue. Post investment, the Bullpen team provides support and mentorship to assist their portfolio companies in crossing over to mainstream consensus. In doing so, the team provides connections subject matter experts across finance, marketing, engineering, data science, or communications to provide their companies with genuine value add beyond just capital investment. This approach has helped the firm to get into deals at attractive valuations and take greater ownership positions. Bullpen capital reserves for follow-on investment rounds and has a 1:1 reserve ratio of invested capital.

Investment and Management Team

Bullpen Capital is managed by a strong senior management team with extensive investment experience as well as entrepreneurship experience. Paul Martino, Duncan Davidson, and Richard Melmon co-founded the firm in 2010. Eric Wiesen joined the senior leadership team in 2015, previously serving as a General Partner of another notable venture capital firm, RRE Ventures. Paul Martino and Eric Wiesen currently lead the firm as full-time General Partners, while Duncan Davidson and Richard Melmon continue to support the firm as part-time Partners. The firm's investment committee is currently made up of firms full-time and part-time Partners, along with CFO, Candace Chan.

Mr. Paul Martino is a General Partner and Co-Founder of Bullpen Capital. Prior to co-founding Bullpen in 2010, he founded several technology companies, including: Ahpah Software, a computer security firm acquired by InterTrust, Tribe (one of the world's first social networks), and Aggregate Knowledge (a big data advertising attribution company acquired in 2014 by Neustar). He holds over a dozen patents on core social networking concepts, content targeting, and recommendation systems. He also has been an active angel investor, personally investing in the first rounds of Zynga, TubeMogul, and Udemy. While at Bullpen, Mr. Martino has led several of its key investments including FanDuel, Swish Analytics, Jackpocket, Grove, Ipsy, SpotHero, Ocrolus, and Life360.

Mr. Eric Wiesen has been a General Partner of Bullpen Capital since 2015, after spending most of his career in technology having worked as an entrepreneur, investor, advisor, and attorney. Following his JD, Eric he practiced in the corporate group at Fenwick & West LLP in Silicon Valley, working with both startups and public technology companies including Cisco, eBay, Veritas, and Compuware. After completing an MBA program at Columbia University, he moved into a career in VC working as a General Partner at RRE ventures in 2010 making many successful investments including PayPal, Stratasys, Twitter, Assurant, Freewheel, and Constant Contact. Mr. Wiesen leads the firm's investment into The Many Company.

Mr. Duncan Davidson a co-founder of Bullpen Capital and currently works as a part-time General Partner at the firm. Mr. Davidson is a serial entrepreneur who most notably founded Covad Communications, the leading independent DSL provider, which went public and reached a market value of $9B, and Sky Pilot Networks, a developer of outdoor wireless mesh systems, which was acquired by Trillium in 2009. He served as the SVP of Business Development at InterTrust and led the IPO in 1999 and the secondary in 2000 (InterTrust reached a $9B market value in 2000). He also spent four years as a managing director at VantagePoint Venture Partners where he focused on digital media and telecom investments including Widevine (acquired by Google) and Livescribe. Prior to joining Bullpen Capital, Mr. Davidson also co-founded one of the first mobile social app companies, Xumii, later sold to Myriad Group and now powering over 200M users in the developing world. At Bullpen he focuses on SaaS and IoT investments and is an advisor to or sits on the boards of Modal, Filament, Hologram, Illumeo, SpaceIQ, Verbling, and Wag Labs.

Mr. Richard Melmon was a co-founder of Bullpen Capital and currently works as a part-time Emeritus Partner at the firm. Notably, Mr. Melmon is the co-founder of Electronic Arts, which carries a $30B market capitalization, Melmon Tawa & Partners, a high tech advertising agency acquired by Livingston and Co. in 1989, and Objective Software, which was acquired by Asymetrix in 1993. He also co-founded NetService Ventures Group in 2002, sourcing and managing its seed stage investments in twelve companies, including Broadware, which sold to Cisco, BigFix, which sold to IBM, and several other successful startups. Richard Melmon has led several of Bullpen Capital's key investments, including Braze and Homelight. Richard received a B.A. in Physics from UC Berkeley in 1969 and an M.B.A. from Stanford University in 1973.

Ms. Candance Chan is the Chief Finance Officer at Bullpen Capital. She has over 20 years of combined venture capital and operational accounting experience, previously holding positions financial leadership positions at Versant Ventures, Avid Technology, and Enterprise Rent-A-Car. She currently serves on the board of the VCBC (a non-profit association of finance professionals in venture capital firms). As CFO, she is responsible for overseeing the financial operations of Bullpen and its funds.

New Jersey Investment History

The firm has not invested in any New Jersey-based business through funds raised in the past five years. However, the Bullpen Capital invested $3.25M into the Many Company – a high-growth, woman-led, innovative business based in Ridgewood, NJ in January 2024 out of Bullpen Capital VI, L.P.

Appendix B – Summary of Qualified Business and Eligibility

ManyMoons Co.

Business Overview

The Many Company is a platform that enables direct-to-consumer ("DTC") sustainable apparel brands to accelerate growth and participate in the "circular economy". The company was founded in 2020 and has pioneered new pathways to support small to mid-size apparel brand partners on their path to being more sustainable and profitable with a mix of service offerings including digital distribution, hosted web properties, and third-party logistics (3PL) services. The company proved out its concept through brand partners focused on children's apparel and is now expanding into women's apparel brand partners.

Handling "exception case" inventory, comprised of overstock, returns, and resale, is a major pain point for small to mid-size apparel brands with less than $100 million in gross merchandise value (GMV). Small to mid-size apparel brands represent a $1.3T market opportunity. Apparel companies of this size struggle to execute global shipping and logistics operations and complex inventory management, which requires a substantial capital investment. Exception case inventory frequently ends up in landfills or in big box discount stores for pennies on the dollar.

The Many Company powers brand partner "circular shops", selling refurbished pre-owned resale apparel, overstock, and returns through hosted web platforms. The company drives sales of exception case inventory through multi-channel marketing, including through its own Manymoons marketplace, enabling brand partners to reach a broader and more diverse customer base through simultaneous sales and inventory tracking through a large set of channels across social media, independent sellers, and other 3rd party markets places, and even physical retailers. The Many Company enables brand partners to recirculate exception case inventory simultaneously across an array of sales channels, while tracking each piece of inventory to prevent unfulfilled orders. The product offerings provide brand partners with more sustainable paths for consumption while supporting their financial health. The Many Company is B-Corp certified and its service offering resonates with its sustainable apparel brand partners that share their environmentally friendly ethos.

More than 20 percent of brand partners also enter into 3PL contracts with The Many Company to handle end-to-end warehousing, order fulfillment, logistics, and more. The 3PL logistics support leverages a proprietary single-SKU inventory tracking technology, which is a rare offering. 3PL logistics offerings also helps The Many Company attract and retain brand partners through circular shops, creating sticky customer relationships. All these offerings are in support of The Many Company's larger mission to take physical goods to their true end of life by surfacing products to customers as well as fiscally and operationally support brands with their products on this journey.

The company generates revenue through a take rate applied to each piece of exception case inventory sold and through 3PL contracts. The Many Company generated over $1 million in net revenues in 2023 serving 10 brand partners and has a robust wait list of over 60 brand partners.

Team
The Many Company employs 20 full-time workers, 12 of whom reside and work in New Jersey. The company anticipates utilizing capital for future expenses, in part, to expand its team, enhance its technology offerings, and onboard its brand partner weight list. The company's corporate headquarters are located at 31 Broad Street in Ridgewood, New Jersey, and the company operates a logistics warehouse at 90 Dayton Avenue in Passaic, New Jersey.

The Many Company is led by its Chief Executive Officer and Co-founder Carolyn Butler, who has 17 years of experience in strategy, system design and operation of low-waste manufacturing and warehousing facilities and supply chains. Her designs in the CPG, Oil and Gas, Agriculture, and Waste industries span 12 counties and generate billions in annual revenue globally. Carolyn Butler received an MBA from Columbia Business School. Co-founder Richard Amsinger also received an MBA from Columbia Business School and has 18 years of experience as an executive in television having elevated brands for FOX, ABC, SNY and the New York Mets. Through unique sales strategies and creative execution Rich grew SNY in-game sales from roughly $25M to over $48M in annual revenues. The team also recently added Padma Rao as Chief Marketing and Product Officer, who previously held the role of Chief Marketing Officer at Zynga, a now $9B market capitalization mobile game developed, that received an early-stage investment from Bullpen Capital General Partner, Paul Martino.

Eligibility
NJEDA Staff finds the proposed Qualified Business, Manymoons Co., meets all Program Qualified Investment eligibility requirements**.** As described in Table 1 below, the Ridgewood, New Jersey-based high-growth, innovative business maintains a place of business and its principal business operations in New Jersey and falls within the Qualified Business size limit of fewer than 250 full-time employees. Additionally, The Many Company operates in the Program-targeted information and high technology industry and satisfies the Program's high-growth test through an increase valuation of greater than 25%. Finally, the proposed Qualified Investment size of $3,000,000 is within the concentration limit of aggregate investments into any Qualified Business of 10 percent of the Program's uninvested and invested capital.

Table 1: ManyMoons Co. Eligibility Review

Criteria	Criteria Explanation	Eligibility
NJ Principal Business Operations	Qualified Businesses must maintain principal business operations in New Jersey, defined as any of the following: (i) at least 50 percent of its full-time employees reside in New Jersey, (ii) at least 50 percent of the business's payroll (defined as wages) for full-time employees is paid to individuals living in the State, (iii) at least 50 percent of its full-time employees filling a position in the State, or (iv) at least 50 percent of the business's payroll (defined as wages) for full-time employees is paid to individuals filling a position in the State.	12 out of The Many Company's 20 full-time employees reside and fill a position in New Jersey.

NJ Place of Business	Qualified Businesses must maintain a place of business in New Jersey, such as an office, manufacturing facility, or co-working space.	The Many Company's corporate headquarters is located at Ridgewood, New Jersey. The company also maintains a logistics warehouse in Passaic, New Jersey.
Targeted Industry	Qualified Investments will be restricted to businesses operating in one of the following program targeted industries: advanced transportation and logistics, advanced manufacturing, aviation, autonomous vehicle and zero-emission vehicle research or development, clean energy, life sciences, hemp processing, information and high technology, finance and insurance, professional services, film and digital media, non-final point of sale retail food and beverage businesses, including food innovation, and other innovative industries that disrupt current technologies or business models. Qualified Business shall be considered to be in a targeted industry if the business is engaged primarily in a targeted industry.	The Many Company operates in the Program-targeted information and high technology industry.
Limit on Business Size	Qualified Businesses must employ fewer than 250 full-time employees.	The Many Company maintains 20 full-time employees. The company has one part-time employee on its payroll log.
High-growth Business	Qualified Businesses must demonstrate they are high-growth business by meeting one of the Program's high-growth tests. To meet the program's high-growth test, Qualified Businesses may demonstrate trailing twelve-month revenue or customer growth of at least 25% as of the most recent quarter-end, or valuation growth of 25% since their prior fundraising round. Businesses that are too early in their life cycle to record one year of sales or customers and that have not previously raised third-party equity capital may demonstrate they meet the Program's high-growth test through third-party projections. For these businesses, Qualified Venture Firms	The Many Company meets the Program's high-growth test through a valuation growth of 33% with a pre-money valuation of $16 million, compared to a prior priced round pre-money valuation of $12 million.

	may submit their base case projections and businesses may be considered high-growth if the projections demonstrate 25% revenue, customer, or valuation growth in any, one-year period over the subsequent 3-5 years.	
Concentration Limits on Businesses	The Program will limit aggregate investments into any Qualified Business to 10 percent of the Program's uninvested and invested capital.	The proposed $3,000,000 Qualified Investment is 6. 5% of the Program's uninvested and invested capital.

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

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: July 17, 2024

SUBJECT: Newark Ventures Partners III, L.P.

SUMMARY

Approval is requested under the Authority's Venture Fund investment program policy to make a limited partnership investment in Newark Venture Partners III, L.P. (the "NVP III") and an Affiliate Fund for an aggregate amount of the lesser of up to $6 million or 6% of total committed capital to NVP III. Per program policy, should NVP III's fund size exceed $100 million, the EDA's aggregate investment across the funds would be capped at $6 million. The firm will manage the lesser of up to $ 1 million or 1 percentage point of the Authority's aggregate commitment through an Affiliate Fund to be formed for the purpose of making investments in Newark-based startups. The remainder of the Authority's aggregate commitment, or the lesser of up to $5 million or 5 percentage points, will be allocated to Newark Venture Partners III, L.P.

As required by EDA's Venture Fund Investment program policy, NVP III, L.P. will make commercially reasonable efforts to match every $1 of the EDA commitment to the fund with an additional $2 from NVP III into New Jersey-based investments. The expected result is three times the amount of capital commitment by the EDA will be deployed into the New Jersey ecosystem. The Affiliate Fund will exclusively invest in Newark-based companies and will also make commercially reasonable efforts to match every $1 of EDA commitment to the Affiliate Fund with an additional $2 into Newark-based investments either through the Affiliate Fund or syndicate investment partners identified by Newark Venture Partners ("NVP") also participating in the same investment round of the transaction. It is anticipated the EDA will likely represent the sole limited partner in the Affiliate Fund. Additionally, NVP will participate in EDA events and provide ongoing reporting, in addition to the other community commitments described in the memorandum. The Authority's funding for the investments will be made from the Economic Recovery Fund (ERF).

Background

The EDA has a long history of investing in venture funds – since 1995 - with a focus on a double bottom line of job creation and returns while filling market gaps. To date, the EDA has approved investments in twenty two venture capital funds with cumulative commitments of more than $77 million. This includes an approximately $5.3 million commitment to NVP's first two funds. Over that time, the Board has approved a venture fund investment policy that guides the selection of venture fund managers and the amount of EDA investment.

Newark Venture Partners III, L.P., a Delaware limited partnership, was formed in 2023 with the investment objective of long-term appreciation generated through investments in early-stage companies. The firm's target companies operate in the business to business (B2B) software industry. The NVP III target fund size is $100 million and will be capped at $150 million should aggregate commitment exceed the fund target. The first fund closing for NVP III was held on October 2nd, 2023 where the firm raised $58.3 million. The firm intends to conduct a final closing of NVP III by October 2024.

NVP III is the third fund for Newark Venture Partners (NVP), a Newark, NJ-based early-stage venture capital firm. NVP launched its first fund in 2016 with approximately $44 million in committed funding, of which $1.1 million was committed by the Authority. The firm launched its second fund in 2020 with approximately $88 million in committed funding, of which $4.2 million was committed by the Authority. Newark Venture Partners makes investments in early-stage technology companies operating in the B2B software industry. In conjunction with the firm's pilot first fund, NVP also ran a Newark-based tech accelerator, NVP Labs, to build the firm's brand and attract founders. The firm made 75 investments in its first fund into companies participating in the NVP Labs accelerator program and additional startups aligned with its thesis. The firm pivoted its investment model with its second fund and sunset its accelerator program with the goal of building larger positions in its portfolio companies and began pursuing a national investment model, albeit with a strong commitment to the community of Newark and the State. The firm made 35 investments out of its second fund, taking more concentrated positions in its portfolio companies, and reserving larger amounts of additional capital for follow-on investments. According to NVP, nearly 60% of the firm's investment portfolio founders are ethnically diverse or women.

The firm will continue to pursue its model of making Seed-stage investments into a concentrated portfolio of 25-30 core positions out of NVP III. The Affiliate Fund will invest in Newark-based early-stage B2B software opportunities, typically investing in Pre-seed and Seed financing rounds, with check sizes from $100,000 to $250,0000.

Newark Venture Partners leverages their corporate limited partner relationships, which include top corporate investors such as Audible (an Amazon company), Prudential, RWJBarnabas, Bank of America, and Horizon Blue Cross Blue Shield, to source potential investments, evaluate the commercial viability of opportunities, and add value to portfolio companies. NVP III and the Affiliate Fund will continue to be managed by the existing partners - Dan Borok, Tom Wisniewski, and Vaughn Crowe. Dan Borok and Tom Wisniewski have worked together at Newark Venture Partners since the firm's inception in 2016. Vaughn Crowe joined NVP while the firm was investing its second fund but served as an advisor to the firm since its inception. They are supported by a team of 5 experienced investment and operations professionals. Skylar Dorosin and Sean Simons both serve as Principals on the investment team, and Chika Ogele serves as an Associate. The firm plans to hire an additional operations professional to support with internal accounting, operations, and investor relations upon achieving its fund target size.

The NVP team and firm are deeply involved in supporting the Newark and broader New Jersey communities. NVP has been a longstanding participant in the Authority's NJ Founders and Funders events and participates on the New Jersey Innovation Evergreen Fund co-investment platform as a program Qualified Venture Firm. The firm allocates a portion of its carried interest to the Boys and Girls Club of Newark, Braven-Newark, and Rutgers University. Additionally, the firm occupies 25,000 square feet of office space in downtown Newark at the Rutgers Business

School campus, which it allocates as a free resource to select portfolio companies, community organizations, and other Newark-based startups like those participating in Audible's Step-up Business Attraction Program. The firm plans to allocate at least one pod of desks per cohort of graduates of the NJ Innovation Fellows program should they be selected by Audible to participate in the Step-up Business Attraction Program. Vaughn Crowe is a Newark native and serves on the Authority's Diversity Finance Advisory Board, as Vice Chair of Newark Beth Israel Medical Center, and on the New Jersey State Investment Council. Additionally, Newark Venture Partners has committed to hosting an annual NJ Innovation Summit event in Newark, to bring together 100-200 corporate leaders, investors, and founders, to focus on important trends impacting the innovation ecosystem.

As required by EDA's Venture Fund investment program policy, NVP III will make commercially reasonable efforts to match every $1 of the EDA commitment to the Fund with an additional $2 from NVP III into New Jersey-based investments. The program defines NJ-based as investments as investments into companies either headquartered in the State or that maintain at least 50% of full-time employees based in the State. The Affiliate Fund will exclusively invest in Newark-based companies and will also make commercially reasonable efforts to match every $1 of EDA commitment to the Affiliate Fund with an additional $2 into Newark-based investments either through the Affiliate Fund should additional limited partners participate in the fund, or through syndicate investment partners identified by Newark Venture Partners ("NVP") also participating in the same investment round of the fund's transactions. Similarly, the program will define Newark-based investments as investments into companies either headquartered in Newark or that maintain at least 50% of full-time employees based in Newark. The expected result is three times the amount of capital commitment by the EDA will be deployed into the New Jersey ecosystem. Additionally, NVP will participate in EDA events and provide ongoing reporting, in addition to the other community commitments described in the memorandum.

The Authority's venture fund investment policy prioritize funding for venture capital funds that invest in early-stage companies with less than $3 million in revenue as well as supporting emerging technology companies. As a Seed-stage venture capital firm investing in emerging B2B technology companies, an investment into NVP III and the Affiliate Fund is in accordance with the program policy. Another key component of the Governor Murphy's economic development plan is for New Jersey to become the nation's most diverse and inclusive innovation economy. The data from NVP's first two funds detail a strong record of diversity. According to NVP, nearly 60% of the firm's investment portfolio founders are ethnically diverse or women. Additionally, NVP is among the merely 4% of venture capital firms co-led by a Black investment professional.[1] The proposed aggregate EDA commitment of up to $6 million in Newark Venture Partners III, L.P. and the Affiliate Fund would further help advance these policy initiatives.

Recommendation:

Staff recommends approval under the Authority's Venture Fund investment program policy to make a limited partnership investment in Newark Venture Partners III, L.P. and an Affiliate Fund for an aggregate amount of the lesser of up to $6 million or 6% of total committed capital to NVP III. Per program policy, should NVP III's fund size exceed $100 million, the EDA's aggregate investment across the funds would be capped at $6 million. The firm will manage the lesser of up to $ 1 million or 1 percentage point of the Authority's aggregate commitment through an Affiliate Fund to be formed for the purpose of making investments in Newark-based startups. The remainder

[1] Deloitte, Venture Forward, and NVCA. 2023. "VC Human Capital Survey".

of the Authority's aggregate commitment, or the lesser of up to $5 million or 5 percentage points, will be allocated to Newark Venture Partners III, L.P.

As required by EDA's Venture Fund Investment program policy, NVP III, L.P. will make commercially reasonable efforts to match every $1 of the EDA commitment to the Fund with an additional $2 from NVP III into New Jersey-based investments. The expected result is three times the amount of capital commitment by the EDA will be deployed into the New Jersey ecosystem. The Affiliate Fund will exclusively invest in Newark-based companies and will also make commercially reasonable efforts to match every $1 of EDA commitment to the Affiliate Fund with an additional $2 into Newark-based investments either through the Affiliate Fund or syndicate investment partners identified by Newark Venture Partners also participating in the same investment round of the fund's transactions. It is anticipated the EDA will likely represent the sole limited partner in the Affiliate Fund. Additionally, NVP will participate in EDA events and provide ongoing reporting, in addition to the other community commitments described in the memorandum. The Authority's funding for the investments will be made from the Economic Recovery Fund (ERF).

NVP III and the Affiliate Fund are led by an experienced management team focused on building a best-in-class Seed-stage venture capital firm with a strong commitment to the community of Newark and the State. In addition, the investment will support early-stage technology companies in key sectors identified as priority industries for the State. This approval will authorize the CEO to execute all documents required, subject to the review of the New Jersey Attorney General's office.

____
Tim Sullivan, CEO

Prepared by:

Alexander Pachman - Manager, Venture Programs

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: July 17, 2024

SUBJECT: Award of Activation, Revitalization and Transformation (ART) Real Estate Grants

Summary

The Members are asked to approve:

Grant award in the total amount of $1,182,241 to Jemal's Tate LLC, an Atlantic City real estate project.

Background

The Activation, Revitalization and Transformation ("A.R.T.") Program, approved in October 2022, was designed to help revitalize commercial corridors in Newark, and Atlantic City that were negatively impacted by COVID-related commuter decreases. The loss of vital customer traffic during the pandemic impacted all of New Jersey, but especially those municipalities with major transit hubs. The A.R.T. Program aims to proactively address those economic impacts by investing in projects that will attract residents and talent, enable business creation, and build amenities that enhance downtowns.

The A.R.T. Program was initially divided into real estate and public space activation products with an appropriation of $7MM for real estate projects and $3MM for public space activation for a total program capitalization of $10MM. Real Estate ART applicants were awarded at the February 7, 2024, NJEDA Board meeting.

Reallocation of Funds

An Atlantic City awardee, who received approval at the February 7, 2024, board meeting, withdrew their application. Due to the withdraw of the Atlantic City awardee, staff reallocated funds to a previously declined applicant based on scored ranking and the full dollar amount requested on application. The Applicant, Jemal's Tate LLC is eligible to receive the grant amount requested at time of application, $1,182,241.

Recommendations for Award-Atlantic City-Project Description

Jemal's Tate LLC is being recommended for an award amount of $1,182,241 for the redevelopment of 20 S Tennessee Avenue (Tate House) and 14 S Tennessee Avenue. The project will renovate the existing buildings and connect them, with a shared lobby and courtyard. The end-result will be 13 apartments with 2,622 SF of ground-floor retail and office space. The common courtyard between the two buildings will serve as a space to gather and connect with other residents and the greater community. The project will redevelop underutilized buildings in Atlantic City. Project Owner's compliance with required 20% affordable housing set asides for those projects with residential units is reviewed by CRDA prior to their approval of the project.

Recommendations

The Members are asked to approve:

Grant award in the total amount of $1,182,241 to Jemal's Tate LLC, an Atlantic City real estate project.

Tim Sullivan, CEO

Appendix A

A.R.T Real Estate Scores - Criteria by Average

Location	Applicant	Criteria #1 Average Score	Criteria #2 Average Score	Criteria #3 Average Score	Totaled Average Score
Newark	RBH-TRB East Mezz Urban Renewal Entity, LLC	19.0	5.0	68.7	92.7
Newark	Delta's Newark II, LLC	19.0	4.7	64.7	88.4
Newark	Project for Empty Space	19.0	4.3	64.0	87.3
Newark	New Jersey Performing Arts Center	19.0	5.0	62.3	86.3
Newark	Ablem Food Services NJ, LLC	19.0	3.3	63.0	85.3
Newark	Newark Science and Sustainability, Inc	19.0	3.3	56.3	78.6
Newark	Hospitality Concepts LLC	19.0	3.7	55.0	77.7
Newark	EQUALSPACE LLC	19.0	4.0	53.7	76.7
Newark	Uncle Willie Green Wings LLC	19.0	4.7	52.0	75.7
Newark	Ironbound Community Health Center	19.0	3.7	47.0	69.7
Newark	MCI Property Management, LLC	19.0	3.7	44.3	67.0
Newark	Qava LLC	19.0	2.3	38.3	59.6
Newark	Weequahic Park Association	19.0	3.7	35.0	57.7
Atlantic City	155 S TENNESSEE QOZB, LLC	19.0	4.0	63.0	86.0

Atlantic City	MudGirls Studios	19.0	4.0	61.0	84.0
Atlantic City	2702 Arctic Ave Associates LLC	19.0	3.7	61.3	84.0
Atlantic City	1519 Boardwalk QOZB LLC	19.0	4.0	59.0	82.0
Atlantic City	MAP 3 PARTNERS LLC	19.0	3.3	54.0	76.3
Atlantic City	Jemal's Tate LLC	19.0	3.7	51.3	74.0
Atlantic City	Silk Road AC LLC	19.0	4.0	48.3	71.3
Atlantic City	171 Developers LLC	19.0	3.0	48.7	70.7

MEMORANDUM

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: July 17, 2024

RE: Atlantic City Revitalization Grant Award – 114 S New York Ave LLC

The Members are asked to approve:
1) A grant award of $7,705,756.18 to 114 S New York Ave LLC under the Atlantic City Revitalization Grant Program.

Program Background
The Atlantic City Revitalization Grant Program was Board approved at the December 2023 meeting. This grant supports up to 50% of the project costs related to a capital project located in Atlantic City. The goal of this Program is to proactively address the negative economic impacts of the pandemic by investing in projects that demonstrate an ability to cultivate the environment and neighborhoods necessary to attract and retain a local workforce, enable business creation and tourism, enhance downtown vitality through small business support efforts, support clean and safe initiatives, address food insecurity issues, and buttress social impact supports for the community at large. Administered by the New Jersey Economic Development Authority ("Authority"), this Program will support real estate development, specifically capital projects (each, a "Project") in the form of grants to support rehabilitation or new construction, as well as other development costs associated with a maximum award of $10 million in grant funding to one Project. This will then meet the requirement of "Investing in Communities" by providing funding to activate underutilized properties for community focused investments and to activate projects that will catalyze new business sectors in NJ, support communities, and improve the business community within Atlantic City. This grant will improve investment in communities by working to activate underutilized, distressed, or vacant land for projects to promote equitable economic growth and community wealth building in Atlantic City.

Project Ownership
The property consists of 114 and 118 South New York Avenue which will be consolidated to one address at 114 South New York Avenue and is owned by BL51 QOZF LLC, a real estate holding company that has entered into a ten-year lease with the applicant. The applicant and awardee,114 S New York Ave LLC, is the development entity that is owned by P&V QOZF LLC (40%) which

consists of Pat Fasano (20%) and Vince Gifford (20%). The other 60% breakdown consists of ACP OZ LLC at 20%, Bierco AC Orange Loop QOZF at 20%, Loop Equities LLC at 5% Liberty Hudson Opportunity Zone Fund 1 LLC at 10% and Thomas Jannarone at 5%. The development entity upon review of the application and as per the lease is the applicant 114 S New York Ave LLC, and will be responsible for overseeing the project.

Project Description

The grant proceeds will support the project called "The Loop." "The Loop" is a transformative endeavor by the development entity 114 S New York Ave, LLC, poised to catalyze urban renewal and economic growth within Atlantic City. The development team at 114 S New York Ave LLC, is a partnership consisting of proven developers well known in Atlantic City, combined with experienced developers/lawyers and entertainment entrepreneurs, that are known throughout the Tri-State Area. This team is led by Pat Fasano who has redevelopment experience in Asbury Park and who will oversee the long-term operations of the project. 114 S New York Ave LLC is dedicated to bringing revitalization to this designated opportunity zone property in the "Orange Loop" neighborhood of Atlantic City, New Jersey. This neighborhood consists of St. James, New York Avenue, and Tennessee Avenue.

This project will be nestled at 114 & 118 South New York Avenue and will be condensed to one address at 114 South New York Avenue. This ambitious project aims to repurpose a vacant property that formerly housed the Avis Rental Car building located at 114 S New York Avenue in Atlantic City into a dynamic five-story, mixed-use development. Envisioned as the gateway of the "Orange Loop Business District," this project will offer 24 2-bedroom residential units, a restaurant with a beer garden, and a portable amphitheater. This project is a total of 38,040 square feet with 9,421 square feet dedicated to commercial space and 28,619 square feet dedicated to residential space. This property is located within the Tourism District established through S-11. The awardee as part of the local planning approval process will have to go to the Casino Reinvestment Development Authority (CRDA) for planning use approval. As part of that process CRDA does ask the project owner to demonstrate compliance with the 20% affordable housing set aside.

By adding three additional floors to an existing vacant building, the complex will feature a total of five stories, comprising 38,040 square feet of space. The ground floor will house a vibrant 198-seat restaurant that will be sublet to another private entity, complete with a storefront for quick service and takeout options which is part of the encompassing 9,421square feet of commercial space component. The project will look to fit out the space so the space can be rented out to attract a new restaurant to the neighborhood and will look to hire up to 60 people. This will also cater to both residents and visitors, offering a diverse culinary experience and contributing to the revitalization of the surrounding area. Adjacent to the restaurant will be a spacious 146-seat outdoor dining and game area. The top four floors of the complex will be dedicated to residential use, comprising 28,619 square feet of living space. These 24 residential units will cater to a diverse range of residents, offering high-quality housing options and contributing to the creation of a vibrant, mixed-use community. Complementing the development's residential and commercial components, the "Orange Loop Amphitheater" will serve as a premier entertainment venue, hosting at least 15 national musical performing acts annually attracting 3,000 to 7,000 people per year. "The Loop" project, including the Orange Loop Amphitheatre, represents a comprehensive strategy for economic revitalization in Atlantic City. Its immediate and long-term effects, range from job creation, business growth, increased tourism, year-round residential tenants, and enhanced city branding.

This project has the potential to transform the local economic landscape, making it a crucial development for the future prosperity of the city. This project will be addressing a negative impact from COVID through the community local impact considerations for the program of Downtown Vitality and Small Business Support as identified at the time of application and based off eligibility.

The total costs of the Project are estimated to be $15,501,512.36. The recommendation is to award a grant of $7,750,756.18 to support this project to be completed prior to 12/31/26. The applicant's request is in line with the program and is 50% of the project costs.

<u>Project Uses</u>
The Applicant proposes the following uses for the Project:

Uses	***Total Project Costs***	***Grant Award***
Total Hard Costs	$14,020,162.00	
Total Soft Costs	$1,481,350.36	
TOTAL USES	**$15,501,512.36**	**$7,750,756.18**

<u>Project Sources</u>

Sources of Financing	***Amount***
Applicant to pursue a construction loan after approval	$7,750,756.18
Total	**$7,750,756.18**

<u>Recommendation</u>
Authority staff has reviewed the application and finds that it satisfies the eligibility requirements. It is recommended that the Members approve and authorize the Authority to issue a conditional approval letter to the Applicant, so they can move forward with executing a grant agreement after the conditions have been met with NJEDA for this project.

This applicant has not secured other funding needed for this project, so this award is contingent upon the Applicant securing financing for the remaining 50% of the project within 6 months of the issuance date of an approval letter.

It is recommended that the members authorize the approval of this grant award and enter into a grant agreement, within six (6) months of the approval letter, after the awardee provides proof that their other funding sources have been secured.

Total Estimated Eligible Project Costs: $15,501,512.36 and cannot be increased after approval in order to increase their grant award.

Recommended Award: The recommendation is to award $7,750,756.18 to support this project.

Tim Sullivan, CEO

Prepared by: Christina Fuentes

MEMORANDUM

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: July 17, 2024

RE: Atlantic City Revitalization Grant Award – LPMG Management Co

The Members are asked to approve:

1) A grant award of $1,787,320 to LPMG Management Co under the Atlantic City Revitalization Grant Program.

Program Background

The Atlantic City Revitalization Grant Program was Board approved at the December 2023 meeting. This grant supports up to 50% of the project costs related to a capital project located in Atlantic City. The goal of this Program is to proactively address the negative economic impacts of the pandemic by investing in projects that demonstrate an ability to cultivate the environment and neighborhoods necessary to attract and retain a local workforce, enable business creation and tourism, enhance downtown vitality through small business support efforts, support clean and safe initiatives, address food insecurity issues, and buttress social impact supports for the community at large. Administered by the New Jersey Economic Development Authority ("Authority"), this Program will support real estate development, specifically capital projects (each, a "Project") in the form of grants to support rehabilitation or new construction, as well as other development costs associated with a maximum award of $10 million in grant funding to one Project. This will then meet the requirement of "Investing in Communities" by providing funding to activate underutilized properties for community focused investments and to activate projects that will catalyze new business sectors in NJ, support communities, and improve the business community within Atlantic City. This grant will improve investment in communities by working to activate underutilized, distressed, or vacant land for projects to promote equitable economic growth and community wealth building in Atlantic City.

Project Ownership

The property at 10 South New York Avenue is owned by Atlantic City Investment Series, LLC, a real estate holding company that is owned 50% by John Longacre and 50% by Duncan Randall. The applicant and awardee, LPMG Management Co, is wholly owned by John Longacre. The development entity upon review of the application is the applicant LPMG Management Co, and will be responsible for overseeing the project.

Project Description

The grant proceeds will support the project called the Arsenal Market at the Armory. The vacant property was built in 1901 as an armory, deactivated in 1983, and had been vacant for the last 10 years. The building's storied past as the home of the Morris Guards, the oldest military command in New Jersey and the third oldest in the nation, enriches its cultural and historical value. Established in 1887 by Edwin Smith and later graced with a specially designed armory by Daniel Morris in 1901, the Morris Guard Armory Building has been a cornerstone of community and military history in Atlantic City. John Longacre a Philadelphia based developer with a long history of redevelopment, has slowly converted this property to a property with 32 residences. The proposed project will be located on New York Avenue in the heart of the Orange Loop neighborhood, which consists of St. James Place, New York Avenue, and Tennessee Avenue in Atlantic City. This project, since it pairs housing with a market that will offer community driven food and beverage vendors, as well as artists and a place for residents to convene, will attract more people to the downtown and the Orange Loop neighborhood. This activation of space will help to support the nearby businesses that also have been impacted by COVID-19 and will hopefully revive the neighborhood by pulling in more residents.

The project will complete and complement the overall residential property. The vacant first floor of this building will be a gut renovation and rebuild that will create an innovative indoor marketplace concept similar to the Reading Terminal Market in Philadelphia. It will be 7,000 square feet to accommodate 22 vendors and will consist of 2,000 square feet of outdoor usable space. This outdoor space can accommodate additional seating for visitors to sit and eat at, or it can offer the necessary space to accommodate outdoor events when needed. The marketplace will feature 22 vendors stalls, designed as an incubator for local businesses and a cultural hub for the community, showcasing a diverse range of products and services from local farmers, food entrepreneurs, artists, and tradespeople.

Located on New York Avenue, this unique market will feature two storefront units, offering unmatched visibility and accessibility. The design is a harmonious blend of the vibrant atmosphere of traditional markets with modern conveniences, aiming to create a destination unlike any other in the region. Customers will enjoy the convenience of two access points: a main entrance on New York Avenue and a secondary entrance from Kentucky Avenue, enhancing their overall shopping experience. Inspired by the iconic Reading Terminal Market in Philadelphia and the communal spirit of a farmers market, the aesthetic of the Armory Market is designed to be a cross between these two concepts. Each retail unit within the market will be custom-built to meet the specific needs of individual retailers, providing a tailored environment that reflects the unique brand identity of each vendor. To accommodate the diverse needs of our vendors, the market will feature semi-permanent demising walls, allowing for flexibility and customization of each unit. The infrastructure will include shared amenities such as common electric, plumbing, heating, air conditioning, Wi-Fi, and cleaning services. Notably, electric, and plumbing services will be efficiently run along the perimeter walls, ensuring accessibility and functionality for all units. To support the vendors through customization, each retail space will be designed to create a distinctive and independent feel, reflecting the brand identity of each vendor. This will be achieved with 3-

inch tube stock for storefront fabrication, which will also serve both aesthetic and practical purposes, including electric pulls.

The intention of the project is to reinvigorate a significant landmark but also to catalyze community engagement, economic development, and cultural enrichment within Atlantic City. This project will be addressing a negative impact from COVID through the community local impact considerations for the program of Downtown Vitality and Small Business Support as identified at the time of application and based off eligibility.

The Armory Marketplace is poised to become a key driver of economic and cultural vitality in Atlantic City, by offering economic revitalization by stimulating local business, creating jobs, and attracting tourism. It further offers cultural enrichment by acting as a showcase for local creativity and diversity. It promotes sustainable development by demonstrating a commitment to environmentally responsible redevelopment and community engagement by providing space for communal activities, events, and social interaction. The redevelopment of the Morris Guard Armory Building into the Armory Marketplace by LPMG, under John Longacre's guidance, is a project of significant economic, cultural, and historical importance. It represents a strategic investment in the fabric of Atlantic City, promising to reinvigorate the community and pave the way for sustainable development.

The total costs of the project are estimated to be $3,574,640. The recommendation is to award a grant of $1,787,320 to support this project to be completed prior to 12/31/26. The applicant's request is in line with the program and is 50% of the project costs.

Project Uses

The Applicant proposes the following uses for the Project:

Uses	***Total Project Costs***	***Grant Award***
Total Hard Costs	$3,011,507	
Total Soft Costs	$563,133	
TOTAL USES	**$3,574,640**	**$1,787,320**

Project Sources

Sources of Financing	***Amount***
Applicant to pursue a construction loan after approval	$1,787,320
Total	**$1,787,320**

Recommendation

Authority staff has reviewed the application and finds that it satisfies the eligibility requirements. It is recommended that the Members approve and authorize the Authority to issue a conditional approval letter to the Applicant, so they can move forward with executing a grant agreement after the conditions have been met with NJEDA for this project.

This applicant has not secured other funding needed for this project, so this award is contingent upon the Applicant securing financing for the remaining 50% of the project within 6 months of the issuance date of an approval letter.

It is recommended that the members authorize the approval of this grant award and enter into a grant agreement, within six (6) months of the approval letter, after the awardee provides proof that their other funding sources have been secured.

Total Estimated Eligible Project Costs: $3,574,640 and cannot be increased after approval in order to increase their grant award.

Recommended Award: The recommendation is to award $1,787,320 to support this project.

Tim Sullivan, CEO

Prepared by: Christina Fuentes

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: July 17, 2024

SUBJECT: Proposed Main Street Recovery Finance Program Fee Rule Amendments

Summary:

The Members are requested to approve the attached proposed rule amendments to the existing Main Street Recovery Finance Program fee rule (N.J.A.C. 19:31E-1.6) and authorize staff to (a) submit for promulgation in the New Jersey Register and (b) submit as final adopted rules for promulgation in the New Jersey Register if no substantive comments are received, subject to final review and approval by the Office of the Attorney General and the Office of Administrative Law.

Background:

On August 11, 2021, the NJEDA Board approved the publication of specially adopted and concurrent proposed new rules for the Main Street Recovery Finance Program, as established by the Economic Recovery Act (ERA), N.J.S.A. 34:1B-349, et seq. The Main Street Recovery Finance Program Rules were adopted as final effective November 23, 2021, and readopted effective March 27, 2024.

The Main Street Recovery Finance Program established individual products – each with slightly different requirements and forms of financial assistance, but all sharing the common purpose of providing grants, loans, and loan guarantees to eligible small businesses. N.J.S.A. 34:1B-351. Two of the products created under the Main Street Recovery Finance Program were the Small Business Lease Grant (SBLG) and the Small Business Improvement Grant (SBIG).

Summary:

The Main Street Recovery Finance Program Fee Rule currently provides that in administering the products established under the Program, the Authority shall apply fees to applicants as set forth in NJEDA's Administrative Fee Rules, except "no fee shall be required for applications from small businesses for any grant products." N.J.A.C. 19:31E-1.6.

In recognition of the fact that products under the Main Street Recovery Finance Program are intended to support small businesses sustain and grow their operations, many of which are already financially struggling and/or emerging, the only fee that an applicant will be responsible for under either the Small Business Lease Grant or the Small Business Improvement Grant is a flat $100 approval fee. The approval fee is only paid if the applicant meets all product eligibility and would be due at the time of approval and prior to execution of a grant agreement.

This rule amendment will codify the approval fee of $100 for each of the grant products: the Small Business Lease Grant and Small Business Improvement Grant. This allows applicants to not pay at time of application; but rather when they know they are approved. This flexibility allows small businesses to not pay out funds until they are certain they will receive funding under the program.

Specifically, the existing Main Street Recovery Finance Program fee rule (N.J.A.C. 19:31E-1.6) would be amended as follows:

- N.J.A.C. 19:31E-1.6(a) would be amended to update the cross reference to the Authority's Administrative Fee Rules, N.J.A.C. 19:30-6, et seq., as recently amended with regard to fee-setting for emergency assistance programs and initiatives established in connection with a declared state of emergency, or any pilot program or initiative that will be in effect for three or fewer years.
- N.J.A.C. 19:31E-1.6(b) would be added to codify the $100 application-approval fee for the Small Business Lease Grant Program that was previously approved by the Authority's Board in August 2021.
- N.J.A.C. 19:31E-1.6(c) would be added to codify the $100 application-approval fee for the Small Business Improvement Grant Program that was previously approved by the Authority's Board in August 2021.

Because this is currently how the grant products are being administered, this rule amendment memorializes the application approval fee and does not alter the grant programs in any way.

Recommendation:

The Members are requested to approve the attached proposed rule amendments to the existing Main Street Recovery Finance Program fee rule (N.J.A.C. 19:31E-1.6) and authorize staff to (a) submit for promulgation in the New Jersey Register and (b) submit as final adopted rules for promulgation in the New Jersey Register if no substantive comments are received, subject to final review and approval by the Office of the Attorney General and the Office of Administrative Law.

Tim Sullivan, CEO

Prepared by: Christina Fuentes and Maggie Peters

Exhibit A – Proposed Main Street Recovery Finance Program Fee Rule Amendments

OTHER AGENCIES

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Authority Assistance Programs

Main Street Recovery Finance Program

Proposed Amendment: N.J.A.C. 19:31E-1.6

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

Authority: N.J.S.A. 34:1B-349 to -355

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

Proposal Number: PRN 2024-000.

Submit written comments by XXXXXXXXX, 2024, to:

Alyson Jones, Director of Legislative and Regulatory Affairs
New Jersey Economic Development Authority
PO Box 990
Trenton, NJ 08625-0990
Alyson.jones@njeda.gov

The agency proposal follows:

Summary

The New Jersey Economic Development Authority ("NJEDA" or "Authority") is proposing amendments to the existing rules regarding the Main Street Recovery Finance Program at N.J.A.C. 19:31E-1.6.

On January 7, 2021, Governor Phil Murphy signed the New Jersey Economic Recovery Act of 2020 (ERA) into law as P.L. 2020, c. 156 (as amended by P.L. 2021, c. 160 and codified at N.J.S.A. 34:1B-269, et. seq.), creating and updating 15 economic development programs, including the Main Street Recovery Finance Program Act. The Main Street Recovery Finance Program, as established by the Authority Board in August 2021, supports small businesses throughout New Jersey through a variety of products including the Small Business Lease Grant and the Small Business Improvement Grant. The Small Business Lease Grant Program provides grant funding to small businesses to offset a portion of the cost of lease payments. The Small Business Improvement Grant Program provides reimbursement for costs associated with making building improvements or purchasing new furniture, fixtures, and equipment.

N.J.A.C. 19:31E-1.6(a) is proposed for amendment to update the cross reference to the Authority's fee rules, as set forth at N.J.A.C. 19:30-6.1A(b), regarding emergency assistance and pilot programs.

New N.J.A.C. 19:31E-1.6(b) is proposed to codify the $100 application-approval fee for the Small Business Lease Grant Program that was previously approved by the Authority's Board in August 2021 upon creation of the program but was not previously codified in the program rules.

New N.J.A.C. 19:31E-1.6(c) is proposed to codify the $100 application-approval fee for the Small Business Improvement Grant Program that was previously approved by the Authority's Board in August 2021 upon creation of the program but was not previously codified in the program rules.

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

Social Impact

The Program's enabling statute, N.J.S.A. 34:1B-351, provides that the purpose of the Main Street Recovery Finance Program is to provide grants, loans, and loan guarantees to eligible small businesses. The Authority anticipates that the proposed amendments to the Main Street Recovery Finance Program rules will have a positive social impact by updating the Program's fee structure to be consistent with recent amendments to the Authority's fee rules, as well as codifying the fee structure for the Small Business Lease Grant and Small Business Improvement Grant programs which were previously approved by the Authority's Board.

Economic Impact

The Authority anticipates that the proposed amendment to the Main Street Recovery Finance Program rules will help strengthen the State's economy. Clarifying and streamlining the Program's fee structure will aid the Program's mission to provide small businesses with financial assistance and support, which in turn will improve quality of life, enhance economic vitality, and strengthen New Jersey's long-term economic competitiveness.

Federal Standards Statement

A Federal standards analysis is not required because the proposed amendments are not subject to any Federal requirements or standards. Accordingly, no further analysis is required.

Jobs Impact

The NJEDA anticipates that the proposed amendments to the Main Street Recovery Finance Program rules will not have a direct impact on the generation or loss or jobs.

Agriculture Industry Impact

An agricultural industry analysis is not required because the proposed amendments are not related to any specific industry. Accordingly, no further analysis is required.

Regulatory Flexibility Analysis

The proposed rule amendment will not impose new reporting, recordkeeping, or other compliance requirements on small businesses, as defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. These proposed rule amendments were previously approved by the Authority's Board in 2021 and have been in effect since that time.

Housing Affordability Impact Analysis

The proposed amendments will not have an impact on the average costs associated with housing or on the affordability of housing. Accordingly, no further analysis is required.

Smart Growth Development Impact Analysis

The proposed amendments will not evoke a change in housing production in Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan in New Jersey. Accordingly, no further analysis is required.

Racial and Ethnic Community Criminal Justice and Public Safety Impact

The proposed amendments will not have an impact on pretrial detention, sentencing, probation, or parole policies concerning juveniles and adults in the State. Accordingly, no further analysis is required.

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

SUBCHAPTER 1. MAIN STREET RECOVERY FINANCE PROGRAM

19:31E-1.6 Fees

(a) In administering the products established under the Program, the Authority shall apply fees to applicants as set forth at N.J.A.C. 19:30-6**.1A(a),** except:

1. No fee shall be required for applications from small businesses for any grant products; and

2. **For any emergency assistance program or initiative established in connection with a declared state of emergency, or any pilot program or initiative that will be in effect for three or fewer years, the Authority may adopt and apply fees to applicants as set forth at N.J.A.C. 19:30-6.1A(b).**

(b) For the Small Business Lease Grant Program, the Authority shall collect a non-refundable approval fee of $100.00 due and collectable prior to execution of the grant agreement by the successful applicant and no other fees shall be charged.

(c) For the Small Business Improvement Grant Program, the Authority shall collect a non-refundable approval fee of $100.00 due and collectable prior to execution of the grant agreement by the successful applicant and no other fees shall be charged.

(d) The Authority may waive any or all fees from microbusinesses for any product based on factors such as the prevailing economic conditions, the size of the award, and the purpose of the product.

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: July 17, 2024

SUBJECT: Memorandum of Understanding between NJEDA and Rutgers University for ESOP Education and Outreach

Request:

The Members are asked to approve:

1. Entering into a Memorandum of Understanding (MOU) with Rutgers University School of Management and Labor Relations (SMLR) for consulting services to design materials, host informational sessions, perform outreach for a public educational campaign and forthcoming Employee Stock Ownership Plan (ESOP) Feasibility Study Services Program for the term of two years.
2. Approve $1,800,000 in Wealth Disparities Initiatives funds, authorized in the Fiscal Year 2024 Appropriations Act (P.L.2023, c.74) signed in June 2023, to fund the work to be completed under the Exhibit 1 Scope of Work, and an additional amount of $200,000 for possible additional work needed, as determined by the Chief Executive Officer under delegated authority.

Background:

Under Executive Order 262 (2021), issued by Governor Phil Murphy, a Wealth Disparity Taskforce was established to "examine the causes of and remedies for the long-standing wealth disparities that affect Black and Hispanic or Latino New Jerseyans". In order to execute these proposed remedies, the New Jersey State Fiscal Year 2024 Appropriations Act (P.L. 2023, c.74) included $6 million in overall funding for Wealth Disparities Initiatives. In April 2024, a Request for Information was issued, 2023-RFI-199 – Development of a Statewide Employee Ownership Program, to solicit information on the current ecosystem surrounding employee ownership models, assistance programs offered by other jurisdictions, and barriers faced by aspiring employee owned companies. The RFI revealed that the employee ownership transition process has technical and financial barriers to entry that often present challenges to business owners and employees related to the complex legal, accounting, administrative and compliance requirements. Despite these hurdles, many employee-owned companies continue to thrive, creating and sustaining wealth for their employee owners. Additionally, we found that a variety of states and local jurisdiction have been committed to fostering an ecosystem around employee ownership models, with assistance programs growing in popularity.

Employee Stock Ownership Plans

An Employee Stock Ownership Plan is an employee ownership model in which employees retain interest in the shares of a company through holding corporate stock in a trust. Traditionally, ESOP trusts are funded through the company contributing cash for existing shares, issuing and contributing new shares of its own stock, or the trust itself acquiring a loan to purchase the shares. Within an ESOP trust (EOT) the assets are used to pay back the debt of acquiring the company, and profits are directly distributed to individual employee accounts, with allocations typically being dependent on percentage of pay. This differs from a stock option plan in that the employee does not have to directly purchase the shares. Upon departure or retirement from the company, the employee's shares would be sold and the employee would receive the proceeds as compensation. ESOPs can operate within both publicly and privately held companies.

Research in the employee ownership space has shown positive benefits, both for the companies and for the workers converted to owners under the plans. The National Center for Employee Ownership (NCEO) reported in February 2024 that there were 6,533 ESOPs in the United States, holding total assets of over $2.1 trillion, with nearly 14.7 million participants. Despite the general success of these companies both nationally and across the State, however, New Jersey continues to have among the lowest number of employee-owned companies. The Rutgers University School of Management and Labor Relations (SMLR) reported that there are 88 ESOPs in closely held businesses in New Jersey, holding $64,971,977,736 in plan assets covering 423,429 current employees and retirees. The average stock account for eligible current employees is $188,868. The creation of an Education and Outreach component could boost the ability of hundreds of companies around the State to embark on employee ownership conversions.

According to the Survey of Consumer Finances, nearly half of American households have no retirement savings. Employee ownership has a massive advantage for workers, providing the employee a means to own and sell their share of stock in the company at the end of their employment. A 2023 study by NCEO and Employee-Owned S Corporations of America (ESCA) found that participants in employee ownership models have double the retirement savings compared to their peers, not counting other retirement savings that the employer may make available. Additionally, employee ownership has been shown to significantly increase employee retention, productivity, and profits throughout the various models, according to a 2017 Rutgers University study. During the COVID-19 pandemic, ESOPs and employee-owned businesses saw less layoffs and greater collaboration amongst individuals employed under this structure.

For employers and current owners, the benefits of transitioning to an entirely employee-owned or a partially employee-owned model are also substantial. Primarily, the option to sell their shares to an ESOP could allow for the employer to obtain a one-time, upfront cash payment with the added benefit of reducing the taxes that the owner would owe in a regular transaction, provided that the ESOP model fits within a certain framework. This is especially advantageous for retiring owners as a means of establishing a succession plan where the owner can either continue to be involved at an executive level or completely phase out of ownership and oversight. ESOPs have the significant benefit of providing a more sustainable employee life cycle allowing for the recruitment, retention, and exit of an employee without the need for restructuring the membership or securing new employees' personal buy-in.

The federal regulatory framework surrounding ESOPs ensures that there is a high level of worker protections within the ESOP model, while still allowing an ESOP to elect to incorporate elements of worker cooperatives into their operating structure in the form of a democratic, one-vote-per-member basis for company decision making. This allows for a company to utilize a "hybrid" approach within an ESOP model, maintaining employee retirement protections while allowing for fair, democratic operations and decision making.

Barriers to Creating ESOPs

Although ESOPs produce the aforementioned benefits for all of the involved parties, they are more rare than traditional employment models because the employee group may not have the liquid cash or access to capital/credit to purchase the company. Additionally, employees may not have the financial or technical knowledge to navigate the complex requirements a transition of this nature demands.

Due to the growing popularity of such transitions, there is a burgeoning industry focusing on these types of company acquisitions. Consultants and attorneys that have experience in guiding companies who aspire to create an ESOP out of an existing company are currently operating out of specialized firms that have a deep understanding of qualified retirement plans, transactional law such as mergers and acquisitions, and, occasionally, securities law. Retaining these firms to execute a feasibility study is among the first steps to forming an ESOP, which can come at an insurmountable cost to the companies and pose a substantial financial risk on that investment.

The educational component for employees and current owners presents its own set of challenges. An ESOP's formation is dependent on the willingness and knowledge of both employers and employees to participate in the transition, instigating the need for developed competencies around the function and benefits of such a model.

Many states, including Colorado, Massachusetts, and California have been able to establish offices or entities that are solely dedicated to the promotion, education, and the provision of technical assistance in an effort to broaden the knowledge base and ability for companies to make these transitions. This has required a substantial financial and human capital commitment on the states' behalf. Given the funding amount allocated to accomplish the broad set of tasks to overcome the barriers described here, Staff proposes engaging with the Rutgers University School of Management and Labor Relations.

Education and Outreach MOU with Rutgers University

To accomplish the above, Staff proposes entering into an MOU with SMLR for SMLR to serve as NJEDA's subject matter expert consultant and contractor. SMLR hosts the Institute for the Study of Employee Ownership and Profit Sharing, which studies and produced research on various employee ownership models and profit shares around the world. The School's expertise in this space is well regarded and demonstrated through their extensive work catalogued in the Curriculum Library for Employee Ownership (CLEO). The School's Institute convenes The Beyster Symposium and the Mid-Year Workshop in Honor of Louis O. Kelso, two of the largest scholarly conferences in the world on employee ownership issues. The Institute also co-sponsors the international Rutgers–Oxford Research Symposium, offered for the first time in September 2023, and hosts the annual Private Equity & Employee Share Ownership Symposium. The Institute also has a NJ/NY Center for Employee Ownership that provides technical assistance, executive, professional, and employee education to businesses and individuals exploring employee share ownership.

As such, Rutgers SMLR is well situated as a research institution to provide the guidance and services necessary to develop a program to assist New Jersey businesses and residents understand the benefits and navigate the landscape of employee ownership. SMLR's individual staff members, who will be coordinating the work under the MOU, are also well respected in the employee ownership field. A brief biography on the individuals leading the work to be completed in Exhibit 1 is also provided in Exhibit 2.

Under this MOU, which is intended to extend two years from the effective date, SMLR will develop and distribute materials that explain the benefits and structures of employee ownership models and ESOPs for both current business owners and employees of companies. Materials that explain and advertise the availability of funding for a forthcoming assistance program will also be developed under this MOU.

After creation of employee ownership educational materials, SMLR will organize both in-person and virtual roundtable informational sessions for interested parties. At minimum, four total sessions shall be held, including two in person and two virtual sessions.

Additionally, the SMLR will assist NJEDA in crafting an online eligibility tool, which will include important considerations for the structures and business models that lend themselves to the best ESOP transitions. Results of this form are solely intended for educational purposes and will not be representative of any guarantee. The link to the tool will be given to all participants after outreach events and will be available on the NJEDA website. The tool will then be utilized by Rutgers and NJEDA to conduct outreach to interested companies seeking ESOP feasibility study services as we develop the assistance program.

Exhibit 1 contains the scope of work that Rutgers SMLR will perform. The work is shown as tasks per quarter, with estimated costs for each such quarterly task. A portion of the work outlined in Exhibit 1 may require Rutgers SMLR to retain contractors/subcontractors to complete certain tasks. Under the MOU, Rutgers SMLR is required to identify the tasks to be completed by their contractors/subcontractors and provide the scope of work for any such quotes/request for proposals for NJEDA staff to review and approve.

Payment will be based on actual costs, as documented by timesheets with hours worked and hourly rates for Rutgers SMLR staff and invoices and relevant documentation for Rutgers SMLR contractor/subcontractor work.

In addition to the $1.8 million for the tasks in Exhibit 1, staff requests approval for an additional $200,000 for any additional tasks requested from Rutgers SMLR that may be necessary related to the work in Exhibit 1 or as part of the forthcoming Request for Proposal or Program. Staff also requests delegated authority to the Chief Executive Officer to approve such additional tasks.

Next Steps

Based on Staff's detailed research thus far and responses to the RFI issued in April that speak to the public awareness needs of ESOPs, staff is requesting the authorization of entering into the MOU and payment of up to $1.8 million to SMLR, as justified through Exhibit 1's per quarterly estimated costs, which staff finds reasonable for the completion of the outlined tasks. Following the implementation of the scope of work under this MOU, staff will craft a Request for Proposals (RFP) for consultants with expertise in ESOPs whose services the Authority would offer to interested businesses through a program that Staff will present to the Board in the coming months. Staff expects the procurement for these services would use the balance of the Wealth Disparities Initiatives funds authorized in the Fiscal Year 2024 Appropriations Act ($2,700,000).

Recommendation:

The Members are asked to approve:

1. Entering into a Memorandum of Understanding (MOU) with Rutgers University School of Management and Labor Relations (SMLR) for consulting services to design materials, host informational sessions, perform outreach for a public educational campaign and forthcoming Employee Stock Ownership Plan (ESOP) Feasibility Study Services Program for the term of two years.
2. Approve $1,800,000 in Wealth Disparities Initiatives funds, authorized in the Fiscal Year 2024 Appropriations Act (P.L.2023, c.74) signed in June 2023, to fund the work to be completed under the Exhibit 1 Scope of Work, and an additional amount of $200,000 for possible additional work needed, as determined by the Chief Executive Officer under delegated authority.

____

Tim Sullivan, CEO

Prepared by**:**
Brianna Hill, Team Lead – Economic Equity

Attachments:
Appendix A – Memorandum of Understanding with Rutgers University for Education and Outreach Related to Employee Stock Ownership Plan Feasibility Study Services
Appendix B – Rutgers SMLR Quarterly Scope of Work Timeline – Exhibit 1
Appendix C – Core Team Member Bios – Exhibit 2

Exhibit 1
Scope of Work Timeline
ESOP Education and Outreach Component

RUTGERS–NEW BRUNSWICK
Institute for the Study of Employee Ownership and Profit Sharing
School of Management and Labor Relations

Approximate Quarterly Spend and Hours--June 2024 Estimate

Year 1 2024-2025—Quarter 1

Task Area	Tasks (SOW)	Estimated Quarterly Spend $275k
Feasibility Study Program Development	• Support NJEDA to develop criteria for selecting service providers to conduct the feasibility studies. • Work with NJEDA to develop criteria for business owners interested in conducting a feasibility study.	**Estimated quarterly spend: $25,000** Estimated staff hours: 100 to 250 hours Pay range for SMLR staff: $25 to $175/hour Plus: Contracts, Technology if needed
Develop Educational Materials	• Create initial online educational content & educational materials for program launch. (Primary target audience: Owners of ESOP-able businesses. Secondary audiences: workers, service providers, other businesses not candidates for ESOP but for other forms of EO). • Get input from business leaders, other potential end users, on drafts. • Create initial marketing material about NJEDA program, with input from NJEDA, for launch.	**Estimated quarterly spend: $75,000** Estimated staff hours: 300 to 600 hours Pay range for SMLR staff: $50 to $125/hour Plus: Contracts, Technology
Outreach & Distribution Partnerships	• Partner with national EO networks including EOX, ESOP Association, NCEO, DAWI, USFWC, other. • Identify NJ state and city organizations and networks representing breadth and diversity of state, e.g., Chambers of Commerce, African American Chamber of Commerce, Statewide Hispanic Chamber of Commerce of NJ. • Identify and partner with professional associations: Accounting, Legal, Financial Management, Community Banks, etc. • Identify and partner with Community Economic Development Corporations, Chambers of Commerce, Urban League, Small Business Administrations, Community Organizers, DOL, Community Banks, selected universities, and other sources.	**Estimated quarterly spend: $50,000** Estimated staff hours: 150 to 300 hours Pay range for SMLR staff: $25 to $90/hour Plus: Contract if needed

Marketing Campaigns & Communications	• Purchase contact lists of targeted N.J. business owners, service providers, and business advisors. • Purchase membership lists of professional associations. • Develop marketing campaign to launch and communicate the program, including press release, emails/flyers, and introductory video. • Draft appealing website to inform about employee ownership and capture the contact information of interested website visitors with "sign up here to stay informed" and/or "register for first webinar" (maintaining this list for communications). • Communicate date of first quarter 2025 conference.	**Estimated quarterly spend: $75,000** Estimated staff hours: 100 to 300 hours Pay range for SMLR staff: $90 to $175/hour Plus: Contracts, Technology
Project Planning & Coordination	• Project team coordination • Set dates for initial webinars for business owners and the first in-person meeting (dates to be announced with program launch), to go out with initial launch communications). • Plan calendars for Q2 & Q3 • Meet with NJEDA	**Estimated quarterly spend: $35,000** Estimated staff hours: 150 to 300 hours Pay range for SMLR staff: $90 to $175/hour Plus: Contract if needed
Data Collection / Outcomes Documentation	• Create system to track impact outcomes. • Analysis of NJ business sector to identify sectors, regions with high opportunity for ESOP conversion with goal of reduction in wealth disparity.	**Estimated quarterly spend: $15,000** Estimated staff hours: 100 to 150 hours Pay range for SMLR staff: $25 to $175/hour

Year 1 2024-2025—Quarter 2

Task Area	Tasks (SOW)	Estimated Quarterly Spend $250k
Feasibility Study Program Development	• Work with NJEDA to select and establish expectations for service providers to conduct the feasibility studies.	**Estimated quarterly spend: $25,000** Estimated staff hours: 100 to 250 hours Pay range for SMLR staff: $25 to $175/hour Plus: Contracts, Technology if needed
Develop Educational Materials	• Launch informative, appealing, easy to navigate website as a key portal of educational and marketing content. • Develop further and add to initial online educational content and educational materials. (Primary target audience: Owners of ESOP-able businesses. Secondary audiences: workers, service providers, other businesses not candidates for ESOP but for other forms of EO). • Develop online educational programs for business owners to learn about the full range of employee ownership business succession strategies—with an emphasis on ESOP conversion.	**Estimated quarterly spend: $62,500** Estimated staff hours: 300 to 600 hours Pay range for SMLR staff: $50 to $125/hour Plus: Contracts, Technology
Outreach & Distribution Partnerships	• Distribute launch materials to networks, professional associations, other partner entities.	**Estimated quarterly spend: $50,000** Estimated staff hours: 150 to 300 hours Pay range for SMLR staff: $25 to $90/hour Plus: Contract if needed
Marketing Campaigns & Communications	• Public launch of program. • Begin to implement marketing campaign to launch and communicate the program. Distribute press release, initial emails, flyers. • Communicate the program to target audiences. • Develop and hold the first in-person meeting. • Develop and market a series of webinars over the year, to describe the program to business owners and service providers; announce dates for initial webinar. • Refine and add to marketing material about NJEDA program with input from NJEDA. • Set and communicate dates for initial webinars for business owners and the first in-person meeting (dates to be announced with program launch, include in initial launch communications).	**Estimated quarterly spend: $62,500** Estimated staff hours: 100 to 300 hours Pay range for SMLR staff: $90 to $175/hour Plus: Contracts, Technology

	• Develop a detailed marketing plan for 2025.	
Project Planning & Coordination	• Plan calendars for Q2 & Q3 • Meet with and report to NJEDA	**Estimated quarterly spend: $35,000** Estimated staff hours: 150 to 300 hours Pay range for SMLR staff: $90 to $175/hour Plus: Contract if needed
Data Collection / Outcomes Documentation	• Utilize simple tracking system to program outcomes, reach and impact. • Collect data from business owners interested in conducting feasibility studies • Analysis of NJ business sector to identify sectors, regions with high opportunity for ESOP conversion with goal of reduction in wealth disparity.	**Estimated quarterly spend: $15,000** Estimated staff hours: 100 to 150 hours Pay range for SMLR staff: $25 to $175/hour

Year 1 2024-2025—Quarter 3

<table>
<tr><th>Task Area</th><th>Tasks (SOW)</th><th>Estimated Quarterly Spend $250k</th></tr>
<tr><td>Feasibility Study Program Development</td><td>Support NJEDA in reviewing / communicating with / tracking applicants for feasibility study.
Work with selected service providers to get input on progress and recommendations.</td><td>Estimated quarterly spend: $25,000
Estimated staff hours: 100 to 250 hours
Pay range for SMLR staff: $25 to $175/hour
Plus: Contracts, Technology if needed</td></tr>
<tr><td>Develop Educational Materials</td><td>Continue to develop and deliver educational offerings for business owners and service providers, informed by survey results.
Refine/expand website for expanded portal of educational and marketing content.
Produce online educational programs for business owners to learn about the full range of employee ownership business succession strategies (with an emphasis on ESOP conversion).</td><td>Estimated quarterly spend: $50,000
Estimated staff hours: 200 to 400 hours
Pay range for SMLR staff: $50 to $125/hour
Plus: Contracts, Technology</td></tr>
<tr><td>Outreach & Distribution Partnerships</td><td>Communicate series of webinars about ongoing educational offerings and the program, reminders about the program, additional outreach and information to partner networks.
Expand partnerships.</td><td>Estimated quarterly spend: $50,000
Estimated staff hours: 150 to 300 hours
Pay range for SMLR staff: $25 to $90/hour
Plus: Subcontract if needed</td></tr>
<tr><td>Marketing Campaigns & Communications</td><td>Continue implement marketing plan.
Organize in-person and virtual conferences to help educate and connect business advisers, service providers, and business owners with subject matter experts to learn about employee buyout strategies and the NJEDA program.
Conduct a massive communication and marketing effort to invite business owners and advisors.
Continue to market program and educational offerings with special focus on target audience, encouraging utilization of feasibility opportunity.</td><td>Estimated quarterly spend: $75,000
Estimated staff hours: 100 to 300 hours
Pay range for SMLR staff: $90 to $175/hour
Plus: Contracts, Technology</td></tr>
<tr><td>Project Planning & Coordination</td><td>Set key dates for Year 2 (2026)
Follow up communications with webinar attendees, communications with interested business owners and parties e.g., entities who sign up on website.
Follow up communication with applicants for feasibility study.</td><td>Estimated quarterly spend: $35,000
Estimated staff hours: 150 to 300 hours
Pay range for SMLR staff: $90 to $175/hour
Plus: Contract if needed</td></tr>
</table>

	• Meet with and report to NJEDA.	
Data Collection / Outcomes Documentation	• Conduct survey of business owners and service providers to gather feedback on the initial program and assess their business succession planning needs. • Collect data from business owners who express interest in participating in feasibility studies. These data may inform/strengthen program activities.	**Estimated quarterly spend: $15,000** Estimated staff hours: 100 to 150 hours Pay range for SMLR staff: $25 to $175/hour

Year 1 2024-2025—Quarter 4

Task Area	Tasks (SOW)	Estimated Quarterly Spend $250k
Feasibility Study Program Development	• Support NJEDA in reviewing / communicating with / tracking applicants for feasibility study.	**Estimated quarterly spend: $25,000** Estimated staff hours: 100 to 250 hours Pay range for SMLR staff: $25 to $175/hour Plus: Contracts, Technology if needed
Develop Educational Materials	• Begin to plan refined series of webinars and programs about ongoing educational offerings and the program for year 2, informed by surveys and program analysis to ensure impact.	**Estimated quarterly spend: $50,000** Estimated staff hours: 200 to 400 hours Pay range for SMLR staff: $50 to $125/hour Plus: Contracts, Technology
Outreach & Distribution Partnerships	• Communicate updates and information, dates for 2026, reminders about the program, additional outreach and information to partner networks.	**Estimated quarterly spend: $50,000** Estimated staff hours: 150 to 300 hours Pay range for SMLR staff: $25 to $90/hour Plus: Subcontract if needed
Marketing Campaigns & Communications	• Continue to market program and educational offerings to target audiences.	**Estimated quarterly spend: $75,000** Estimated staff hours: 100 to 300 hours Pay range for SMLR staff: $90 to $175/hour Plus: Contracts, Technology
Project Planning & Coordination	• Follow up communications with webinar attendees, communications with interested business owners and parties e.g., entities who sign up on website. • Follow up communication with applicants for feasibility study. • Meet with and report to NJEDA.	**Estimated quarterly spend: $35,000** Estimated staff hours: 150 to 300 hours Pay range for SMLR staff: $90 to $175/hour Plus: Contract if needed
Data Collection / Outcomes Documentation	• Collect data from business owners interested in conducting feasibility studies. • Conduct a program assessment to determine additional plans for 2026.	**Estimated quarterly spend: $15,000** Estimated staff hours: 100 to 150 hours Pay range for SMLR staff: $25 to $175/hour

Year 2 2025-2026—Quarter 1

Task Area	Tasks (SOW)	Estimated Quarterly Spend $250k
Feasibility Study Program Development	• Support NJEDA in reviewing / communicating with / tracking applicants for feasibility study. • Work with selected service providers to get input on progress and recommendations.	**Estimated quarterly spend: $25,000** Estimated staff hours: 100 to 250 hours Pay range for SMLR staff: $25 to $175/hour Plus: Contracts, Technology if needed
Develop Educational Materials	• Develop refined webinars and programs about ongoing educational offerings and the program for Year 2 informed by surveys and program assessment to ensure impact.	**Estimated quarterly spend: $50,000** Estimated staff hours: 200 to 400 hours Pay range for SMLR staff: $50 to $125/hour Plus: Contracts, Technology
Outreach & Distribution Partnerships	• Communicate updates and information, dates for 2026, reminders about the program, to all partner networks.	**Estimated quarterly spend: $50,000** Estimated staff hours: 150 to 300 hours Pay range for SMLR staff: $25 to $90/hour Plus: Subcontract if needed
Marketing Campaigns & Communications	• Continue to market program & educational offerings to target audiences. • Organize in-person and virtual conferences to help educate and connect business advisers, service providers, and business owners with subject matter experts to learn about employee buyout strategies and the NJEDA program.	**Estimated quarterly spend: $75,000** Estimated staff hours: 100 to 300 hours Pay range for SMLR staff: $90 to $175/hour Plus: Contracts, Technology
Project Planning & Coordination	• Follow up communications with webinar attendees, communications with interested business owners and parties e.g., entities who sign up on website. • Follow up communication with applicants for feasibility study. • Meet with and report to NJEDA.	**Estimated quarterly spend: $35,000** Estimated staff hours: 150 to 300 hours Pay range for SMLR staff: $90 to $175/hour Plus: Contract if needed
Data Collection / Outcomes Documentation	• Collect data from business owners interested in conducting feasibility studies. • Conduct a program assessment to determine additional plans for 2026.	**Estimated quarterly spend: $15,000** Estimated staff hours: 100 to 150 hours Pay range for SMLR staff: $25 to $175/hour

Year 2 2025-2026—Quarter 2

Task Area	Tasks (SOW)	Estimated Quarterly Spend $200k
Feasibility Study Program Development	• Support NJEDA in reviewing / communicating with / tracking applicants for feasibility study.	**Estimated quarterly spend: $25,000** Estimated staff hours: 100 to 250 hours Pay range for SMLR staff: $25 to $175/hour Plus: Contracts, Technology if needed
Develop Educational Materials	• Revise and expand as needed.	**Estimated quarterly spend: $25,000** Estimated staff hours: 100 to 300 hours Pay range for SMLR staff: $50 to $125/hour Plus: Contracts, Technology
Outreach & Distribution Partnerships	• Communications.	**Estimated quarterly spend: $50,000** Estimated staff hours: 150 to 300 hours Pay range for SMLR staff: $25 to $90/hour Plus: Contract if needed
Marketing Campaigns & Communications	• Continue to market the program and develop a series of webinars about ongoing educational offerings and the program. • Develop marketing plans and joint programs with key partners, professional associations, chambers of commerce, etc.	**Estimated quarterly spend: $50,000** Estimated staff hours: 100 to 300 hours Pay range for SMLR staff: $90 to $175/hour Plus: Contracts, Technology
Project Planning & Coordination	• Continue.	**Estimated quarterly spend: $35,000** Estimated staff hours: 150 to 300 hours Pay range for SMLR staff: $90 to $175/hour Plus: Contract if needed
Data Collection / Outcomes Documentation	• Collect data from business owners interested in conducting feasibility studies.	**Estimated quarterly spend: $15,000** Estimated staff hours: 100 to 150 hours Pay range for SMLR staff: $25 to $175/hour

Year 2 2025-2026—Quarter 3

Task Area	Tasks (SOW)	Estimated Quarterly Spend $175k
Feasibility Study Program Development	• Support NJEDA in reviewing / communicating with / tracking applicants for feasibility study. • Work with selected service providers to get input on progress and recommendations.	**Estimated quarterly spend: $25,000** Estimated staff hours: 100 to 250 hours Pay range for SMLR staff: $25 to $175/hour Plus: Contracts, Technology if needed
Develop Educational Materials	• Revise and expand as needed.	**Estimated quarterly spend: $25,000** Estimated staff hours: 100 to 200 hours Pay range for SMLR staff: $50 to $125/hour Plus: Contracts, Technology
Outreach & Distribution Partnerships	• Communications.	**Estimated quarterly spend: $25,000** Estimated staff hours: 150 to 300 hours Pay range for SMLR staff: $25 to $90/hour Plus: Subcontract if needed
Marketing Campaigns & Communications	• Continue to implement marketing plan. • Organize in-person and virtual conferences to help educate and connect business advisers, service providers, and business owners with subject matter experts to learn about employee buyout strategies and the NJEDA program.	**Estimated quarterly spend: $50,000** Estimated staff hours: 100 to 300 hours Pay range for SMLR staff: $90 to $175/hour Plus: Contracts, Technology
Project Planning & Coordination	Prepare for evaluation report.	**Estimated quarterly spend: $35,000** Estimated staff hours: 150 to 300 hours Pay range for SMLR staff: $90 to $175/hour Plus: Contract if needed
Data Collection / Outcomes Documentation	• Collect data from business owners interested in conducting feasibility studies. • Collect data on businesses referred to feasibility study.	**Estimated quarterly spend: $15,000** Estimated staff hours: 100 to 150 hours Pay range for SMLR staff: $25 to $175/hour

Year 2 2025-2026—Quarter 4

Task Area	Tasks (SOW)	Estimated Quarterly Spend $150k
Feasibility Study Program Development	• Support NJEDA in tracking applicants for feasibility study and their outcomes.	**Estimated quarterly spend: $25,000** Estimated staff hours: 100 to 250 hours Pay range for SMLR staff: $25 to $175/hour Plus: Contracts, Technology if needed
Develop Educational Materials	• Revise and expand as needed.	**Estimated quarterly spend: $25,000** Estimated staff hours: 200 to 400 hours Pay range for SMLR staff: $50 to $125/hour Plus: Contracts, Technology
Outreach & Distribution Partnerships	• Communications.	**Estimated quarterly spend: $25,000** Estimated staff hours: 150 to 300 hours Pay range for SMLR staff: $25 to $90/hour Plus: Subcontract if needed
Marketing Campaigns & Communications	• Continue to implement marketing plan.	**Estimated quarterly spend: $25,000** Estimated staff hours: 100 to 300 hours Pay range for SMLR staff: $90 to $175/hour Plus: Contracts, Technology
Project Planning & Coordination	• Conduct a program assessment. • Report on program and impact.	**Estimated quarterly spend: $35,000** Estimated staff hours: 150 to 300 hours Pay range for SMLR staff: $90 to $175/hour Plus: Contract if needed
Data Collection / Outcomes Documentation	• Collect data from business owners interested in conducting feasibility studies. • Analyze data on businesses referred to feasibility study.	**Estimated quarterly spend: $15,000** Estimated staff hours: 100 to 150 hours Pay range for SMLR staff: $25 to $175/hour

RUTGERS–NEW BRUNSWICK
Institute for the Study of Employee Ownership and Profit Sharing
School of Management and Labor Relations

Core Team Member Bios – Partial List

Dr. Bill Castellano is Professor of Strategic HR Management at Rutgers University School of Management and Labor Relations and is the Executive Director for the Center for Employee Ownership and a Senior Research Fellow at the Institute for the Study of Employee Ownership and Profit Sharing. He also serves as a board member of the Global Equity Organization. His research, teaching, and consulting activities are focused on understanding the impact of employee ownership and equity compensation strategies on individual and organizational outcomes, employee engagement, and the strategic management of human capital. Bill has over forty years of experience working in corporate Fortune 50, entrepreneurial and research environments. Before joining Rutgers University, he held senior HR management positions at Merrill Lynch and Manufactures Hanover Trust where he was involved with human resource strategies and practices that supported both individual business groups and the global enterprise. Bill is an accomplished researcher publishing his work in practitioner and academic journals and is a frequent speaker at national HR and business conferences.

Dr. Adria Scharf serves as Associate Director of the Rutgers Institute for the Study of Employee Ownership and Profit Sharing and the Director of the "Curriculum Library for Employee Ownership," the world's largest online library about employee ownership. Scharf is a sociologist with decades of expertise on all forms of employee ownership. Her research has examined the impact of employee ownership on worker wealth and job quality and has documented the workings of successful employee-owned businesses. She developed the first and only Coursera course focused on employee ownership, "Our Share: Employee Ownership as a Wealth Sharing Tool." Her current research projects focus on "why business owners sell" to their workers, barriers to ESOP adoption, and worker cooperatives in the health and care sectors. She was a lead researcher on the Shared Capitalism at Work project, a collaboration between NBER and Harvard University, and currently teaches "Equity Compensation and Employee Ownership" and "Democratic Workplaces" courses at Rutgers University's School of Management and Labor Relations.

Bethany Dennis has been a senior program coordinator for the School of Management and Labor Relations for six years and has been an administrator for grant-funded programs at Rutgers for fourteen years. She manages all event planning and administrative logistics for the Institute for the Study of Employee Ownership and Profit Sharing's staff who are spread out over the US, and manages the Institute's national and global competitive research fellowship program. Her skillset also includes building and tracking multiple budgets and budget reporting.

Additional part time team members expected to include:

Melissa Hoover, Senior Fellow of the Institute for the Study of Employee Ownership and Profit Sharing, is a respected national leader in the employee ownership field. She founded and served as Executive Director of the Democracy at Work Institute, the think-and-do-tank that expands worker cooperatives as a strategy to address economic and racial inequality, and she helped start and grow the United States Federation of Worker Cooperatives, the national grassroots membership organization for worker-owned businesses. Melissa attended Stanford University, earning a BA in History with a research focus on immigrant women's role building cooperative movements in the U.S.

Debbie Vogel has served as Director of Marketing and Communications at Rutgers School of Management and Labor Relations (SMLR) since 2018. Her areas of expertise include website development, graphic design, digital advertising, email marketing, and publication layout. She also specializes in establishing a consistent visual identity and voice across print and electronic communications.

Christopher Michael, PhD, JD, is Assistant Professor of Professional Practice at SMLR and Senior Director of the Institute for the Study of Employee Ownership and Profit Sharing. He leads programming for Institute conferences and has extensive contacts with professional service providers who specialize in business conversions to employee ownership. He is a national expert on a form of employee ownership called the "employee ownership trust." Previously he served as director of employee ownership at the Newark Community Economic Development Corporation.

Dr. Adriane Clomax is a Rutgers University Presidential Fellow with new appointment with SMLR, is a quantitative social scientist with expertise on Black women and employee ownership.

Jim Terez, MBA, is Associate Director of the NJ/NY Center for Employee Ownership.

Jack Moriarty is Program Director on National Policy for the Institute for the Study of Employee Ownership and Profit Sharing knowledgeable about state centers and policy developments nationally. (Limited advisory role.)

A select team of **Rutgers students** will extend and amplify project capacity.

MEMORANDUM OF UNDERSTANDING
BETWEEN
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
AND
RUTGERS, THE STATE UNIVERSITY

This **MEMORANDUM OF UNDERSTANDING** ("MOU"), made on this ____ day of ____________, 2024, and effective as of the date of the last signature of the parties hereto (the "Effective Date"), is between NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY ("NJEDA") and Rutgers, The State University , on behalf of the School of Management and Labor Relations ("Rutgers SMLR") (each a "Party", and collectively "the Parties").

WHEREAS, NJEDA is an independent State authority established pursuant to N.J.S.A. 34:1B-1, et seq., in but not of the Department of Treasury, which serves as the State's principal agency for driving economic growth; and

WHEREAS, Rutgers SMLR was originally established by an act of the New Jersey legislature in 1947 as the Institute of Management and Labor Relations ("IMLR"). The IMLR was chartered to promote new forms of labor-management cooperation following the industrial unrest at the end of World War II. IMLR officially became SMLR at the flagship campus of Rutgers, The State University of New Jersey, in 1994; and

WHEREAS, on September 14, 2021, Governor Murphy signed Executive Order No. 262 establishing the Wealth Disparity Task Force (the "Task Force") to examine the causes of and remedies for the long-standing wealth disparities that affect Black and Hispanic or Latino New Jerseyans. The Task Force is charged with reviewing research, data, and analysis in order to provide a report and evidence-based recommendations to the Governor for remedying these long-standing wealth disparities, which may include recommendations for one or more future disparity studies; and

WHEREAS, on June 30, 2023, Governor Murphy signed into law the New Jersey Fiscal Year 2024 Appropriations Act as P.L.2023, Chapter 74 (hereinafter the "FY 2024 Budget"); and

WHEREAS, the FY 2024 Budget appropriated $6,000,000 to NJEDA for Wealth Disparity Initiatives; and

WHEREAS, informing and educating New Jersey residents on employee ownership models and the benefits they provide for growing wealth amongst workers is an important Wealth Disparities Initiative identified by the Task Force, and as such, NJEDA plans to utilize a portion of the FY 2024 Budget appropriation to conduct an Employee Ownership Education and Outreach Initiative ("Initiative") to achieve that goal; and

WHEREAS, the Initiative will include education New Jersey residents about NJEDA's forthcoming Employee Stock Ownership Plan ("ESOP") Feasibility Study Services Program

("Program"), which will provide technical assistance to interested businesses to explore the transition process for aspiring ESOPs; and

WHEREAS, Rutgers SMLR currently studies the various models of employee ownership share and profit shares as well as approaches that broaden financial participation and inclusion in the economy and business organizations, and allow employees to be fully engaged and share the rewards of their work; and

WHEREAS, NJEDA as determined that it would be beneficial to partner with Rutgers SMLR in order to leverage its expertise in developing the infrastructure and support for the Initiative and the Program; and

WHEREAS, N.J.S.A. 52:14-2 authorizes government entities to call upon any department, office, division or agency of the State to assist with its mission. This MOU shall be administered consistent with N.J.S.A. 52:14-1, et seq.; and

WHEREAS, the Parties have determined that they can assist each other with the implementation of the Program by providing the support outlined below, and that it is mutually beneficial to enter into this MOU.

NOW THEREFORE, the Parties hereby agree as follows:

1. Incorporation. The recitals set forth above are hereby incorporated into and made part of this MOU.

2. Purpose of MOU. The Parties are entering into this MOU to document the mutual understanding and intention of the Parties in carrying out their respective obligations under this MOU.

3. Responsibilities of NJEDA. To achieve the goals of this MOU, NJEDA shall:
   a. Provide detailed information on the implementation of the Program to Rutgers SMLR.
   b. Provide Rutgers SMLR with direction concerning the development and creation of educational materials mainly relating to "ESOPs", but also including other forms of employee ownership models.
   c. Provide Rutgers SMLR with direction concerning the development and creation of educational materials relating to the Program.
   d. Identify audiences targeted by the Initiative.
   e. Provide a list of organizations for outreach, including but not limited to, chambers of commerce, statewide associations, interested businesses and interested individuals.
   f. Host an eligibility tool on NJEDA's website for parties interested in the transition of businesses to an employee ownership model.
   g. Provide assistance with the delivery of in-person and virtual information sessions on the Program.
   h. Provide direction to Rutgers SMLR on the development of Program eligibility.

4. Responsibilities of Rutgers SMLR. Rutgers SMLR shall perform the tasks described in the Scope of Work Timeline ESOP Education and Outreach Component ("Initiative Plan"), attached hereto as Exhibit 1 which include, but are not limited to, the following:
   a. Assist NJEDA with identifying target audiences for the educational materials to be prepared associated with the Program and employee ownership models.
   b. Create and develop educational materials for target audiences mainly related to ESOPs, but also including other employee ownership models.
   c. Develop materials regarding the Program for identified audiences.
   d. Coordinate with NJEDA and its marketing partners to distribute educational materials.
   e. Assist NJEDA with the development of criteria for the eligibility tool to be hosted on the NJEDA website.
   f. Host at least two (2) in-person and two (2) virtual information sessions about the Program.
   g. Provide a link to the eligibility tool to interested parties.
   h. Assist in the development of a list of chambers of commerce, statewide associations, interested businesses, and interested individuals.
   i. Work with NJEDA to develop criteria for Program eligibility.
   j. Assist NJEDA with the Program Request for Proposals for consultants providing assistance through the Program.
   k. Participate in regular check-in meetings with NJEDA, at minimum once a month. Rutgers SMLR will not proceed with a task until NJEDA approves in writing that Rutgers SMLR can begin executing a task.
   l. Identify to the NJEDA when and what tasks will rely on subcontractors retained by Rutgers SMLR and provide advance notice, to include a Scope of Work, for procurement or quote requests, for NJEDA to review and approve.

5. Funding. NJEDA shall provide Rutgers SMLR with funds up to $1,800,000 ("Funds"). The Funds shall be used solely for the purposes set forth in this MOU, as delineated in Exhibit 1. NJEDA will make an initial disbursement of $250,000.00 to Rutgers within 10 business days of the effective date of this MOU. Thereafter, Rutgers SMLR shall submit an invoice quarterly with the reports, referenced below in Section 6. NJEDA will review the quarterly invoice and approve it if it meets NJEDA requirements outlined in this section and the work performed is satisfactory to NJEDA staff. Payment for each approved invoice will be deducted from the initial disbursement until it is exhausted. Once the initial disbursement is exhausted, NJEDA will submit payment within 10 business days of the invoice approval. At minimum, the invoice must include timesheets with staff who performed the work, hourly rates of each corresponding staff members, percentage of completion on each of the tasks in Exhibit 1, and any payments to subcontractors with a justification of such payment.

6. Reporting. Rutgers SMLR shall provide NJEDA with reports every quarter which shall include the progress made on completing its responsibilities described in Section 4 above as well as in Exhibit 1.

7. Intellectual Property. All pre-existing intellectual property belonging to each Party shall remain the sole and exclusive property of such Party. All rights and title in and to any and all pre-existing inventions, discoveries, know-how, material, and software (hereafter "Background Technology") developed prior to the performance of this Agreement by either of the Parties to this Agreement, whether or not patentable, shall reside with the owner thereof. Neither Party shall accrue any rights, title, interests or licenses to the other Party's Background Technology by means of estoppel or otherwise, except for the license to use the other Party's Background Technology to perform the Research. All data, technical information, materials gathered, originated, developed, prepared, in the performance of this MOU, including, but not limited to all reports, surveys, plans, charts, literature, brochures, mailing, recordings (video and/or audio), pictures, drawings, analyses, graphic representations, software computer programs and accompanying documentation and all print-outs, notes and memoranda, written procedures, and documents, regardless of the state of completion, which are prepared for or are a result of the services required under this MOU as deliverables or work products shall be and remain the property of the NJEDA and shall be delivered to the NJEDA within 30 days of any request by the NJEDA for such items. Rutgers retains the right to use any materials it develops under this agreement for its own internal purposes, such as, but not limited to its teaching and research programs and including publications.

8. Designation of Contacts. The Parties have designated the following contacts, who will be responsible for day-to-day communications between the Parties related to this MOU. The Parties will notify each other of any designated contact change in writing within ten (10) business days of such change:

For NJEDA:

Name: Michelle Bodden
Title: Chief Diversity Officer
Address: 36 W State Street
Trenton, NJ 08608
Email Address: michelle.bodden@njeda.gov
Phone Number:

Name: Brianna Hill
Title: Team Lead
Address: 36 W State Street
Trenton, NJ 08608
Email Address: brianna.hill@njeda.gov
Phone Number:

For Rutgers:
Name: William Castellano
Title: Associate Director
Address: 94 Rockafeller Road, Room 216B
Piscataway, New Jersey 08854

Email Address: castellano@smlr.rutgers.edu
Phone Number: 848-445-9406

9. Term and Extension. This MOU shall remain in effect for a term of two (2) years from the Effective Date. The Parties may extend the MOU for a period of six (6) months by mutual consent, provided that such consent is in writing, and signed by the authorized representatives of each Party.

10. Termination. This MOU may be terminated by either Party upon sixty (60) days prior written notice to the other Party.

11. Duties Upon Termination. Upon early termination or the expiration of this MOU, Rutgers SMLR will surrender all materials developed in association with this MOU and NJEDA will provide a confirmation of receipt of the aforementioned materials. In the case of early termination, NJEDA will only reimburse Rutgers SMLR for expenses incurred through the termination date. Any and all unused funds supplied by NJEDA must be returned to NJEDA no more than sixty (60) days following receipt of the written notice of termination.

12. Notices. All legal notices (not including day-to-day business communications) from one Party to the other regarding this MOU shall be sent to the designated contacts provided below. The Parties will notify each other in writing of any change in these contacts within ten (10) business days:
13. Assignment. This MOU may not be assigned by a Party without the prior written consent of the other Party.

14. Third-Party Beneficiaries. This MOU is intended for the sole benefit of the Parties and shall not be construed to create any third-party beneficiary.

15. Dispute Resolution. In the event a dispute arises between the Parties concerning this MOU, the CEO of NJEDA and an Associate Director (or higher level) within the Rutgers Office for Research, or their appointed representative(s), shall meet to resolve such dispute.

16. Applicable Law. The Parties shall retain all the powers, obligations and immunities provided by law. Each Party shall be responsible for adhering to all applicable laws, regulations, and its own Standard Operating Procedures in the performance its obligations under this MOU.

17. Publicity and Public Announcements. Each Party agrees to obtain permission of the other Party before using the name of the other Party in any public announcement or other publicity.

18. Counterparts. This MOU may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

19. Electronic Signatures. The Parties agree that the execution of this MOU by electronic signature and/or by exchanging PDF signatures will have the same legal force and effect as the exchange of original signatures.

20. Entire Agreement. This MOU reflects the entire understanding of the Parties, and it supersedes any prior understandings of the Parties. It may not be amended, modified, or supplemented except by mutual consent of the Parties in writing and signed by the authorized representatives of each Party.

21. Miscellaneous.

a. The Parties acknowledge that the successful completion of each Party's duties hereunder will require cooperation between the Parties. The Parties agree to work cooperatively to achieve the goals of this MOU.

b. The Parties agree to strictly control the use and retention of any personal and confidential information provided by the other Party so that only personnel who have a need to know have access to such information. No further dissemination or use of such information is authorized without written permission of the Party from which such information originated, unless required by law.

IN WITNESS WHEREOF, the Parties have caused this MOU to be executed by their duly authorized representatives.

For NJEDA	For Rutgers, The State University
Name:	Name: Chrissa Papaioannou, PE, CRA
Title:	Title: Associate Director – Research and Sponsored Programs
Signature:	Signature:
Date:	Date:

MEMORANDUM

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: July 17, 2024

RE: Aspire Program- Product #00313873
SWPN 479 Clinton Avenue LLC ("Applicant")

Request

Issuance of tax credits from the Aspire program ("the Program") for a health services center project located in Newark, New Jersey, Essex County up to 60% of the total project cost ("eligible costs"), not to exceed $21,794,281.

Aspire Program Background

The New Jersey Economic Recovery Act of 2020, N.J.S.A. 34:1B-322, et seq., provides that the "authority shall administer the program to encourage redevelopment projects through the provision of incentive awards to reimburse developers for certain project financing gap costs." Aspire Program Rules ("Rules") incorporating a variety of programmatic changes resulting from recently enacted Legislation and responding to formerly submitted public comment were specially adopted by the Authority Board on November 16th, 2023 and took effect on December 5th, 2023 upon submission to the Office of Administrative Law. This application is being considered based upon those Rules.

The Program provides tax credits for ten years (the "Eligibility Period"). The amount of tax credits a real estate development project or "Redevelopment Project," receives is generally a percentage of the project's costs and is subject to a statutory cap determined by project location and other aspects of each project.

Project Description

The Project, also known as the South Ward Wellness Center ("Wellness Center"), will be a 46,413 square foot, new construction health services center that will include a 11,500 square foot Federally Qualified Health Center ("FQHC") in the South Ward of Newark, NJ. The Wellness Center will consist of several health service components including a pharmacy, administrative offices and conference rooms, a group therapy community, maternal health, medical health, and physical health spaces.

The space for the FQHC will be leased by the operator, Saint James Health, Inc., a nonprofit organization that provides primary and preventative community health services through the East, West, and South wards of Newark, NJ. Federally Qualified Health Centers are community outpatient clinics whose primary focus is to provide quality services to an under-resourced area or population, regardless of the patient's ability to pay. These services include preventative healthcare, dental healthcare, mental health and substance abuse services, hospital & special care, and transportation services necessary for patient care. As a FQHC, Saint James Health, Inc. would qualify for funding under Section 330 of the Public Health Service Act (PHS) and also qualify for enhanced reimbursement from Medicare & Medicaid, as well as other benefits.

South Ward Alliance, the sole-owner of the Applicant and a community focused nonprofit organization, will be the tenant for the remainder of the space at the Wellness Center and will provide numerous health care and health services where individuals may seek various treatments, including group therapy, maternal health, and physical health, provided by or under the direction of medical professionals.

Project Ownership

The Applicant entity, SWPN 479 Clinton Avenue LLC, is a single-purpose entity and wholly owned by South Ward Alliance, dba South Ward Promise Neighborhood ("SWPN"), a non-profit organization based in the South Ward of Newark, NJ.

SWPN 479 Clinton Avenue LLC has obtained site control for the site where the Project is located by way of a Purchase and Sale Agreement. The Applicant executed the PSA with Building Responsible Intelligent Creative Kids (BRICK), a non-profit organization that is related to SWPN. Closing is expected to occur at the time of financial closing of the project financing following the Aspire approval.

Lead Development Entity:

Formerly known as the South Ward Children's Alliance, SWPN was created in 2014 as a place-based initiative in Newark's South Ward aimed at supporting children and families. SWPN's mission is to work with families in the South Ward of Newark to provide access to quality education, food, housing, employment, and physical/mental health resources.

SWPN has led several development initiatives aimed to provided quality, affordable housing to residents of the South Ward. Their Family Village Initiative revitalizes neighborhoods by buying vacant, abandoned, and distressed properties to rehabilitate them into clean, functional, stable, and cost-effective living solutions.

Legal Review and Sister Agency Check:

A Legal Review (debarment/disqualification review) was completed on the Applicant, Lead Development Entity, and related entities by the Authority and all entities were cleared. All of these entities were also found to be in substantial good standing with the Department of Labor and Workforce Development, Environmental Protection, and the Treasury.

Construction Timeline:

Construction is expected to commence in September of 2024 and the project will take 18 months to complete.

Project Details

The 46,413 gross square foot Project will consist of medical and related office space. The site is located at 479-485 Clinton Avenue and 648-652 Bergen Street, within proximity to multiple NJ Transit bus lines. The site currently consists of vacant land and older retail and warehouse buildings which will be demolished to complete the Project. The Project will have four stories of approximately 11,500 square feet per story.

As noted previously the Project includes a 11,500 square foot Federally Qualified Health Center space that will be leased and operated by Saint James Health Inc., with the remainder of the space leased by SWPN to provide other health services. General patients will have access to a full range of healthcare and medical services. Services include:

1) Medical Health Services (FQHC) – The FQHC, operated by St. James Health Inc., will be staffed with doctors, nurse practitioners, nurses, licensed social workers, and support staff. The FQHC is intended to serve 90-100 patients daily and will be focused on serving patients residing in the South Ward, which is within walking distance or a short bus ride from their homes.
2) Maternal Health Services – Expectant mothers will have access to obstetrician-gynecologists, midwives, doulas, nurse practitioners, and other maternal health care practitioners and services provided by South Ward Healthy Beginnings (SWHB), a program operated by SWPN to support positive health outcomes for families in Newark. SWHB is intended to serve 200 patients annually.
3) Physical Health Center Space – Patients can seek access to a full range of physical therapy, along with nutrition guidance provided by certified dieticians. The Physical Health Center Space, operated by SWPN, will see patients recommended by medical practitioners both from the Medical Center Space or from outside the Wellness Center.
4) Group Therapy Community Space – Health care professionals and practitioners from the Medical Center or Maternal Health Center will conduct group therapy classes such as Lamaze and breastfeeding classes, large patient training, and health information sessions.
5) Pharmacy Space – Patients can ask questions about prescribed medicines from licensed pharmacists or may pick up prescriptions prescribed by medical professionals both from the Medical Center Space or from outside service providers.
6) Administrative Offices and Conference Rooms – 11,500 square feet will be allocated to office and conference room space that SJH and SWPN program staff will use for professional development and other group meetings.

The Project will also include up to 11,000 square feet of solar panel installation to generate clean, renewable electricity and reduce operating costs.

Project Uses and Sources

The Applicant proposes the following uses for the Project:

	Total Development Costs	**Project Costs**
Acquisition	$1,551,000	$51,000
Hard construction costs	$29,059,005	$29,059,005
Professional services	$1,643,204	$1,643,204
Financing and other soft costs	$9,746,791	$5,570,592
Developer Fee	$4,000,000	$0
Total	**$46,000,000**	**$36,323,801**

The total project cost is the cost included in total development costs that is used for sizing the tax credit. The total project cost excludes developer fee(s), land acquisition, reserves to fund operating expenses during lease-up, various soft costs funded by Federal Grants, as well as other soft costs that would have exceeded the program cap on soft costs of 20%.

The Applicant proposes the following Sources for the Project:

Permanent Sources	**Type**	**Amount**
M&T Bank Construction Loan	Construction Loan	$25,640,000
Victoria Foundation Loan	Soft Loan	$5,000,000
New Market Tax Credit Equity	Tax Credit Equity	$7,860,000
Federal Appropriation	Grant	$2,000,000
Healthcare Foundation of NJ Grant	Grant	$500,000
Cash	Equity	$5,000,000
	Total	**$46,000,000**

Developer Contributed Equity

Based on the equity requirement of 20% of total development costs for a commercial project not in a government-restricted municipality, the required equity in this Project equates to $9,200,000. Total equity consists of Developer Cash Equity in the amount of $5,000,000, New Market Tax Credits in the amount of $7,860,000, and a combined $2,500,000 in federal and non-profit grants which satisfies this program requirement.

Statutory Aspire Award Cap

This project is located in an enhanced area municipality and, thus, eligible for an Aspire tax credit equal to the lesser of 60 percent of the total project cost or $21,794,281. The total project cost is estimated to be $36,323,801. As such, the Project is eligible for an Aspire tax credit not to exceed $21,794,281which is the lesser of $90 million and 60 percent of the total project cost.

Financing Gap Analysis

NJEDA staff has reviewed the application to determine if there is a financing gap pertaining to the return on the investment for the developer and ability to attract the required investment. Staff analyzed the pro forma and projections and compared the returns with and without the Aspire award over 13 years. The investment analysis assumes that the Applicant will utilize a 36-month timeframe to build and stabilize the Project. It also assumes a 10-year cash flow with an exit through the sale of the Project in year 13.

IRR without Aspire tax credit	-5.5%
IRR with Aspire tax credit	17.1%

Without the benefit of the Aspire tax credit, the Equity IRR is -5.5%, which is below the Hurdle Rate provided by EDA's contracted consultant Jones Lang LaSalle ("JLL") for comparable health center developments in Essex County, NJ of 19.00%. As indicated in the chart above, a developer would not generally complete the Project without the benefit of the Aspire tax credit. Additionally, the Equity IRR with the Aspire tax credit award is below the Hurdle Rate provided by JLL.

Applicant has elected to move forward with the Project even though the IRR with the award is still below the market hurdle rate.

<u>Aspire Tax Credit Sale Price:</u>
For projects that do not represent the new construction of residential units the consideration for the sale or assignment of the Aspire tax credits can be no less than 85 percent of the transferred credit amount before considering any further discounting to present value. The Applicant has provided documentation to the Authority that the consideration contemplated in the current financing structure is 100 percent of the transferred credit amount before considering any further discounting to present value. Currently it is anticipated that the tax credits will be sold as they become available, with the proceeds retained as income on the project proforma. The ultimate financing structure and any changes in the future will be subject to this requirement and the Applicant will need to evidence this prior to any assignment or transfer of Aspire tax credits.

<u>Net Positive Benefit Analysis:</u>
The NJEDA shall conduct a fiscal impact analysis to determine and ensure that the overall public assistance provided to an Aspire awarded project will result in a net positive economic benefit to the State. However, in the new Legislation, exceptions to the requirement are capital investment for a residential project, a capital investment for a food delivery source, or a health care or health services center. The Project is a commercial project comprised solely of a health care or health services center larger than 10,000 square feet and, therefore, the entire award and capital investment are not subject to the net positive economic benefit analysis. Accordingly, the projects will be subject to the requirement in the rules that, absent prior written approval by the Authority based on the Aspire statute and rules, a change to the use that impacts the determination of the net positive economic benefit, or in this case that no net positive benefit analysis is required, will cause the developer to forfeit all credits for the tax period in which the change occurred and all subsequent tax periods.

<u>Other Statutory Criteria</u>

Affordability Controls:
For any project that includes newly constructed residential units (that is, not a project consisting solely of rehabilitated or renovated existing units, with no change to the composition of units or creation of new units), at least 20 percent of the residential units must be reserved for occupancy by low- and moderate-income households with affordability controls as provided in the Rules. As a commercial project comprised solely of non-residential uses, this requirement is not applicable for this Project.

Scoring:
The Applicant is required to achieve a minimum score to be eligible for an Aspire award. The Project was scored in the areas of Equitable Development, Smart Growth, Environmental Justice, and Climate Resilience. The Applicant has satisfactorily evidenced to staff that the Project is consistent with the policy objectives represented by this scoring criteria.

Community Benefits Agreement:
For a Redevelopment Project whose total project cost equals or exceeds $10 million, a community benefits agreement is required to be entered into by the Authority, chief executive of the

municipality and the Applicant unless the Applicant submits a redevelopment agreement that meets the statutory standards of a community benefits agreement or a resolution that renders a community benefits agreement unnecessary. The Applicant has provided a letter of support from the chief executive of the municipality acknowledging this requirement and affirming that the municipality shall proceed to negotiate a community benefits agreement in good faith with the Applicant and will execute the community benefits agreement within the time required.

Labor Harmony Agreement:
NJEDA shall not enter into an incentive award agreement for a Redevelopment Project that includes at least one retail establishment which will have more than 10 full-time employees, at least one distribution center that will have more than 20 full-time employees, or at least one hospitality establishment which will have more than 10 full-time employees, unless the incentive award agreement includes a precondition that any business that serves as the owner or operator of the retail establishment, distribution center, or hospitality establishment enters into a labor harmony agreement with a labor organization or cooperating labor organizations that represent retail or distribution center employees in the State. However, a labor harmony agreement shall be required only if the State has a proprietary interest in the Redevelopment Project and shall remain in effect for as long as the State acts as a market participant in the Redevelopment Project. This project does not have a State proprietary interest and therefore is not subject to this requirement.

Prevailing Wage Obligations:
For any project awarded Aspire tax credits all workers employed to perform construction work or building services work at the Redevelopment Project shall be paid prevailing wages, which continue through the end of the Eligibility Period. The Applicant has acknowledged this requirement and that in any year where this is found not to be the case, the Applicant shall forfeit the tax credit for that year.

Substantial Good Standing/Subcontractor and Contractor Requirements:
For the duration of the Eligibility Period, the developer must be in substantial good standing (or have entered into an agreement) with the Department of Labor and Workforce Development, Environmental Protection, and the Treasury for any project awarded Aspire tax credits and that each contractor and subcontractor performing work at the Redevelopment Project: is registered as required by the Public Works Contractor Registration Act, has not been debarred by the Department of Labor and Workforce Development from engaging in or bidding on Public Works Contracts in the State, and possesses a tax clearance certificate issued by the Division of Taxation in the Department of the Treasury.

Availability of Emerge/Aspire Resources
At the time of this recommendation, there are $1,392,140,398 in uncommitted tax credit resources available to Aspire projects located in the northern-most counties in the State for the fiscal year.

Recommendation
Authority staff has reviewed the application for SWPN 479 Clinton Avenue LLC and finds that it satisfies the eligibility requirements of the new Legislation and Rules. It is recommended that the Members approve and authorize the Authority to issue an approval letter and subsequently enter

into an incentive award agreement. The tax credit award would be credited against the total available North Jersey award authority.

Issuance of the Aspire tax credits are contingent upon the Applicant submitting documentation evidencing project financing and planning approvals with respect to the Project within the time required in the Rules (one year after approval), which includes:

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

Additionally, Applicant must submit an executed Community Benefits Agreement consistent with all of the requirements included in the Rules within six months after approval.

The recommendation is approval of an award of up to 60% of the total project cost, not to exceed $21,794,281 in Aspire tax credits based upon the financing gap illustrated by the Project's actual capital stack at time of commitment.

Tim Sullivan, CEO

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: July 17, 2024

SUBJECT: Film and Digital Media Tax Credit Program –Certification of Unused or Unredeemed Credits in SFY2024 and Increase to SFY2025

Summary:
The Members are requested to approve:

1. The certification of $6,837,882 in unused or unredeemed legacy [1] film tax credits for SFY2024 which will increase the legacy film tax credits available for SFY2025.
2. The certification of $950,000,000 in unused or unredeemed studio partner film tax credits for SFY2024 which will increase the studio partner film tax credits available for SFY2025.
3. The certification of $750,000,000 in unused or unredeemed film-lease production company film tax credits for SFY2024 which will increase the film-lease production company film tax credits available for SFY2025.
4. The certification of $96,948,812 in unused or unredeemed digital media tax credits for SFY2024 which will increase the digital tax credits available for SFY2025

Background:

P.L. 2019, c. 506, enacted on January 21, 2020, requires the Authority to certify the amount of film tax credits that remained available or that were unredeemed so that such tax credits can be used in the subsequent fiscal year, up to a maximum of $50 million.

P.L. 2020, c.156, enacted on January 7, 2021, extended the statutory deadline for film and digital media tax credits until June 30, 2034, removed the cap on the amount of unused or unredeemed film tax credits that can be transferred to a subsequent fiscal year, and required the Authority to similarly certify unused or unredeemed digital media tax credits for use in the subsequent fiscal year. Additionally, the law added two additional allocation categories of $100 million each for projects involving larger studio developments called studio partners and film-lease partners.

P.L. 2021, c.367, enacted on January 12, 2022, required the Authority to certify any unused or unredeemed tax credits for studio partner projects and film-lease partner projects, in a state fiscal year which then, at the discretion of the Authority, shall be used to increase the annual cap for any such category of allocation in the subsequent state fiscal year. The law allowed the Authority to

[1] Legacy film tax credits are formally referenced in statute as “tax credits for those taxpayers other than a New Jersey studio partner or New Jersey film-lease production company.” See N.J.S.A 54:10A-5.39b e(1).

transfer unused or unredeemed film tax credits between legacy film projects and film-lease partner projects, but did not allow the transfer of unused or unredeemed tax credits for studio partners to any other category. P.L. 2021, c.367, also increased the annual digital media tax credit cap from $10 million to $30 million beginning in SFY2019.

P.L. 2023, c.97, enacted on July 6, 2023, removed the Authority's ability to share unused or unredeemed amounts between legacy film projects and film-lease production company projects and increased the annual allocation for studio partners and film-lease production companies to $150,000,000 beginning in state fiscal year 2023. Additionally, the statute directed the Authority to reallocate tax credit caps from the Aspire and Emerge programs to increase the amount available for the studio partner category and the film-lease production company categories.

These changes included both non-discretionary reallocations and discretionary reallocations from available tax credit allocation in the Emerge and Aspire programs. There is a non-discretionary reallocation of $250,000,000 in Emerge and Aspire tax credits to the studio partner category as well as the film-lease production company category, in each year until state fiscal year 2025. Beginning in state fiscal year 2023, the Authority can, at its discretion, reallocate up to $150,000,000 (for a possible total reallocation of $400,000,000) to the studio partner category and, after state fiscal year 2025, up to $400,000,000. For the film-lease production company category, starting in state fiscal year 2025, the Authority can, at its discretion, reallocate up to $250,00,000.

Previous Certifications of Unused and Unredeemed Allocation Amounts:

On October 14, 2020, the Board approved the certification of $64,321,724 in unused and unredeemed legacy film tax credits for SFY2020 which increased the allocation for SFY2021 by $50 million to $150 million. $50 million was the maximum increase allowed by law at the time.

On May 12, 2021, the Board approved the certification of $10 million in unused and unredeemed digital media tax credits for SFY2020 to increase the total credits available in SFY2021 to $20 million.

On February 9, 2022, the Board approved the certification and carry forward from SFY2021 to SFY2022 in unused and unredeemed tax credits in the amount of $124,405,825 in legacy film tax credits, $100,000,000 in both studio partner and film-lease partner tax credits, and $32,488,438 in digital media tax credits.

Due to eight projects being recorded in approvals for SFY2020 instead of SFY2021, the unused and unredeemed tax credits for legacy film tax credits in SFY2020 should have been $89,996,905, not $64,321,724. The allocation for SFY2021 was still increased to $150 million due to the statutory $50 million cap on the amount of unused or unredeemed credits that could be carried forward at that time.

This correction in approval amounts for SFY2020 impacted the amount of unused and unredeemed credits certified to for the next two years. For SFY2021, the amount of unused and unredeemed credits should have been $99,458,105 for legacy film, not the $124,405,825 previously certified too. This would have increased the total amount available for SFY2022 to $199,4581,105. Based on that amount, the amount of unused and unredeemed credits in SFY2022 should have been $4,233,127.

The corrections above change the amount of legacy film tax credit certified for transfer to subsequent state fiscal years but have no impact on any tax credit approvals.

On February 7, 2024, the Board approved the certification and carry forward in unused and unredeemed tax credits for FY2023 in the amount of $38,817,249 in legacy film tax credits, $550,000,000 in studio partner tax credits, $350,000,000 film-lease partner tax credits, and $77,137,741 in digital media tax credits.

Certification of Unused or Unredeemed Tax Credits:

The Authority determines the amount of "unused" tax credits based on the difference between the total amount of available tax credits in a given state fiscal year, and the total amount approved by the Authority within a state fiscal year, should the Authority not approve the full amount of available tax credits within a given state fiscal year. The Authority determines the amount of "unredeemed" tax credits based on projects that have been approved for some amount of tax credits but are unable to certify the full amount of qualified film production expenses on which the tax credit award was based, and therefore unable to utilize the full amount of their estimated tax credit award. For unredeemed tax credits, the Authority also looks at projects that may have been approved for a tax credit award, but missed the deadline required for principal photography, as required by statute, and are therefore no longer eligible to receive the tax credit for which they were approved.

Pursuant to P.L. 2023, c.97 the staff's proposed certification of unused or unredeemed tax credits, for each allocation category, for State Fiscal Year 2024 is below:

Certification of Unused or Unredeemed Legacy Film Tax Credits:
SFY2024 Film Tax Credit Cap: $138,817,249

SFY2024 – Legacy Film Tax Credit Approvals	
Applicant	**Approved Total Award**
Universal Television LLC	$2,941,342
BEVERLY CREST PRODUCTIONS LLC	$2,281,992
Honor Films LLC	$179,336
DAY OF THE FIGHT, INC	$2,638,018
Viacom International Inc.	$18,147,229
Nonnas Productions, Inc.	$7,060,561
Good Grief Film LLC	$794,163
Guns Up The Film Inc	$2,819,948
Apophenia, LLC	$421,524
Paradise Films, LLC	$1,578,561
SILVER STAR FILM LLC	$386,778
FALLOUT THE MOVIE LLC	$603,014
Alright Productions Inc.	$5,225,942
Ocarina Incident LLC	$4,847,645
Miller Hill Inc.	$801,502
ERIC PRODUCTIONS INCORPORATED	$5,698,989
Your Business Monster, LLC	$1,109,990
Apple Studios LLC	$11,167,228
Stalwart Productions LLC	$24,543,329
Apparitions-DE Incorporated	$665,049
Exhibiting Forgiveness, Inc	$2,768,243

Not The Funeral Home LLC	$273,144
RR Productions Inc	$2,580,230
Twentieth Century Fox Film Corporation	$25,049,976
Millerbymarriage LLC	$1,890,743
Amazon Studios LLC	$1,358,368
Lost and Found Movie LLC	$182,032
WYWH FILM INC	$907,018
Bucky Dent The Film Inc	$836,796
Mr.Crocket, LLC	$1,001,677
Bird and The Bee The Film, Inc	$1,069,833
Beneath the Grass Film LLC	$210,147
Total Approved SFY2024 Tax Credits	**$132,040,347**
Total Unused SFY2024 Tax Credits	**$6,776,902**

SFY2024 – Unredeemed Legacy Film Tax Credits	
Applicant	**Unredeemed Award**
SILVER STAR FILM LLC	$60,980
Total Unredeemed SFY2024 Tax Credits	**$60,980**

SFY2024 Total Unused and Unredeemed Tax Credits: $6,837,882

SFY2025 Legacy Annual Allocation: $100,000,000

Total SFY2025 Legacy Film Tax Credit Cap: $106,837,882

<u>Certification of Unused or Unredeemed Studio Partner Film Tax Credits:</u>
SFY2024 Studio Partner Tax Credit Cap: $950,000,000

SFY2024 Studio Partner Tax Credit Approvals: $0

Total Unused or Unredeemed SFY2024 Studio Partner Tax Credit: $950,000,000

Total Reallocation from Emerge / Aspire SFY2025: $250,000,000

Total Studio Partner Carryforward from SFY2024 to increase SFY2025: $1,200,000,000

SFY2025 Studio Partner Allocation: $150,000,000

Total SFY2025 Studio Partner Film Tax Credit Cap: $1,350,000,000

<u>Certification of Unused or Unredeemed Film-lease Production Company Film Tax Credits:</u>
SFY2024 Film-lease Production Company Tax Credit Cap: $750,000,000

SFY2024 Film-lease Production Company Tax Credit Approvals: $0

Total Unused or Unredeemed SFY2024 Film-lease Production Company Tax Credit: $750,000,000

Total Reallocation from Emerge / Aspire SFY2025: $250,000,000

Total Film-lease Production Company Carryforward from SFY2024 to increase SFY2025: $1,000,000,000

SFY2025 Film-lease Production Company Allocation: $150,000,000

Total SFY2025 Film-lease Production Company FTC Cap: $1,150,000,000

<u>Certification of Unused or Unredeemed Digital Media Tax Credits</u>
SFY2024 Digital Media Tax Credit Cap: $107,137,741

SFY2024 – Digital Media Credit Approvals	
Applicant	**Approved Total Award**
Audible, Inc.	$9,538,138
ITV America, Inc.	$650,791
Total Approved SFY2024 Tax Credits	**$10,188,929**
Total Unused SFY2024 Tax Credits	**$96,948,812**

SFY2024 Total Unused and Unredeemed Digital Media Tax Credits: $96,948,812

SFY2025 Digital Media Allocation: $30,000,000

Total SFY2025 Digital Media Tax Credit Cap: $126,948,812

<u>Recommendation:</u>

The Members are requested to approve the following:

1. The certification of $6,837,882 in unused or unredeemed legacy film tax credits for SFY2024 which will increase the legacy film tax credits available for SFY2025.
2. The certification of $950,000,000 in unused or unredeemed studio partner film tax credits for SFY2024 which will increase the studio partner film tax credits available for SFY2025.
3. The certification of $750,000,000 in unused or unredeemed film-lease production company film tax credits for SFY2024 which will increase the film-lease film tax credits available for SFY2025.
4. The certification of $96,948,812 in unused or unredeemed digital media tax credits for SFY2024 which will increase the digital tax credits available for SFY2025.

____

Tim Sullivan, CEO

Prepared by: Matt Sestrich

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – DIGITAL MEDIA TAX CREDIT PROGRAM

As created under the Garden State Film and Digital Media Jobs Act, P.L. 2018, c. 56, and amended and expanded under P.L.2019, c.506, P.L.2020, c.156 and P.L.2021, c.367, 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 Digital Media Tax Credit Program, applicants are eligible for a tax credit equal to 30% of qualified digital media content expenses, or 35% of qualified digital media content 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: NFL Productions LLC PROD-00315010

APPLICANT BACKGROUND:

NFL Productions LLC, doing business as NFL Films, was originally founded in 1962 by Ed Sabol. Sabol, who was born in Atlantic City, originally founded the company as Blair Motion Pictures, but was rebranded as NFL Films in 1964 when the National Football League purchased the company. Ed Sabol continued to lead the NFL subsidiary until 1985 when his son Steve, succeeded him as President until his death in 2012. NFL Films has operated out of Mt. Laurel since 1979, and has over 200 full-time employees jobs working directly on digital media content. During the football season the company hires over 200 additional part-time workers each year.

New Jersey serves as the post-production hub for the full suite of NFL Films programming. The company films every NFL game each year and is responsible for editing and packaging the footage for major media outlets and streaming services. Boasting over 600 hours of new NFL programming annually across 35 productions, NFL Films delivers a diverse range of content and platforms. From award winning and iconic shows like "Hard Knocks" and "Inside the NFL" to documentaries, commercials, and television and web content such as "Good Morning Football" and the "YouTube Game Pass All Access,". NFL Films has been working since 2022 to archive the entirety of its footage currently on analog reels to digital formats.

ELIGIBILITY AND TAX CREDIT CALCULATION:

As part of eligibility for tax credits under the New Jersey Digital Media Tax Credit Program, an applicant must meet the statutory and regulatory definition of digital media content. Digital media content is any data or information that is produced in digital form, including data or information created in analog form but reformatted in digital form, text, graphics, photographs, animation, sound and video content. Digital media tax credit is calculated as a percentage of qualified digital media content production expense. "Qualified digital media content production expenses" means an expense incurred in New Jersey for the production of digital media content.

This application is for produced data and information in digital form during the production process of various productions during NFL Film's 2019 fiscal year (4/1/2018-3/31/2019).

Eligible expenses will be New Jersey wages/salaries/benefits for employees involved in film post-production activities as they relate to the creation of digital media content, including reformatting analog information to digital, real and personal property rent, utilities and direct overhead (projected to exceed 50% of total qualified spend).

As part of eligibility for tax credits under the New Jersey Digital Media Tax Credit Program, an applicant must meet two expense eligibility thresholds:

1. Total Digital Media Content Production Expenses: At least $2,000,000 of the total digital media content production expenses incurred for services performed, and goods purchased through vendors authorized to do business in New Jersey. For the purposes of this eligibility criteria, salaries to full-time employees are included in this category.

Total Digital Media Content Production Expenses to be incurred in NJ during a single privilege period after July 1, 2018.	$25,175,806.00
Criterion Met	**Yes**

2. Percentage of the qualified digital media content production expenses for wages: A minimum of 50% of the qualified digital media content production expenses of the taxpayer are for wages and salaries paid to full-time or full-time equivalent employees in New Jersey; "Qualified digital media content production expenses" are expenses incurred in New Jersey after July 1, 2018 but before July 1, 2034 for services performed and goods purchased through vendors authorized to do business in New Jersey. "Qualified digital media content production expenses" shall include but shall not be limited to: wages and salaries of individuals employed in the production of digital media content on which the tax imposed by the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. has been paid or is due; and the costs of computer software and hardware, data processing, visualization technologies, sound synchronization, editing, and the rental of facilities and equipment. Payment made to a loan out company or to an independent contractor shall not be a "qualified digital media content production expense" unless the payment is 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. "Qualified digital media content production expenses" shall not include expenses incurred in marketing, promotion, or advertising digital media or other costs not directly related to the production of digital media content. Costs related to the acquisition or licensing of digital media content by the taxpayer for distribution or incorporation into the taxpayer's digital media content shall not be "qualified digital media content production expenses."

A. Total Qualified Digital Media Content Production Expenses to be incurred after July 1, 2018	$25,175,806.00
B. Wages To Be Paid to Employees in New Jersey	$18,483,993.00
C. Percentage of the qualified digital media content production expenses to be incurred for wages in New Jersey	73.42%
Criterion Met	**Yes**

AWARD CALCULATION

Base Award Criteria	Calculation	Result
35% of Qualified Digital Media Content 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.	$0.00 x 35% =	$0.00
30% of Qualified Digital Media Content Production Expenses	$25,175,806 x 30% =	$7,552,742.00
Bonus Criteria Met		
Submission of Diversity Plan deemed satisfactory by EDA and NJ Taxation. 2% of Qualified Digital Media Content Production Expenses.	$25,175,806 x 2% =	$503,516.00
Total Award		**$8,056,258**

APPLICATION RECEIVED DATE:	03/11/2024
DATE APPLICATION DEEMED COMPLETE:	04/29/2024
ESTIMATED DATE OF PROJECT COMMENCEMENT:	07/01/2018
ESTIMATED DATE OF PROJECT COMPLETION:	03/31/2019
APPLICANT’S FISCAL YEAR END:	03/31/2019
TAX CREDIT VINTAGE YEAR(S):	2025
TAX FILING TYPE:	Corporate Business Tax
ANTICIPATED CERTIFICATION DATE:	11/01/2024

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

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.

Prepared by:
Kremena Mironova

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – DIGITAL MEDIA TAX CREDIT PROGRAM

As created under the Garden State Film and Digital Media Jobs Act, P.L. 2018, c. 56, and amended and expanded under P.L.2019, c.506, P.L.2020, c.156 and P.L.2021, c.367, 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 Digital Media Tax Credit Program, applicants are eligible for a tax credit equal to 30% of qualified digital media content expenses, or 35% of qualified digital media content 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: NFL Productions LLC PROD-00315011

APPLICANT BACKGROUND:

NFL Productions LLC, doing business as NFL Films, was originally founded in 1962 by Ed Sabol. Sabol, who was born in Atlantic City, originally founded the company as Blair Motion Pictures, but was rebranded as NFL Films in 1964 when the National Football League purchased the company. Ed Sabol continued to lead the NFL subsidiary until 1985 when his son Steve, succeeded him as President until his death in 2012. NFL Films has operated out of Mt. Laurel since 1979, and has over 200 full-time employees jobs working directly on digital media content. During the football season the company hires over 200 additional part-time workers each year.

New Jersey serves as the post-production hub for the full suite of NFL Films programming. The company films every NFL game each year and is responsible for editing and packaging the footage for major media outlets and streaming services. Boasting over 600 hours of new NFL programming annually across 35 productions, NFL Films delivers a diverse range of content and platforms. From award winning and iconic shows like "Hard Knocks" and "Inside the NFL" to documentaries, commercials, and television and web content such as "Good Morning Football" and the "YouTube Game Pass All Access,". NFL Films has been working since 2022 to archive the entirety of its footage currently on analog reels to digital formats.

ELIGIBILITY AND TAX CREDIT CALCULATION:

As part of eligibility for tax credits under the New Jersey Digital Media Tax Credit Program, an applicant must meet the statutory and regulatory definition of digital media content. Digital media content is any data or information that is produced in digital form, including data or information created in analog form but reformatted in digital form, text, graphics, photographs, animation, sound and video content. Digital media tax credit is calculated as a percentage of qualified digital media content production expense. "Qualified digital media content production expenses" means an expense incurred in New Jersey for the production of digital media content.

This application is for produced data and information in digital form during the production process of various productions during NFL Film's 2020 fiscal year (4/1/2019-3/31/2020).

Eligible expenses will be New Jersey wages/salaries/benefits for employees involved in film post-production activities as they relate to the creation of digital media content, including reformatting analog information to digital, real and personal property rent, utilities and direct overhead (projected to exceed 50% of total qualified spend).

As part of eligibility for tax credits under the New Jersey Digital Media Tax Credit Program, an applicant must meet two expense eligibility thresholds:

1. <u>Total Digital Media Content Production Expenses</u>: At least $2,000,000 of the total digital media content production expenses incurred for services performed, and goods purchased through vendors authorized to do business in New Jersey. For the purposes of this eligibility criteria, salaries to full-time employees are included in this category.

Total Digital Media Content Production Expenses to be incurred in NJ during a single privilege period after July 1, 2018.	$34,569,857.00
Criterion Met	**Yes**

2. <u>Percentage of the qualified digital media content production expenses for wages</u>: A minimum of 50% of the qualified digital media content production expenses of the taxpayer are for wages and salaries paid to full-time or full-time equivalent employees in New Jersey; "Qualified digital media content production expenses" are expenses incurred in New Jersey after July 1, 2018 but before July 1, 2034 for services performed and goods purchased through vendors authorized to do business in New Jersey. "Qualified digital media content production expenses" shall include but shall not be limited to: wages and salaries of individuals employed in the production of digital media content on which the tax imposed by the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. has been paid or is due; and the costs of computer software and hardware, data processing, visualization technologies, sound synchronization, editing, and the rental of facilities and equipment. Payment made to a loan out company or to an independent contractor shall not be a "qualified digital media content production expense" unless the payment is 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. "Qualified digital media content production expenses" shall not include expenses incurred in marketing, promotion, or advertising digital media or other costs not directly related to the production of digital media content. Costs related to the acquisition or licensing of digital media content by the taxpayer for distribution or incorporation into the taxpayer's digital media content shall not be "qualified digital media content production expenses."

A. Total Qualified Digital Media Content Production Expenses to be incurred after July 1, 2018	$34,569,857.00
B. Wages To Be Paid to Employees in New Jersey	$27,150,955.00
C. Percentage of the qualified digital media content production expenses to be incurred for wages in New Jersey	79%
Criterion Met	**Yes**

AWARD CALCULATION

Base Award Criteria	Calculation	Result
35% of Qualified Digital Media Content 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.	$0.00 x 35% =	$0.00
30% of Qualified Digital Media Content Production Expenses	$34,569,857 x 30% =	$10,370,957.00
Bonus Criteria Met		
Submission of Diversity Plan deemed satisfactory by EDA and NJ Taxation. 2% of Qualified Digital Media Content Production Expenses.	$34,569,857 x 2% =	$691,397.00
Total Award		**$11,062,354**

APPLICATION RECEIVED DATE:	03/11/2024
DATE APPLICATION DEEMED COMPLETE:	04/29/2024
ESTIMATED DATE OF PROJECT COMMENCEMENT:	04/01/2019
ESTIMATED DATE OF PROJECT COMPLETION:	03/31/2020
APPLICANT’S FISCAL YEAR END:	03/31/2020
TAX CREDIT VINTAGE YEAR(S):	2025
TAX FILING TYPE:	Corporate Business Tax
ANTICIPATED CERTIFICATION DATE:	11/01/2024

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

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.

Prepared by:
Kremena Mironova

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – DIGITAL MEDIA TAX CREDIT PROGRAM

As created under the Garden State Film and Digital Media Jobs Act, P.L. 2018, c. 56, and amended and expanded under P.L.2019, c.506, P.L.2020, c.156 and P.L.2021, c.367, 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 Digital Media Tax Credit Program, applicants are eligible for a tax credit equal to 30% of qualified digital media content expenses, or 35% of qualified digital media content 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: NFL Productions LLC PROD-00315012

APPLICANT BACKGROUND:

NFL Productions LLC, doing business as NFL Films, was originally founded in 1962 by Ed Sabol. Sabol, who was born in Atlantic City, originally founded the company as Blair Motion Pictures, but was rebranded as NFL Films in 1964 when the National Football League purchased the company. Ed Sabol continued to lead the NFL subsidiary until 1985 when his son Steve, succeeded him as President until his death in 2012. NFL Films has operated out of Mt. Laurel since 1979, and has over 200 full-time employees jobs working directly on digital media content. During the football season the company hires over 200 additional part-time workers each year.

New Jersey serves as the post-production hub for the full suite of NFL Films programming. The company films every NFL game each year and is responsible for editing and packaging the footage for major media outlets and streaming services. Boasting over 600 hours of new NFL programming annually across 35 productions, NFL Films delivers a diverse range of content and platforms. From award winning and iconic shows like "Hard Knocks" and "Inside the NFL" to documentaries, commercials, and television and web content such as "Good Morning Football" and the "YouTube Game Pass All Access,". NFL Films has been working since 2022 to archive the entirety of its footage currently on analog reels to digital formats.

ELIGIBILITY AND TAX CREDIT CALCULATION:

As part of eligibility for tax credits under the New Jersey Digital Media Tax Credit Program, an applicant must meet the statutory and regulatory definition of digital media content. Digital media content is any data or information that is produced in digital form, including data or information created in analog form but reformatted in digital form, text, graphics, photographs, animation, sound and video content. Digital media tax credit is calculated as a percentage of qualified digital media content production expense. "Qualified digital media content production expenses" means an expense incurred in New Jersey for the production of digital media content.

This application is for produced data and information in digital form during the production process of various productions during NFL Film's 2021 fiscal year (4/1/2020-3/31/2021).

Eligible expenses will be New Jersey wages/salaries/benefits for employees involved in film post-production activities as they relate to the creation of digital media content, including reformatting analog information to digital, real and personal property rent, utilities and direct overhead (projected to exceed 50% of total qualified spend).

As part of eligibility for tax credits under the New Jersey Digital Media Tax Credit Program, an applicant must meet two expense eligibility thresholds:

1. Total Digital Media Content Production Expenses: At least $2,000,000 of the total digital media content production expenses incurred for services performed, and goods purchased through vendors authorized to do business in New Jersey. For the purposes of this eligibility criteria, salaries to full-time employees are included in this category.

Total Digital Media Content Production Expenses to be incurred in NJ during a single privilege period after July 1, 2018.	$29,681,865.00
Criterion Met	**Yes**

2. Percentage of the qualified digital media content production expenses for wages: A minimum of 50% of the qualified digital media content production expenses of the taxpayer are for wages and salaries paid to full-time or full-time equivalent employees in New Jersey; "Qualified digital media content production expenses" are expenses incurred in New Jersey after July 1, 2018 but before July 1, 2034 for services performed and goods purchased through vendors authorized to do business in New Jersey. "Qualified digital media content production expenses" shall include but shall not be limited to: wages and salaries of individuals employed in the production of digital media content on which the tax imposed by the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. has been paid or is due; and the costs of computer software and hardware, data processing, visualization technologies, sound synchronization, editing, and the rental of facilities and equipment. Payment made to a loan out company or to an independent contractor shall not be a "qualified digital media content production expense" unless the payment is 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. "Qualified digital media content production expenses" shall not include expenses incurred in marketing, promotion, or advertising digital media or other costs not directly related to the production of digital media content. Costs related to the acquisition or licensing of digital media content by the taxpayer for distribution or incorporation into the taxpayer's digital media content shall not be "qualified digital media content production expenses."

A. Total Qualified Digital Media Content Production Expenses to be incurred after July 1, 2018	$29,681,865.00
B. Wages To Be Paid to Employees in New Jersey	$24,953,710.00
C. Percentage of the qualified digital media content production expenses to be incurred for wages in New Jersey	84%
Criterion Met	**Yes**

AWARD CALCULATION

Base Award Criteria	Calculation	Result
35% of Qualified Digital Media Content 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.	$0.00 x 35% =	$0.00
30% of Qualified Digital Media Content Production Expenses	$29,681,865 x 30% =	$8,904,560.00
Bonus Criteria Met		
Submission of Diversity Plan deemed satisfactory by EDA and NJ Taxation. 2% of Qualified Digital Media Content Production Expenses.	$29,681,865 x 2% =	$593,637.00
Total Award		**$9,498,197**

APPLICATION RECEIVED DATE:	03/11/2024
DATE APPLICATION DEEMED COMPLETE:	04/29/2024
ESTIMATED DATE OF PROJECT COMMENCEMENT:	04/01/2020
ESTIMATED DATE OF PROJECT COMPLETION:	03/31/2021
APPLICANT'S FISCAL YEAR END:	03/31/2021
TAX CREDIT VINTAGE YEAR(S):	2025
TAX FILING TYPE:	Corporate Business Tax
ANTICIPATED CERTIFICATION DATE:	11/01/2024

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

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.

Prepared by:
Kremena Mironova

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – DIGITAL MEDIA TAX CREDIT PROGRAM

As created under the Garden State Film and Digital Media Jobs Act, P.L. 2018, c. 56, and amended and expanded under P.L.2019, c.506, P.L.2020, c.156 and P.L.2021, c.367, 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 Digital Media Tax Credit Program, applicants are eligible for a tax credit equal to 30% of qualified digital media content expenses, or 35% of qualified digital media content 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: NFL Productions LLC PROD-00315014

APPLICANT BACKGROUND:

NFL Productions LLC, doing business as NFL Films, was originally founded in 1962 by Ed Sabol. Sabol, who was born in Atlantic City, originally founded the company as Blair Motion Pictures, but was rebranded as NFL Films in 1964 when the National Football League purchased the company. Ed Sabol continued to lead the NFL subsidiary until 1985 when his son Steve, succeeded him as President until his death in 2012. NFL Films has operated out of Mt. Laurel since 1979, and has over 200 full-time employees jobs working directly on digital media content. During the football season the company hires over 200 additional part-time workers each year.

New Jersey serves as the post-production hub for the full suite of NFL Films programming. The company films every NFL game each year and is responsible for editing and packaging the footage for major media outlets and streaming services. Boasting over 600 hours of new NFL programming annually across 35 productions, NFL Films delivers a diverse range of content and platforms. From award winning and iconic shows like "Hard Knocks" and "Inside the NFL" to documentaries, commercials, and television and web content such as "Good Morning Football" and the "YouTube Game Pass All Access,". NFL Films has been working since 2022 to archive the entirety of its footage currently on analog reels to digital formats.

ELIGIBILITY AND TAX CREDIT CALCULATION:

As part of eligibility for tax credits under the New Jersey Digital Media Tax Credit Program, an applicant must meet the statutory and regulatory definition of digital media content. Digital media content is any data or information that is produced in digital form, including data or information created in analog form but reformatted in digital form, text, graphics, photographs, animation, sound and video content. Digital media tax credit is calculated as a percentage of qualified digital media content production expense. "Qualified digital media content production expenses" means an expense incurred in New Jersey for the production of digital media content.

This application is for Qualified digital media content production during NFL Film's 2022 fiscal year (4/1/2021-3/31/2022).

Eligible expenses will be New Jersey wages/salaries/benefits for employees involved in film post-production activities as they relate to the creation of digital media content, including reformatting analog information to digital, real and personal property rent, utilities and direct overhead (projected to exceed 50% of total qualified spend).

As part of eligibility for tax credits under the New Jersey Digital Media Tax Credit Program, an applicant must meet two expense eligibility thresholds:

1. Total Digital Media Content Production Expenses: At least $2,000,000 of the total digital media content production expenses incurred for services performed, and goods purchased through vendors authorized to do business in New Jersey. For the purposes of this eligibility criteria, salaries to full-time employees are included in this category.

Qualified Digital Media Production Expenses incurred in NJ during a single privilege period after July 1, 2018.	$34,361,742
Criterion Met	**Yes**

2. Percentage of the qualified digital media content production expenses for wages: A minimum of 50% of the qualified digital media content production expenses of the taxpayer are for wages and salaries paid to full-time or full-time equivalent employees in New Jersey; "Qualified digital media content production expenses" are expenses incurred in New Jersey after July 1, 2018 but before July 1, 2034 for services performed and goods purchased through vendors authorized to do business in New Jersey. "Qualified digital media content production expenses" shall include but shall not be limited to: wages and salaries of individuals employed in the production of digital media content on which the tax imposed by the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. has been paid or is due; and the costs of computer software and hardware, data processing, visualization technologies, sound synchronization, editing, and the rental of facilities and equipment. Payment made to a loan out company or to an independent contractor shall not be a "qualified digital media content production expense" unless the payment is 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. "Qualified digital media content production expenses" shall not include expenses incurred in marketing, promotion, or advertising digital media or other costs not directly related to the production of digital media content. Costs related to the acquisition or licensing of digital media content by the taxpayer for distribution or incorporation into the taxpayer's digital media content shall not be "qualified digital media content production expenses."

A. Total Qualified Digital Media Content Production Expenses after July 1, 2018	$34,361,742
B. Wages Paid to Employees in New Jersey	$27,080,696
C. Percentage of the qualified digital media content production expenses incurred for wages in New Jersey	78.81.%
Criterion Met	**Yes**

AWARD CALCULATION

Base Award Criteria	Calculation	Result
35% of Qualified Digital Media Content 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.	$0.00 x 35% =	$0.00
30% of Qualified Digital Media Content Production Expenses	$34,361,742 x 30% =	$10,308,522.60
Bonus Criteria Met		
Submission of Diversity Plan deemed satisfactory by EDA and NJ Taxation. 2% of Qualified Digital Media Content Production Expenses.	$34,361,742 x 2% =	$687,234.84
Total Award		**$10,995,757**

APPLICATION RECEIVED DATE: 03/13/2024
DATE APPLICATION DEEMED COMPLETE: 04/29/2024
ESTIMATED DATE OF PROJECT COMMENCEMENT: 04/01/2021
ESTIMATED DATE OF PROJECT COMPLETION: 03/31/2022
APPLICANT'S FISCAL YEAR END: 03/31/2022
TAX CREDIT VINTAGE YEAR(S): 2025
TAX FILING TYPE: Corporate Business Tax
ANTICIPATED CERTIFICATION DATE: 11/01/2024

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

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

Prepared by: Madhavi Bhatia

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY – DIGITAL MEDIA TAX CREDIT PROGRAM

As created under the Garden State Film and Digital Media Jobs Act, P.L. 2018, c. 56, and amended and expanded under P.L.2019, c.506, P.L.2020, c.156 and P.L.2021, c.367, 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 Digital Media Tax Credit Program, applicants are eligible for a tax credit equal to 30% of qualified digital media content expenses, or 35% of qualified digital media content 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: NFL Productions LLC PROD-00315015

APPLICANT BACKGROUND:

NFL Productions LLC, doing business as NFL Films, was originally founded in 1962 by Ed Sabol. Sabol, who was born in Atlantic City, originally founded the company as Blair Motion Pictures, but was rebranded as NFL Films in 1964 when the National Football League purchased the company. Ed Sabol continued to lead the NFL subsidiary until 1985 when his son Steve, succeeded him as President until his death in 2012. NFL Films has operated out of Mt. Laurel since 1979, and has over 200 full-time employees jobs working directly on digital media content. During the football season the company hires over 200 additional part-time workers each year.

New Jersey serves as the post-production hub for the full suite of NFL Films programming. The company films every NFL game each year and is responsible for editing and packaging the footage for major media outlets and streaming services. Boasting over 600 hours of new NFL programming annually across 35 productions, NFL Films delivers a diverse range of content and platforms. From award winning and iconic shows like "Hard Knocks" and "Inside the NFL" to documentaries, commercials, and television and web content such as "Good Morning Football" and the "YouTube Game Pass All Access,". NFL Films has been working since 2022 to archive the entirety of its footage currently on analog reels to digital formats.

ELIGIBILITY AND TAX CREDIT CALCULATION:

As part of eligibility for tax credits under the New Jersey Digital Media Tax Credit Program, an applicant must meet the statutory and regulatory definition of digital media content. Digital media content is any data or information that is produced in digital form, including data or information created in analog form but reformatted in digital form, text, graphics, photographs, animation, sound and video content. Digital media tax credit is calculated as a percentage of qualified digital media content production expense. "Qualified digital media content production expenses" means an expense incurred in New Jersey for the production of digital media content.

This application is for produced data and information in digital form during the production process of various productions during NFL Film's 2023 fiscal year (4/1/2022-3/31/2023).

Eligible expenses will be New Jersey wages/salaries/benefits for employees involved in film post-production activities as they relate to the creation of digital media content, including reformatting analog information to digital, real and personal property rent, utilities and direct overhead (projected to exceed 50% of total qualified spend).

As part of eligibility for tax credits under the New Jersey Digital Media Tax Credit Program, an applicant must meet two expense eligibility thresholds:

1. <u>Total Digital Media Content Production Expenses</u>: At least $2,000,000 of the total digital media content production expenses incurred for services performed, and goods purchased through vendors authorized to do business in New Jersey. For the purposes of this eligibility criteria, salaries to full-time employees are included in this category.

Total Digital Media Content Production Expenses to be incurred in NJ during a single privilege period after July 1, 2018.	$36,756,797.00
Criterion Met	**Yes**

2. <u>Percentage of the qualified digital media content production expenses for wages</u>: A minimum of 50% of the qualified digital media content production expenses of the taxpayer are for wages and salaries paid to full-time or full-time equivalent employees in New Jersey; "Qualified digital media content production expenses" are expenses incurred in New Jersey after July 1, 2018 but before July 1, 2034 for services performed and goods purchased through vendors authorized to do business in New Jersey. "Qualified digital media content production expenses" shall include but shall not be limited to: wages and salaries of individuals employed in the production of digital media content on which the tax imposed by the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. has been paid or is due; and the costs of computer software and hardware, data processing, visualization technologies, sound synchronization, editing, and the rental of facilities and equipment. Payment made to a loan out company or to an independent contractor shall not be a "qualified digital media content production expense" unless the payment is 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. "Qualified digital media content production expenses" shall not include expenses incurred in marketing, promotion, or advertising digital media or other costs not directly related to the production of digital media content. Costs related to the acquisition or licensing of digital media content by the taxpayer for distribution or incorporation into the taxpayer's digital media content shall not be "qualified digital media content production expenses."

A. Total Qualified Digital Media Content Production Expenses to be incurred after July 1, 2018	$36,756,797.00
B. Wages To Be Paid to Employees in New Jersey	$28,378,532.00
C. Percentage of the qualified digital media content production expenses to be incurred for wages in New Jersey	77%
Criterion Met	**Yes**

AWARD CALCULATION

Base Award Criteria	Calculation	Result
35% of Qualified Digital Media Content 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.	$0.00 x 35% =	$0.00
30% of Qualified Digital Media Content Production Expenses	$36,756,797 x 30% =	$11,027,039.00
Bonus Criteria Met		
Submission of Diversity Plan deemed satisfactory by EDA and NJ Taxation. 2% of Qualified Digital Media Content Production Expenses.	$36,756,797 x 2% =	$735,136.00
Total Award		**$11,762,175**

APPLICATION RECEIVED DATE: 03/11/2024
DATE APPLICATION DEEMED COMPLETE: 04/29/2024
ESTIMATED DATE OF PROJECT COMMENCEMENT: 04/01/2022
ESTIMATED DATE OF PROJECT COMPLETION: 03/31/2023
APPLICANT'S FISCAL YEAR END: 03/31/2023
TAX CREDIT VINTAGE YEAR(S): 2025
TAX FILING TYPE: Corporate Business Tax
ANTICIPATED CERTIFICATION DATE: 11/01/2024

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

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.

Prepared by:
Kremena Mironova

NJEDA

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: July 17, 2024

SUBJECT: Application Fee Waiver for New Jersey Green Workforce Training Grant Challenge

Request:

The Members are asked to approve an amendment to the New Jersey Green Workforce Training Grant Challenge ("Grant Challenge") to waive application fees. Per N.J.A.C. 19-30-6.1A, the Board may waive application fees when other sources of funding are available for the Authority's administrative costs. The Authority's administrative costs for the Grant Challenge will be covered by utilizing funds from the Green Council Memorandum of Understanding between NJEDA and the New Jersey Department of Environmental Protection dated March 28, 2024 ("Green Council MOU"). This MOU allows NJEDA to use up to $150,000 to cover administrative costs that are needed to administer programs funded through the MOU, which includes the Grant Challenge.

Background:

On April 10, 2024, the NJEDA Board approved the Grant Challenge. The Grant Challenge will support the State's goals to prepare New Jersey residents for jobs in the green economy and to grow the green economy in an equitable and inclusive manner. The Grant Challenge is a competitive funding opportunity for entities that can implement workforce training programs that will position NJ residents for green economy careers, with a particular focus on advancing diversity, equity, and inclusion and serving New Jersey's overburdened communities.

A total of $7 million is available for programs under this Grant Challenge. The minimum and maximum amounts for individual awards are set at $250,000 and $1.5 million, respectively.

The Board authorized funding for the Grant Challenge through two separate MOUs: the Offshore Wind Sector Initiatives Memorandum of Understanding between NJEDA and the New Jersey Board of Public Utilities dated October 12, 2023, which funds $2.65 million of the Grant Challenge, and the Green Council MOU, which funds $4.35 million. The Green Council MOU allows up to $150,000, or 3% of that MOU's total $5 million in funding, to be used by NJEDA to cover administrative costs for programs funded through the MOU, including the Grant Challenge. This $150,000 will be used to cover the administrative cost of the Grant Challenge.

The NJEDA rules require that the NJEDA charge a non-refundable $1,000 application fee for products (N.J.A.C. 19:30-6.1(a)). However, an exception to this rule (N.J.A.C. 19:30-6.1A) permits the Board to decide that fees will not be charged for any program or initiative where there is availability of other sources of funding for the Authority's administrative costs. Because the Board-approved funding source for the Grant Challenge, the Green Council MOU, already covers the Authority's administrative costs, NJEDA will not charge an application fee for this Grant Challenge.

Recommendation:

The Members are asked to amend the NJ Green Workforce Training Grant Challenge to waive application fees and utilize the available administrative funding through the Green Council MOU to implement the Grant Challenge that was approved by the Board on April 10, 2024.

____
Tim Sullivan, CEO

Prepared by**:** Cathy Yuhas

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: July 17, 2024

RE: Special Counsel: Executive Order 52 (Murphy 2019), Attorney General Investigation, Holtec and Other Legal Actions – Amendment to Retention Agreement with Friedman, Kaplan, Seiler, and Adelman, LLP

Summary

The Members are asked to approve additional contract funding of $500,000 (for a revised fee cap of $5,320,000) due to ongoing need for representation related to the subject legal matters. The additional funding will be at the blended hourly rate for all attorney positions of $450/hour as outlined in the original February 21, 2019 retention letter executed between the Authority and Friedman, Kaplan, Seiler, and Adelman, LLP ("Friedman Kaplan").

Background

On January 24, 2019, Governor Murphy signed Executive Order 52 which established a Task Force on EDA's Tax Incentives (the "Task Force"). The mission of the Task Force was to conduct an in-depth examination of the deficiencies in the design, implementation, and oversight of Grow NJ and ERG, including those identified in the 2019 State Comptroller's performance audit, to inform consideration regarding the planning, development and execution of the future iterations of these or similar tax incentive programs. The Task Force held public hearings and asked individuals to testify who could provide insight into the design, implementation, and oversight of these programs. The Task Force reported its findings to the Governor and the Legislature. During the same timeframe, the Attorney General announced a separate investigation of these programs.

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

On January 31, 2019, the Authority issued a Solicitation of Proposals ("Solicitation") for Emergent, Specialized Legal Services. The purpose of the Solicitation was to obtain proposals from certain well-qualified, non-conflicted law firms that were identified by a committee of the Board to represent both the EDA Board and staff. The Solicitation resulted in an award of a one (1) year contract with three (3), one (1) year extension options at an initial retention of $250,000 approved under delegated authority to Friedman Kaplan. This amount was increased by:

- $400,000 with board approval on May 14, 2019, revising the fee cap to $650,000
- $400,000 with board approval on June 11, 2019, revising the fee cap to $1,050,000
- $850,000 with board approval on August 13, 2019, revising the fee cap to $1,900,000
- $500,000 with board approval on February 20, 2020, revising the fee cap to $2,400,000
- $1,000,000 with board approval on December 20,2020, revising the fee cap to $3,400,000
- $920,000 with board approval on July 14, 2021, revising the fee cap to $4,320,000
- $500,000 with board approval on February 8, 2023, revising the fee cap to $4,820,000

Work began in February of 2019 and is ongoing. Friedman Kaplan has continued to provide advice and counsel with respect to matters bearing upon the investigations. Services include assistance, counseling, and guidance to the EDA Board and staff, as applicable, with respect to the production of documents, subpoenas, public hearing testimony, overall strategy, regulatory and fiduciary obligations, and potential and actual litigation. To date, two legal claims have been filed against the Authority – one from Holtec International ("Holtec") and one from Cooper University Hospital ("Cooper"). Both companies are Grow NJ applicants. The Holtec claim is on appeal and Friedman Kaplan continues to represent the EDA. For the Cooper matter, Friedman Kaplan has continued to advise the Authority on its Grow NJ tax credits. Additional work may be required as a result of the NJ Attorney General's indictment of six individual on June 17, 2024. No contract extension is required as this additional work is a continuation of the work described in the original Scope of Work within the RFP.

When legal action is taken against the Authority related to the investigations, Friedman Kaplan has been requested to prepare, commence, and manage litigation on behalf of the Authority. Preparation may include significant pre-filing evaluative and investigative work. Litigation will include drafting pleadings, motions, briefs and all other papers to be filed in court; conducting and responding to discovery; attending all pre-trial, trial and post-trial court appearances; conducting settlement negotiations and handling appeals. Special Counsel will also be expected to handle all issues arising in the litigation, including all issues that must be raised in compliance with the entire controversy doctrine. Special Counsel will regularly communicate with EDA Board Members and staff, as necessary.

Through June 30, 2024, the Authority has paid approximately $4,502,618 under the retention agreement. Of that amount, $750,000 was reimbursed through the Authority's insurance coverage, less a policy deductible of $250,000.

Recommendation

In summary, approval is requested for additional contract funding of $500,000 (for a revised fee cap of $5,320,000) due to ongoing need for representation related to the subject legal matters, at the same blended hourly rate for all attorney positions of $450/hour under the same terms and conditions outlined in the original retention letter of February 21, 2019. It should be noted that these fees are being paid from the Authority's net assets and will not detract from existing EDA programs or burden the taxpayers of the state.

____
Tim Sullivan, CEO

Prepared by: Christine Baker, Fred Cole

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan

Chief Executive Officer

DATE: July 17, 2024

SUBJECT: Memoranda of Understanding Approved under Delegated Authority (July 2023 – June 2024) ***(For Informational Purposes Only)***

On June 8, 2022, the Board delegated authority to the Chief Executive Officer (CEO) to execute Memoranda of Understanding (MOUs) regarding "matters for which the CEO has delegated authority to approve and execute were the matter accomplished through a binding contract, including procurement, or approve but for the payment to EDA for EDA's services, including lending staffing, up to the lesser of the corresponding delegated authority maximum or a maximum financial commitment of $500,000 for each MOU." Further, at the December 14, 2023 meeting, the Board authorized additional delegated authority by increasing the threshold for certain MOUs and procured contracts to $1 million. Additionally, the Board has approved various programs that are funded through appropriations from the American Rescue Plan Act (ARP Act) – Coronavirus State Fiscal Recovery Fund (CSFRF), administered by the New Jersey Department of Community Affairs (DCA), and delegated authority to the CEO to enter into MOUs with DCA for that funding. Staff keep the Board informed by reporting activity under those delegations of authority on an annual basis.

For the time period from July 1, 2023 to June 30, 2024, the CEO approved and executed **38** Memoranda of Understanding pursuant to these delegations of authority, as summarized below.

Execution Date	**Party(ies)**	**Expiration Date/End of Term**	**Description**
7/14/2023	NJ Institute of Technology	3/31/2024	Extension of MOU with NJIT re Newark Airport City.

8/25/2023	DOL	8/25/2026	Establishes terms under which NJDOL provides EDA with access to Unemployment Claims and Quarterly Wage Data System for purposes of reviewing employment.
9/14/2023	NJ Innovation Institute (NJII)	9/14/2028	Established engagement between NJII as second NJ Innovation Fellows Program mentorship administrator with Rowan.
9/27/2023	NJ Institute of Technology	11/27/2028	Establishes the mutual terms and understanding between the NJEDA and NJIT and cooperated with EDA's POWERCERTS program.
10/3/2023	DCA	8/25/2026	Amended agreement on the Child Care Improvement Program.
10/18/2023	South Korea	11/1/2026	Establishes a mutual agreement between State of NJ and Korea's Yangcheon-gu Public Health Center for mutual exchange and joint advancement of maternal and child health projects.
10/20/2023	Taiwan	10/20/2028	Agreement with the International Trade Administration within the Taiwanese Ministry of Economic Affairs.
11/8/2023	DCA	3/31/2027	Amendment for the "Child Care Facilities Improvement Program" FY22 allocation MOU ($54.5 million) to add the FY23 allocation ($30 million) and to also: (1) initialize *2nd* tranche of FY22 funding ($20 million) and (2) initialize *1st* tranche of FY23 funding.
11/11/2023	Board of Public Utilities	1/31/2024	To disburse funds from the Clean Energy Fund to reimburse NJEDA for $4.5Min support of EDA assistance with grant applications for Creating Helpful Incentives to Produce Semiconductors Act of 2022 (CHIPS) and Inflation Reduction Act (IRA) under the McKinsey support contract for State agencies and departments.

11/16/2023	DPMC	3/27/2029	2nd Amendment MOU with changes to terms regarding Camden Prison Redevelopment.
11/17/2023	Board of Public Utilities	1/31/2024	Broadband Equity, Access, and Deployment (BEAD) Grant Program for federal funds transfer of $1,700,000 from NJBPU to NJEDA for contract with management consultant company for assistance with grant applications in connection with BEAD and the State Digital Equity Planning Grant Programs.
11/27/2023	Treasury	11/26/2024	Mobility (Personnel) MOU for David Ridolfino.
11/28/2023	FMERA	6/30/2029	MOU to reimburse NJEDA for costs associated with (1) groundwater monitoring pursuant to a contract amendment with T&M and (2) additional sampling to finalize a Remedial Action Report and Remedial Action Permit at the former FMERA Fort Myer Center.
11/29/2023	NJ Transit	No expiration date	MOU re NJEDA Headquarters and Parking Lot
12/4/2023	DCA	3/31/2027	New MOU, as delegated by the Board at its 9/12/2023 meeting, for the Real Estate Projects Fund – Property Assemblage Program ($30,000,000, FY23).
12/15/2023	India Producers Guild; Choose NJ and NJ Motion Picture and Television Commission	12/15/2025	Facilitating the shooting of Indian films in NJ, database of professionals/actors/companies/line producers, logistical support.
1/2/2024	Office of the Governor	6/2024	Mobility (Personnel) – B. McArdle.
1/22/2024	Treasury	1/22/2025	Mobility (Personnel) – S. Fischer.

1/25/2024	CSIT	12/31/2024	Establishes agreement with Clean Tech Open National (CTONE) regiona1 business accelerator program.
1/31/2024	Treasury	1/31/2025	MOU for Joint Funding of Trenton Transit Center Development Planning Study by a consultant for a development strategy for property purchase for transit-oriented redevelopment.
2/7/2024	DCA	3/31/2027	New MOU, as delegated by the Board at its 12/14/2023 meeting, from the EDA's $30M for *Atlantic City Initiatives (SFY24 approp.)*, $19.65M for the pilot "Atlantic City Revitalization Grant Program".
2/7/2024	Rutgers University	2/7/2025	Technology and Life Sciences Workforce Development MOU with Rutgers (Heldrich Center). May extend for another 12 months.
2/8/2024	CSIT	2/8/2026	The 5th amendment to MOU between EDA and CSIT for program support services and program audit requirements. Extension of the Original MOU, First Amendment, Second Amendment, Third Amendment and Fourth Amendment.
2/23/2024	DCA	3/31/2027	New MOU, as delegated by the Board at its 2/7/2024 meeting, for the "Activation Revitalization Transformation (ART) Real Estate Rehabilitation and Development Program" – Atlantic City (adding $6,350,000 of EDA's $30 million Atlantic City Initiatives allocation)
2/27/2024	DOL	9/30/2024	Extension of current MOU with DOL Division of Wage and Hour Compliance to allow for time to address prevailing wage and launch of DOL's certified payroll electronic platform.

3/1/2024	DCA	3/31/2027	New MOU, as delegated by the Board at its 2/7/2024 meeting, for the "Activation Revitalization Transformation (ART) Real Estate Rehabilitation and Development Program" – *Newark (*adding **$11,801,852** from the EDA's $50 million *Urban Investment Fund* (SFY24) appropriation).
3/5/2024	DOL	12/30/2024	No-cost extension Letter of Understanding of both parties' rights and obligations regarding work performed for the Preschool Development Block Grant. Effective as of 12/31/2023 through 12/30/2024.
3/13/2024	New York State Energy Research and Development Authority (NYSERDA)	3/13/2026	Wind Institute/EDA Umbrella MOU with the NYSERDA that allows to partner on a variety of activities, including funding.
3/22/2024	DCA	3/31/2027	New MOU, as delegated by the Board 10/12/2023 meeting from the EDA's $30M for *Atlantic City Initiatives (SFY24 approp.),* $4M for the "Atlantic City Food Security Grant Program".
4/2/2024	NJ Transit; NJDEP	No expiration date	Planning, design, and development of the Greenway/Transitway Project the 9-mile, 100-foot-wide former rail corridor spanning Essex and Hudson Counties through eight municipalities.
4/4/2024	Treasury	12/31/2024	Reinstated the Affirmative Action Plan and extended the MOU term to 12/31/2024.
4/24/2024	DCA	3/31/2027	New MOU, as delegated by the Board at its 3/7/2024 meeting, from the EDA's $50 million *Urban Investment Fund* (SFY24) appropriation,

			$38,198,148 for the "Urban Investment Fund Program".
5/17/2024	DCA	3/31/2027	Disbursement of the ARP-CSFRF federal funding ($2,468,400) to EDA for the CHIPS/IRA Consultant Program.
5/19/2024	Salem County Vocational Technical School (SCVTS)	5/19/2025	Extension of OSW Painting and Submerged Arc Welding Program with SCVTS school district.
5/20/2024	NJIT	12/31/2024	MOU re statutorily required NJ Economic Recovery Act of 2022 Implementation Report of the Brownfields Redevelopment Incentive Program, Aspire Program and Emerge Program.
5/30/2024	DCA	3/31/2027	New MOU, as delegated at 12/14/2023 Board meeting, $20,000,000 SFRF portion of the allocation of CSFRF monies for the implementation of the EDA's Maternal Health Center Program.
6/18/2024	Division of Taxation	6/18/2030	MOU re joint efforts of Parties pertaining to award disbursements for the New Jersey Re-Assigning In-State Employees (NJ RISE) Pilot Grant Program.
6/25/2024	DPMC	6/25/2029	Original MOU to support redevelopment area Trenton Transit Center and other nearby areas consistent with Renaissance Plan, Trenton 250 and Trenton TOD Plan.

____

Tim Sullivan, CEO

Prepared by: Elizabeth George-Cheniara

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: July 17, 2024

SUBJECT: Legal Affairs - Delegated Authority Report 2023-2024
For Informational Purposes Only

Background:

Applicants applying for the NJEDA's financial assistance programs are subject to the Authority's Disqualification/Debarment Regulations (the "Regulations"), which are set forth in N.J.A.C. 19:30-2.1, et seq., as well as Executive Order 34 (Byrne 1976) ("EO34"). These laws are intended to protect the NJEDA by ensuring that applicants for financial assistance (and their affiliates, as defined in the Regulations) demonstrate and maintain the highest standards of responsibility and moral integrity. To comply with those laws, the Authority requires applicants to complete a Legal Questionnaire answering certain background questions pertaining to litigation and misconduct that can lead to debarment, disqualification, or suspension under the Regulations and EO34. NJEDA staff verifies the applicants' disclosures and performs due diligence to confirm those disclosures were accurate and complete. If the applicant discloses information that could be grounds for disqualification or suspension, or if due diligence reveals such information, then Board action may be required to disqualify or suspend the applicant or to determine that there are mitigating factors rendering disqualification inappropriate under the circumstances. The Board has delegated authority to staff to clear applicants under a variety of circumstances. In June 2022, the Board clarified and expanded those delegations.

Delegations of Authority approved by the Board in June 2022:

Staff may determine not to debar or disqualify the applicant if:

1. For all Authority programs, if the applicant is subject to a corporate integrity agreement, a deferred prosecution agreement, consent order, or other similar agreement and is in good standing thereunder.[1]

2. For all Authority programs, if the applicant has been found guilty or has pleaded guilty to the following classes of offenses or their foreign jurisdiction equivalents: New Jersey Statutes Title 39, motor vehicle offenses; New Jersey municipal ordinance offenses; New Jersey Statutes Title 2:C disorderly and petty disorderly persons offenses; or New Jersey Statutes Title 2:C, indictable offenses of the 3rd and 4th degrees and federal offenses, provided these are first indictable offenses for which the presumption of a non-custodial sentence has been applied in the penalty.[2]

1 Hereinafter, the Agreement Delegation.
2 Hereinafter, the Criminal Offense Delegation.

3. For all Authority programs, if the applicant:
    a. has been denied a license or permit required to engage in its business or profession or had any such license or permit suspended or revoked by any government, provided any such suspension or revocation has been lifted by any such government;
    b. has been suspended, debarred, disqualified, denied a classification rating or prequalification, or otherwise been declared not responsible to bid or submit a form of prequalification on or to perform work on any public contractor subcontract, provided any such suspension, debarment, disqualification, denial or declaration is no longer in force;
    c. had an injunction, order or lien entered against it in favor of any government agency including but not limited to judgments or liens based on taxes assessed or fines and penalties imposed by any government agency, provided any such injunction has been lifted and order or lien satisfied in whole or by entry into and compliance with an alternate arrangement (e.g., payment plan) with any such government agency; or
    d. has been penalized, in an amount not exceeding $100,000, by any government agency for minor civil violations of law or regulation, not constituting pattern or practice, as determined by staff.
    e. has final judgments or settlements under the laws governing hours of labor, minimum wage standards, prevailing wage standards, discrimination in wages, or child labor, provided those final judgments or settlement do not comprise a pattern or practice of violations, as determined by staff; or
    f. has final judgments or settlements under employment laws such as the Law Against Discrimination (N.J.S.A. 10:5-1 et seq.), or of the act banning discrimination in public works employment (N.J.S.A. 10:2-1 et seq.), or of the act prohibiting discrimination by industries engaged in defense work in the employment of persons therein (N.J.S.A. 10:1-10 et seq.), provided those final judgments or settlements do not comprise a pattern or practice of violations, as determined by staff.[3]
4. For all Authority small business programs, if the business or its owner(s) has been fined for a licensing violation, been denied a license or permit required to engage in its business or profession or had any such license or permit suspended or revoked by any government, provided any such suspension or revocation has been lifted by any such government or the license or permit is not needed for the operation of the business seeking financial assistance.[4]
5. Timeframes for Legal Reviews: Historically, the Authority has focused its due diligence on legal matters that occurred during the most relevant time frames:
    a. For civil matters, the Authority reviews matters that were either pending or concluded within 5 years of the reporting date;
    b. For criminal matters, the focus is on those that were either pending or concluded within 10 years of the reporting date;
    c. For environmental regulatory matters, the Authority reviews those that were either pending or concluded within 10 years of the reporting date; and
    d. For all other regulatory matters, the Authority focusses on those that were either pending or concluded within 5 years of the reporting date.

---

3 Hereinafter, the Civil Violations Delegation.
4 Hereinafter, the Small Business License Delegation.

Delegation of Authority approved by the Board in December 2022:

For the Cannabis Grant Program, staff may decide not to debar, disqualify, or suspend applicants and affiliates convicted of marijuana- and hashish-related offenses that meet the criteria for a "social equity business" as defined in the Cannabis Regulatory Commission's ("CRC") rules (specifically N.J.A.C. 17:30-6.6 and as administered by CRC, provided the applicant does not have other disqualifying convictions or judgments); and limit the timeframe for investigation into criminal matters, to those where the date of conviction, satisfactory completion of probation or parole, or release from incarceration, whichever is later, occurred five (5) years prior to the date of application, in accordance with N.J.A.C. 17:30-7.12.[5]

Use of Delegated Authority:

In the context of the Authority's legal reviews, the timeframes approved by the Board have been implemented across all completed legal reviews, both at the Legal Affairs full review level and at the staff screening level. A summary of the use of delegated authority is provided below:

Delegation	June 21, 2023 – June 20, 2024
Agreement Delegation	17
Criminal Offense Delegation[6]	22
Civil Violations Delegation	10
Small Business License Delegation	0
Cannabis Delegation	9

The Agreement Delegation was used for a variety of legal agreements, including consent orders with various regulatory agencies, including the Securities and Exchange Commission and various state entities. The Criminal Offense Delegation was used to clear applicant owners receiving a non-custodial sentence for first-time state convictions. The Civil Violations Delegation was used for various civil violations where applicants were penalized less than $100,000 and there was no pattern or practice of violations, including workplace safety and wage and hour violations. The Cannabis Delegation was for applicants that meet the criteria for a "social equity business" as defined in the CRC's rules, with owners who completed their criminal sentences five years before applying to the Cannabis Grant Program, and/or were convicted of a recent marijuana offense.

All use of delegated authority was reviewed and approved by the Managing Director or Assistant Director, Legal Affairs. We will continue to bring all recommendations to debar or disqualify an applicant to the Board for decision.

Tim Sullivan, CEO

Prepared by: Monica Kostrzewa/Edward Mullins

5 Hereinafter, the Cannabis Delegation.

6 We note that we are not reporting the use of the Criminal Offense delegation related to motor vehicle offenses, municipal ordinance offenses or disorderly and petty disorderly persons offenses. Due to the prevalence of these offenses for small business owners, in particular, the use of this delegation occurred for the majority of our legal reviews, making reporting less meaningful. Thus, we have focused our reporting on the indictable offenses in the delegation, which we believe is most relevant to the Board.

<u>**MEMORANDUM**</u>

TO: Members of the Authority

FROM: Tim Sullivan**,** Chief Executive Officer

DATE: July 17, 2024

SUBJECT: Infrastructure Department - Delegated Authority Approvals Through June 2024
For Informational Purposes Only

On March 9, 2022, the Members provided delegated authority to specific employees of the Authority to streamline development decisions at the New Jersey Wind Port (NJWP). The Members granted delegated authority for new services and/or scopes of work at the NJWP as follows: to the CEO up to $5M, to the VP for Infrastructure up to $300,000, to the Chief Engineer up to $200,000, and to the Directors of Construction and Preconstruction up to $100,000. As stated in the associated Board memo, "The policy would not apply to construction contracts which will continue to be managed through upfront Board approval of contingency."

Consistent with these parameters, staff have exercised delegated authority to keep the NJWP development on schedule and on budget, including the substantial completion of Parcel A in May 2024. Specifically, delegated authority was used to approve professional services, including WSP, for technical advisory services; Lesura Strategies, for commercial advisory services; Ronin Security Solutions, for security consulting; and Haztek, for onsite safety. It was also used to fulfill statutory obligations to the NJ Department of Labor & Workforce Development (NJDLWD).

The following approvals were made under delegated authority from March 2022 to June 2024:

NJDLWD	Statutory Obligation – Public Law 2009, Chapter 313 (Remaining Balance for Parcel A Construction)	1	$ 953,260.36
WSP	Professional Services – Technical Advisory Contract Amendment #2	1	$ 4,500,000.00
Lesura	Professional Services – Commercial Advisory Services	1	$ 195,000.00
Ronin	Professional Services – Security Consultant	2	$ 121,975.00
Haztek	Professional Services – Safety Presence Onsite	4	$ 250,000.00
			$ 6,020,235.36

Tim Sullivan, CEO

Prepared by: Timecka Wright and Aaron Roller

NJEDA

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: July 17, 2024

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

The following projects were approved under Delegated Authority in June 2024:

Premier Lender Program:

1) 320 Center LLC (PROD-00315706), located in Manalapan Township, Monmouth County, was established in 2024 as a real estate holding company formed to purchase the project property. The operating company, New Motion LLC, was established in 2019 as a dance instruction studio. The Company caters to clients from ages 4 to 90, with the majority into the adult sector. On average, the Company conducts 150 private lessons per week and also sponsors showcase events and competitions to sponsor student development. The Company was approved for a $760,000 M&T Bank loan contingent upon a 13.15% ($100,000) Authority participation. Proceeds will be used to purchase the project property. Currently, the Company has seven employees and plans to create five new jobs over the next two years.

Small Business Fund Program:

1) 201 MKT. Street LLC (PROD-00315705), located in Elmwood Park, Bergen County, was established in 2024 as a real estate holding company formed to purchase the project property. The operating company, LKU Group, Inc., was incorporated in 1988 as a full-service M/E/P consulting engineering firm. The Company provides professional engineering design services in the plumbing/fire protection, HVAC and electrical disciplines, and in-house services for sustainable design including integrated design activities in support of LEED Certification for commercial buildings, hospitals, nursing homes, assisted living facilities, universities, research and development labs, pharmaceuticals, and housing. The NJEDA approved a $369,000 loan. Proceeds will be used to relocate staff to the new property and for business expansion. The Company currently has eight employees and plans to create two new positions within the next two years.

2) ASNSNE LLC DBA Gifts to Engrave (PROD-00315678) is located in Hopewell Township, Mercer County. Established in 2022, the Company engraves wooden cutting boards, wooden coasters, and other personalized gifts sold through their website as direct-to-consumer online orders. The NJEDA approved a $500,000 loan to purchase property to expand the business. Currently, the Company has four employees and plans to create twelve additional jobs within the next two years.

3) Fuji Fitness Inc. (PROD-00315226), located in Winslow Township, Camden County, was established in 2021to operate two Pilates franchise gyms in Marlton and Moorestown, NJ. The operating company, Cross Keys Pilates LLC, is a third Club Pilates location that has 1,000 locations worldwide. The NJEDA approved an $88,101.08 loan to purchase gym equipment for the opening of a third location in Sicklerville. The Company currently has twenty employees and plans to create two new positions within the next two years.

4) Lacy's Express Inc. (PROD-00314380 & PROD-00314968), located in Oldmans Township, Salem County, was established in 1965 as a less than truckload (LTL) trucking company. The NJEDA approved a $390,224.70 equipment loan to purchase a Peterbuilt Rear Loader Truck, open top containers, octagon containers and rear load containers with lids. Also, the NJEDA approved a $100,000 working capital loan. Currently, the Company has thirty-five employees and plans to create four additional jobs over the next two years.

Hazardous Discharge Site Remediation Fund Program:

1) Adrienne Hitchner (PROD-00314944) is located in Salem City, Salem County. The Applicant is a homeowner seeking to remediate her contaminated property in pursuit of a Response Action Outcome document. The NJEDA approved a $28,500 loan to be used for the remedial investigation of the property.

New Premier Lender Bank Partner:

1) Founded in 1884, Kearny Bank (the "Bank") is a full-service community bank originally established as a New Jersey savings and loan association, headquartered in Essex County, NJ. Currently a state savings bank, the Bank's primary regulator is the Federal Deposit Insurance Corporation, with additional oversight from the New Jersey Department of Banking and Insurance. Established in 1999, Kearny Financial Corp. (the "Company") is a Maryland corporation and unitary savings and loan holding company for the Bank, regulated by the Board of Governors of the Federal Reserve Bank, with $7.88 billion in assets as of March of 2024. The Bank has 43 branches, primarily in Bergen, Hudson, and Essex counties, with a large presence in Middlesex and Monmouth counties, as well as two locations in Brooklyn, NY. As a Premier Lender, Kearny Bank may now enter into participation loans with the EDA, as a means to reduce credit risk and obtain a lower blended interest rate for the borrower and apply for guarantees to support its term loan and working capital line of credit products.

Tim Sullivan, CEO

Prepared by: G. Robins

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: July 17, 2024

SUBJECT: Real Estate Division Delegated Authority for Leases and Right of Entry (ROE)/ Licenses for Second Quarter 2024. ***For Informational Purposes Only***

The following approvals were made pursuant to Delegated Authority for Leases April 2024, May 2024 and June 2024

TENANT	LOCATION	TYPE	TERM	S.F.
OLI Technologies	Biosience Center Incubator	Renewal	1 Year	931sf
TheWell Bioscience	Biosience Center Incubator	Month to Month	Month to Month	2200sf
Histobridge	Biosience Center Incubator	Month to Month	Month to Month	800sf
Molecular Innovation	Biosience Center Incubator	Month to Month	Month to Month	931sf
Neoventech	Bioscience Center Incubator	Renewal	1 Year	931sf
Linus Bio	Bioscience Center Incubator	Amendment	11.5 Months	4964sf
Cellqore	Bioscience Center Incubator	New Tenent Lease Agreement	1 Year	931sf
Bionex	NJBC Step Out Labs	Renewal	3 Years	1998sf
Hopkins Medtech Group	Bioscience Center Incubator	Renewal	1 Year	1862sf
Adlai Nortye USA	NJBC Step Out Labs	Renewal	12.5 Months	1963sf
Linus Bio	NJBC Step Out Labs	Amendment	25 Months	1710sf

PROCUREMENT

The following approvals were made pursuant to Delegated Authority for Procurement in April 2024, May 2024 and June 2024:

None to report

RIGHT OF ENTRY/LICENSE AGREEMENTS

The following approvals were made pursuant to Delegated Authority for Rights-of Entry/License Agreements, in April 2024, May 2024 and June 2024:

DATE EXECUTED	ENTITY	PROJECT	TYPE	TERM	CONSIDERATION
3/29/2024	NJT	Hamilton Train Station	Right of Entry or Site License Agreement	1 year	$0
3/29/2024	NJT	Long Branch Train Station	Right of Entry or Site License Agreement	1 year	$0
3/25/24	Trenton BOE	Battle Monument Site	Right of Entry or Site License Agreement	1year	$0
4/3/24	Avery Dennison Corp.	NJBC-Monitoring Wells (Final Extension)	Environmental Right Of Entry	1year	$0
5/8/24	NJT	Liberty State Park Train Station	Right of Entry or Site License Agreement	1year	$0

Tim Sullivan, CEO

Prepared by Cyndi Costello