## MEMORANDUM

**TO:** Members of the Authority

**FROM:** Timothy Sullivan
Chief Executive Officer

**DATE:** September 11, 2024

**SUBJECT:** Agenda for Board Meeting of the Authority September 11, 2024

**Notice of Public Meeting**

**Roll Call**

**Approval of Previous Month's Minutes**

**CEO's Report to the Board**

**Authority Matters**

**Economic Transformation**

**Community Development**

**Economic Security**

**Incentives**

**MVP**

**Aspire**

**Film Tax Credit Program**

**Digital Media Tax Credit Program**

**Historic Property Reinvestment Program**

**Authority Matters**

**Board Memoranda**

**Public Comment**

**Adjournment**

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY**

**July 17, 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; and Public Members Virginia Bauer, and Fred Dumont.

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; Michael Marich representing 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, Marcia Marley, and Robert Shimko, First Alternate Public Member.

Also present: Timothy Sullivan, Chief Executive Officer of the Authority; Assistant Attorney General Gabriel Chacon; and staff.

Members of the Authority absent: Phil Alagia, Aisha Glover, and 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.

**FOR INFORMATION ONLY:** Staff provided a presentation on Technology Innovation Products.

**MINUTES OF AUTHORITY MEETING**

The next item of business was the approval of the June 12, 2024 meeting minutes. A motion was made to approve the minutes by Ms. Dragon, seconded by Ms. Bauer and approved by the twelve (12) voting members present.

## PUBLIC COMMENT

Michael Reid, with Reservoir Partners, provided public comment about the cannabis industry in Atlantic County and support for the work and related programs of the Authority.

**FOR INFORMATION ONLY:** Vice Chair Sarlo provided the Real Estate Committee Report.

## REAL ESTATE

**ITEM: Creation of Real Estate Gap Financing Grant Program**
**REQUEST:** 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 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 CEO to amend or enter into a new a Memorandum of Understanding with the New Jersey Department of Community Affairs.
**MOTION TO APPROVE: Ms. Bauer SECOND: Mr. Dumont AYES: 12**
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 1**

**FOR INFORMATION ONLY:** Chairman O'Toole provided the Policy and Audit Committee Reports.

## ECONOMIC TRANSFORMATION

**ITEM: Strategic Innovation Center Investment in NJ FAST powered by Plug and Play Program**
**REQUEST:** To approve (1) funding, including investment, operating expenses and rent expense to form NJ FAST. The Authority will invest into a partnership with Plug and Play to establish and operate NJ FAST, which includes both an investment fund and an accelerator program in Hoboken, New Jersey. The Program will utilize funds appropriated to the Economic Relief Fund (ERF) to undertake development of or invest in Strategic Innovation Centers following the policy approved by the Board on July 15, 2021; (2) An administrative fee of 4.5% of the project, to NJEDA plus associated Authority legal costs; and (3) Authorization to the CEO to execute the definitive documents, subject to the review of the New Jersey Attorney General's office.
**MOTION TO APPROVE: Ms. Bauer SECOND: Mr. Dumont AYES: 12**
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 2**

**ITEM: 2024 NJ Founders and Funders All-Stars Program Award**
**REQUEST:** 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.
**MOTION TO APPROVE: Mr. Dumont SECOND: Ms. Bauer AYES: 12**
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 3**

**ITEM: New Jersey Innovation Evergreen Fund: July 2024 Qualified Investment Approval: ManyMoons Co.**
**REQUEST:** To approve a Qualified Investment under the New Jersey Innovation Evergreen Program for an application submitted by Bullpen Management LLC to invest into ManyMoons Co.
**MOTION TO APPROVE: Ms. Bauer SECOND: Mr. Dumont AYES: 12**
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 4**

**ITEM: Newark Venture Partners III, L.P. Venture Fund Investment**
**REQUEST:** 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. and an Affiliate Fund for an aggregate amount of the lesser of up to 6% of total committed capital to NVP III.
**MOTION TO APPROVE: Mr. Dumont SECOND: Mr. Creuz AYES: 11**
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 5**

Mr. O'Toole recused from voting on this item to avoid a potential conflict of interest as his family foundation has an investment in NVP.

## COMMUNITY DEVELOPMENT

**ITEM: Award of Activation, Revitalization and Transformation (ART) Real Estate Grant**
**REQUEST:** To approve grant award to an Atlantic City real estate project.
**MOTION TO APPROVE: Mr. Dumont SECOND: Ms. Bauer AYES: 12**
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 6**

**ITEM: Atlantic City Revitalization Grant Award - 114 S New York Ave LLC**
**REQUEST:** To approve a grant award to 114 S New York Ave LLC under the Atlantic City Revitalization Grant Program.
**MOTION TO APPROVE: Mr. Creuz SECOND: Ms. Bauer AYES: 12**
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 7**

**ITEM: Atlantic City Revitalization Grant Award - LPMG Management Co.**
**REQUEST:** To approve a grant award to LPMG Management Co under the Atlantic City Revitalization Grant Program.
**MOTION TO APPROVE: Mr. Dumont SECOND: Ms. Bauer AYES: 12**
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 8**

**ITEM: Proposed Main Street Recovery Finance Program Fee Rule Amendments**
**REQUEST:** To approve the 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.
**MOTION TO APPROVE: Ms. Bauer SECOND: Mr. Dumont AYES: 12**
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 9**

## MOU

**ITEM: Memorandum of Understanding between NJEDA and Rutgers University for ESOP Education and Outreach**
**REQUEST:** To approve: (1) Entering into a 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 funding 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 Scope of Work, and additional funding for possible additional work needed, as determined by the CEO under delegated authority.
**MOTION TO APPROVE: Mr. Creuz SECOND: Ms. Bauer AYES: 12**
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 10**

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

## INCENTIVES

## ASPIRE

**ITEM: SWPN 479 Clinton Avenue LLC**
**REQUEST:** To approve Issuance of tax credits from the Aspire program for a health services center project located in Newark, New Jersey, Essex County up to 60% of the total project cost.
**MOTION TO APPROVE: Ms. Bauer SECOND: Mr. Dumont AYES: 12**
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 11**

## FILM & DIGITAL MEDIA TAX CREDIT

**ITEM: Film and Digital Media Tax Credit Program –Certification of Unused or Unredeemed Credits in SFY2024 and Increase to SFY2025**
**REQUEST:** To approve: (1) The certification of unused or unredeemed legacy film tax credits for SFY2024 which will increase the legacy film tax credits available for SFY2025; (2) The certification of 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 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 unused or unredeemed digital media tax credits for SFY2024 which will increase the digital tax credits available for SFY2025.
**MOTION TO APPROVE: Mr. Dumont SECOND: Ms. Bauer AYES: 12**
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 12**

## DIGITAL MEDIA TAX CREDIT PROGRAM

**NFL Productions, LLC** PROD-00315010
**MAX AMOUNT OF TAX CREDITS:** $8,056,258

**NFL Productions, LLC** PROD-00315011
**MAX AMOUNT OF TAX CREDITS:** $11,062,354

**NFL Productions, LLC** PROD-00315012
**MAX AMOUNT OF TAX CREDITS:** $9,498,197

**NFL Productions, LLC** PROD-00315014
**MAX AMOUNT OF TAX CREDITS:** $10,995,757

**NFL Productions, LLC** PROD-00315015
**MAX AMOUNT OF TAX CREDITS:** $11,762,175

**MOTION TO APPROVE: Mr. Creuz SECOND: Ms. Bauer AYES: 12**
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 13**

## AUTHORITY MATTERS

**ITEM: Application Fee Waiver for New Jersey Green Workforce Training Grant Challenge**
**REQUEST:** To approve the amendment of 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.
**MOTION TO APPROVE: Ms. Dragon SECOND: Ms. Bauer AYES: 12**
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 14**

**ITEM: 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**
**REQUEST:** To approve additional contract funding due to ongoing need for representation related to the subject legal matters.
**MOTION TO APPROVE: Ms. Bauer SECOND: Mr. Dumont AYES: 12**
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 15**

## BOARD MEMORANDA – FYI ONLY

1. Compliance - MOUs Approved under Delegated Authority (July 1, 2023 – June 2024)
2. Legal Affairs - Delegated Authority Report 2023-2024
3. Hazardous Discharge Site Remediation Fund (HDSRF) Applications Approved Under Delegated Authority – Q2 2024
4. Infrastructure Department - Delegated Authority Approvals Through May 2024
5. Petroleum Underground Storage Tank Applications (PUST) Approved Under Delegated Authority – Q2 2024
6. Credit Underwriting Projects Approved Under Delegated Authority
7. Real Estate Division Delegated Authority for Leases and Right of Entry (ROE)/ Licenses for Second Quarter 2024

## EXECUTIVE SESSION

The next item was to adjourn the public portion of the meeting and move into Executive Session to discuss a confidential to receive attorney-client advice. The minutes of the Executive Session shall become public when the need for confidentiality no longer exists.
**MOTION TO APPROVE: Mr. Dumont SECOND: Ms. Bauer AYES: 12**
**RESOLUTION ATTACHED AND MARKED EXHIBIT: 16**

The Board returned to Public Session.

There being no further business, on a motion by Mr. Dumont, and seconded by Ms. Bauer, the meeting was adjourned at 12:26pm.

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

NJEDA
ECONOMIC DEVELOPMENT AUTHORITY

# MEMORANDUM

**To:** Members of the Authority

**From:** Tim Sullivan

**Date:** September 11, 2024

**Re:** September 2024 Board Meeting – CEO Report

I'd like to welcome our board members and staff to the New Jersey Economic Development Authority's (NJEDA) Newark Office! Since we last met, the NJEDA celebrated its 50th anniversary. Established on August 7, 1974, the NJEDA was founded with a noble purpose - to create new jobs for the residents of New Jersey. Since its inception, the Authority has tirelessly worked to attract new industries and expand existing ones, helping fuel the state's economy and cultivate sustainable and equitable economic growth for all residents.

The NJEDA has grown tremendously over the past 50 years, but its growth under the Murphy administration is particularly noteworthy. Under Governor Phil Murphy's leadership, the NJEDA helped keep businesses open during the pandemic and we've expanded our reach into new industries, like film and offshore wind. And we are working hard to attract new businesses from across the country and around the globe. In fact, just yesterday, the administration wrapped up its fifth international economic mission trip.

During this economic mission, Governor Murphy led a delegation, which included First Lady Tammy Murphy, Choose New Jersey, me, and other NJEDA representatives, on a three-city, four-day trip to Canada. The trip focused on strengthening New Jersey's ties with Canada, while cultivating partnerships and international investment opportunities in sectors such as film, life sciences, and technology.

We were in Toronto during the acclaimed Toronto International Film Festival (TIFF). Seven productions that were filmed in New Jersey screened at this year's TIFF, including a Bruce Springsteen documentary. The resurgence in New Jersey's popularity as a premier filming destination serves as a testament to the Garden State's strength in the film and digital media sector, which has seen tremendous growth since Governor Murphy established the New Jersey Film and Digital Media Tax Credit program in 2018.

While in Canada, we continued to form important relationships to strengthen diplomatic and economic ties between the two countries. We signed a sister-state agreement with the city of Toronto and formed several partnerships with leading innovation, financial, and technology leaders in Canada. It was an honor to join the Governor and First Lady and to engage with Canadian officials and business leaders to highlight the opportunities that New Jersey offers.

The 2024 Governor's Conference on Housing and Economic Development kicks off next week. This conference is a great opportunity to connect with our sister agencies and other industry professionals to discuss ways to advance our mission of expanding affordable housing and increasing economic activity in communities across the state.

Here in Newark, the NJEDA remains dedicated to supporting the city's growth and revitalization. Through our Aspire Program, we will continue to support affordable transit-oriented development for Newark's families. And our various small business programs will help mom and pop shops continue to thrive and expand.

I'm thrilled to have New Jersey Performing Arts Center (NJPAC) President and CEO John Schreiber here today, who could not be better a partner in our mission to support Newark's renaissance. NJPAC has been a centerpiece of Newark's downtown since it opened in 1997. We look forward to continuing to work with NJPAC to expand its reach in the city, maximize its potential, and ensure its economic impact benefits the residents in the surrounding neighborhoods.

As we continue to celebrate our 50th anniversary over the next few months, let us remember our mission of empowering communities and unlocking economic potential for families across the Garden State. I thank the Board and the entire NJEDA staff for their hard work every single day to make New Jersey the greatest state to live, work, and raise a family.

Tim Sullivan, CEO

# MEMORANDUM

**TO:** Members of the Authority

**FROM:** Terry O'Toole
Chairman

**DATE:** September 11, 2024

**RE:** Annual Organizational Meeting

## Summary

The New Jersey Economic Development Authority's By-Laws provide that an annual reorganization meeting be held in September of each year.

The Members are asked to consider the following recommendations associated with the annual reorganization meeting:

## Officers

Charles Sarlo has been serving in the role of Vice Chairman, and it is recommended that the Members approve Charles Sarlo to continue to serve in the position of Vice Chairman.

Traditionally, the position of the Board Treasurer has been held by the New Jersey State Treasurer, who serves on the EDA Board in an ex-officio capacity. To remain consistent with that practice, it is recommended that the Members approve the position of Board Treasurer to be held by State Treasurer Elizabeth Maher Muoio.

As per the By-Laws, Tim Sullivan, in his role of CEO, will serve as Board Secretary. The By-Laws also authorize the appointment of Assistant Secretaries to the Board to act in place of the Secretary in the Secretary's absence or at the request of the Secretary. It is recommended that the Members approve Christine Baker, Bruce Ciallella, Fred Cole, Lori Matheus, Richard LoCascio and Danielle Esser to serve as Assistant Secretaries.

## Committees

Per the By-Laws, the Authority has five standing committees that meet throughout the year. I am requesting that the Members approve the following Members to participate in the following committees, with the appointment of individual Members to Chair each committee as indicated below.

# NJEDA COMMITTEES - SEPTEMBER 2024

## AUDIT COMMITTEE

**Chair:** Terry O'Toole
Charles Sarlo
State Treasurer Elizabeth Maher Muoio (or designee)
Virginia Bauer

**Charge:** The Audit Committee monitors the financial operations of the Authority including the review of the annual operating budget and those responsibilities outlined in the committee Charter. The committee will meet quarterly and at such other times as determined by the Chair.

## DIRECTORS' LOAN REVIEW COMMITTEE

**Chair:** Marcia Marley
Justin Zimmerman (or designee), Acting Commissioner of the Department of Banking and Insurance
Robert Asaro-Angelo (or designee), Commissioner of the Department of Labor and Workforce Development
State Treasurer Elizabeth Maher Muoio (or designee)
Fred Dumont
Jewell Antoine-Johnson

**Charge:** The DLRC will meet monthly to review all non-real estate development Authority exposure requests, including, but not limited to, direct and loan guarantee requests.

## REAL ESTATE COMMITTEE

**Chair:** Charles Sarlo
Fred Dumont
Shawn LaTourette (or designee), Commissioner of the Department of Environmental Protection
State Treasurer Elizabeth Maher Muoio (or designee)
Robert Shimko
Jewell Antoine-Johnson

**Charge:** The Real Estate Committee reviews all monthly real estate matters with Authority exposure prior to the Board meeting.

**POLICY COMMITTEE**

**Chair:** Terry O'Toole
Charles Sarlo
State Treasurer Elizabeth Maher Muoio (or designee)
Virginia Bauer
Aisha Glover
Marcia Marley

**Charge:** The Policy Committee provides advice on policy matters, the formulation of the Authority's annual strategic business plan and marketing strategy. The committee will meet monthly and at such other times as determined by the Chief Executive Officer (CEO) in consultation with the Chair.

**INCENTIVES COMMITTEE**

**Chair:** Virginia Bauer
Terry O'Toole
Aaron Creuz, Executive Representative (or designee)
State Treasurer Elizabeth Maher Muoio (or designee)
Robert Asaro-Angelo (or designee), Commissioner of the Department of Labor and Workforce Development
Philip Alagia

**Charge:** The Incentives Committee will meet monthly to review all significant non-direct exposure incentive requests, including but not limited to tax credits.

**Staff Appointments**

The Members are requested to reaffirm the appointment of Marcus Saldutti as the Authority's Records Custodian and Shamira Alvarez as the Assistant Records Custodian.

The Members are also requested to reaffirm the appointment of Fred Cole as the Authority's Ethics Liaison Officer.

The Members are also requested to reaffirm the appointment of Alyson Jones as the Authority's Administrative Practice Officer and affirm Nicholas Falci as the Deputy Administrative Practice Officer, replacing Robert Weinstein.

**Board Schedule**

The Members are requested to approve the attached Calendar of Board Meetings through September 2025.

**Recommendation:**

By resolution, the Board will be adopting the attached schedule of Board Meeting dates from October 2024 through September 2025.

The Members' approval is requested for the following actions:
1) Election of a Vice Chair and Treasurer;
2) Appointment of Assistant Secretaries;
3) Committee appointments as noted herein;
4) Reaffirmation of the Authority's Records Custodian and Assistant Records Custodian and reaffirmation of the Authority's Ethics Liaison Officer;
5) Reaffirmation of the Authority's Administrative Practice Officer and affirm the Deputy Administrative Practice Officer and
6) Adoption of the Calendar of Meetings through September 2025.

Terry O'Toole
Chairman

Attachment:
Calendar of Meetings

Prepared by: Danielle Esser

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY**

**BOARD MEETING DATES 2024 - 2025**

**Wednesday, October 9, 2024**

**Tuesday, November 19, 2024**

**Thursday, December 19, 2024**

**Wednesday, February 12, 2025**

**Wednesday, March 12, 2025**

**Wednesday, April 9, 2025**

**Tuesday, May 13, 2025**

**Wednesday, June 11, 2025**

**Wednesday, July 23, 2025**

**Wednesday, September 10, 2025 (Annual Meeting)**

**All meetings begin at 10:00 AM and are held both in person at NJEDA Headquarters, 36 West State Street, Trenton, NJ and via conference call unless otherwise stated.**

***There are no meetings scheduled for January 2025 or August 2025.***

**SCHEDULE IS SUBJECT TO CHANGE**

**MEMORANDUM**

**TO:** Members of the Authority

**FROM:** Tim Sullivan
Chief Executive Officer

**DATE:** September 11, 2024

**RE:** Authority's Audited Financial Statements for the year ending December 31, 2023 Annual Report

**Summary**

The Members of the Board are requested to approve the Authority's Audited Financial Statements for the year ending December 31, 2023 Annual Report as required under N.J.S.A. 34:1B-4 and Executive Order No. 37 (2006).

**Background**

Pursuant to the Authority's enabling act (N.J.S.A. 34:1B-4), the Authority prepares and distributes an Annual Report of accomplishments and activities to support economic development in New Jersey based upon the calendar year which is also the Authority's fiscal year. Since 2006, in order to meet the requirements of Executive Order No. 37 (2006), the Annual Report was combined with the Authority's audited financial statements and served as the Authority's comprehensive annual report.

This year, in order to provide activity data to the Board earlier, the Authority bifurcated its comprehensive annual report into two reports; (1) Authority Activities and (2) Audited Financial Statements. The 2023 Authority Activities Annual Report portion was approved by the Board at its June 12, 2024, Board Meeting.

As is required pursuant to Executive Order 122 (McGreevey), the Authority's independent auditor met with the Audit Committee on September 3, 2024, to provide a post-audit review of the 2023 audit and the Committee accepted the results of the audit at that time.

The audited financial statements for the year ending December 31, 2023, are attached to this Board Memo for Approval of the Members of the Board.

Upon approval, this report will be submitted to the Authorities Unit, posted to the NJEDA website, and transmitted electronically to members of the Legislature.

**Recommendation:**

Authority staff has prepared the Authority's Audited Financial Statements for the year ending December 31, 2023, portion of the Annual Report for 2023 as required under Executive Order No. 37 (2006) and recommends Members' approval to submit the report to the Governor's Authorities Unit, post to the Authority's website, and transmit to the Legislature.

____________________________

Tim Sullivan, CEO

Appendix A - Audited Financial Statements for Year Ending 12/31/23.

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY**

**(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

**New Jersey Economic Development Authority**
**(a component unit of the State of New Jersey)**

**Financial Statements**

**Years Ended December 31, 2023 and 2022**

## Table of Contents

## INDEPENDENT AUDITORS' REPORT

**Management and Members**
**of the New Jersey Economic Development Authority**
**Trenton, New Jersey**

### Report on the Audit of the Financial Statements

***Opinions***

We have audited the financial statements of the business-type activities and fiduciary fund of the New Jersey Economic Development Authority, ("the Authority"), a component unit of the State of New Jersey, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary fund of the Authority, as of December 31, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

PKF O'CONNOR DAVIES, LLP
20 Commerce Drive, Suite 301, Cranford, NJ 07016 I Tel: 908.272.6200 I Fax: 908.272.2416 I www.pkfod.com

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### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United

States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

PKF O'Connor Davies, LLP

Cranford, New Jersey
September 10, 2024

This section of the New Jersey Economic Development Authority's ("Authority" or "NJEDA") annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal years ended on December 31, 2023 and 2022. Please read it in conjunction with the Authority's financial statements and accompanying notes.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of three parts: Management's Discussion and Analysis, the basic financial statements, and required supplementary information. The Authority is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short and long-term financial information about the activities and operations of the Authority. These statements are presented in a manner similar to a private business engaged in such activities as real estate development, investment banking, commercial lending, construction management and consultation. While detailed sub-fund information is not presented, separate accounts are maintained for each program or project to control and manage money for particular purposes or to demonstrate that the Authority is properly using specific appropriations, grants and bond proceeds.

## 2023 FINANCIAL HIGHLIGHTS

- The Authority's total net position increased $635.6 million (or 80.1%) primarily due to receipt of State appropriations for new economic development initiatives and Federal American Rescue Plan Act funds for COVID-19 emergency assistance programs, all of which had not been disbursed before the end of the year.
- Program Services fees increased $9.5 million (or 149.4%) due to an increase in post-closing servicing fees for new initiatives.
- Interest income from investments increased $20.8 million (or 287.6%) due to an increase in interest rates coupled with an increase in cash.
- The net pension liability increased $8.1 million (or 16.6%) while administrative expenses increased $14.6 million (or 26.6%) due to a change in the Authority's proportionate share of the State of New Jersey's net pension liability, coupled with an increase in expenses related to the administration of new initiatives.
- Program costs increased $13.2 million (or 61.0%) due largely to increased expenditures for the administration of new initiatives.
- Loss provision expense-net increased $20.1 million (or 1667.1%) due to an increase in disbursements related to the Main Street Business Loan program.
- State and Federal appropriations increased $248.4 million (or 47.0%) and program payments decreased $22.6 million (or 18.2%) due largely to the timing of receipt and subsequent disbursement of various state and federal funds for business emergency assistance and economic recovery programs.

**2022 FINANCIAL HIGHLIGHTS**

- The Authority's total net position increased $352.9 million (or 40.0%) primarily due to receipt of State appropriations for new economic development initiatives and Federal American Rescue Plan Act funds for COVID-19 emergency assistance programs, all of which had not been disbursed before the end of the year.
- Real Estate Development fees increased $3.2 million (or 283.6%) due to fees earned in connection with the Wind Port initiative.
- Interest income from investments increased $3.4 million (or 89.6%) due to an increase in interest rates coupled with an increase in cash.
- The net pension liability increased $15.1 million (or 45.0%) while administrative expenses increased $21.7 million (or 65.1%) due to a change in the Authority's proportionate share of the State of New Jersey's net pension liability, coupled with an increase in expenses related to the administration of new initiatives.
- Program costs increased $3.5 million (or 19.1%) due largely to increased expenditures for the administration of new initiatives.
- State and Federal appropriations decreased $288.9 million (or 35.3%) and program payments decreased $328.0 million (or 72.5%) due largely to the timing of receipt and subsequent disbursement of various state and federal funds for business emergency assistance and economic recovery programs during and in the aftermath of COVID-19.

## FINANCIAL ANALYSIS OF THE AUTHORITY

**Net Position**. The following table summarizes the Statement of Net Position at December 31, 2023, 2022 and 2021:

| | 2023 | 2022 | 2021 | % Increase/(Decrease) 2023/2022 | 2022/2021 |
|---|---|---|---|---|---|
| Assets: | | | | | |
| Other assets | $ 1,627,625,052 | $ 1,161,400,723 | $ 930,730,190 | 40.1% | 53.6% |
| Capital assets, net | 391,379,425 | 213,902,722 | 66,631,587 | 83.0% | 28.3% |
| Total assets | 2,019,004,477 | 1,375,303,445 | 997,361,777 | 46.8% | 51.6% |
| Deferred outflows of resources: | | | | | |
| Deferred outflow related to pension | 21,383,393 | 16,837,062 | 11,149,517 | 27.0% | 35.2% |
| Deferred outflow related to OPEB | 4,131,940 | 5,467,319 | 521,262 | -24.4% | 100.0% |
| Total deferred outflows of resources | 25,515,333 | 22,304,381 | 11,670,779 | 14.4% | 41.6% |
| Liabilities: | | | | | |
| Current liabilities | 66,853,347 | 49,284,762 | 13,236,321 | 35.6% | -11.7% |
| Net pension liability | 56,591,208 | 48,534,257 | 33,482,997 | 16.6% | -16.3% |
| Other noncurrent liabilities | 14,701,449 | 16,476,577 | 11,326,435 | -10.8% | 45.5% |
| Total liabilities | 138,146,004 | 114,295,596 | 58,045,753 | 20.9% | 96.9% |
| Deferred inflows of resources: | | | | | |
| Deferred inflow related to pension | 3,690,501 | 7,826,405 | 21,497,619 | -52.8% | 21.6% |
| Deferred inflow related to OPEB | 12,118,493 | 14,569,124 | 17,330,212 | -16.8% | -12.4% |
| Deferred inflow related to Leases | 24,077,316 | 30,021,819 | 34,154,392 | -19.8% | -12.1% |
| Total deferred inflows of resources | 39,886,310 | 52,417,348 | 72,982,223 | -23.9% | 3.7% |
| Net position: | | | | | |
| Net investment in capital assets | 383,286,234 | 205,120,541 | 64,292,835 | 86.9% | 28.3% |
| Restricted | 79,419,033 | 33,217,633 | 32,369,782 | 139.1% | 3.1% |
| Unrestricted | 1,403,782,229 | 992,556,708 | 781,341,963 | 41.4% | 70.8% |
| Total net position | $ 1,866,487,496 | $ 1,230,894,882 | $ 878,004,580 | 51.6% | 62.9% |

During 2023, the Authority's combined net position increased by $635.6 million due to:

| | |
|---|---|
| $ 296.5 Million | State appropriations to the Authority Economic Recovery Fund – net of program payments, for various economic initiatives, including Strategic Innovation Centers; Small Business Emergency Assistance; and Regional Greenhouse Gas Initiative |
| $ 48.9 Million | Federal American Rescue Act appropriations received for COVID-19 programs – net of disbursements |
| $ 46.1 Million | Increase in State appropriations for the Small Business Credit Initiative (SSBCI) – net of program payments. |
| $ 156.2 Million | Increase in State appropriations for Wind Port initiative construction in progress – net of scheduled depreciation on other Authority capital assets |

| | |
|---|---|
| $ 81 Million | State appropriations in for various programs (Film Industry Strategic Support, Child Care Employer Innovation, and Emerging Developers Fund, etc.) |
| $ 6.9 Million | Net appropriations relating to other Authority programs |

During 2022, the Authority's combined net position increased by $352.9 million due to:

| | |
|---|---|
| $ 103.0 Million | State appropriations to the Authority Economic Recovery Fund – net of program payments, for various economic initiatives, including Strategic Innovation Centers; Small Business Emergency Assistance; and Regional Greenhouse Gas Initiative |
| $ 20.2 Million | Federal CARES Act appropriations received for COVID-19 programs – net of disbursements |
| $ 261.4 Million | Increase in State appropriations for Wind Port initiative construction in progress – net of scheduled depreciation on other Authority capital assets |
| $ (15.2) Million | Program disbursements relating to Authority brownfield initiatives |
| $ (16.5) Million | Net disbursements relating to other Authority programs |

**Operating Activities.** The Authority charges financing fees that may include an application fee, commitment fee, closing fee, document execution fee and an annual servicing fee. The Authority also charges an agency fee for the administration of financial programs for various government agencies; a program service fee for the administration of Authority programs that are service provider based, rather than based on the exchange of assets such as the commercial lending program; and a real estate development fee for real estate activities undertaken on behalf of governmental entities and commercial enterprises. The Authority may also generate a return on investments in venture capital funds which invest, in whole or in part, in New Jersey based businesses. Interest income on investments, notes and intergovernmental obligations is recognized as earned. Grant revenue is earned when the Authority has complied with the terms and conditions of the grant agreements. The Authority also earns income from operating leases and interest income on lease revenue from capital lease financings. Late fees are charged to borrowers who are delinquent in their monthly loan payments. All forms of revenue accrue to the benefit of the program for which the underlying source of funds is utilized. The Authority considers all activity to be operating activities, except as described in the following section.

**Non-Operating Activities**. The Authority earns interest on idle cash and investments and may derive income from the sale of capital assets, as well as the receipt of state and federal appropriations which are used to administer specific programs on behalf of the State of New Jersey, and which directly benefit New Jersey based businesses. The Authority considers this activity to be non-operating in nature.

The following table summarizes the changes in operating and non-operating activities between fiscal years 2023, 2022 and 2021:

| | | | | % Increase/(Decrease) | |
|---|---|---|---|---|---|
| | 2023 | 2022 | 2021 | 2023/2022 | 2022/2021 |
| Operating revenues: | | | | | |
| Financing fees | $ 9,383,884 | $ 4,545,292 | $ 5,379,598 | 106.5% | -15.5% |
| Lease revenue | 9,196,572 | 8,394,798 | 9,137,042 | 9.6% | -8.1% |
| Interest income: | | | | | |
| Notes and Leases | 5,431,482 | 6,262,048 | 5,912,966 | -13.3% | 5.9% |
| Other | 24,563,917 | 14,698,487 | 12,876,669 | 67.1% | 14.1% |
| Total operating revenues | 48,575,855 | 33,900,625 | 33,306,275 | 43.3% | 1.8% |
| Operating expenses: | | | | | |
| Administrative expenses | 69,695,549 | 55,050,289 | 33,347,877 | 26.6% | 65.1% |
| Interest expense | 505,717 | 453,422 | 158,652 | 11.5% | 185.8% |
| Depreciation | 3,386,997 | 3,500,402 | 3,983,605 | -3.2% | -12.1% |
| Lease Amortization | 867,644 | 873,202 | 525,406 | -0.6% | 100.0% |
| Loss provisions – net | 21,307,606 | 1,205,012 | 2,935,491 | 1668.2% | -59.0% |
| Program costs | 34,929,479 | 21,694,045 | 18,209,082 | 61.0% | 19.1% |
| Total operating expenses | 130,692,992 | 82,776,372 | 59,160,113 | 57.9% | 39.9% |
| Operating (loss) | (82,117,137) | (48,875,747) | (25,853,838) | 68.0% | 89.0% |
| Nonoperating revenues and (expenses): | | | | | |
| Interest income – investments | 28,076,562 | 7,242,924 | 3,820,732 | 287.6% | 89.6% |
| Gain on sale of assets-net | 8,379,846 | | | 100.0% | |
| State and Federal appropriations | 777,184,437 | 528,826,277 | 817,722,311 | 47.0% | -35.3% |
| Program payments | (101,255,024) | (123,844,344) | (451,866,149) | -18.2% | -72.6% |
| Other (expense) revenue | 5,323,930 | (10,458,808) | (5,038,861) | -150.9% | 107.6% |
| Total nonoperating revenues and (expenses), net | 717,709,751 | 401,766,049 | 364,638,033 | 78.6% | 10.2% |
| Change in net position | 635,592,614 | 352,890,302 | 338,784,195 | 80.1% | 4.2% |
| Beginning net position | 1,230,894,882 | 878,004,580 | 539,220,385 | | |
| Ending net position | $ 1,866,487,496 | $ 1,230,894,882 | $ 878,004,580 | | |

## Operating Revenues

In 2023, the Authority's operating revenues increased in the areas of financing fees and program services fees. The former due largely to the implementation of the Aspire tax credit program, as well as an increase in loan closing fees; the latter related to the annual servicing fees for legacy tax incentive programs, as well as the administration of the offshore wind program and the Regional Greenhouse Gas Initiative.

In 2022, the Authority's operating revenues increased minimally from the prior year as slight decreases in finance fees and interest income on notes were offset by increases in operating lease revenue, program services fees and real estate development fees as new initiatives began during the year, including progress on the Wind Port.

## Operating Expenses

In 2023, total operating expenses increased largely as a result of increases in both general and administrative expenses and program costs, the former due to an increase in the Authority's proportionate share of the State of New Jersey's pension liability and the latter related to the administration of new programs. Loss provision expenses increased due to a significant increase in loan closings for the Main Street Business Loan program.

In 2022, total operating expenses increased largely as a result of increases in both general and administrative expenses and program costs, the former due to an increase in the Authority's proportionate share of the State of New Jersey's pension liability and the latter related to the administration of new programs. Loss provisions expense decreased due to scheduled paydowns within the Authority's revolving loan portfolio.

## Non-Operating Revenues and Expenses – Net

In 2023, non-operating revenues and expenses – net, increased by $315.9 million, due to the timing of receipts and disbursements of state appropriations related to both the Stronger NJ Business programs and various other newly created program initiatives, and also due to an increase in interest income on investments, related to the receipt of these appropriations, coupled with an increase in short-term interest rates.

In 2022, non-operating revenues and expenses – net, increased by $37.1 million, due to the timing of receipts and disbursements of federal CARES Act appropriations and state appropriations related to both the Stronger NJ Business programs and the Offshore Wind initiative. This more than offset smaller decreases in both interest on investments related to a decline in interest rates, and an unrealized loss on investment securities due to efforts to take advantage of higher-yielding, longer maturity investments consistent with the Authority's investment guidelines.

## Allowance for Credit Losses

Allowances for doubtful notes and guarantee payments are determined in accordance with guidelines established by the Office of the Comptroller of the Currency. The Authority accounts for its potential loss exposure through the use of risk ratings.

These specifically assigned risk ratings are updated to account for changes in financial condition of the borrower or guarantor, delinquent payment history, loan covenant violations, and changing economic conditions. The assigned risk rating classifications are consistent with the ratings used by the Office of the Comptroller of the Currency. Each risk rating is assigned a specific loss factor in accordance with the severity of the classification. Each month an analysis is prepared using the current loan balances, existing exposure on guarantees, and the assigned risk rating to determine the adequacy of the reserve. Any adjustments needed to adequately provide for potential credit losses (recoveries) are reported as a Loss Provision (Recovery).

The following table summarizes the Loan Allowance activity for the end of the period from December 31, 2021 through December 31, 2023:

| | | |
|---|---|---|
| **December 31, 2021** | | |
| Allowance for loan losses | $ 35,245,633 | |
| Accrued guarantee losses | 3,855,908 | |
| **Total allowance** | | $ 39,101,541 |
| 2022 Provision for credit losses-net | 1,396,121 | |
| 2022 Write-offs | (664,518) | 731,603 |
| **December 31, 2022** | | |
| Allowance for loan losses | 36,119,127 | |
| Accrued guarantee losses | 3,714,017 | |
| **Total allowance** | | 39,833,144 |
| 2023 Provision for credit losses-net | 20,408,935 | |
| 2023 Write-offs | (1,165,280) | 19,243,655 |
| **December 31, 2023** | | |
| Allowance for loan losses | 55,473,799 | |
| Accrued guarantee losses | 3,603,000 | |
| **Total allowance** | | $ 59,076,799 |

When management determines that the probability of collection is less than 50% of the remaining balance, it is the policy to assign a loss rating to the account. For an account rated as loss, a loss provision is recognized for the entire loan balance.

Loans are written-off against the loss allowance when it is determined that the probability of collection within the near term is remote. The recognition of a loss does not automatically release the borrower from the obligation to pay the debt. Should the borrower, guarantors, or collateral position improve in the future, any and all steps necessary to preserve the right to collect these obligations will be taken.

Aggregate gross loan and guarantee exposure at December 31, 2023 was $272,090,277, of which $261,818,277 or 96% is for loans and $10,272,000 for issued loan guarantees.

Aggregate gross loan and guarantee exposure at December 31, 2022 was $222,308,062, of which $210,969,483 or 95% is for loans and $11,338,579 for issued loan guarantees.

At December 31, 2023, the Authority maintained a Credit Loss Allowance of $59,076,799 or 21.7% of total exposure to cover potential losses in the loan and guaranty portfolio. Total write-offs for the year ended December 31, 2023, were $1,165,280 or 0.4% of the loan and guaranty exposure.

At December 31, 2022, the Authority maintained a Credit Loss Allowance of $39,833,144 or 17.9% of total exposure to cover potential losses in the loan and guaranty portfolio. Total write-offs for the year ended December 31, 2022, were $664,518 or 0.3% of the loan and guaranty exposure.

The Authority is a limited partner in various early stage venture funds with the purpose of providing venture capital to exceptionally talented entrepreneurs to facilitate the growth of these companies. These investments are accounted for using the cost basis as they do not have a readily determinable market value. The Authority will establish a valuation allowance for these investments when they determine through a series of events that an other-than-temporary decrease in value has occurred.

The 2023 Loss Provisions – Net, of $20.7 million, are related to the following detailed information:

| | | |
|---|---|---|
| $ | 20,408,935 | Loan and Guarantee Program activity |
| $ | 271,121 | Venture Capital Funds and Capital Investments |

The 2022 Loss Provisions – Net, of $1.0 million, are related to the following detailed information:

| | | |
|---|---|---|
| $ | 1,396,121 | Loan and Guarantee Program activity |
| $ | (414,991) | Venture Capital Funds and Capital Investments |

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets.** The Authority independently, or in cooperation with a private or governmental entity, acquires, invests in and/or develops vacant industrial sites, existing facilities, unimproved land, equipment and other real estate for private or governmental use. Sites developed, and equipment purchased for private use are marketed or leased to businesses that will create new job opportunities and tax ratables for the municipalities. Sites are developed for governmental use for a fee and also may be leased to the State or State entities. For the majority of these leases, future minimum lease rental payments are equal to the debt service payments related to the bonds or notes issued for the applicable property. The following table summarizes the change in Capital Assets-Net between fiscal year 2023, 2022 and 2021:

| | | | | % Increase/(Decrease) | |
|---|---|---|---|---|---|
| | **2023** | **2022** | **2021** | **2023/2022** | **2022/2021** |
| Land | $ 48,629,422 | $ 49,505,422 | $ 28,818,065 | -1.8% | 71.8% |
| Construction in progress | 325,266,814 | 142,787,327 | 18,982,051 | 127.8% | 652.2% |
| Total non-depreciable capital assets | 373,896,236 | 192,292,749 | 47,800,116 | 94.4% | 302.3% |
| Building | 81,722,446 | 81,722,446 | 81,722,446 | 0.0% | 0.0% |
| Capital asset right to use lease | 7,375,059 | 8,242,703 | 2,598,678 | -10.5% | 217.2% |
| Leasehold improvements | 36,883,519 | 36,755,662 | 36,646,188 | 0.3% | 0.3% |
| Total depreciable/amortizable capital assets | 125,981,024 | 126,720,811 | 120,967,312 | -0.6% | 4.8% |
| Less accumulated depreciation/ amortization | (108,497,835) | (105,110,838) | (102,135,841) | 3.2% | 2.9% |
| Capital assets – net | $ 391,379,425 | $ 213,902,722 | $ 66,631,587 | 83.0% | 221.0% |

More detailed information about the Authority's capital assets is presented in the Notes to the financial statements.

**Capital Debt.** At year end, the Authority had no gross note principal outstanding; unchanged from the prior year.

## CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide New Jersey citizens, and our customers, clients, investors and creditors, with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the appropriations and grants that it receives. If you have questions about this report or need additional information, contact Customer Care at (609) 858-6700, CustomerCare@njeda.com, NJEDA, P.O. Box 990, Trenton, NJ 08625-0990, or visit our web site at: www.njeda.com.

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

## Statements of Net Position

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| **Assets** | | |
| **Current assets:** | | |
| Cash and cash equivalents – restricted | $ 952,864,210 | $ 513,038,720 |
| Cash and cash equivalents – unrestricted | 173,026,285 | 196,682,928 |
| Investments | 40,129,832 | 53,821,437 |
| Receivables: | | |
| Notes | 29,381,344 | 16,978,994 |
| Accrued interest on notes | 177,706 | 708,116 |
| Accrued interest on investments | 1,218,967 | 919,858 |
| Leases | 4,901,975 | 4,904,315 |
| Other receivables | 3,459,102 | 6,449,053 |
| Total receivables | 39,139,094 | 29,960,336 |
| Prepaid and other current assets | 670,742 | 1,939,010 |
| Total current assets | 1,205,830,163 | 795,442,431 |
| **Noncurrent assets:** | | |
| Investments – unrestricted | 156,209,828 | 135,671,389 |
| Venture capital partnerships | 43,413,267 | 22,566,416 |
| Equity investments | 8,554,984 | 4,713,239 |
| Net other postemployment benefits asset | 16,124,824 | 15,867,760 |
| Land held for resale | | 3,620,153 |
| Prepaid and other noncurrent assets | 1,633,628 | 586,070 |
| Receivables: | | |
| Notes | 232,436,882 | 193,990,489 |
| Accrued interest on notes | 26,814 | 14,461 |
| Leases | 19,175,342 | 25,117,504 |
| Unamortized discount | (306,881) | (70,062) |
| Total receivables | 251,332,157 | 219,052,392 |
| Allowance for doubtful notes receivable | (55,473,799) | (36,119,127) |
| Net notes receivable | 195,858,358 | 182,933,265 |
| Non-depreciable capital assets | 373,896,236 | 192,292,749 |
| Right to use lease assets, net | 7,375,059 | 8,242,703 |
| Depreciable/amortizable capital assets, net | 10,108,130 | 13,367,270 |
| Total capital assets, net | 391,379,425 | 213,902,722 |
| Total noncurrent assets | 813,174,314 | 579,861,014 |
| Total assets | 2,019,004,477 | 1,375,303,445 |
| **Deferred outflows of resources** | | |
| Deferred outflows pension related | 21,383,393 | 16,837,062 |
| Deferred outflows OPEB related | 4,131,940 | 5,467,319 |
| Total deferred outflows of resources | $ 25,515,333 | $ 22,304,381 |

*See accompanying notes.*

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Statements of Net Position (continued)

| | December 31, 2023 | 2022 |
|---|---|---|
| **Liabilities** | | |
| **Current liabilities:** | | |
| Accrued liabilities | $ 37,279,484 | $ 38,311,302 |
| Unearned lease revenues | 1,139,104 | 1,216,150 |
| Leases payable | 693,066 | 542,345 |
| Lessee interest payable | 258,663 | 94,402 |
| Escrow deposits | 27,483,030 | 9,120,563 |
| Total current liabilities | 66,853,347 | 49,284,762 |
| **Noncurrent liabilities:** | | |
| Net pension liability | 56,591,208 | 48,534,257 |
| Leases payable | 7,400,125 | 8,239,836 |
| Unearned lease revenues | 1,580,771 | 2,634,619 |
| Accrued guarantee losses | 3,603,000 | 3,714,017 |
| Compensated absences | 2,117,553 | 1,888,105 |
| Total noncurrent liabilities | 71,292,657 | 65,010,834 |
| Total liabilities | 138,146,004 | 114,295,596 |
| **Deferred inflows of resources** | | |
| Deferred inflows pension related | 3,690,501 | 7,826,405 |
| Deferred inflows OPEB related | 12,118,493 | 14,569,124 |
| Deferred inflows lease related | 24,077,316 | 30,021,819 |
| Total deferred inflows of resources | 39,886,310 | 52,417,348 |
| **Net position** | | |
| Net investment in capital assets | 383,286,234 | 205,120,541 |
| Restricted by Federal and State agreement | 79,419,033 | 33,217,633 |
| Unrestricted | 1,403,782,229 | 992,556,708 |
| Total net position | $ 1,866,487,496 | $ 1,230,894,882 |

*See accompanying notes.*

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

## Statements of Revenues, Expenses and Changes in Net Position

| | Year Ended December 31, | |
|---|---|---|
| | **2023** | **2022** |
| **Operating revenues** | | |
| Financing fees | $ 9,383,884 | $ 4,545,292 |
| Interest income – notes | 4,075,058 | 4,639,714 |
| Interest income – leases | 1,356,424 | 1,622,334 |
| Operating lease revenue | 9,196,572 | 8,394,798 |
| Agency fees | 2,007,407 | 2,180,227 |
| Program services | 15,827,391 | 6,346,016 |
| Real estate development | 4,051,999 | 4,369,011 |
| Distributions and warrants | 147,814 | 259,107 |
| Other | 2,529,306 | 1,544,126 |
| Total operating revenue | 48,575,855 | 33,900,625 |
| **Operating expenses** | | |
| Salaries and benefits | 52,222,714 | 42,182,446 |
| General and administrative | 17,460,963 | 12,867,843 |
| Interest | 505,717 | 453,422 |
| Program costs | 34,941,351 | 21,694,045 |
| Depreciation | 3,386,997 | 3,500,402 |
| Lease amortization | 867,644 | 873,202 |
| Loss provisions – net | 21,307,606 | 1,205,012 |
| Total operating expenses | 130,692,992 | 82,776,372 |
| Operating loss | (82,117,137) | (48,875,747) |
| **Nonoperating revenues (expenses)** | | |
| Interest income – investments | 28,076,562 | 7,242,924 |
| Unrealized (loss) gain on investment securities | 5,323,930 | (10,458,808) |
| State and Federal appropriations | 777,184,437 | 528,826,277 |
| Gain on Sale of Assets - net | 8,379,846 | |
| Program payments | (101,255,024) | (123,844,344) |
| Nonoperating revenues – net | 717,709,751 | 401,766,049 |
| Change in net position | 635,592,614 | 352,890,302 |
| Net position – beginning of year | 1,230,894,882 | 878,004,580 |
| Net position – end of year | $ 1,866,487,496 | $ 1,230,894,882 |

*See accompanying notes.*

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

## Statements of Cash Flows

| | Year Ended December 31, 2023 | Year Ended December 31, 2022 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Cash receipts from financing fees | $ 9,310,361 | $ 4,545,292 |
| Interest from notes | 4,489,601 | 5,313,202 |
| Lease rents | 9,304,923 | 9,061,931 |
| Agency fees | 2,148,411 | 2,225,442 |
| Program services | 17,549,870 | 7,145,099 |
| Real estate development | 4,095,947 | 4,403,796 |
| General and administrative expenses paid | (64,461,444) | (57,423,500) |
| Program costs paid | (38,208,748) | (16,218,163) |
| Collection of notes receivable | 23,840,177 | 34,517,254 |
| Loans disbursed | (75,854,201) | (20,012,901) |
| Deposits received | 72,539,640 | 29,631,162 |
| Deposits released | (54,177,173) | (23,366,333) |
| Net cash (used in) operating activities | (89,422,636) | (20,177,719) |
| | | |
| **Cash flows from noncapital financing activities** | | |
| Appropriations received | 776,388,514 | 521,419,706 |
| Program payments | (99,805,127) | (122,590,156) |
| Net cash provided by noncapital financing activities | 676,583,387 | 398,829,550 |
| | | |
| **Cash flows from capital and related financing activities** | | |
| Sale of capital assets | 13,401,000 | |
| Purchase of capital assets | (185,827,296) | (126,721,590) |
| Net cash (used in) capital and related financing activities | (172,426,296) | (126,721,590) |
| | | |
| **Cash flows from investing activities** | | |
| Interest from investments | 27,777,454 | 7,084,509 |
| Return on capital investments | (24,820,158) | (8,339,136) |
| Purchase of investments | (4,796,316) | (6,391,471) |
| Proceeds from sales and maturities of investments | 3,273,412 | 845,647 |
| Net cash provided by/(used in) investing activities | 1,434,392 | (6,800,451) |
| | | |
| Net increase in cash and cash equivalents | 416,168,847 | 245,129,790 |
| Cash and cash equivalents – beginning of year | 709,721,648 | 464,591,858 |
| Cash and cash equivalents – end of year | $ 1,125,890,495 | $ 709,721,648 |
| | | |
| Cash and cash equivalents - restricted | $ 952,864,210 | $ 513,038,720 |
| Cash and cash equivalents - unrestricted | 173,026,285 | 196,682,928 |
| Cash and cash equivalents total | $ 1,125,890,495 | $ 709,721,648 |

*See accompanying notes.*

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Statements of Cash Flows (continued)

| | Year Ended December 31, | |
|---|---|---|
| | **2023** | **2022** |
| **Reconciliation of operating loss to net cash used in operating activities** | | |
| Operating loss | $ (82,117,137) | $ (48,875,747) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Loss provisions - net | 20,610,862 | 1,199,896 |
| Depreciation | 3,386,997 | 3,500,402 |
| Lease amortization | 879,516 | 873,202 |
| Amortization of discounts | (370,084) | (409,886) |
| Change in assets and liabilities: | | |
| Notes receivables | (52,014,024) | 14,502,573 |
| Accrued interest receivables-notes | 517,965 | 471,732 |
| Other receivables | 8,418,178 | (45,409,014) |
| Prepaid and other noncurrent assets | (600,861) | (268,570) |
| Capital investments | (147,815) | (259,107) |
| Accrued liabilities | (4,413,306) | 43,202,196 |
| Unearned lease revenues | (1,130,894) | (1,040,561) |
| Deposits | 18,362,467 | 6,264,828 |
| Other liabilities | (804,500) | 6,070,337 |
| Net cash (used in) operating activities | $ (89,422,636) | $ (20,177,719) |

*See accompanying notes.*

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Employee Benefit Trust

Statements of Fiduciary Net Position

| | December 31, | | | |
|---|---|---|---|---|
| | 2023 | | 2022 | |
| **Assets** | | | | |
| Cash and cash equivalents | $ | 185,859 | $ | 978,358 |
| **Investments:** | | | | |
| U.S. Treasury securities | | 12,614,951 | | 12,495,467 |
| U.S. Agency securities | | 2,937,548 | | 2,865,966 |
| Corporate bonds | | 14,997,075 | | 12,794,014 |
| Municipal bonds | | 803,181 | | 778,978 |
| Total Fixed Income | | 31,352,755 | | 28,934,425 |
| Equities | | 13,396,100 | | 10,968,472 |
| Total investments | | 44,748,855 | | 39,902,897 |
| Accrued interest receivable | | 216,270 | | 164,505 |
| Total Assets | | 45,150,984 | | 41,045,760 |
| **Liabilities** | | | | |
| Accounts payable and accrued expenses | | 12,160 | | 8,000 |
| Total liabilities | | 12,160 | | 8,000 |
| **Net position – restricted for OPEB** | $ | 45,138,824 | $ | 41,037,760 |

*See accompanying notes.*

New Jersey Economic Development Authority

(a component unit of the State of New Jersey)

Employee Benefit Trust

Statements of Changes in Fiduciary Net Position

| | Year Ended December 31, | |
|---|---|---|
| | **2023** | **2022** |
| **Additions** | | |
| Employer contributions | $ 836,376 | $ 655,633 |
| Total contributions | 836,376 | 655,633 |
| | | |
| Investment income: | | |
| Interest and dividends | 916,208 | 912,507 |
| Net (decrease) increase in fair value of investments | 3,196,316 | (5,845,343) |
| Net investment income | 4,112,524 | (4,932,836) |
| Total additions | 4,948,900 | (4,277,203) |
| | | |
| **Deductions** | | |
| Insurance premiums | 836,376 | 647,633 |
| Administrative expense | 8,160 | 8,000 |
| Other fees | 3,300 | 3,300 |
| Total deductions | 847,836 | 658,933 |
| Net change in Fiduciary Net Position | 4,101,064 | (4,936,136) |
| | | |
| **Net position – restricted for OPEB** | | |
| Beginning of year | 41,037,760 | 45,973,896 |
| End of year | $ 45,138,824 | $ 41,037,760 |

*See accompanying notes.*

## Note 1: Nature of the Authority

The New Jersey Economic Development Authority ("Authority") is a public body corporate and politic, constituting an instrumentality and component unit of the State of New Jersey ("State"). The Authority was established by Chapter 80, P.L. 1974 ("Act") on August 7, 1974, as amended and supplemented, primarily to provide financial assistance to companies for the purpose of maintaining and expanding employment opportunities in the State and increasing tax ratables in underserved communities. The Act prohibits the Authority from obligating the credit of the State in any manner. The Authority assists for-profit and non-profit enterprises with access to capital and primarily offers the following products and services:

### (a) Bond Financing

The Authority issues tax-exempt private activity bonds and taxable bonds. The proceeds from these single issue or composite series bonds are used to provide long-term, below-market interest loans to eligible entities, which include certain 501(c)(3) nonprofit organizations, manufacturers, exempt public facilities, solid waste facilities, and local, county, and State governmental agencies for capital improvements including real estate acquisition, equipment, machinery, building construction and renovations. All such bonds are special conduit debt obligations of the Authority, are payable solely from the revenues pledged with respect to the issue, and do not constitute an obligation against the general credit of the Authority.

### (b) Loans/Guarantees/Investments and Tax Incentives

The Authority directly provides loans, loan participations, loan guarantees and line of credit guarantees to for-profit and not-for-profit enterprises for various purposes to include: the acquisition of fixed assets; building construction and renovation; financing for working capital; technological development; and infrastructure improvements. The Authority also may provide financial assistance in the form of convertible debt and take an equity position in technology and life sciences companies through warrant options. In addition to lending and investing its own financial resources, the Authority administers several business growth programs supported through State appropriation/allocation, including the technology business tax certificate transfer program, the angel investor tax credit program, tax credits for film industry and digital media projects, job creation and retention incentive grants and tax credits, tax credits for capital investment in urban areas, and reimbursement grants based on incremental revenues generated by redevelopment projects. Other state mandated programs include loans/grants to support hazardous discharge site remediation and petroleum underground storage tank remediation.

**(c) Real Estate Development**

The Authority independently, or in cooperation with a private or another governmental entity, acquires, invests in and/or develops vacant industrial sites, existing facilities, unimproved land, equipment and other real estate for private or governmental use. Sites developed, and equipment purchased for private use are marketed or leased to businesses that will create new job opportunities and tax ratables for municipalities. Sites are developed for governmental use for a fee and also may be leased to the State or State entities.

**(d) Stronger NJ Business Programs**

In 2013, the Authority was awarded a sub-grant from the New Jersey Department of Community Affairs for the purpose of administering a portion of the State's Community Development Block Grant Disaster Recovery allocation to support the recovery of businesses impacted by Superstorm Sandy. To achieve this, the Authority may provide grants and loans to eligible businesses, as well as financial assistance to governmental entities to support community development, neighborhood revitalization and other public improvement projects.

**(e) COVID-19 Emergency Response Programs**

In 2020, the Authority was awarded a sub-grant from the New Jersey Department of Treasury for the purpose of administering a portion of the State's federal CARES Act and American Rescue Plan Act allocations to support the recovery of businesses and economic disruptions caused by the COVID-19 pandemic. To achieve this, the Authority may provide grants, loans and guarantees to eligible businesses, to support emergency response programs aimed at stabilizing the state's economy.

**(f) New Jersey Economic Development Authority Employee Benefit Trust**

In 1988, the New Jersey Economic Development Authority ("Authority") established a single-employer post-employment defined benefit healthcare plan ("Plan") whereby the Authority provides the full cost of group health insurance and prescription coverage to those retirees and surviving spouses (and qualifying dependents) who have retired under the Authority's retirement system.

In October 2006, the Authority created the Employee Benefits Trust ("Trust"), an irrevocable trust to fund its Plan obligations. In no event shall any part of the principal or income of the Trust be paid or revert back to the Authority or be used for any purpose whatsoever other than for the exclusive benefit of retirees and their beneficiaries as defined by the Members of the Authority (the "Board"). No part of the assets of the Trust may inure to the exclusive benefit of any retiree or beneficiary other than by benefit payments for services provided in the administration of the Trust.

The State has the authority to establish and amend the benefit provisions offered and contribution requirements. There is no separate Board for the Trust as the Trust is administered by the Authority's management.

In compliance with GASB 84, *Fiduciary Activities*, the Authority reports the financial position of the Plan in it's Financial Statements and Notes. Accordingly, the Financial Statements are included after those of the Authority and details of the Plan assets (investments) are contained in Note 3, Deposits and Investments. Additional information is included in the Required Supplementary Information section.

**Related-Party Transactions**

The Authority has contracted with several other State entities to administer certain loan programs on their behalf for a fee. In order for the Authority to effectively administer the programs, the Authority has custody of the cash accounts for each program. The cash in these accounts, however, is not an asset of the Authority and, accordingly, the balances in these accounts have not been included in the Authority's statements of net position. The cash balances total $54,827,148 and $50,519,545 at December 31, 2023 and 2022, respectively. The following is a summary of the programs that the Authority manages on behalf of other State entities:

| Department/Board | Program | 2023 | 2022 |
|---|---|---|---|
| Treasury | Local Development Financing Fund | $ 48,294,542 | $ 43,929,971 |
| Board of Public Utilities | BPU Clean Energy Program | | 17,115 |
| Treasury | Business Employment Incentive Program | 6,532,606 | 6,572,459 |

## Note 2: Summary of Significant Accounting Policies

### (a) Basis of Accounting and Presentation

The Authority is a self-supporting entity and follows enterprise fund reporting; accordingly, the accompanying financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. While detailed sub-fund information is not presented, separate accounts are maintained for each program and include certain funds that are legally designated as to use. Administrative expenses are allocated to the various programs.

In its accounting and financial reporting, the Authority follows the pronouncements of the Governmental Accounting Standards Board ("GASB"). GASB is the accepted standards setting body for establishing government accounting and financial reporting principles. The accounts are maintained on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States.

**(b) Revenue Recognition**

The Authority charges various program financing fees that may include an application fee, commitment fee, closing fee, issuance fee, annual servicing fee and a document execution fee. The Authority also charges a fee for the administration of financial programs for various government agencies and for certain real estate development and management activities. Fees are recognized when earned. State and Federal (passed-through the State) appropriations received for economic development or other programs that the State requests the Authority administer are recognized when received by the Authority. When the Authority is the recipient of a grant, grant revenue is recognized when the Authority has complied with the terms and conditions of the grant agreements. The Authority recognizes interest income on lease revenue by amortizing the discount over the life of the related agreement. Operating lease revenue is recognized pursuant to the terms of the lease.

When available, it is the Authority's policy to first use restricted resources for completion of specific projects.

**(c) Cash Equivalents**

Cash equivalents are highly liquid debt instruments with original maturities of three months or less and units of participation in the State of New Jersey Cash Management Fund ("NJCMF").

**(d) Investments**

All investments, except for investment agreements, are stated at fair value. The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. The Authority also invests in various types of joint ventures and uses the cost method to record the acquisition of such investments, as the Authority lacks the ability to exercise significant control in the ventures. Under the cost method, the Authority records the investment at its historical cost and recognizes as income dividends received from net earnings of the Fund. Dividends received in excess of earnings are considered a return of investment and reduce the cost basis. These investments typically have a long-time horizon from when the Authority makes its initial investment to when it may receive any return on the investment. The Authority maintains a valuation allowance on specific investments when there is either a series of taxable losses or other factors may indicate that a decrease in value has occurred that is other than temporary. Capital investments are reported net of this valuation allowance.

**(e) Guarantees Receivable**

Payments made by the Authority under its various guarantee programs are reported as Guarantees Receivable. These receivables are expected to be recovered either from the lender, as the lender continues to service the loan, or from the liquidation of the underlying collateral. Recoveries increase Worth (the amount on deposit and available for payment) (see Note 7).

### (f) Allowance for Doubtful Notes and Accrued Guarantee Losses

Allowances for doubtful notes and accrued guarantee losses are determined in accordance with guidelines established by the Office of Comptroller of Currency. These guidelines include classifications based on routine portfolio reviews of various factors that impact collectability.

### (g) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Jersey Public Employees' Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### (h) Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB (asset)/liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Employee Benefit Trust (the "Trust") and additions to/deductions from the Trust's fiduciary net position have been determined on the same basis as they are reported by the Trust. For this purpose, the Trust recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### (i) Leases

*Authority as a Lessee*

The Authority is a lessee for noncancellable leases of various building facilities. At the commencement of a lease, the Authority initially measures the lease obligation at the present value of payments expected to be made during the lease term. Subsequently, the lease obligation is reduced by the principal portion of lease payments made. Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Authority recognizes lease liabilities with an initial, individual value of $150,000 or more.

The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease obligation are composed of fixed payments and any purchase option price that the Authority is reasonably certain to exercise. The Authority monitors changes in circumstances that would require a remeasurement of its lease obligation and will remeasure if certain changes occur that are expected to significantly affect the amount of the lease obligation.

See Note 5 (ii) for detail.

*Authority as a Lessor*

The Authority is a lessor for noncancellable leases of various assets of the Authority with lease agreements that vary in length. The Authority initially measures the lease at the present value of payments expected to be received during the lease term. Key estimates and judgments to the lessor include (1) the discount rate using the lessee's estimated borrowing rate expected less receipts to present value, (2) the lease term including any non-cancellable period of the lease, and (3) the lease payments determined by the lease receipts included in the measurement of the lease that are composed of fixed payments from the lessee and any payment renewal option that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

See Note 5 (i) for detail.

**(j) Operating and Non-Operating Revenues and Expenses**

The Authority defines operating revenues and expenses as relating to activities resulting from providing bond financing, direct lending, incentives, and real estate development to commercial businesses, certain not-for-profit entities, and to local, county and State governmental entities. Non-operating revenues and expenses include income earned on the investment of funds, proceeds from the sale of certain assets, State and Federal appropriations and program payments.

**(k) Net Position**

The Authority classifies its Net Position into three categories: net investment in capital assets; restricted; and unrestricted. Net investment in capital assets includes capital assets net of accumulated depreciation/amortization used in the Authority's operations as well as capital assets that result from the Authority's real estate development and operating lease activities. Restricted net position includes net position that have been restricted in use in accordance with State law, as well as Federal grant proceeds intended for specific projects, such as the State Small Business Credit Initiative ("SSBCI"). Unrestricted net position includes all net position not included above.

**(l) Taxes**

The Authority is exempt from all Federal and State income taxes and real estate taxes.

**(m) Capitalization Policy**

Unless material, it is the Authority's policy to expense all expenditures of an administrative nature. Administrative expenditures typically include expenses directly incurred to support staff operations, such as automobiles, information technology hardware and software, office furniture, and equipment.

With the exception of immaterial tenant fit-out costs of retail space that is sublet from the State of New Jersey, the Authority capitalizes all expenditures related to the acquisition of land, construction and renovation of buildings.

**(n) Depreciation Policy**

Capital assets are stated at cost. Depreciation is computed using the straight-line method over the following estimated economic useful lives of the assets:

| | |
|---|---|
| Building | 20 years |
| Building improvements | 20 years |
| Camden Amphitheater, per terms of agreement | 31 years |
| Leasehold improvements | Term of the lease |
| Tenant fit-out | Term of the lease |
| Vehicles | Expensed |
| Furniture and equipment | Expensed |
| Right to use lease assets | Term of the lease |

**(o) Recent and Upcoming Accounting Pronouncements**

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, was issued in March 2020. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Authority has determined that this statement did not have a material effect on its financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* ("SBITA"), was issued in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Authority has determined that this statement did not have a material effect on its financial statements.

GASB issued Statement No. 101, *Compensated Absences* in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023. Earlier application is encouraged. The Authority is in the process of evaluating the impact of adoption on the financial statements.

GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The Authority is in the process of evaluating the impact of adoption on the financial statements.

GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. This Statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June

15, 2025, and all reporting periods thereafter. The Authority is in the process of evaluating the impact of adoption on the financial statements.

### (p) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

The Authority reported deferred inflow amounts relating to the lease receivables. These amounts are deferred and amortized to lease revenue in a systematic and rational manner over the lease terms. The Authority also reported deferred outflows or resources and deferred inflows of resources in relation to its pension and other postemployment benefit liabilities. These amounts are detailed in the discussion of the Authority's Employee Retirement Plans in Note 10.

### (q) Reclassifications

Certain reclassifications have been made to prior year balances to conform to current year presentation.

## Note 3: Deposits and Investments

### (a) Deposits

Operating cash is held in the form of Negotiable Order of Withdrawal ("NOW") accounts and money market accounts. At December 31, 2023, the Authority's bank balance was $182,374,497. Of the bank balance, $1,000,000 was insured with Federal Depository Insurance.

Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures* ("GASB 40"), the Authority's NOW accounts, as well as money market accounts and certificates of deposit, are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the Authority would not be able to recover the value of its deposit or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uninsured, uncollateralized (securities are not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the government's (NJEDA) name. At December 31, 2023 and 2022, all of the Authority's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk.

Cash deposits at December 31, 2023 and 2022 were as follows:

| Deposit Type | 2023 | 2022 |
|---|---|---|
| NOW Accounts | $ 163,273,437 | $ 93,046,850 |
| Money Market Accounts | 9,752,848 | 9,464,913 |
| Total Deposits | $ 173,026,285 | $102,511,763 |

### (b) Investments

Pursuant to the Act, the funds of the Authority may be invested in any direct obligations of, or obligations as to which the principal and interest thereof is guaranteed by, the United States of America or other obligations as the Authority may approve. Accordingly, the Authority directly purchases permitted securities and enters into interest-earning investment contracts.

As of December 31, 2023 and 2022, the Authority's total investments, excluding capital investments, amounted to $196,339,660 and $189,492,826, respectively. The Authority's investment portfolio ("Portfolio") is comprised of short to medium term bonds and is managed by a financial institution for the Authority. These investments include obligations guaranteed by the U.S. Government, Government Sponsored Enterprises, Money Market Funds, Corporate Debt rated at least A- by Standard & Poor's ("S&P") or equivalent by Moody's and Repurchase Agreements. The Portfolio is managed with the investment objectives of; preserving capital, maintaining liquidity, achieving superior yields, and providing consistent returns over time. In order to limit interest rate risk, investments are laddered, with maturities ranging from several months to a maximum of five years.

Investment of bond proceeds is made in accordance with the Authority's various bond resolutions. The bond resolutions generally permit the investment of funds held by the trustee in the following: (a) obligations of, or guaranteed by, the State or the U.S. Government; (b) repurchase agreements secured by obligations noted in (a) above; (c) interest-bearing deposits, in any bank or trust company, insured or secured by a pledge of obligations noted in (a) above; (d) State of New Jersey Cash Management Fund (NJCMF); (e) shares of an open-end diversified investment company which invests in obligations with maturities of less than one year of, or guaranteed by, the U.S. Government or Government Agencies; and (f) non-participating guaranteed investment contracts.

In order to maximize liquidity, the Authority utilizes the NJCMF as an investment. All investments in the NJCMF are governed by the regulations of the State of New Jersey, Department of Treasury, Division of Investment, which prescribes specific standards designed to ensure the quality of investments and to minimize the risks related to investments. The NJCMF invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: U.S. Treasuries; short-term commercial paper; U.S. Agency Bonds; Corporate Bonds; and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investment rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. At December 31, 2023 and 2022, the Authority's balance in the NJCMF is $792,126,262 and $606,364,238, respectively. The fair value is measured based on net asset value ("NAV") which approximates $1 per share.

### Custodial Credit Risk

Pursuant to GASB 40, the Authority's investments are profiled to determine if they are exposed to custodial credit risk. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government (NJEDA), and are held by either: the counterparty (institution that pledges collateral to government or that buys/sells investments for government) or the counterparty's trust department or agent but not in the name of the government. Investment pools such as the NJCMF and open-ended mutual funds including Mutual Bond Funds are deemed not to have custodial credit risk. As of December 31, 2023 and 2022, no investments are subject to custodial credit risk as securities in the Portfolio are held in the name of the Authority.

### Concentration of Credit Risk

The Authority does not have an investment policy regarding concentration of credit risk; however, the Authority's practice is to limit investments in certain issuers. No more than 5% of the Authority funds may be invested in individual corporate and municipal issuers; and no more than 10% in individual U.S. Government Agencies. At December 31, 2023, no investments exceeded 5% of the total. At December 31, 2022, $12,556,942 or 6.63% was held in the Freddie Mac U.S. Government Agency. Investments issued by or guaranteed by the U.S. Government, mutual fund investments, and pooled investments are exempt from this requirement.

### Credit Risk

The Authority does not have an investment policy regarding the management of credit risk, as outlined above. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. Government. All investments in U.S. Agencies are rated Aaa by Moody's and AA+ by S&P. The mutual bond fund was rated AAA by S&P. Corporate bonds were rated BBB+/A-/A/A+/AA-/AA/AA+, by S&P. Municipal bonds were rated AA, AA+, AAA by S&P and Aa1, Aa2, Aa3, Aaa by Moody's. The NJCMF is not rated.

### Interest Rate Risk

The Authority does not have a policy to limit interest rate risk, however, its practice is to hold investments to maturity.

### Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the financial statement measurement date. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 – unadjusted quoted prices in active markets for identical assets;
- Level 2 – quoted prices other than those included within Level 1 and other inputs that are observable for the asset or liability, either directly or indirectly;
- Level 3 – unobservable inputs for an asset or liability.

As of December 31, 2023 and 2022, the Authority had the following investments and maturities:

| | | December 31, 2023 | | | |
|---|---|---|---|---|---|
| **Investment Type** | **Level** | **Fair Value** | **Maturities Year** | **Maturities 1–5 Years** | **Fair Value as of December 31, 2022** |
| **Investments by fair value level** | | | | | |
| Debt Securities: | | | | | |
| U.S. Treasuries | 1 | $ 90,162,637 | $ 10,028,656 | $ 80,133,981 | $ 76,209,253 |
| U.S. Agencies | 2 | 11,031,986 | 2,996,847 | 8,035,139 | 18,274,194 |
| Corporate Bonds | 2 | 81,477,564 | 18,199,094 | 63,278,470 | 71,573,095 |
| Municipal Bonds | 2 | 12,236,925 | 8,905,235 | 3,331,690 | 14,813,099 |
| Commercial Paper | 2 | - | - | - | 1,394,323 |
| Certificate of deposit | 2 | 1,430,548 | - | 1,430,548 | 7,228,862 |
| Mutual Bond Funds | 1 | 160,737,948 | 160,737,948 | - | 845,647 |
| **Total investments by fair value level** | | 357,077,608 | $ 200,867,780 | $ 156,209,828 | 190,338,473 |
| **Investment Pool at NAV** | | | | | |
| State of NJ Cash Management Fund | | 792,126,262 | | | 606,364,238 |
| **Total investments measured at fair value** | | 1,149,203,870 | | | 796,702,711 |
| Less: amounts reported as cash equivalents | | (952,864,210) | | | (607,209,885) |
| **Total investments** | | $ 196,339,660 | | | $ 189,492,826 |

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique.

### (c) Special Purpose Investments

Pursuant to the Authority's mission, from time to time, in order to expand employment opportunities in the State and to spur economic development opportunities, the Authority, with the authorization of the Board, will make special purpose investments. These special purpose investments include the Authority's participation as a limited partner in various venture funds formed with the primary purpose of providing venture capital to exceptionally talented entrepreneurs dedicated to the application of proprietary technologies or unique services in emerging markets and whose companies are in the expansion stage. At December 31, 2023 and 2022, the aggregate value of the Authority's investment in these funds is $43,413,267 and $22,566,416, respectively. As a limited partner, the Authority receives financial reports from the managing partner of the funds, copies of which may be obtained by contacting the Authority.

For the purpose of financial reporting, the ownership in stock or equity interest in connection with economic development activities, such as providing venture capital, does not meet the definition of an investment because the asset is held primarily to further the economic development objectives of the Authority. Accordingly, the Authority uses the cost method as the measurement basis.

At December 31, 2023 and 2022, the Authority also held other equity investments of $8,554,984 and $4,713,239, respectively. The investments were held in the form of stock.

**(d) Fiduciary Activities – OPEB Trust**

**OPEB Trust Deposits and Investments**

The Trust's investments are made in accordance with the provisions of the Authority's Investment Policy (the "Investment Policy"). The goals of the Investment Policy are to invest for the sole purpose of funding the OPEB Plan obligation of the Authority in a prudent manner, and to conserve and enhance the value of the Trust assets through appreciation and income generation while maintaining a moderate investment risk.

The Trust has retained an investment consultant to ensure that strategic investment diversification is attained, to employ investment managers with expertise in their respective asset classes, and to closely monitor the implementation and performance of the respective investment strategies.

The Trust is currently invested in the following securities within the current investment policy limitations:

| Asset Class | 2023 Exposure | 2022 Exposure |
|---|---|---|
| Equities | 29.8% | 26.8% |
| Fixed Income: | | |
| U.S. Treasury | 28.1 | 30.6 |
| U.S. Agency | 6.5 | 7.0 |
| Corporate bonds | 33.4 | 31.3 |
| Municipal | 1.8 | 1.9 |
| Cash and cash equivalents | 0.4 | 2.4 |

The current investment policy restricts the investments to a target allocation of 30% of investments in U.S. equities with 70% in fixed income as follows: U.S. Treasury obligations, federal instrumentality securities, corporate debt, taxable municipal bonds, commercial paper, repurchase agreements and money market mutual funds.

The Trust does not have an investment policy regarding concentration of credit risk, however, the Trust's practice is to limit investments in certain issuers. The current investment philosophy represents a long-term perspective. When asset weightings fall outside the Investment Policy range, the investment advisor shall advise the Trust on potential investment courses of action and the Trust may elect to rebalance the Trust asset mix.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the financial statement measurement date. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1 – value based on quoted prices in active markets for identical assets.
Level 2 – value based on significant other observable inputs such as a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.
Level 3 – value based on inputs that are unobservable and significant to the fair value measurement such as discounted cash flows.

| | | December 31, 2023 | | | | |
|---|---|---|---|---|---|---|
| **Investment Type** | **Level** | **Fair Value** | **Investments Year** | **Maturities 1–5 Years** | **Maturities 6-10 Years** | **Fair Value as of December 31, 2022** |
| **Investments by fair value level** | | | | | | |
| U.S. Treasuries | 1 | $ 12,614,951 | $ 1,528,633 | $ 8,160,627 | $ 2,925,691 | $ 12,495,467 |
| U.S. Agencies | 2 | 2,937,548 | 498,275 | 1,355,859 | 1,083,414 | 2,865,966 |
| Corporate Bonds | 2 | 14,997,075 | 1,155,588 | 8,030,269 | 5,811,218 | 12,794,014 |
| Municipal Bonds | 2 | 803,181 | 500,173 | 303,008 | - | 778,978 |
| Mutual bond funds | 1 | 185,859 | 185,859 | - | - | 978,358 |
| Mutual funds | 1 | 13,396,100 | - | - | - | 10,968,472 |
| **Total investments by fair value level** | | 44,934,714 | 3,868,528 | 17,849,763 | 9,820,323 | 40,881,255 |
| Less amounts reported as cash equivalents per the financial statements | | (185,859) | | | | (978,358) |
| Total investments per the financial statements | | $ 44,748,855 | | | | $ 39,902,897 |

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique.

The following discusses the Trust's exposure to common deposit and investment risks related to custodial credit, credit, concentration of credit, interest rate and foreign currency risks as of December 31, 2023.

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a failure of a depository financial institution, the Trust's deposits may not be returned. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Trust and are held by either the depository financial institution or the depository financial institution's trust department or agent but not in the Trust's name.

The Trust manages custodial credit risk by limiting its investments to highly rated institutions and or requiring high quality collateral be held by the trustee in the name of the Trust.

**Credit Risk**

Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. The Trust has an investment policy regarding the management of Credit Risk, as outlined above. GASB Statement No. 40, Deposit and Investment Risk Disclosures, requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. All investments in U.S. Agencies ($2,937,548) and U.S. Treasuries ($12,614,951) are rated AA+ by Standard & Poor's ("S&P"). Corporate bonds were rated AAA/AA+/AA/AA-/A+/A/A-/BBB+/BBB ($14,997,075) by S&P. Municipal bonds were rated Aa1, Aa3 ($803,181) by Moody's. The Dreyfus Cash Management Fund ($185,859) was rated AAA by S&P.

As of December 31, 2023, the Trust's fixed income investments totaled $31,352,755.

Corporate debt, when purchased, must be rated no less than BBB or the equivalent by at least two Nationally Recognized Statistical Rating Organizations ("NRSRO"). Taxable municipal bonds should be rated at least A- or the equivalent at the time of purchase by at least two NRSROs. Commercial paper and repurchase agreements should have the ratings of at least A-1 by two or more NRSROs. Money market mutual funds and local government investment pools must have a rating of AAA by one or more NRSROs.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of the Trust's investment in a single issuer. Investments of Trust assets are diversified in accordance with the

Authority's investment policy that defines guidelines for the investment holdings. The asset allocation in the investment portfolio should be flexible depending upon the outlook for the economy and the securities markets. As of December 31, 2023, none of the Trust's individual investments comprised more than 5% of total investments. U.S. Government issued securities (U.S. Treasury securities) are exempt from this requirement.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Within the fixed income and cash portions of the portfolio it is managed using the effective duration methodology.

This methodology is widely used in the management of fixed income portfolios in that it quantifies with greater precision the amount of risk due to interest rate changes. The weighted duration of the fixed income portfolio at December 31, 2023 is 3.54 years. In the equities section of the portfolio interest rate risk is managed by limiting equity exposure to approximately 30% of the portfolio and investing in mutual funds that limit risk by diversifying holdings and purchasing companies of lower risk.

**Rate of Return**

As required by GASB Statement 74, the annual money weighted rate of return on trust investments, net of investment expenses was 9.52% and (11.25)% for the years ended December 31, 2023 and 2022, respectively. The calculation is based on monthly income and average monthly investment balances.

## Note 4: Notes Receivable

Notes receivable consist of the following:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Economic Development Fund ("EDF") loan program; interest ranging up to 5.4%; maximum term of 12 years | $ 19,896,721 | $ 32,963,783 |
| Economic Recovery Fund ("ERF") loan and guarantee programs; interest ranging up to 6.6%; maximum term of 26 years | 152,589,943 | 84,390,761 |
| Hazardous Discharge Site Remediation ("HDSR") loan program; interest ranging up to 5.0%; maximum term of 8 years | 770,681 | 1,552,302 |
| Municipal Economic Recovery Initiative ("MERI") loan program; interest ranging up to 3.0%; maximum term of 4 years | 115,575 | 143,875 |
| Stronger NJ Business (SNJ) loan program; interest ranging up to 2.6%; maximum term of 30 years | 78,692,086 | 82,097,975 |
| United States Economic Development Authority (USEDA) loan program; interest rate of 0.0%; maximum term of 10 years | 9,753,220 | 9,820,787 |
| | $ 261,818,226 | $ 210,969,483 |

Aggregate Notes Receivable activity for the year ended December 31, 2023 was as follows:

| | Beginning Balance | Loan Disbursements | Loan Receipts | Write-offs, Adjustments, Net | Ending Balance | Amounts Due Year |
|---|---|---|---|---|---|---|
| EDF/ERF | $ 117,354,544 | $ 70,689,896 | $ (15,200,623) | $ (357,152) | $ 172,486,665 | $ 23,901,872 |
| HDSR | 1,552,302 | 83,444 | (180,621) | (684,444) | 770,681 | 546,945 |
| MERI | 143,875 | - | (28,300) | - | 115,575 | 31,568 |
| SNJ | 82,097,975 | 5,039,365 | (8,344,080) | (101,174) | 78,692,086 | 3,678,019 |
| USEDA | 9,820,787 | - | (67,568) | - | 9,753,219 | 1,222,940 |
| | $ 210,969,483 | $ 75,812,705 | $ (23,821,192) | $ (1,142,770) | $ 261,818,226 | $ 29,381,344 |

## Note 5: Leases

### (i) Authority as Lessor

At December 31, 2023, capital assets with a carrying value of $130,432,815 and accumulated depreciation of $98,539,831 are leased to commercial enterprises. These leases generally provide the tenant with renewal and purchase options. Aggregate minimum lease receipts are expected as follows, which include leases under one year in term not subject to GASB Statement No. 87 and leases capitalized in prior years prior to implementation of GASB Statement No.87:

| | |
|---|---|
| 2024 | $ 7,099,495 |
| 2025 | 4,219,362 |
| 2026 | 3,556,204 |
| 2027 | 2,328,069 |
| 2028 | 2,179,381 |
| 2029-2033 | 11,917,815 |
| 2034-2038 | 1,510,572 |
| | $ 32,810,898 |

Certain leases of the Authority are subject to GASB Statement No. 87 which covers leases that are over one year in length. A receivable is recognized for the total discounted present value of future lease payments. The interest rate used in this calculation is the Authority's long-term annual rate of return which was 4.75% for 2023 and 2022. Interest income and lease revenue is recognized over the life of the lease. The receivable was $24,077,317 as of December 31, 2023, and $30,021,819 as of December 31, 2022. The receivable is offset by a corresponding amount in deferred inflows due to leases representing income to be recognized over the life of the lease. Interest revenue related to leases was $1,356,424 for 2023 and $1,622,334 for 2022. Future expected lease payments are summarized in the following table:

| | Lease Interest Revenue | Lease Receivables/ Deferred Inflows | Total |
|---|---|---|---|
| 2024 | $ 1,143,673 | $ 4,901,975 | $ 6,045,648 |
| 2025 | 910,829 | 2,254,685 | 3,165,514 |
| 2026 | 803,731 | 2,225,550 | 3,029,281 |
| 2027 | 698,018 | 1,630,051 | 2,328,069 |
| 2028 | 620,590 | 1,558,791 | 2,179,381 |
| 2029-2033 | 1,853,624 | 10,064,191 | 11,917,815 |
| 2034-2038 | 68,498 | 1,442,073 | 1,510,571 |
| | $ 6,098,963 | $ 24,077,316 | $ 30,176,279 |

**(ii) Authority as Lessee**

The Authority leases commercial property, buildings, and office space for use by Authority staff. Aggregate rental payments for the current year amounted to $1,293,915. Aggregate future lease obligations are as follows:

| | | |
|---|---|---|
| 2024 | $ | 1,145,727 |
| 2025 | | 679,486 |
| 2026 | | 584,288 |
| 2027 | | 491,200 |
| 2028 | | 474,408 |
| 2029-2033 | | 2,465,132 |
| 2034-2038 | | 2,721,705 |
| 2039-2043 | | 3,004,982 |
| 2044-2048 | | 2,844,751 |
| 2049-2050 | | 915,034 |
| | $ | 15,326,713 |

The respective lease terms for these leasehold interests in commercial property are over one year in length and are, similarly, subject to GASB Statement No. 87. A lease liability is recognized for the total discounted present value of the future lease payments. A right-to-use asset is also recognized in an amount equivalent to the initial measurement of the lease liability. Separate calculations were made for each leasehold interest, based on property-significant annual rates ranging from 5.398% to 8.500%. Interest expense and lease amortization expense are recognized over the life of each respective leasehold interest.

The lease liability was $8,093,191 as of December 31, 2023, and $8,782,181 as of December 31, 2022. The right-to-use lease asset was $7,375,059 as of December 31, 2023, and $8,242,703 as of December 31, 2022. Interest expense related to leases was $505,717 for 2023 and $453,423 for 2022. Lease Amortization expense is calculated based on the straight-line method over the term of each respective leasehold interest. The amounts for December 31, 2023, and 2022 were $1,513,397, and $1,138,686, respectively. Future expected lease payments are summarized in the following table:

| | Interest | Principal | Total |
|---|---|---|---|
| 2024 | $ 452,736 | $ 693,065 | $ 1,145,802 |
| 2025 | 407,861 | 271,700 | 679,561 |
| 2026 | 395,353 | 188,935 | 584,288 |
| 2027 | 386,883 | 104,317 | 491,200 |
| 2028 | 381,099 | 89,976 | 471,074 |
| 2029-2033 | 1,817,049 | 648,083 | 2,465,132 |
| 2034-2038 | 1,582,588 | 1,139,118 | 2,721,705 |
| 2039-2043 | 1,193,430 | 1,811,553 | 3,004,982 |
| 2044-2048 | 593,395 | 2,465,686 | 3,059,081 |
| 2049 | 23,130 | 680,757 | 703,887 |
| | $ 7,233,522 | $ 8,093,191 | $ 15,326,713 |

## Note 6: Capital Assets

Capital asset activity for the years ended December 31, 2023 and 2022 was as follows:

| | December 31, 2022 | Additions | Reductions | December 31, 2023 |
|---|---|---|---|---|
| Capital assets not being depreciated: | | | | |
| Land | $ 49,505,422 | $ 525,000 | $ 1,401,000 | $ 48,629,422 |
| Construction in progress | 142,787,327 | 182,479,487 | | 325,266,814 |
| Total non-depreciable assets | 192,292,749 | 183,004,487 | 1,401,000 | 373,896,236 |
| Capital assets being depreciated/ amortized: | | | | |
| Buildings | 81,722,446 | | | 81,722,446 |
| Right to use lease assets | 9,641,314 | | | 9,641,314 |
| Leasehold improvements | 36,755,658 | 127,857 | | 36,883,515 |
| Total depreciable/amortizable assets | 128,119,418 | 127,857 | | 128,247,275 |
| Less: accumulated depreciation | 105,110,837 | 3,386,997 | | 108,497,834 |
| Less: accumulated amortization | 1,398,608 | 867,644 | | 2,266,252 |
| Total accumulated depreciation and amortization | 106,509,445 | 4,254,641 | | 110,764,086 |
| Capital assets – net | $ 213,902,722 | $ 178,877,703 | $ 1,401,000 | $ 391,379,425 |

| | December 31, 2021 | Additions | Reductions | December 31, 2022 |
|---|---|---|---|---|
| Capital assets not being depreciated: | | | | |
| Land | $ 28,818,065 | $ 24,307,510 | $ 3,620,153 | $ 49,505,422 |
| Construction in progress | 18,982,051 | 123,805,276 | | 142,787,327 |
| Total non-depreciable assets | 47,800,116 | 148,112,786 | 3,620,153 | 192,292,749 |
| Capital assets being depreciated/ amortized: | | | | |
| Buildings | 81,722,446 | | | 81,722,446 |
| Right to use lease assets | 2,598,678 | 7,042,636 | | 9,641,314 |
| Leasehold improvements | 36,646,188 | 109,470 | | 36,755,658 |
| Total depreciable/amortizable assets | 120,967,312 | 7,152,106 | | 128,119,418 |
| Less: accumulated depreciation | 101,610,435 | 3,500,402 | | 105,110,837 |
| Less: accumulated amortization | 525,406 | 873,202 | | 1,398,608 |
| Total accumulated depreciation and amortization | 102,135,841 | 4,373,604 | | 106,509,445 |
| Capital assets – net | $ 66,631,587 | $ 150,891,288 | $ 3,620,153 | $ 213,902,722 |

In 2023, the Authority continued with construction work related to the New Jersey Wind Port project in Lower Alloways Creek Township, Salem County, which began in 2020. During 2022 this included the purchase of a parcel of land within that township for approximately $24.3 million. Separately, the Authority initiated construction related to the refurbishment of one of its buildings in North Brunswick Township, Middlesex County in 2022. This continued in 2023.

Additionally, during 2022, the Authority listed a property in the Township of North Brunswick for sale and as such the land was removed from capital assets and was classified as a non-current asset as land held for sale on the statement of net position. This sale was completed in 2023. Another property in the City of Camden was sold in 2023.

## Note 7: Commitments and Contingencies

### (a) Loan and Bond Guarantee Programs

The Authority has a special binding obligation regarding all guarantees to the extent that funds are available in the guarantee accounts as specified in the guarantee agreements. Guarantees are not, in any way, a debt or liability of the State.

#### (1) Economic Recovery Fund

The guarantee agreements restrict the Authority from approving any loan or bond guarantee if, at the time of approval, the Debt (exposure and commitments) to Worth (the amount on deposit and available for payment) ratio is greater than 5 to 1. At any time, payment of the guarantee is limited to the amount of Worth within the guarantee program account. Principal payments on guaranteed loans and bonds reduce the Authority's exposure. At December 31, 2023, Debt was $11,381,749 and Worth was $327,139,238, with a ratio of 0.03 to 1.

#### (2) State Small Business Credit Initiative Fund

The Federal grant agreement restricts the Authority from approving any loan or bond guarantee if, at the time of approval, the Debt to Worth ratio is greater than 1 to 1. At any time, payment of the guarantee is limited to the amount of Worth within the State Small Business Credit Initiative Fund. At December 31, 2023, the Fund had no Debt, and Worth was $4,362,699.

### (b) Loan Program Commitments and Project Financings

At December 31, 2023, the Authority has $9,536,121 of loan commitments not yet closed or disbursed and $188,615,540 of project financing commitments.

## Note 8: State and Federal Appropriations and Program Payments

The Authority receives appropriations from the State of New Jersey, as part of the State's annual budget, for purposes of administering certain grant programs enacted by State statute, and has also received appropriations from the United States Department of Housing and Urban Development, as well as the Federal Emergency Management Agency, via the State of New Jersey, for purposes of administering certain loan and grant programs for businesses in connection with the aftermath of Superstorm Sandy in October 2012. In each year since 2020, the Authority has received appropriations from the United States Department of the Treasury, as part of the CARES Act of 2020 and the American Rescue Plan Act, via the State of New Jersey, for purposes of administering certain emergency grant programs for businesses adversely impacted by the COVID-19 pandemic. The Authority recognizes the disbursement of these funds to grantees as program payments. For the year ended December 31, 2023, state and federal appropriations and program payments were $703,618,979, $73,565,458, and $101,255,024, respectively.

**Note 9: Litigation**

The Authority is involved in several lawsuits that, in the opinion of the management of the Authority, will not have a material effect on the accompanying financial statements.

**Note 10: Employee Retirement Systems**

**(a) Public Employees' Retirement System of New Jersey ("PERS")**

The Authority's employees participate in the PERS, a cost sharing multiple employer defined benefit plan administered by the State. The Authority's contribution is based upon an actuarial computation performed by the PERS. Employees of the Authority are required to participate in the PERS and contributed 7.50% in 2023 and 2022 of their pensionable compensation. The PERS also provides death and disability benefits. All benefits and contribution requirements are established, or amended, by State statute.

***Benefits Provided***

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after a minimum of 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

| Tier | Definition |
|---|---|
| 1 | Members who were enrolled prior to July 1, 2007 |
| 2 | Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 3 | Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010 |
| 4 | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011 |
| 5 | Members who were eligible to enroll on or after June 28, 2011 |

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60, and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62, and tier 5 members upon reaching age 65.

Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

***Contributions Made***

The contribution policy is set by N.J.S.A. 43:15 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contributions are based on an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal years 2023 and 2022, the State's pension contribution was less than the actuarial determined amount.

The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The Authority's contractually required contribution rate for the year ended December 31, 2023, and 2022 was 14.53% and 14.07%, respectively, of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

It is assumed that the Local employers will contribute 100% of their actuarially determined contribution and 100% of their Non-Contributory Group Insurance Premium Fund (NCGIPF) contribution while the State will contribute 100% of its actuarially determined contribution and 100% of its NCGIPF contribution. The 100% contribution rate is the actual total State contribution rate paid in fiscal year ending June 30, 2023 with respect to the actuarially determined contribution for the fiscal year ending June 30, 2023 for all State administered retirement systems.

In accordance with Chapter 98, P.L. 2017, PERS receives 21.02% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from lottery proceeds are assumed to be contributed to the System on a monthly basis.

The Authority's contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated.

Contractual contributions to the pension plan from the Authority were $5,221,882 and $4,055,563 for the years ended December 31, 2023, and 2022, respectively, equal to the required contributions.

***Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources***

GASB 68 requires the Authority to recognize a net pension liability for the difference between the present value of the projected benefits for past service, known as the Total Pension Liability ("TPL"), and the restricted resources held in trust for the payment of pension benefits, known as the Fiduciary Net Position ("FNP").

At December 31, 2023 and 2022, the Authority reported a liability of $56.6 million and $48.5 million for its proportionate share of the net pension liability for PERS, respectively. The net pension liability was measured as of June 30, 2023, and June 30, 2022, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2022, and July 1, 2021. The actuarial valuations were rolled forward to June 30, 2023, and June 30, 2022 using update procedures.

The Authority's proportion of the net pension liability was based on a projection of the long-term share of contribution to the pension plans relative to the projected contributions of all participating State agencies, actuarially determined. At December 31, 2023, the Authority's proportion was 0.38744%, which was an increase of .06584% from its proportion measured as of December 31, 2022. At December 31, 2022, the Authority's proportion was 0.32160%, which was an increase of 0.03896%.

For the years ended December 31, 2023 and 2022, the Authority recognized pension expense of $5,179,757 and $120,822 for PERS, respectively. Pension expense is reported in the Authority's financial statements as part of salaries and benefits expense.

At December 31, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Net difference between projected and actual earnings on pension plan investments | $ 260,610 | | $ 2,008,789 | |
| Changes of assumptions or other inputs | 124,319 | $ 3,429,670 | 150,374 | $ 7,267,500 |
| Changes in proportion | 17,846,438 | 29,504 | 12,299,819 | 249,992 |
| Difference between expected and actual experience | 541,085 | 231,327 | 350,298 | 308,913 |
| Contributions subsequent to the measurement date | 2,610,941 | | 2,027,782 | |
| | $ 21,383,393 | $ 3,690,501 | $ 16,837,062 | $ 7,826,405 |

Deferred outflows of resources of $2,610,941 resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | | |
|---|---|---|
| 2024 | $ | 3,462,608 |
| 2025 | | 3,866,006 |
| 2026 | | 5,482,159 |
| 2027 | | 2,084,450 |
| 2028 | | 186,728 |
| | $ | 15,081,951 |

***Actuarial Methods and Assumptions***

The collective pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following assumptions:

| June 30, 2023 and 2022 | |
|---|---|
| **Inflation:** | 2.75% (Price)<br>3.25% (Wage) |
| **Salary increases:** | 2.75 – 6.55%<br>based on years of service |
| **Investment rate of return:** | 7.00% |

Pre-retirement mortality tables were based on Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation was based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experiences will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023 and 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

**2023**

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| U.S. Equity | 28.00% | 8.98% |
| Non-U.S. Developed Markets Equity | 12.75% | 9.22% |
| International Small Cap Equity | 1.25% | 9.22% |
| Emerging Markets Equity | 5.50% | 11.13% |
| Private Equity | 13.00% | 12.50% |
| Real Estate | 8.00% | 8.58% |
| Real Assets | 3.00% | 8.40% |
| High Yield | 4.50% | 6.97% |
| Private Credit | 8.00% | 9.20% |
| Investment Grade Credit | 7.00% | 5.19% |
| Cash Equivalents | 2.00% | 3.31% |
| U.S. Treasuries | 4.00% | 3.31% |
| Risk Mitigation Strategies | 3.00% | 6.21% |

**2022**

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| U.S. Equity | 27.00% | 8.12% |
| Non-U.S. Developed Markets Equity | 13.50% | 8.38% |
| Emerging Markets Equity | 5.50% | 10.33% |
| Private Equity | 13.00% | 11.80% |
| Real Estate | 8.00% | 11.19% |
| Real Assets | 3.00% | 7.60% |
| High Yield | 4.00% | 4.95% |
| Private Credit | 8.00% | 8.10% |
| Investment Grade Credit | 7.00% | 3.38% |
| Cash Equivalents | 4.00% | 1.75% |
| U.S. Treasuries | 4.00% | 1.75% |
| Risk Mitigation Strategies | 3.00% | 4.91% |

### *Discount Rate*

The discount rate used to measure the total pension liability was 7.00% at June 30, 2023 and June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from employers and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of the actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Based on those assumptions, the pension Plan's fiduciary net position was projected to be available to make projected future benefit payments of current Plan members.

### *Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.00% for PERS as well as the proportionate share of the net pension liability using a 1.00% increase or decrease from the current discount rate as of December 31, 2023 and 2022, respectively:

| | 1% Decrease (6.00%) | Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---|---|---|
| **2023** | $ 73,669,712 | $ 56,591,208 | $ 42,055,143 |

| | 1% Decrease (6.00%) | Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---|---|---|
| **2022** | $ 62,352,303 | $ 48,534,257 | $ 36,774,543 |

### *Plan Fiduciary Net Position*

The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2023 and 2022 were $34,831,652,936 and $32,568,122,309, respectively. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2023 and 2022 was $27,400,438,440 and $25,810,084,045, respectively.

***Additional Information***

Collective Local Group balances at June 30, 2023 are as follows:

| | | |
|---|---|---|
| Collective deferred outflows of resources | $ | 1,080,204,730 |
| Collective deferred inflows of resources | | 1,780,216,457 |
| Collective net pension liability | | 14,606,489,066 |
| Authority's proportion | | 0.3907052374% |

Collective Local Group pension (benefit) expense for the Local Group for the measurement period ended June 30, 2023 and 2022 was $(90,322,759) and $(1,032,778,934) respectively. The average of the expected remaining service lives of all plan members is 5.08, 5.04, 5.13, 5.16, 5.21, and 5.63 years for the 2023, 2022, 2021, 2020, 2019, and 2018 amounts, respectively.

***State Contribution Payable Dates***

Prior to July 1, 2021 valuation, it is assumed the State will make pension contributions the June 30th following the valuation date. Effective with the July 1, 2021 valuation Chapter 83 P.L. 2016 requires the State to make pension contributions on a quarterly basis at least 25% by September 30, at least 50% by December 31st, at least 75% by March 31st, and at least 100% by June 30th.

***Receivable Contribution***

The Fiduciary Net Position (FNP), includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the years ended June 30, 2023 and June 30, 2022 are $1,354,892,653 and $1,288,683,017, respectively.

Detailed information about the Plan's fiduciary net position is available in a separately issued financial report. The State of New Jersey, Department of the Treasury, Division of Pension and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for the PERS. Information on the total Plan funding status and progress, required contributions and trend information is available on the State's web site at www.state.nj.us/treasury/pensions/annrprts.shtml in the Annual Comprehensive Financial Report of the State of New Jersey, Division of Pensions and Benefits.

**(b) Postemployment Health Care and Insurance Benefits**

*General Information about the Postemployment Health Care Plan*

*Plan Description and Benefits Provided*: The Authority sponsors a single employer postemployment benefits plan that provides benefits in accordance with State statute, through the State Health Benefits Plan, to its retirees having 25 years or more of service in the PERS, and 30 years or more of service if hired after June 28, 2011, or to employees approved for disability retirement. Health benefits and prescription benefits provided by the plan are at no cost to eligible retirees who had accumulated 20 years of service credit as of June 30, 2010. All other future retirees will contribute to a portion of their health and prescription premiums. Upon turning 65 years of age, a retiree must utilize Medicare as their primary coverage, with State Health Benefits providing supplemental coverage. In addition, life insurance is provided at no cost to the Authority and the retiree in an amount equal to 3/16 of their average salary during the final 12 months of active employment.

The Authority participates in the State Health Benefits Plan solely on the benefits side and not in a cost-sharing capacity, in order to leverage more affordable premium costs. The Authority maintains all plan assets within the Employee Benefit Trust. The State of New Jersey, Department of the Treasury, Division of Pension and Benefits, issues publicly available financial reports that include the financial statements for the State Health Benefits Program Funds. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pension and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295. The State has the authority to establish and amend the benefit provisions offered and contribution requirements.

*Employees Covered by Benefit Terms.* At December 31, 2023 and 2022, the following employees were covered by the benefit terms:

| | 2023 | 2022 |
|---|---|---|
| Active employees | 409 | 259 |
| Inactive employees and/or beneficiaries currently receiving benefit payments | 50 | 45 |
| Total membership | 459 | 304 |

*Contributions.* The Authority's Board grants the Authority the right to establish and amend the contribution requirements. The Board establishes rates based on an actuarially determined rate. For the year ended December 31, 2023, and 2022, the Authority's average contribution rate was 2.33 percent and 2.25 percent of covered payroll, respectively. Employees are not required to contribute to the plan. The Authority's annual OPEB cost for the plan is calculated based on the Entry Age Normal level percentage cost method, an amount actuarially determined in accordance with the parameters of GASB Statement 75. The Authority has established and funded an irrevocable trust for the payments required by this obligation.

**Net OPEB (Asset) Liability**

The Authority's net OPEB (asset) liability for the December 31, 2023 measurement date was determined by an actuarial valuation as of December 31, 2023. This serves as the reporting date.

*Actuarial Assumptions.* The total OPEB liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Inflation | 2.3% per annum, compounded annually |
| Salary increases | 3.5% per annum, compounded annually |
| Investment rate of return | 4.75% |
| Healthcare cost trend rates | 6.8% grading down to an ultimate rate of 3.7% for <65, 6.8% grading down to an ultimate rate of 3.7% for >65 |

Mortality rates were based on the Pub-2010 General Below-Median Income mortality tables and Pub-2010 Non-Safety Disabled Retiree mortality table adjusted to reflect Mortality Improvement Scale MP-2021 from 2010 base year and projected forward on a generational basis.

The actuarial assumptions used in the December 31, 2023, valuation was based on information provided by the Authority for the period of January 1, 2023 through December 31, 2023.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.30%. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**2023**

| **Asset Class** | **Index** | **Target Allocation** | **Long-Term Expected Real Rate of Return** |
|---|---|---|---|
| US Cash | BAML 3-Month T-Bills | 0.50% | 0.76% |
| US Interm (1-10) Treasury Bonds | Bloomberg Interm US Treasury | 28.00% | 1.53% |
| US Interm (1-10) Corporate Bonds | Bloomberg Interm Corporate | 33.00% | 2.57% |
| US Interm (1-10) Government | Bloomberg US Govt | 7.00% | 1.86% |
| US Municipal Bonds | Bloomberg Municipal | 2.00% | 1.58% |
| US Small Cap Equity | Russell 3000 | 29.50% | 5.50% |
| | | 100.00% | |

**2022**

| **Asset Class** | **Index** | **Target Allocation** | **Long-Term Expected Real Rate of Return** |
|---|---|---|---|
| US Cash | BAML 3-Month T-Bills | 2.50% | 0.61% |
| US Interm (1-10) Treasury Bonds | Bloomberg Interm US Treasury | 30.50% | 1.26% |
| US Interm (1-10) Corporate Bonds | Bloomberg Interm Corporate | 31.25% | 2.74% |
| US Interm (1-10) Government | Bloomberg US Govt | 7.00% | 1.72% |
| US Municipal Bonds | Bloomberg Municipal | 2.00% | 1.71% |
| US Large Cap Equity | S&P 500 | 4.25% | 5.64% |
| US Large & Mid Cap Equity | Russell 1000 | 14.25% | 5.65% |
| US Large & Mid Cap Gr Equity | Russell 1000 Growth | 4.00% | 5.89% |
| US Mid Cap Equity | Russell MidCap | 2.25% | 5.99% |
| US Small Cap Equity | Russell 2000 | 2.00% | 7.25% |
| | | 100.00% | |

*Discount Rate.* The discount rate used to measure the total OPEB liability was 4.75 percent at December 31, 2023 and at December 31, 2022. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

## Changes in Net OPEB (Asset) Liability

**For the year ended December 31, 2023:**

| | Increase (Decrease) | | |
|---|---|---|---|
| | **Total OPEB Liability** | **Plan Fiduciary Net Position** | **Net OPEB (Asset) Liability** |
| Net OPEB (asset) liability at the beginning of the year | $ 25,170,000 | $ 41,037,760 | $ (15,867,760) |
| Changes for the year: | | | |
| Service Cost | 1,910,783 | | 1,910,783 |
| Interest | 1,266,704 | | 1,266,704 |
| Employer contributions | | 836,376 | (836,376) |
| Effect economic/demographic changes | 579,889 | | 579,889 |
| Effect change in assumptions/inputs | 923,000 | | 923,000 |
| Net investment income | | 4,112,524 | (4,112,524) |
| Benefit payments | (836,376) | (836,376) | |
| Administrative expense | | (11,460) | 11,460 |
| Net changes | 3,844,000 | 4,101,064 | (257,064) |
| Net OPEB (asset) liability at the end of the year | $ 29,014,000 | $ 45,138,824 | $ (16,124,824) |

**For the year ended December 31, 2022:**

| | Increase (Decrease) | | |
|---|---|---|---|
| | **Total OPEB Liability** | **Plan Fiduciary Net Position** | **Net OPEB (Asset) Liability** |
| Net OPEB (asset) liability at the beginning of the year | $ 24,001,000 | $ 45,973,896 | $ (21,972,896) |
| Changes for the year: | | | |
| Service Cost | 1,223,343 | | 1,223,343 |
| Interest | 1,120,684 | | 1,120,684 |
| Employer contributions | | 655,633 | (655,633) |
| Effect economic/demographic changes | 19,606 | | 19,606 |
| Effect change in assumptions/inputs | (547,000) | | (547,000) |
| Net investment income | | (4,932,836) | 4,932,836 |
| Benefit payments | (647,633) | (647,633) | |
| Administrative expense | | (11,300) | 11,300 |
| Net changes | 1,169,000 | (4,936,136) | 6,105,136 |
| Net OPEB (asset) liability at the end of the year | $ 25,170,000 | $ 41,037,760 | $ (15,867,760) |

*Sensitivity of the Net OPEB (Asset) Liability to Changes in the Discount Rate.* The following presents the net OPEB (asset) liability of the Authority as of December 31, 2023 and 2022, as well as what the Authority's net OPEB (asset) liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate as defined in the chart below for 2023 and 2022:

| | 1% Decrease (3.75%) | Discount Rate (4.75%) | 1% Increase (5.75%) |
|---|---|---|---|
| 2023 | $ (11,198,824) | $ (16,124,824) | $ (20,087,824) |

| | 1% Decrease (3.75%) | Discount Rate (4.75%) | 1% Increase (5.75%) |
|---|---|---|---|
| 2022 | $ (11,490,760) | $ (15,867,760) | $ (19,390,760) |

*Sensitivity of the Net OPEB (Asset) Liability to Changes in the Healthcare Cost Trend Rates.* The following presents the net OPEB (asset) liability of the Authority as of December 31, 2023 and 2022, as well as what the Authority's net OPEB (asset) liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates (defined in chart below for 2023 and 2022):

| | 1% Decrease (5.8 decreasing to 2.7% ) | **Healthcare Cost** Trend Rates (6.8 decreasing to 3.7% ) | 1% Increase (7.8 decreasing to 4.7% ) |
|---|---|---|---|
| 2023 | $ (20,681,824) | $ (16,124,824) | $ (10,227,824) |

| | 1% Decrease (6.0 decreasing to 2.7% ) | Healthcare Cost Trend Rates (7.0 decreasing to 3.7% ) | 1% Increase (8.0 decreasing to 4.7% ) |
|---|---|---|---|
| 2022 | $ (20,087,760) | $ (15,867,760) | $ (10,392,760) |

*OPEB Plan Fiduciary Net Position.* Detailed information about the OPEB plan's fiduciary net position is available in the separately issued NJEDA Employee Benefit Trust financial report, which is available on the Authority's website at www.njeda.com/public_information/annual_reports.

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the years ended December 31, 2023 and 2022, the Authority recognized OPEB expense (benefit) of $(1,372,316) and $(1,602,009), respectively. OPEB expense (benefit) is reported in the Authority's financial statements as part of salaries and benefits expense. At December 31, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Deferred Outflows | Deferred Inflows | Deferred Outflows | Deferred Inflows |
| Difference in experience | $ 943,010 | $ 137,516 | $ 480,989 | $ 166,892 |
| Changes of assumptions | 830,700 | 11,980,977 | | 14,402,232 |
| Net difference between projected and actual earnings on OPEB plan investments | 2,358,230 | | 4,986,330 | |
| Totals | $ 4,131,940 | $ 12,118,493 | $ 5,467,319 | $ 14,569,124 |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (income) as follows:

| **Year Ended December 31:** | |
|---|---|
| 2024 | $ (1,452,371) |
| 2025 | (1,205,242) |
| 2026 | (1,272,847) |
| 2027 | (2,673,162) |
| 2028 | (1,867,501) |
| Thereafter | 484,570 |
| Total | $ (7,986,553) |

## Note 11: Compensated Absences

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the Authority recorded noncurrent liabilities in the amount of $2,117,553 and $1,888,105 as of December 31, 2023 and 2022, respectively. The liability as of those dates is the value of employee accrued vacation time and vested estimated sick leave benefits that are probable of payment to employees upon retirement. The vested sick leave benefit to eligible retirees for unused accumulated sick leave is calculated at the lesser of ½ the value of earned time or $15,000. The payment of sick leave benefits, prior to retirement, is dependent on the occurrence of sickness as defined by Authority policy; therefore, such non-vested benefits are not accrued.

## Note 12: Long-Term Liabilities

During 2023 and 2022, the following changes in long-term liabilities are reflected in the statement of net position:

| | 2023 | | | | |
|---|---|---|---|---|---|
| | Beginning Balance | Additions | Deductions | Ending Balance | Due Within One Year |
| Net pension liability | $ 48,534,257 | $ 8,056,951 | | $ 56,591,208 | |
| Unearned lease revenue | 3,850,769 | | $ (1,130,894) | 2,719,875 | $ 1,139,104 |
| Accrued guarantee losses | 3,714,017 | 56,000 | (167,017) | 3,603,000 | |
| Leases payable | 8,782,181 | | (688,990) | 8,093,191 | 693,066 |
| Compensated absences | 1,888,105 | 553,846 | (324,398) | 2,117,553 | |
| Total long-term liabilities | $ 66,769,329 | $ 8,666,797 | $ (2,311,299) | $ 73,124,827 | $ 1,832,170 |

| | 2022 | | | | |
|---|---|---|---|---|---|
| | Beginning Balance | Additions | Deductions | Ending Balance | Due Within One Year |
| Net pension liability | $ 33,482,997 | $ 15,051,260 | | $ 48,534,257 | |
| Unearned lease revenue | 4,891,330 | | $ (1,040,561) | 3,850,769 | $ 1,216,150 |
| Accrued guarantee losses | 3,855,908 | | (141,891) | 3,714,017 | |
| Leases payable | 2,338,752 | 7,042,636 | (599,207) | 8,782,181 | 542,345 |
| Compensated absences | 2,018,861 | 67,879 | (198,635) | 1,888,105 | |
| Total long-term liabilities | $ 43,046,233 | $ 22,161,775 | $ (1,980,294) | $ 66,769,329 | $ 1,758,495 |

For further information, see Notes 10 and 11.

## Note 13: Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Authority maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded the commercial coverage provided in any of the last three years.

## Note 14: Subsequent Events

In 2024, the Authority received appropriations from the State of New Jersey totaling $309.3 million from the State FY 2024 budget for the purposes of administering various state programs, including Main Street Recovery Fund; Strategic Innovation Centers; and Child Care Facilities Fund.

# Required Supplementary Information

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)
Required Supplementary Information

## Schedule of Changes in the Authority's Net OPEB Liability (Asset) and Related Ratios

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|
| | | | | *($ In Thousands)* | | | | |
| Service cost | $ 1,911 | $ 1,223 | $ 973 | $ 891 | $ 1,703 | $ 1,967 | $ 1,900 | $ 1,836 |
| Interest | 1,266 | 1,121 | 1,036 | 972 | 1,765 | 1,606 | 1,492 | 1,387 |
| Change in assumptions | 1,503 | (527) | 209 | - | (19,859) | (3,730) | - | - |
| Benefit payments | (836) | (648) | (543) | (449) | (420) | (588) | (643) | (655) |
| Net change in total OPEB liability | 3,844 | 1,169 | 1,675 | 1,414 | (16,811) | (745) | 2,749 | 2,568 |
| Total OPEB liability - beginning | 25,170 | 24,001 | 22,326 | 20,912 | 37,723 | 38,468 | 35,719 | 35,151 |
| Total OPEB liability - ending | $ 29,014 | $ 25,170 | $ 24,001 | $ 22,326 | $ 20,912 | $ 37,723 | $ 38,468 | $ 35,719 |
| Plan fiduciary net position | | | | | | | | |
| Contributions - employer | $ 836 | $ 656 | $ 543 | $ 449 | $ 420 | $ 5,307 | $ 1,220 | $ 1,162 |
| Net investment income | 4,112 | (4,933) | 1,657 | 3,092 | 3,325 | 86 | 486 | 382 |
| Benefit payments | (836) | (648) | (543) | (449) | (420) | (588) | (643) | (655) |
| Adminsitrative expenses | (11) | (11) | (12) | (11) | (22) | (21) | (21) | (21) |
| Net change in plan fiduciary net position | 4,101 | (4,936) | 1,645 | 3,081 | 3,303 | 4,784 | 1,042 | 868 |
| Plan fiduciary net position - beginning | 41,038 | 45,974 | 44,329 | 41,248 | 37,945 | 33,161 | 32,119 | 31,251 |
| Plan fiduciary net position - ending (b) | $ 45,139 | $ 41,038 | $ 45,974 | $ 44,329 | $ 41,248 | $ 37,945 | $ 33,161 | $ 32,119 |
| Authority's net OPEB (asset) liability - ending (a) - (b) | $ (16,125) | $ (15,868) | $ (21,973) | $ 22,003 | $ (20,336) | $ (222) | $ (5,307) | $ 3,600 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 155.58% | 163.04% | 191.55% | 198.55% | 197.25% | 100.59% | 86.20% | 89.92% |
| Covered payroll | $ 35,928 | $ 28,830 | $ 29,283 | $ 15,652 | $ 15,123 | $ 14,483 | $ 14,108 | $ 16,246 |
| Authority's net OPEB liability (asset) as a percentage of covered payroll | -44.88% | -55.04% | -75.02% | 140.58% | -134.47% | -1.53% | -37.62% | 22.16% |

Notes to Schedule:

Changes of assumptions: In 2020, changes of assumptions decreased from $19.7 m to $0 m.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Required Supplementary Information

## Schedule of the Authority's OPEB Contributions

| ($ In Thousands) | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarial determined contribution | $ 836 | $ 648 | $ 543 | $ - | $ 1,849 | $ 5,307 | $ 1,220 | $ 1,162 | $ 9,014 | $ 891 |
| Employer contribution | 836 | 648 | 543 | 449 | 420 | 5,307 | 1,220 | 1,162 | 9,014 | 891 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ (449) | $ 1,429 | $ - | $ - | $ - | $ - | $ - |
| Authority's covered payroll | $ 35,928 | $ 28,830 | $ 29,283 | $ 15,652 | $ 15,123 | $ 14,483 | $ 14,108 | $ 16,246 | $ 15,819 | $ 14,535 |
| Contributions as percentage of covered payroll | 2.33% | 2.25% | 1.85% | 2.87% | 2.78% | 36.64% | 8.65% | 7.15% | 56.98% | 6.13% |

New Jersey Economic Development Authority

(a component unit of the State of New Jersey)
Required Supplementary Information

Employee Benefit Trust

Schedule of Investment Returns

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|
| Annual money-weighted rate of return, net of investment expense | 9.52% | -11.25% | 3.75% | 7.26% | 8.44% | 0.28% | 1.50% | 1.22% |

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

Notes to Schedule of the Authority's OPEB Contributions

**Notes to Schedule:**

| | |
|---|---|
| Valuation Date | January 1, 2024 for 2023; January 1, 2022 for 2021 and 2022; January 1, 2021 for 2020; January 1, 2020 for 2019; January 1, 2017 for years 2018, 2017 and 2016, January 1, 2015 for 2015; January 1, 2012 for years 2012-2014; January 1, 2009 for years 2009-2011. |

Methods and assumptions used to determine the actuarially determined contribution rates:

| | |
|---|---|
| Actuarial Cost Method | Entry Age Normal for 2016-2023, Project Unit Credit Cost Method for 2011-2015 |
| Amortization Method | Full recognition of unfunded liability as of December 31 for 2016-2023, Level Dollar Open (1 year) for 2011-2015 |
| Asset Valuation Method | Market value |
| Inflation Rate | 2.3% for 2016-2023, not indicated for 2011-2015 |
| Investment Rate of Return | 4.75% for 2022-2023, 4.5% for 2018-2021, 4.0% for all years prior |

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)
Required Supplementary Information

## Schedule of the Authority’s Proportionate Share of the Net Pension Liability - PERS

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|
| Authority's proportion of the net pension liability | 0.39071% | 0.32160% | 0.28264% | 0.24540% | 0.23051% | 0.23374% | 0.23691% | 0.22645% | 0.21713% |
| Authority's proportionate share of the net pension liability | $ 56,591,208 | $ 48,534,257 | $ 33,482,997 | $ 40,017,678 | $ 41,533,862 | $ 46,021,947 | $ 55,148,355 | $ 67,068,246 | $ 48,740,925 |
| Authority's covered payroll | $ 35,927,595 | $ 28,822,311 | $ 23,847,619 | $ 20,932,830 | $ 17,904,605 | $ 16,464,640 | $ 16,199,280 | $ 16,245,862 | $ 15,434,227 |
| Authority's proportionate share of the net pension liability as a percentage of its covered payroll | 157.51% | 168.39% | 140.40% | 191.17% | 231.97% | 279.52% | 340.44% | 412.83% | 315.80% |
| Plan fiduciary net position as a percentage of the total pension liability | 48.45% | 46.41% | 51.52% | 42.90% | 42.04% | 40.45% | 36.78% | 31.20% | 38.21% |

The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

## New Jersey Economic Development Authority
## (a component unit of the State of New Jersey)
## Required Supplementary Information

### Schedule of the Authority's Contributions to the Public Employees' Retirement System (PERS)

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 5,221,886 | $ 4,055,563 | $ 3,310,048 | $ 2,684,509 | $ 2,242,154 | $ 2,324,943 | $ 2,194,698 | $ 2,011,757 | $ 1,866,720 | $ 1,260,522 |
| Contributions in relation to the contractually required contribution | 5,221,886 | 4,055,563 | 3,310,048 | 2,684,509 | 2,242,154 | 2,324,943 | 2,194,698 | 2,011,757 | 1,866,720 | 1,260,522 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Authority's covered payroll | $ 35,927,595 | $ 28,822,311 | $ 23,847,619 | $ 20,932,830 | $ 17,904,605 | $ 16,464,640 | $ 16,184,953 | $ 16,245,862 | $ 15,818,820 | $ 14,535,358 |
| Contributions as a percentage of covered payroll | 14.53% | 14.07% | 13.88% | 12.82% | 12.52% | 14.12% | 13.56% | 12.38% | 11.80% | 8.67% |

Notes to Schedule of the Authority’s Contributions to the Public Employees’ Retirement System (PERS)

**Notes to Schedule**

| | |
|---|---|
| Valuation Date | Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which the contributions are reported. |

Methods and assumptions used to determine the actuarially determined employer contributions are as follows:

| | |
|---|---|
| Actuarial Cost Method | Projected Unit Credit Method |
| Amortization Method | Level Dollar Amortization |
| Remaining Amortization Period | 30 years |
| Asset Valuation Method | A five-year average of market value |
| Investment Rate of Return | 7.00% for 2023, 2022 and 2021, 7.30% for 2020 and 2019, 7.50% for 2018 and 2017, 7.65% for 2016, 7.9% for 2015, 2014 and 2013, 7.95% for 2012, 8.25% for 2011 |
| Inflation | 2.75% (Price), 3.25% (Wage) |
| Salary Increases | None for 2019 through 2023, 1.65% – 5.15% for 2018, 2017 and 2016, 2.15% – 5.40% for 2015 through 2013, 4.52% for 2012, 5.45% for 2011 |
| Mortality | Pub-2010 General Below-Median Income Employee mortality table for male and female active participants. Mortality tables are adjusted for males and for females. In addition, the tables provide for future improvements in mortality from the base year of 2010 using a generational approach based on the plan actuary’s modified MP-2021 projection scale. |

**MEMORANDUM**

**TO:** Members of the Authority

**FROM:** Tim Sullivan
Chief Executive Officer

**DATE:** September 11, 2024

**SUBJECT:** Technology Business Tax Certificate Transfer Program:
2024 Program Approvals

## BACKGROUND

The Technology Business Tax Certificate Transfer (NOL) Program allows technology and biotechnology companies with fewer than 225 employees in the U.S. and with a minimum number of full-time employees in the State to sell their net operating losses and/or research and development tax credits to profitable corporate entities. Proceeds from those sales are required to be re-invested in the seller's business.

## 2024 PROGRAM CYCLE

This year marks the 25th anniversary of the Technology Business Tax Certificate Transfer (NOL) Program. Since the inception of the NOL Program, 586 companies have been approved and requested a total benefit amount of more than $2.018 billion. As of 2021, the annual pool of tax benefit available for distribution in the program year is $75 million. Of this, $15 million is reserved exclusively for eligible companies operating within the boundaries of the State's three Innovation Zones (Camden, Newark and the Greater New Brunswick Area), companies operating in opportunity zones, as well as companies certified by the State of New Jersey as woman or minority owned at the time of program application. Additionally, the lifetime cap per company is $20 million.

For the 2024 Program Year, the Authority received applications from 29 companies requesting a total benefit amount of $110,506,228.

Program highlights for this year include:

- 29 application submissions
- 13 technology (45%) and 16 biotechnology (55%) companies
- 10 publicly traded companies (34%) and 19 private companies (66%)
- 5 companies had a base of operations in an Innovation and or Opportunity Zones
- 22 applicants included DE&I self-disclosed information evidencing applicants' diversity
- 21 returning prior year applicants and 8 new companies applied to the program; note some new companies withdrew applications so attachment A does nor reflect all new companies

Of the twenty-nine (29) submitted company applications for the 2024 Program year, twenty-six (26) applicants are recommended for approval and three (3) companies withdrew their applications. No companies are recommended for declination. Attachment A provides information on the (26) applicants that are recommended for approval in September for the 2024 Program. These applicants requested $81,803,161 total benefits. In 2024, the requested benefit amount for the twenty-six (26) companies recommended for approval exceeds the annual maximum. Since the program's maximum benefit allocation of tax benefit is $75,000,000 annually, the allocation of tax benefit to each approved applicant will be apportioned in accordance with the program rules at N.J.A.C. 19:31K-1.7 (formerly codified at N.J.A.C. 19:31-12.7).

The final award amounts are subject to final verification by New Jersey Division of Taxation. The threshold eligibility items for an application are specified in Attachment B.

**RECOMMENDATION:**

Based on evaluations by Authority staff, approval is recommended for the listed applicants on Attachment A, which have been evaluated according to the criteria established by the legislation.

____________________________
Tim Sullivan, CEO

Prepared by:
Christopher Shyers
Senior Innovation Product Officer
Innovation Programs

# Attachment A

| Recommended Approvals | | | |
|---|---|---|---|
| | **Business** | **Business Description** | **NJ HQ / Base of Operations** |
| 1 | Acuitive Technologies, Inc. | Acuitive focuses on pursuing material technologies to improve medical device performance and patient outcomes. | Allendale |
| 2 | Apprentice FS, Inc. | Apprentice helps life science manufacturers get therapeutics to patients faster by providing a manufacturing cloud-based software platform | Jersey City |
| 3 | Avertix Medical Inc. | Avertix is a cutting-edge medical device company offering the first and only FDA-approved Class III implantable device that can detect silent and atypical symptomatic heart attacks in real-time (Cited from application.) | Eatontown |
| 4 | Beable Education Inc. | Beable Education, Inc. is a company that focuses primarily on the support and research and development of technology intensive products and services in the field of education.<br><br>Beable is new to NOL in 2024. | Lakewood |
| 5 | Cornerstone Pharmaceuticals, Inc. | Cornerstone Pharmaceuticals is revolutionizing cancer care by conquering cancer metabolism. Cornerstone addresses significant unmet needs with therapies for hard-to-treat cancers. (Cited from application) | Newark |
| 6 | Curio Digital Therapeutics, Inc | Curio Digital focuses on developing digital therapeutics solutions and interventions across the behavioral health continuum for women throughout the cycle of life. | Princeton |

| | | | |
|---|---|---|---|
| 7 | Cytosorbents Medical, Inc. | Cytosorbents Medical focuses on immunotherapy using blood purification to treat deadly inflammation in hospitalized patients around the world, with the goal of preventing or treating multiple organ failure in life-threatening illnesses and cardiac surgery. | Princeton |
| 8 | ElectroCore, Inc. | ElectroCore is a biotech company that Developed gammaCore, a patient administered, handheld treatment for migraine and cluster headaches. | Rockaway |
| 9 | FLX Distribution, Inc. | FLX Networks modernizes, simplifies, and revolutionizes the engagement model between asset and wealth management. Through its three underlying business units: Technology, Solutions, and Distribution Services, the FLX membership consists of enterprises and individuals in the asset and wealth management industries.<br><br>FLX is new to NOL in 2024. | Bernardsville |
| 10 | Genomic Prediction, Inc. | Advanced laboratory genetic testing and research to reduce the risk of disease. Our tests examine chromosomes, genes, and genetic variants; they identify genetic diseases, chromosome number and structure. (Cited from application.) | North Brunswick Township |
| 11 | iCreditWorks, Inc. | iCreditWorks is a mobile application consumer lending platform | Iselin |
| 12 | Kanvas Biosciences, Inc. | Kanvas Biosciences, Inc. is a deep tech therapeutics company building the world’s first microbiome drug discovery and manufacturing platform to accelerate the development of next generation Live Biotherapeutic Products (LBPs) – complex bacterial consortia designed from first principles to optimize the host’s microbiome.<br><br>Kanvas Bioscience is new to NOL in 2024 | Monmouth Junction |

| | | | |
|---|---|---|---|
| 13 | Lisata Therapeutics, Inc. | Lisata focuses on innovative therapies for the treatment of solid tumors and other major diseases. | Berkely Heights |
| 14 | Matinas BioPharma Holdings, Inc. | Matinas BioPharma focuses on advancing a lipid nano-crystal (LNC) drug delivery platform to solve complex challenges relating to the delivery of small molecules, gene therapies, vaccines, proteins, and peptides. | Bedminster |
| 15 | Ocean Power Technologies, Inc. | Ocean Power Tech provides ocean data collection and reporting, offshore communications, marine power, Maritime Domain Awareness ("MDA") and consulting products and services. | Monroe Township |
| 16 | Oishii Farm Corporation | Oishii Farm Corporation is an agriculture technology company that develops, tests, builds and deploys innovative agriculture technologies.<br><br>Oishii is new to NOL in 2024 | Jersey City |
| 17 | PDS Biotechnology Corporation | PDS Biotechnology Corporation focuses on developing a new generation of multi-functional cancer immunotherapies. | Florham Park |
| 18 | PMV Pharmaceuticals, Inc. | PMV conducts biotechnological and pharmaceutical research and development. | Princeton |
| 19 | Princeton Nuenergy, Inc. | Princeton Nuenergy focuses on the direct recycling of lithium-ion batteries (LIBs) from electric vehicles (EVs) and consumer electronics. | Bordentown |
| 20 | RoboBurger, Inc. | RoboBurger developed and patented a fully automated Restaurant in miniature. Our kitchens cook a burger in 4 minutes. We lease and sell these units to operators. We have spent the last 5 years developing the technology and 6 million dollars to date.<br><br>RoboBurger is new to NOL in 2024 | Newark |

| | | | |
|---|---|---|---|
| 21 | Signum Biosciences, Inc. & Subsidiaries | Signum develops small molecule therapeutics derived from their phosphatase platform to modulate signal transduction imbalances. | Princeton |
| 22 | Soligenix, Inc. | Soligenix focuses on developing and commercializing products to treat rare diseases where there is an unmet medical need. | Princeton |
| 23 | Sonnet BioTherapeutics Holdings & Subsidiaries | Sonnet develops biologic drugs to be used principally in the field of oncology. | East Windsor |
| 24 | Thea Energy, Inc. | Thea is commercializing systems and methods for generating neutrons utilizing one or more stellarators optimized for fast particle confinement. | Kearny |
| 25 | Thinkster Learning, Inc. | Education technology company offering online training, assessments and tutoring to school and college students. | Kendell Park |
| 26 | Truefort, Inc. | Cyber Security Software - Sales & Service TrueFort reduces business risk for security-focused enterprises striving for zero or lean trust application environments. | Weehawken |

# <u>Attachment B -</u>
# <u>NOL Threshold Eligibility Requirements</u>

Each applicant must meet each of the legislative requirements below.

1. "Biotechnology business"
   a. "headquarters or base of operations located in New Jersey".
   b. "that owns, has filed for, or has a license to use protected, proprietary intellectual property and whose primary business is the research, development, production, or provision of biotechnology for the purpose of developing or providing products or processes for specific commercial or public purposes, including, but not limited to, medical, pharmaceutical, nutritional, and other health-related purposes, agricultural purposes, and environmental purposes.".

2. "Emerging technology business"
   a. "headquarters or base of operations located in New Jersey".
   b. "that owns, has filed for, or has a license to use protected, proprietary intellectual property whose primary business is the provision of a scientific process, product, or service and that employs some combination of the following: highly educated and/or trained managers and workers employed in New Jersey who use sophisticated scientific research, service or production equipment, processes or knowledge to discover, develop, test, transfer or manufacture a product or service."

3. "New or expanding" - "On June 30 of the year in which the company files an application for surrender of unused but otherwise allowable tax benefits under P.L.1997, c.334 (C.34:1B-7.42a et al.) and on the date of the exchange of the corporation business tax benefit certificate," a company must have
   a. fewer than 225 employees in the United States of America; (In calculating the number of employees under this definition, employees of all affiliates and subsidiaries as shown on its consolidated financial statements, employees of any company that owns or controls at least 50 percent of the applicant, as well as the employees of any consolidated group of affiliated corporations as filed for Federal income tax purposes shall be included.)
   b. at least one <u>full-time employee</u> working in this State if the company has been incorporated for less than three years
   c. at least five <u>full-time employees</u> working in this State if the company has been incorporated for more than three years but less than five years
   d. at least 10 <u>full-time employees</u> working in this State if the company has been incorporated for more than five years

4. "Full-time employee" - means a person employed by a new or expanding emerging technology or biotechnology company
    a. on a permanent or indefinite basis
    b. for consideration for at least 35 hours a week
    c. whose wages are subject to withholding as provided in the New Jersey Gross Income Tax Act, N.J.S.A. 54A:1-1 et seq
    d. “or who is a partner of a new or expanding emerging technology or biotechnology company who works for the partnership for at least 35 hours a week… and whose distributive share of income, gain, loss, or deduction, or whose guaranteed payments, or any combination thereof, is subject to the payment of estimated taxes, as provided in the New Jersey Gross Income Tax Act, N.J.S.A. 54A:1-1 et seq”
    e. A "Full-time employee" must also be considered a "Full-time employee working in this State" which means a full-time employee whose primary office is in New Jersey and who spends at least 80 percent of his or her time in New Jersey or, for the case of this program year, provide evidence that the out of state employees (excluding Pennsylvania residents due to the PA and NJ reciprocity on state income tax) live within reasonable proximity of New Jersey as defined by a 90-minute commutable distance to their assigned NJ office.
    f. A “Full-time employee” shall not include any person who works as an independent contractor or on a consulting basis for the new or expanding emerging technology or biotechnology business; or any person who works as an intern, as a temporary employee, or in a temporary position.
    g. To qualify as a "full-time employee," an employee shall also receive from the new or expanding emerging technology or biotechnology company health benefits under a group health plan as defined under section 14 of P.L. 1997, c. 146 (N.J.S.A. 17B:27-54), a health benefits plan as defined under section 1 of P.L. 1992, c. 162 (N.J.S.A. 17B:27A-17), or a policy or contract of health insurance covering more than one person issued pursuant to Article 2 of chapter 27 of Title 17B of the New Jersey Statutes.

5. "Financial statements"
    a. Application must include a Draft or Final prepared Financial Statement.
    b. Applicant cannot be approved if it “[h]as demonstrated positive net operating income in any of the two previous full years of ongoing operations as determined on its financial statements.”
    c. Must meet the definition of a “Financial Statement” which is defined as “a statement prepared by an independent Certified Public Accountant (CPA), which shall include an opinion letter indicating the scope of the services performed (compilation, review, or audit) in accordance with Generally Accepted Accounting Principles (GAAP) as determined by the Financial Standards Accounting Board (FASB) and shall include a balance sheet, statement of income

and expenses, cash flow statement, other statements as determined by the independent CPA, and footnotes where applicable.”

d. If an applicant submits a draft Financial Statement, the Final Financial Statement must be received no later than September $31^{st}$ of the program year.
e. If an applicant submits a draft Financial Statement, the Final Financial Statement must include no material changes from the Draft submitted at application.
f. If an applicant “Is directly or indirectly at least 50 percent owned or controlled by another corporation” then the controller must also follow steps A-E.

6. “Protected Proprietary Intellectual Property” –means intellectual property that is
    a. the technology of the applicant's primary business as a technology or biotechnology business
    b. protected via a patent pending,
    c. protected via a patent awaiting approval,
    d. protected via an approved patent,
    e. or protected via a registered copyright

7. Applicant must provide all applicable documentation to the NJEDA and any additional supplemental information required by the NJEDA.

**MEMORANDUM**

**TO:** Members of the Authority

**FROM:** Tim Sullivan
Chief Executive Officer

**DATE:** September 11, 2024

**SUBJECT:** New Jersey Innovation Evergreen Fund: September 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 Yaax Management SC ("Yaax Capital" or "Yaax") to invest into RICOVR Healthcare ("RICOVR"). This initial Qualified Investment recommendation is $400,000, 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 Yaax 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 ("NJIEF", 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 NJEDA 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 August 13th, 2024, approximately $30 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-date. Qualified Venture Firms are approved by Staff pursuant to an updated delegated authority approved by the Members on April 10, 2024.

**Qualified Investment Review Process**

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

Qualified Venture Firms may apply to the Authority to access capital in the Evergreen Fund to make up to two initial Qualified Investments per year into eligible New Jersey-based high-growth businesses. Applications must be submitted to the EDA within 90 days of date of the transaction by the QVF into the high-growth business. Each request for a Qualified Investment may be as much as the Program investment limit of $5 million, or up to $6.25 million for businesses that meet any of the following criteria: i) certified by the State as a "minority business" or "women's business" pursuant to P.L. 1986, c. 195 (N.J.S.A. 52:27H-21.17 et seq.), ii) considered a NJ university spin-off business, or iii) utilizes intellectual property that is core to its business model and was developed at a NJ-based college or university. The 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 fourth Qualified Investment to invest $400,000 of Program capital alongside Yaax Capital into the New Jersey-based innovative, high-growth company, RICOVR. The Program Qualified Investment would follow a $400,000 equity investment executed by Yaax Capital into RICOVR on April 10, 2024. Based upon the projections provided by Yaax Capital, and following approval by the Members, Staff will reserve an additional $1,000,000 for subsequent follow-on investments into RICOVR, matching the ratio of reserves set aside by Yaax Capital, along with an additional $52,000 for management fees and $190,000 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 Yaax.

Please refer to **Appendix A** for a summary of Yaax Capital and an overview of the firm's eligibility as a Qualified Venture Firm. Please refer to **Appendix B** for a summary of RICOVR 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 $400,000 initial Qualified Investment alongside Yaax Capital into the innovative, high-growth, New Jersey-based company RICOVR is recommended, conditioned on the execution of Program closing agreements, along with expected associated management fees of up to an additional $52,000 and for expected associated direct administrative expenses of up to an additional $190,000. Following approval, the Program will reserve an additional $1,000,000 for subsequent follow-on investments into RICOVR matching the ratio of reserves set aside by Yaax Capital.

Tim Sullivan, CEO

Prepared by:
Curtis Lee – Manager, Venture Engagement
Deven Patel – Investment Analyst Venture Products

Attachment(s):
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

### Yaax Management Company SC

NJEDA Staff finds the Qualified Investment applicant, Yaax Management Company SC ("Yaax Capital" or "Yaax"), meets all Program Qualified Investment eligibility requirements. As described in this memorandum, the firm maintains at least two full-time investors with the authority to direct investment capital with at least five years of professional money management experience (each). Additionally, Staff finds that the firm exceeds the Program minimum assets under management of at least $10,000,000 in assets under management, which is measured as the sum of the firm's net assets of the funds managed by the Qualified Venture Firm, equity capitalization of the funds managed by the Qualified Venture Firm, and written commitments of cash or cash equivalents committed by investors. The proposed Qualified Investment represents the firm's first 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 $400,000 falls within the 15 percent concentration limit of the firm's total assets under management.

Overview

Founded in 2018, Yaax Capital is venture capital firm investing across several verticals within the emerging legal cannabis industry spanning technology, biopharma, textiles, and consumer brand products. With offices based in Mexico City, Mexico and Miami, Florida, the Yaax team invests internationally across the United States, Europe and Latin America targeting early stage and scale-up companies with extraordinary teams with outstanding products. As many countries within their target geographies progress towards federal legalization of cannabis, Yaax is at a unique point of early entry to a large and growing market of cannabis-related innovations. The firm had their final close on fundraising for Fund II in December 2023 (Total size: $12.0M). Fund II has made 23 investments targeting key sectors of Hemp, CBD, Software Technology, BioPharma, Medicinal, and Industrial applications.

Strategy

Yaax Capital is a pioneer in the venture capital industry in Mexico and is the first regional firm to focus specifically on the cannabis industry. Across both funds, Yaax has made over 100 investments including 32 cannabis investments. As a result of their first-mover advantage, they enjoy strong deal flow with many opportunities for co-investments or joint ventures alongside family offices and other VC, PE funds, angel investors, or their LPs. These partnerships are central to their thesis of developing long-term relationships in the ecosystems spanning entrepreneurs, advisors, and strategic investors to best support their developing portfolio companies. Generally, they prefer to invest in Seed or Series A rounds of scalable companies with world-class teams that are in alignment with their strategy and return expectations. In their Fund II, the firm anticipates allocating 75% of the fund to US-based companies, 15% going to European companies, and 10% to Mexico and Latin America.

Investment and Management Team

Yaax Capital is managed by a seasoned team of investment professionals with extensive venture capital and private equity experience. Managing Partners John Farrell and Andres Azcarraga Riveria Torres co-founded the firm together in 2018 after working together at DILA capital, a Latin American-focused VC firm. The management team along with major LPs (commitments above $2M), and their advisory board together make up the investment committee.

Mr. John Farrell brings a strong background in telecommunications and online media having worked at Google for 12 years across business development roles for Mexico and Asia-Pacific as well as serving as the Director for YouTube in Latin America. He started Alt-Ventures in 2016, which was an early-stage VC fund that eventually merged with DILA Capital. Mr. Farrell continues to be an active board member to four of DILA's high-growth technology companies and serves as an independent member of their investment committee. At Yaax he takes an active role as managing partner supporting across fundraising, investing, and ongoing portfolio management.

Mr. Andres Azcarraga Riveria Torres started his career working across a number of family offices' financial groups making direct investments in opportunities across high growth companies and real estate. He worked at DILA Capital as an analyst supporting deal flow and investment presentation before moving to his role as Managing Partner at Yaax, where he manages investor relations and portfolio management, as well as serving as a board member for several of their portfolio companies. Additionally, Mr. Torres is the co-founder of a media equity fund which supports venture investments in partnership with Grupo Formula, a leading media and telecommunications company in Mexico.

New Jersey Investment History

The firm has not invested in any New Jersey-based business through funds raised in the past five years. RICOVR is the firm's first New Jersey investment.

## Appendix B – Summary of Qualified Business and Eligibility

### RICOVR Healthcare

Business Overview

RICOVR is a life sciences company developing an innovative technology called XALIVA, a point-of-care medical device that uses salvia to provide rapid diagnostics results. Initially, XALIVA will be targeting Tetrahydrocannabinol ("THC") testing. The technology has the potential to expand to other verticals such as reproductive health, infectious diseases, and other illicit drug testing. The team has patented its novel plasmonic fiber-optic absorbance biosensor (P-FAB) technology and introduced it to diagnostic testing through a biofunctionalized U-bent optical fiber probe and gold nanoparticles.

Additionally, the company has developed a lightweight and portable testing device that is based on nanoparticle detecting technology and offers a cost-effective solution for employers. RICOVR's initial product offering aims to solve the problem in today's workforce where employees are unjustly fired for consuming cannabis in off-work hours. The XALIVA THC test only detects recent use (within the past 8-10 hours), compared to standard urine tests that can detect THC for 30 days or more. For workplace drug testing, the optimal THC detection time will cover the entire workday and accurately provide easy-to-collect, rapid, on-site technology making salvia testing an ideal choice. The simple handheld testing device uses disposable fiber optic cartridges and a digital display for user instructions, test progress, and results readout for user ease.

In June 2023, RICOVR performed a successful external validation at Rutgers University in the Biological Mass Spectrometry Facility. The technology works by detecting the change in light intensity, where TCH molecules are bound by gold nanoparticles which then bind to the fiber to cause a change in the light. The test in collaboration with Rutgers' showed a significant difference in binding curves between 0 ng/mL, 5 ng/mL, 10 ng/mL, and 50 ng/mL of THC, validating the ability to generate semi-quantitative detection of THC. The RICOVR team has similarly demonstrated a number of successful proof-of-concepts, successfully achieving limits of detection as low as 1 fg/mL.

Team

The RICOVR team is composed of an accomplished group of scientists and engineers, with experts in medical device design, manufacturing, technology, and scientific research in the point-of-care diagnostics industry. Dr. Himanshi Bhatia is the company's CEO. Dr. Bhatia is a physician executive with experience in the biotechnologies, amassing more than 20 years of experience in research, development and commercialization of medical devices. He has a proven track record in product development for healthcare companies, working previously as Global Product Manager of the Infection Prevention Division at DENTSPLY. RICOVR's COO, Piyush Sadana, is a serial entrepreneur with 20+ years of experience in investment banking and high technology, working previously as Chief Strategy Officer in several high-growth AI companies.

RICOVR's advisory board includes the former CEO of Quest Diagnostics, Surya Mohapatra. Other advisory board members include Ben Baldanza, former CEO of Spirit Airlines and Cara Wallace, Chief Diversity Officer at the New York City Office of the Comptroller. Together, this board brings invaluable insights and connections for the team to break into the drug testing market with greater momentum.

Eligibility

NJEDA Staff finds the proposed Qualified Business, RICOVR, meets all Program Qualified Investment eligibility requirements**.** As described in Table 1 below, the Princeton-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, RICOVR operates in the Program-targeted life sciences industry and satisfies the Program's high-growth test using forward-looking projections prepared by Yaax showcasing the companies projected revenue growth exceeding 100% YoY for the next 3 years. Finally, the proposed Qualified Investment size of $400,000 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: RICOVR Healthcare 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. | 6 out of RICOVR's 7 full-time employees work in New Jersey out of their offices at Princeton BioLabs. |
| 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. | RICOVR's corporate headquarters is located at Princeton BioLabs in Princeton, New Jersey. They have submitted lease documentation evidencing their continued residency in this space through June 2025. |
| 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 | RICOVR operates in the Program-targeted life sciences industry. |

| | | |
|---|---|---|
| | 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. | |
| Limit on Business Size | Qualified Businesses must employ fewer than 250 full-time employees. | RICOVR maintains 7 full-time employees, as evidenced by their employee payroll log and PEO letter and census. |
| 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.<br><br>Businesses that are too early in their life cycle to record one year of sales or customers and that have not previously raised third-party equity capital may demonstrate they meet the Program's high-growth test through third-party projections. For these businesses, Qualified Venture Firms may submit their base case projections and businesses may be considered high-growth if the projections demonstrate 25% revenue, customer, or valuation growth in any, one-year period over the subsequent 3-5 years. | RICOVR satisfies the Program's high-growth test using forward-looking projections prepared by Yaax showcasing the companies projected revenue growth exceeding 100% YoY for the next 3 years.<br><br>Forward-looking projections are a permissible in this case, as RICOVR has less than one year of revenue and customers and has not previously raised third-party equity capital prior to this financing round. |
| 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 $400,000 Qualified Investment is less than 1% 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:** September 11, 2024

**SUBJECT:** NJ Accelerate Program

## REQUEST

The Members of the Board are asked to approve:

1. Program Updates for the NJ Accelerate Program, originally approved by the NJEDA Board on February 11, 2020, and further updated on July 14, 2020.

2. A new two-year (twenty-four months) Pilot period. The Program's initial Pilot period was two years from the date of the first disbursement of Program funds, which occurred on September 20, 2022. Therefore, the current NJ Accelerate Pilot period expires on September 20, 2024.

3. Continued utilization of the NJ Accelerate original funding allocation through this new Pilot period. The original funding allocation was $2,500,000, of which $1,091,736.22 currently remains as of September 3, 2024. Additionally, Staff requests delegated authority for the CEO to use up to an additional $5,000,000 of funding from underutilized related Technology Innovation Products, such as the Edison Innovation Fund, to support the NJ Accelerate program. Such other funding may be from the Economic Recovery Fund (ERF).

## BACKGROUND

In general, an Accelerator is a cohort-based "boot camp" for startups offering educational programs for company founders, and exposing them to a wide variety of valuable business knowledge and contacts such as investors and executives. Programs often have a fixed timeline and culminate in a public graduation, commonly referred to as a "demo day", during which graduating founders can present their company. Also, some Accelerators offer additional benefits such as investment capital and office space to their companies.

Accelerators can be industry sector specific or agnostic and mostly target very early startups in the pre-seed to seed stage. They can assume a variety of configurations, such as programs affiliated with private investors like Venture Capital firms, programs for large corporations interested in piloting new products, programs associated with universities for commercializing research and development, or programs led by non-profits that are impact oriented. Accelerators currently approved to participate in NJ Accelerate belong to all of the above-mentioned categories.

According to the industry publication TechCrunch, the number of Accelerators in the U.S. has seen a steep increase in the last 20 years (https://techcrunch.com/2023/08/15/the-startup-landscape-has-shifted-dramatically-accelerators-must-adapt-or-fade-away). According to the U.S. Department of Commerce in 2022, there were at least 150 unique Accelerators in the U.S. operating in 29 States (https://www.trade.gov/sites/default/files/2023-01/AcceleratorLandscapeAnalysis.pdf). These programs are concentrated in metropolitan areas. Companies that participate in top programs reach key milestones sooner, such as time to raising venture capital, amounts raised, follow-on investments, exits by acquisition, and customer traction compared to non-accelerated companies. Accelerators also have a positive impact on the regional entrepreneurial ecosystem, increasing seed and early-stage financing activity beyond the accelerated companies according to the Harvard Business Review (https://hbr.org/2016/03/what-startup-accelerators-really-do). While New Jersey has recently launched new Accelerators like HAX, Merck Digital Sciences Studio (MDSS), and NJ FAST, the State still exhibits a lower concentration of programs compared to other local regions like the New York City or Boston.

## NJ ACCELERATE PILOT PROGRAM PERFORMANCE

On February 11, 2020, the NJEDA Board approved the creation of the NJ Accelerate pilot program (NJ Accelerate) to support the engagement of best-in-class Accelerators from across the country and encourage NJ early-stage innovative startups to participate in such programs. On July 14, 2020, the Board approved Program clarifications and refinements included establishing a Pilot period. This period was set at two years from the date of first fund disbursement to a graduate company from an Approved Accelerator program. The first NJ Accelerate Investment Loan Benefit was disbursed on September 20, 2022.

NJ Accelerate was funded through the Economic Recovery Fund (ERF) with $2.5 million to be disbursed through three benefits:

1. Investment Loan Benefit: Seed funding in the form of convertible notes, with a warrant on 50% of the principal amount, provided directly to the Approved Accelerator Graduate Companies, matching $1 to $1 the investment provided by the Approved Accelerator, capped at $250,000. A 5% bonus amount is available to Graduate Companies certified by the State of New Jersey as women or minority owned. Throughout the life of the note – which has a 10-year maturity - the Company is required to maintain its base of operations in New Jersey, anchoring it to the State innovation ecosystem.
2. Rent Benefit: Rent funding in the form of a grant to benefit qualifying Approved Accelerator Graduate Companies. The grant covers up to 6 months of rent not to exceed $25,000, matching the rent or membership fees $1 to $1 at NJ Ignite approved locations. A bonus month amount is available to Graduate Companies certified by the State of New Jersey as women or minority owned.
3. Event Sponsorship: up to $100,000 available per Approved Accelerator to host programmatic events in New Jersey, capped at $25,000 per event in the form of a $1 to $1 matching sponsorship.

Accelerators with specific polices supporting diversity, equity and inclusion as approved by the NJEDA's Diversity team receive an added 5% bonus.

**Eligible Accelerators** need to be "best-in-class" according to a set of defined criteria established in the original Board approved Pilot. NJ Accelerate is open to Accelerators located anywhere in the U.S. to expand the options for New Jersey founders and attract new companies to the State.

Requirements for **Eligible Companies** include having at least two founders and 50% of employees in New Jersey, conducting business in one of the eight focus sectors as listed in Governor's Murphy's Economic Development Plan, and completing an Accelerator program approved for participation in NJ Accelerate.

An Accelerator program must first be approved for NJ Accelerate to apply for the event sponsorship benefit. Once approved, any **Eligible Company** that graduates from an Approved Accelerator program and meets the related eligible requirements can apply for the rent or investment benefit. The deadline for the Graduate Company to apply for the investment benefit is 6 months from the graduation date of the Approved Accelerator program. The deadline for application for the rent benefit is 6 months from the graduation date or the latter departure from the Approved Accelerator physical space.

At program inception, it was anticipated that 10-15 companies would be supported by NJ Accelerate with the engagement of at least 5 Approved Accelerators. Despite the disruption caused by the COVID-19 pandemic around program launch, NJ Accelerate has raised awareness within the Accelerator, startup, and investor community about the opportunities offered by Accelerators to innovative founders and achieved the following results:

1) Partnered with 11 best-in-class Accelerators in New Jersey and across the Northeast (Table 1).
2) Supported 11 Graduate Companies through 9 matching loans and 2 rent benefits (Exhibit 4).
3) Sponsored 4 events produced by 3 approved Accelerators (Exhibit 4).
4) Disbursed a total of $1,249,766.61 in funding (Exhibit 4).

**Table 1. Approved NJ Accelerate Accelerators**

| Approved Accelerators | Approval Year | Sector Focus | Location | Number of Applications submitted |
|---|---|---|---|---|
| Clean Tech Open Northeast | 2021 | Clean-Tech | Boston, MA | 4 |
| Entrepreneurs Roundtable Accelerator | 2023 | Technology | New York, NY | 2 |
| HAX LLC – SOSV | 2022 | Hard Tech | Newark, NJ | 5 |
| Lair East Labs | 2023 | Multi-sector | New York, NY | 5 |
| Learn Launch Fund + Accelerator | 2023 | Educational Technology | Boston, MA | 0 |
| Merck Digital Sciences Studio | 2023 | Life Science | Newark, NJ & Cambridge, MA | 4 |
| MetaProp | 2024 | Finance & Real Estate Tech | New York, NY | 0 |
| Morgan Stanley Inclusive Ventures Lab | 2020 | Technology | New York, NY | 1 |
| University City Science Center – Launch Lane Accelerator (**Discontinued**) | 2021 | Technology & Life Science | Philadelphia, PA | 2 |
| Venture Well – Aspire | 2021 | Life Science | Hadley, MA | 2 |
| XRC Ventures | 2023 | Retail Technology | Brooklyn, NY | 0 |

## PROGRAM UPDATES

In light of the positive performance and increasing interest from both Accelerators and companies, Staff recommends continuation of the NJ Accelerate program as a Pilot for an additional two years with the following updates to further refine the Program's application and usage. The recommended Program updates are below. A table of program specifications with proposed updates is also provided (Exhibit 1).

Staff will review applications submitted to the NJEDA prior to September 20, 2024, during the original Pilot period, according to current Program requirements. NJEDA will accept applications under the new Pilot :

1) Starting on the date the Governor's veto period ends for the Investment Loan Benefit and Accelerator designation as an Approved Accelerator.
2) Starting on the date indicated in the Notice of Funding Availability for the Rent grant and Sponsorship grant.

### Eligibility Criteria for Accelerators

*Update:*
Removal of requirement that Accelerators must have a physical space within the United States.
*Rationale:*
Best-in-class Accelerators located outside of the United States are currently not eligible because they do not meet the requirement of having a physical space in the country. Allowing NJ Accelerate to partner with high quality foreign Accelerators will improve foreign business attraction and increase the number of Accelerators and companies accessible in New Jersey. Graduate Companies would still be required to meet all applicable NJ Accelerate requirements. Approval of Accelerators would be for designation as an Accelerator under the program. The Accelerator would have the option to apply also for the event funding (as described below).

*Update:*
Removal of sectors coming from Governor's Murphy Economic Development Plan and replacement with the NJEDA's list of "Targeted Industries."
*Rationale:*
The Program requirement that an Accelerator have a focus in at least one of the eight NJ sectors as listed in Governor's Murphy Economic Development Plan is now out of date with NJEDA program design. Since the establishment of the Economic Plan, the NJEDA has adopted a more formal list of "Targeted Industries'" employed for programs, originating in the Economic Recovery Act of 2020. Targeted industries currently include Advanced Transportation and Logistics, Advanced Manufacturing, Aviation, Autonomous Vehicle and Zero-emissions, Clean Energy, Clean Technology, Life Sciences, Hemp Processing, Information and High Technology, Finance and Insurance Programs. The update allows for consistency with current NJEDA policies.

### Eligibility Criteria for Graduate Companies

*Update:*
Removal of references to "more than 50%" of company employees working in New Jersey and replacement with "at least 50%" of company "workforce" in New Jersey.

*Rationale:*
The Program requirements used “more than 50%” and “at least 50%” interchangeably. For the avoidance of doubt, the Program will utilize the “at least 50%” term which is consistent with the terminology used in other NJEDA programs for similar requirements. Also, the word “employee” is updated to “workforce” to better reflect the original intention of the program to consider staff who “work in NJ or pay NJ taxes”. The requirements above apply exclusively to full time workforce.

*Update:*
Expand the requirement that a Graduate Company must provide a NJWR30 or NJ Registered PEO letter to include additional, alternative forms of documentation deemed acceptable by the NJEDA.
*Rationale:*
The Program’s intention was for a Graduate Company to be eligible for NJ Accelerate if at least 50% of its workers were located in New Jersey. The standard for evaluation would be based on the workforce that “work in NJ or pay NJ taxes”. The need for flexibility is due to the stage of Graduate Companies. Most are pre-seed and pre-revenue and at this stage, founders and workforce receive compensation in various forms, but wages subject to payroll taxes are infrequent. The eligibility requirement that a Graduate Company must provide a NJWR30, or NJ Registered PEO letter effectively negates the original intention of evaluation. Therefore, NJEDA will consider other forms of documentation to confirm job position, method of compensation, and time worked at the company, as deemed acceptable by the NJEDA. This could include, but is not limited to, documentation such as Form 1099, W2, K1, job descriptions and offer letters as well as the WR30 or letter from a professional employer organization. The updates around this requirement match the method for evaluation utilized by other similar NJEDA programs supporting early companies at a similar stage. Graduate Companies will still be required to be registered to do business in New Jersey with NJ Treasury and obtain a valid New Jersey Tax Clearance Certificate.

*Update:*
Removal of the requirement to consider a company “founder” as someone that is a senior management executive with equity ownership in the business.
*Rationale:*
The Program requires a Graduate Company to have a minimum of two (2) founders in New Jersey, devoting 100% of their professional time to the company. Having at least two founders serves as a mitigating factor against the risk of early failure of the startup. Early-stage companies have very small teams and the senior management terms have proven too ambiguous for evaluation, leading to interpretation issues. For example, given the limitation of finances for companies at this stage, it is very common for anyone involved with the company to receive some amount of company equity as a form of compensation. So, the current senior executive portion of the requirement creates ambiguity allowing for a company to advocate that an employee is a “founder” when they are not, in practice. Limiting the definition of founder to individuals that are founders or C-suite executives will allow for direct evaluation as well as continued assurance of stability that comes with at least two founders in a new company.

*Update:*
Removal of sectors coming from Governor’s Murphy Economic Development Plan and replacement with the NJEDA’s “Targeted Industry” list.
*Rationale*
The Program requirement that a Graduate Company be a part of one of the eight New Jersey focus sectors as listed in Governor’s Murphy Economic Development Plan is now out of date with NJEDA program design. Since the establishment of the Economic Plan, the NJEDA has adopted a more formal list of

"Targeted Industries'" employed for programs. Targeted industries currently include: Advanced Transportation and Logistics, Advanced Manufacturing, Aviation, Autonomous Vehicle and Zero-emissions, Clean Energy, Clean Technology, Life Sciences, Hemp Processing, Information and High Technology, Finance and Insurance Programs. The update allows for consistency with current NJEDA policies.

**Matching sponsorship benefit**

*Update:*
Lower event sponsorship benefit to a maximum amount of $2,000 per event (from $25,000) capped at $20,000 per approved Accelerator (from $100,000) over the new Pilot period. Each event must have a minimum of 25 in person attendees, be located in New Jersey, and allow for a presentation or speaking role from a NJEDA representative. Benefit will be awarded as a grant to the Approved Accelerator which can be used for related catering, physical space, and marketing costs.
*Rationale:*
NJ Accelerate currently allocates $100,000 in cost-sharing sponsorship dollars to each Approved Accelerator. The sponsorship shares costs at a rate of 50% not to exceed $25,000 per event. An additional 5% bonus is available to Accelerators with a focus on DE&I as approved by the NJEDA. When NJ Accelerate was first developed, prior to the Covid-19 pandemic, the event sponsorship benefit was expected to support large scale public events accommodating hundreds of attendees and incurring thousands of dollars of expenses. In practice, Accelerators are more interested in holding smaller events at locations that incur low costs. To date, only 4 applications for matching sponsorship were received, approved, and disbursed with an average requested amount of approximately $2,000 per event for an exact overall total of $5,911.11.

Staff proposes changing the event funding model from an event sponsorship to a grant. Accordingly, any Accelerator that requests the event funding will be required to comply with all the standard NJEDA requirements to receive a grant (including, but not limited to, a Tax clearance Certificate, which also demonstrates registration to do business in the State). A budget for each event will remain a requirement. Staff believes that moving to a smaller grant disbursement will allow a more streamlined and efficient request and approval process leading to an increased utilization of this benefit and increased amount of local New Jersey events which will raise the awareness of these Accelerators and recruitment of NJ startups.

**Rent Benefit Structure**

*Update:*
Creation of NJ Accelerate approved workspaces according to the same terms as NJ Ignite.
*Rationale:*
The NJ Accelerate Rent Benefit consists of a grant covering up to 6 months of membership fees/office lease not to exceed $25,000 to companies graduating from approved Accelerators, with an additional month available to companies certified by the State of New Jersey as women and minority owned. This benefit is structured similarly but not identical to NJ Ignite. The biggest difference here is that NJ Accelerate does not have any aspect of rent forgiveness for matching by the workspace. Currently, workspaces approved for NJ Ignite are utilized in NJ Accelerate. This leads to inefficiencies in NJ Accelerate by managing the Program in the same fashion as NJ Ignite. Creation of NJ Accelerate approved workspaces will allow for more effective management of the NJ Accelerate Program by streamlining the

benefit structure, expanding the potential network of participating coworking spaces, and offering more options to Graduate Companies looking to take advantage of this benefit. Workspace eligibility requirements will remain the same as NJ Ignite, as detailed in Exhibit 1. Current and approved NJ Ignite workspaces will be accepted as approved NJ Accelerate workspace. But by maintaining separation between programs, Graduate Companies would be the applicant and beneficiary of the grant and each program is insulated from future changes to the other. Ongoing reporting requirements for approved workspaces would remain the same and be applicable to both NJ Accelerate and NJ Ignite Programs.

## PROGRAM FUNDING

NJ Accelerate was allocated $2,500,000 for the Pilot period. To date, $1,408,263.78 in funds have been approved. Staff requests continued utilization of this original funding allocation during the new two-year Pilot period. Additionally, Staff requests delegated authority for the CEO to use up to an additional $5,000,000 in new funding for NJ Accelerate from underutilized related Technology Innovation Products, such as the Edison Innovation Fund, during this two-year Pilot period. Such other funding may be from ERF.

Rationale for new capital is due to the accelerated deployment of program funds. Of the approximately $1.4 million deployed, $1.33 million was in 2024. With the proposed program updates, Staff expects the demand for Program benefits to increase during the new Pilot period. The additional Program funding will coincide with this expected increase in NJ Accelerate demand.

## RECOMMENDATION

Approval is requested for Program updates to the NJ Accelerate Program and a new two-year (twenty-four months) Pilot period. Requirements not noted as updated in this Memorandum will remain unchanged from the initial Pilot period.

Staff also requests approval of delegated authority for the CEO to use up to $5,000,000 from underutilized related Innovation Technology Products, such as the Edison Innovation Fund, to support NJ Accelerate. Such other funding may be from ERF.

These Program updates will allow for improvement and evaluation of effectiveness of NJ Accelerate in the support of New Jersey entrepreneurs participating in high quality Accelerator programs with the overall goal of increasing the number of innovative startups in New Jersey.

______________________________
Tim Sullivan, CEO

Prepared by: Sara Cadeddu, Sr. Innovation Product Officer

Exhibits:

1. Proposed Amendments to Program Specifications
2. Board Memo February 11, 2020
3. Board Memo July 14, 2020
4. NJ Accelerate Program Performance

**EXHIBIT 1**
**Proposed Amended NJ Accelerate Specifications (from Program Specifications as per Board Memos dated 02.11.2020 and 07.14.2020 combined)**

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| **Funding Source** | Funding for NJ Accelerate will come from the original NJ Accelerate funding allocation and up to additional $5,000,000 from underutilized related Technology Innovation Products such as the Edison Innovation Fund. Such other funding may be from the Economic Recovery Fund (ERF). |
| **Program Expiration** | NJ Accelerate program will deploy capital on a new two-year timeline from Board approval of the Memorandum. |
| **Program Purpose** | To partner with Approved Accelerators on advancing highly qualified entrepreneurial companies in NJ and building NJ's Innovation Economy. |
| **Accelerator Eligibility Requirements** | To be accepted as an Approved Accelerator Partner, the Accelerator must sign a verification form and provide supporting diligence materials that certifies (citing specific, verifiable details as appropriate) that they meet the following requirements:<br>• The Accelerator is best in class as demonstrated by:<br>o A well-codified thorough and rigorous screening process for all applicants<br>o A structured curriculum that is focused on supporting the growth of startups and at a minimum includes business strategy around product sales & marketing<br>o High prior participant satisfaction, as verifiable through reference calls and testimonials<br>o Access to at least 50 actively engaged subject matter experts/mentors across industries or functional capabilities to provide specific programmatic training for each company (e.g., Technology, Sales, Strategy, Financing, Accounting, Marketing, Fundraising, etc.)<br>o Program engagement of the broader startup Ecosystem of mentors, advisors or investors from outside the Accelerator and hosting a demo day viewable to outside participants<br>o A minimum of 20 mentoring hours to the selected participants<br>o A proven and documented or certified track record of success in prior graduates, demonstrated by at least 35% (to be reviewed and adjusted annually by NJEDA staff according to the prevailing market median data available) of graduates to receive follow-on funding from non-related parties (non-related defined as anyone not in participating company managements), seeing strategic acquisition, significant (50%+) revenue growth in the last year or achieve an exit<br>o The existence of a platform to facilitate community engagement and networking for current and past program participants (i.e., an active alumni network)<br>o If a corporate accelerator, the active participation of staff at all levels of the organization, including Senior management and at the Corporation<br>• The accelerator must include an in-person aspect and not be entirely virtual, which allows for engagement and personal mentoring of the selected companies; the physical space must be equipped to host events.<br>• The accelerator will provide financial investment in some form to at least |

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| | one participant company per program, including direct investment or customer sales relationship (in-kind arrangements are insufficient)<br>o The Accelerator Program is open to applicants from NJ.<br>• The Accelerator Program supports innovation and has a consideration for, or focus on, at least one of the "Targeted Industries" as identified by the NJEDA which currently include:<br>o Advanced Transportation and Logistics<br>o Advanced Manufacturing<br>o Aviation<br>o Autonomous Vehicle and Zero-emissions<br>o Clean Energy<br>o Clean Technology<br>o Life Sciences<br>o Hemp Processing<br>o Information and High Technology<br>o Finance and Insurance<br>• A preference and bonus will be granted for all accelerator programs that have a focus on supporting underserved groups including: female entrepreneurs and founders of color.<br>o This preference translates into a monetary sponsorship bonus for Approved Accelerators with a diversity focus and their NJ-graduate companies that are certified by the state of NJ as a women or minority-owned business.<br>o Accelerators must have graduated a minimum of two cohorts prior to application. |
| **Annual Approved Accelerator Audit** | To ensure Approved Accelerators continue to meet eligibility criteria, Accelerators are required to certify on an annual basis:<br>• High prior participant satisfaction: as verified by either online testimonials or reference details.<br>• A proven and documented or certified track record of success in prior graduates demonstrated in at least meeting a market rate proportion of graduates that have received follow-on funding from non-related parties, seeing strategic acquisition, significant (50%+) revenue growth in the last year or achieve an exit. |
| **Eligibility Requirements for NJ Companies** | NJ companies must meet the following criteria within six months of graduation (or the latter date of departure out of the physical space offered, with respect only to the rent award of NJ Accelerate) from the Approved Accelerator to qualify for the post-graduation support.<br>• Registered to conduct business in NJ<br>• At least 50% of the workforce in the company work in NJ or pay NJ taxes, as demonstrated by documentation deemed acceptable by the NJEDA.<br>• A minimum of 2 founders devoting 100% of their professional time to the Company at approval date, with an average of 80% of that time in New Jersey. A founder is a C-level executive.<br>• The Company must have a focus on at least one of the NJEDA list "Targeted Industries" which currently include:<br>o Advanced Transportation and Logistics<br>o Advanced Manufacturing<br>o Aviation<br>o Autonomous Vehicle and Zero-emissions |

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| | ○ Clean Energy<br>○ Clean Technology<br>○ Life Sciences<br>○ Hemp Processing<br>○ Information and High Technology<br>○ Finance and Insurance<br><br>• The company must support its verification with the following documents:<br>○ Valid NJ Tax Clearance<br>○ 2-page executive summary<br>○ Letter from Approved Accelerator confirming successful accelerator program graduation.<br>○ NJWR30 or Registered PEO letter, or other forms of documentation, such as Forms 1099, W2, K1, job descriptions and offer letters, as deemed acceptable by the NJEDA.<br>○ Additional documentation may be requested to confirm eligibility, if required. |
| **Funding Component #1- Matching Funding for NJ Startup** | |
| **Investment Amount** | Up to $250,000 with a 1:1 match of the equity investment made by the Approved Accelerator Partner.<br>This investment amount can increase by 5% (up to a maximum of an extra $12,500 beyond the matched funding outlay) for a business that is a NJ state certified woman or minority owned at the time of matching investment.<br><br>The matching funding is available to companies graduating from Approved Accelerators located outside the United States as long as the investment is made in US dollars and governed by United States Securities and other related laws. |
| **Investment Instrument and Terms** | A 1:1 matching Convertible Promissory Note ("Note') may be offered to eligible Approved Accelerator Graduates matching any form of financial investment (i.e., equity, convertible note, SAFE) or grant issued by the Approved Accelerator. Warrants received by the NJEDA will match the pricing on the Approved Accelerator partner's investment. In the event the NJEDA is matching a grant, or an investment other than a priced round, penny warrants will be taken.<br><br>The Note has a 3% interest and 10- year maturity. No payments for first seven-years. Interest during this period will accrue and be capitalized annually. Beginning month 85, principal plus interest payments will begin for the remaining three-year term to fully amortize the note and capitalized interest.<br><br>The Authority will receive Warrants with 10-year maturity worth 50% of the Convertible Note Principal utilizing the NJEDA's standard warrant form and will match the pricing on the Approved Accelerator Partner's Investment. |
| **Funding Disbursement** | Full amount of the Note will be disbursed upon execution of closing documents and upon successful completion of Approved Accelerator cohort program. |
| **Conversion/Repayment** | Note *may* convert to equity, without a discount, upon the closing of an equity financing greater than $1,000,000 from any investor within the Note's 10-year maturity at the sole discretion of the EDA, in accordance with the EDA's current conversion guidelines, which will include, but not be limited to a review of company performance, transaction terms and funding round. All outstanding principal and accrued interest will convert at the same pricing terms and into the identical equity security issued at such as the concurrent financing round.<br><br>Note requires repayment of all outstanding principal and accrued interest at the beginning of year 8 / month 84 and repaying on 36- month amortization until end of |

Exhibit 1

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| | 10-year / 120-month term if the EDA has not elected to convert prior to the start of year 8 / month 84.<br><br>Note can be repaid in its entirety at any time without penalty, but the warrant will not be refunded and will remain in place until end of warrant term.<br><br>Note requires repayment of all outstanding principal and accrued interest upon an event of default prior to Note conversion, all unpaid principal and accrued interest thereon will be immediately due and payable.<br><br>Failure to make schedule payment will be treated as an event of default. |
| **Funding timeline** | The company must have successfully graduated from an approved Accelerator Program within six months prior to application. |
| **Component #2 –<br>Grant subsidy to NJ Approved CoWorking space for rent** | |
| **Location** | The site must be an approved NJ Accelerate Participant site |
| **Collaborative Workspace Definition** | **Collaborative workspace"** means a business facility approved under NJ Accelerate program, located in New Jersey, developed to provide flexible workspaces for early-stage innovation economy businesses, and designed to encourage community and collaboration within an interconnected environment in which multiple start-up businesses have access to shared community events and shared workplace accommodations including, but not limited to, kitchens and makerspaces.<br><br>Collaborative workspaces must contain any of adjacent office, lab or hot desks in which employees of multiple companies, necessarily including, but not limited to, companies up to 3 years from the earliest date of formation, are conjoined under one roof by shared conference, meeting or gathering space. |
| **Eligibility Requirements for Collaborative Workspace** | The owner and operator of a business facility located in the State may apply to the authority to have the business facility certified as a collaborative workspace under the program. A business facility shall be eligible for certification as a collaborative workspace if:<br><br>(1) The business facility is developed to provide flexible workspaces for early-stage innovation economy businesses.<br><br>(2) The business facility is designed to encourage community and collaboration within an inter-connected environment in which multiple start-up businesses have access to shared workplace accommodations.<br><br>(3) The owner and operator of the business facility commits to hosting at least 8 (eight) community events from the business facility each year.<br><br>(4) The owner and operator of the business facility possesses a tax clearance certificate issued by the Division of Taxation in the Department of the Treasury.<br><br>(5) The owner and operator of the business facility possesses a business registration certificate issued by the Division of Revenue in the Department of the Treasury.<br><br>(6) At least (5) five unique tenant or member businesses, in which the owner and operator of the business facility does not have a direct financial interest, have paid rent for space in, or access to, the business facility over the two years immediately preceding the submission of the application for certification as a collaborative workspace pursuant to this section or, if the business facility has been open for less than 90 days, the owner and operator of the business facility provides to the authority at least three letters of intent from prospective tenant or member |

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| | businesses;<br><br>(7) The business facility is subject to ongoing operating costs, such as rent, mortgage payments, or internal corporate charge-backs, at the time of application for certification pursuant to this section such that the workspace can demonstrate the grant will meaningfully support the costs associated with running the workspace<br><br>(8) The owner and operator of the business facility offers at least one type of workspace at the business facility for rent by an early-stage innovation economy business – private office space, hot-desks or dedicated desks.<br><br>(9) The owner and operator of the business facility charges rent to tenants or members.<br><br>(10) The owner and operator of the business facility certifies that any rent charged to a start-up tenant or member business is to be market-rate.<br><br>"Community event" referred under (3) means an event hosted by a collaborative workspace and accessible to start-up tenant or member businesses, without charge or with nominal charge, organized to support an innovation ecosystem at the collaborative workspace, including, but not limited to, events such as meet-ups, speaker series, and office hours for lawyers, accountants, consultants, or investors. This may include on-line events. |
| **Application process for collaborative workspace** | The owner and operator of a business facility eligible for certification as a collaborative workspace under NJ Accelerate shall submit an application for certification and participation in the program in such form as required by the authority. The application shall include any information the authority determines is necessary to administer the program.<br><br>In evaluating applications for certification as a collaborative workspace, the authority may conduct site visits or perform any other investigation necessary to confirm any statement made in the application submitted by the owner and operator of the business facility. If the authority later finds that any statement made in the application for certification is inaccurate, then the authority may rescind its certification of the collaborative workspace. |
| **Amount** | As an eligible NJ Accelerate company, through this program the EDA shall provide a grant for up to the maximum 6 months not to exceed $25,000, matching the rent or membership fees $1 to $1 at an approved NJ Accelerate Participant site.<br>The maximum rent support increases to 7 months for a NJ certified woman or minority owned business. |
| **Eligibility Requirements for Tenants Companies partnering with the Collaborative Workspaces** | The tenant company must sign a verification form that certifies (citing specific, verifiable details as appropriate) the following requirements are met:<br><br>See above for NJ Accelerate Program Company program eligibility<br><br>The company must support its verification form with the following documents:<br>• Satisfactory signed lease or membership agreement with an approved collaborative workspace facility (which participates in NJ Accelerate) for a period of time no less than the total occupancy required by the grant<br>• The lease must be for the facility in NJ, not a universal membership<br><br>The tenant must agree to allow the Authority to conduct site visits and/or audit the tenant to confirm any statement made in the tenant's certification. |

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| **Funding Disbursement** | Beginning from date of graduation or the latter date of departure from the Approved Accelerator physical space (if the Approved Accelerator offers a specified physical space for graduates beyond cohort graduation), the full amount of the grant will be disbursed to the tenant company. All disbursement will be made directly to the tenant company. |
| **Annual Audit of Collaborative Workspace** | The owner and operator of a collaborative workspace shall annually certify to the authority, under the penalty of perjury, that it is in compliance.<br><br>In addition to the certification above, the authority may conduct an annual inspection and review of the collaborative workspace<br><br>If the authority determines that a collaborative workspace is not in compliance, then the authority may rescind the business facility's certification as a collaborative workspace and bar the business facility from further participation in the program. |
| Component #3 - Matching Funding for Programmatic Events held in NJ | |
| **Investment Amount** | NJEDA will fund up to $2,000 in the form of a grant per Programmatic Event hosted in New Jersey by an Approved Accelerator. Eligible events will have a minimum of 25 in person attendees, and the opportunity for public presentation/comments made by the NJEDA.<br><br>Each Approved Accelerator will be capped at $20,000 in total sponsorship during this pilot program.<br><br>If an Approved Accelerator has a focus on diversity and inclusion and meets the qualification parameters set by the State Office of Diversity & Inclusion or Designated D&I Officer within NJEDA, NJEDA will sponsor an additional 5% bonus beyond the matched funding outlay, for a maximum of $2,100 per event or $21,000 total over the lifecycle of the pilot program.<br><br>Sponsorship is expected to include the following role and participation for the NJEDA, but is not, necessarily, limited to:<br>• Speaking role<br>    o Keynote, welcome, panel participant<br>• Inclusion in Marketing materials<br>    o Press releases<br>    o Program book<br>    o Social Media<br>    o Email blasts<br>    o Logo on all event materials<br>• Website<br>    o Logo with link<br>• Exhibit table (when applicable)<br>• Complimentary Registrations for event<br>• Post Event<br>    o Attendee list with contact information |
| **Funding Disbursement** | Full amount of the grant will be disbursed after the Programmatic Event has been approved. The Approved Accelerator will be required to comply with all the standard NJEDA requirements to receive the grant (including, but not limited to, a tax clearance certificate, which also demonstrates registration to do business in the State).<br>A budget supporting the sponsorship application will be also required. |

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| **Eligibility Requirements for Event Sponsorship** | Approved Accelerators Event Sponsorship approval will be subject to review in advance of event. NJEDA reserves the right not to disburse funding for events that occur outside of NJEDA ethical Guidelines. Approved Accelerators are eligible if registered to do business in New Jersey and subject to submission of current New Jersey Tax Clearance Certificate. |
| **Program Fees for Investment Loan Benefit** | Application Fee: $500<br>Commitment Extension Fee: $750<br>Modification (Minor) Fee: $250<br>Modification (Major) Fee: $1000. |

Exhibit 2

NJEDA

**MEMORANDUM**

**TO:** Members of the Authority

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

**DATE:** February 11, 2020

**RE:** NJ Accelerate

## OVERVIEW

The members of the Board are requested to approve a $2,500,000 pilot program called NJ Accelerate.

The program will be a structured as a two-step process: first, accelerator operators will be pre-qualified (Approved Accelerators) and second, financial assistance will be provided to NJ business that complete a program at an Approved Accelerator. The goal of the program is to encourage greater participation by New Jersey's entrepreneurs in accelerator programs that provide specialized expertise, mentorship and technical assistance, thereby, increasing the success of those companies. Additionally, the NJEDA hopes to attract more accelerator activities in New Jersey.

Through the NJ Accelerate program the NJEDA will:

- Promote Approved Accelerator program opportunities to the NJ innovation ecosystem
- Provide direct matching sponsorship support to the Approved Accelerators for programs and events held within the State
- Provide direct loans and rent support to eligible NJ businesses upon successful Approved Accelerator program graduation
- Support the Governor's goal of making NJ the most diverse innovation ecosystem in the country

## BACKGROUND

An accelerator is a fixed-term, cohort-based "boot camp" for start-ups offering educational and mentorship programs for start-up founders, exposing them to a wide variety of mentors, including former entrepreneurs, venture capitalists (VCs), angel investors, and corporate executives. The program often culminates in a public pitch event, or "demo day," during which the graduating cohort of start-up companies pitch their businesses to a large group of potential investors.[1]

Accelerators also often support early-stage startup companies by providing investment capital and office space. Often accelerators are sponsored by an entity such as a corporation or non-profit. These entities use the accelerator program to stay close to emerging technology trends, support innovation in areas of focus, and establish a pipeline for potential investments and/or acquisitions. In addition, accelerator programs

[1] Hochberg, Y. V. (2016). Accelerating Entrepreneurs and Ecosystems: The Seed Accelerator Model. *Innovation Policy and the Economy, 16*(1), 25-51. Retrieved 12 4, 2019, from https://journals.uchicago.edu/doi/abs/10.1086/684985

are sometimes targeted to specific demographic or affinity groups, such as those traditionally underrepresented in the start-up community such as: female entrepreneurs and founders of color.

According to the Brookings Institute, there were approximately 170 US-based accelerators as of 2015; this number is a conservative estimate, considering that in 2016, the investor platform, Gust, reported there were over 10,000 self-identifying accelerators globally. Examples of notable accelerators include Y-Combinator, DreamIt Ventures, and New Jersey-based Newark Venture Partners. In practice, accelerator programs are a combination of traditionally distinct services or functions that were each individually costly for an entrepreneur to find and obtain and may include support topics like "how to develop your sales pipeline" or "how to successfully sell your value proposition and/or market your product".

## PROGRAM PURPOSE AND POLICY ALIGNMENT

Governor Murphy's Economic Development Strategic Plan, "The State of Innovation: Building a Stronger and Fairer New Jersey Economy" includes, as one of its key goals, creating the most diverse innovation ecosystem in the nation and doubling venture capital investment in New Jersey by 2025.

It is well documented that entrepreneurship creates jobs and contributes to the development of innovation economies. However, as indicated in the Governor's plan, New Jersey's business environment has, historically, proven challenging for entrepreneurs and small businesses to navigate, resulting in entrepreneurial output that is below the level necessary to reestablish New Jersey as the State of Innovation. According to analysis of 2018 data from the Bureau of Labor Statistics conducted by the Ewing Marion Kauffman Foundation, just 0.29% of New Jersey's population started a business compared to a national average of 0.32%. On the upside, this same analysis shows that New Jersey start-ups produce more jobs in the first year than the national average (5.38 vs. 5.2). By supporting entrepreneurs during the early stages of developing new businesses, there is a clear opportunity for the Authority to help unlock the economic potential of entrepreneurship in New Jersey and further build up New Jersey's Innovation Ecosystem.

Early-stage entrepreneurs face many obstacles to success, ranging from lack of business expertise to lack of funding. Traditionally female entrepreneurs and founders of color are, generally, underrepresented in the start-up community. As research has shown, there currently exists a trillion dollar inefficiency in the marketplace which results in a "funding gap" for women and multicultural entrepreneurs. Despite the trillion-dollar opportunity that female and multicultural entrepreneurs represent, investors have largely upheld the status quo, despite the data suggesting that they should be prioritizing these entrepreneurs.[2] Recognizing this, along with the density of multicultural entrepreneurs and start-ups that reside in the NJ tri-state region, this program seeks to address this funding imbalance by supporting accelerator programs that incentivize funding in high growth potential start-ups led by women and founders of color with a 5% bonus, and managers focused on D&I investing in entrepreneurs who are certified as Women or Minority owned business in NJ, aligning with a similar bonus in the Angel Investor Tax Credit.

Strong entrepreneurial ecosystems, such as New York and Boston, are ripe with opportunities for entrepreneurs to access knowledge, resources, and people that enable them to effectively navigate these challenges and set their businesses up for growth. The NJ Accelerate program recognizes the strengths of accelerators in nurturing the next generation of entrepreneurs. Through this program, the NJEDA wants

[2] Beyond the VC Funding Gap/Morgan Stanley/www.morganstanley.com/ideas/venture-capital-funding-gap

to liaise and build relationships with these industry leaders around the country giving them a lens into the NJ Innovation Economy. Additionally, we want to assure our entrepreneurs have access to these best in class programs and return home to NJ with the tools and support to grow their businesses in the Garden State. NJ Accelerate can also serve as an attraction tool for Approved Accelerator graduate companies who seek a landing spot for the new business endeavor.

**PROPOSED PROGRAM DESIGN, STRUCTURE & IMPACT**

Building on recent NJEDA programs such as NJ Ignite to reach NJ entrepreneurs through the ecosystems participants that provide key support to entrepreneurs, NJ Accelerate will seek to collaborate with accelerators that are approved using a set of clear qualification criteria (see below). The object of this collaboration is to encourage the increased participation of New Jersey entrepreneurs in high quality accelerator programs, and thereby, increase the chances of successfully growing more young, innovative companies in the State.

Additionally, the program is designed to encourage more engagement by high-quality accelerators in New Jersey to generate more opportunities for young companies. Such Approved Accelerator programs will have submitted qualification materials to the NJEDA with a commitment to open their program participation to NJ entrepreneurs, and agree to an annual review for NJ Accelerate program participation.

The NJEDA will welcome all accelerators that meet the program criteria and evaluate them during the pilot on a first-come, first-served basis. As a benefit to the Approved Accelerators for their participation in the program, the Authority will disseminate information about, and facilitate introductions for Approved Accelerator Programs to NJ entrepreneurs.

Additionally, to encourage further engagement in New Jersey by the Approved Accelerators, NJEDA will offer cost-sharing sponsorship to each Approved Accelerator to host Programmatic Events in the State. Examples of Programmatic Events may include but are not limited to: The Accelerator's Demo Day; cohort road show; an in-person class; accelerator sourcing event or pitching competition; dedicated networking event or conference. This funding will be available at an amount of up to $25,000 per Programmatic Event, per Approved Accelerator in the form of a 1:1 matching sponsorship. Each Approved Accelerator will be capped at $100,000 in total sponsorship during this pilot program with consideration for a monetary Programmatic Event sponsorship bonus of 5% (up to an additional $5,000 beyond the matched funding outlay) for Approved Accelerators that demonstrate meaningful written policies and practices for attracting and promoting companies owned by women and minority persons, as defined by the NJ Department of the Treasury for purposes of the MBE/WBE certification. The policies and practices will be reviewed by the New Jersey Office of Diversity & Inclusion or designated Diversity & Inclusion Officer within NJEDA. Approved Accelerator Event Sponsorship will be subject to review in advance of event. NJEDA reserves the right not to disburse funding for events that occur outside of NJEDA ethical requirements and policies.

To be considered as part of the NJ Accelerate Program, the accelerator entity must meet the minimum following criteria:

- The Accelerator is best-in-class as demonstrated by:

- A well-codified thorough and rigorous screening process by the Accelerator for all applicants to the Accelerator
- A structured curriculum that is focused on supporting the growth of startups and at a minimum includes business strategy around product sales & marketing
- High prior participant satisfaction, as verifiable through reference calls and testimonials
- Access to at least 50 actively engaged subject matter experts/mentors across industries or functional capabilities to provide specific programmatic training for each company (e.g. Technology, Sales, Strategy, Financing, Accounting, Marketing, Fundraising, etc.)[3]
- Program engagement of the broader startup ecosystem of mentors, advisors or investors from outside the Accelerator and hosts a demo day viewable to outside participants
- A minimum of 20 mentoring hours to the selected participant companies
- A proven and documented or certified track record of success in prior graduates, demonstrated by at least 35% (which is the prevailing market median and will be adjusted annually by NJEDA staff according to available updated data) of graduates to receive follow-on funding from non-related parties (non-related defined as anyone not in participating company managements), seeing strategic acquisition, significant (50%+) revenue growth in the last year or achieve an exit[4]
- The existence of a platform to facilitate community engagement and networking for current and past program participants (i.e. an active alumni network)
- If a corporate accelerator, the active participation of staff at all levels of the organization, including Senior management at the Corporation

- The Accelerator must include an in-person aspect and not be entirely virtual, which allows for engagement and personal mentoring of the selected companies; the permanent or temporary physical space used by the Accelerator must be in the US, equipped to host events, and be available for an NJEDA site visit if requested

- The Accelerator will provide financial investment in some form to at least one participant company per program cohort, including direct investment or customer sales relationship (in-kind arrangements are insufficient)

- Accelerators must have graduated a minimum of two cohorts prior to NJ Accelerate approval

- The Accelerator Program supports innovation and has a consideration for, or focus on, at least one of the eight focus sectors in Governor Murphy's economic development plan with a preference for all accelerator programs that have a focus on supporting the following underserved groups: female entrepreneurs and founders of color.

- The Accelerator Program is open to applicants (i.e., start-up companies and entrepreneurs) from

[3] GAN accelerators have a median of 50 mentors per location. (Riley, Patrick. "What Accelerators Look Like in 2019." GAN, www.gan.co/blog/accelerators-look-like-2019)
[4] 35% of the start-ups at the 10 most active accelerators receive over $750,000 in follow-on funding. To make NJ Accelerate more widely accessible, the $750,000 floor was relaxed. This number is subject to annual review. (Kaji, Samir. "Are Startup Accelerators Worth It? Here's How Helpful They Are in Getting Funding." CBInsights, www.cbinsights.com/research/top-accelerators-follow-on-funding-rates)

NJ (as defined below)

The NJEDA will agree to promote the NJ Accelerate program, available through Approved Accelerator programs, within the State's innovation ecosystem (i.e. through referrals, inclusion on the NJ Accelerate web page, reference on social media and from time to time, features in news releases), and provide NJ based Programmatic Event sponsorship to the Approved Accelerators, as outlined above.

For a start-up or entrepreneurial venture to qualify as a NJ company, at least 50% of the company's employees must work in the state of NJ within a period of up to 6 months from the time of graduation from an Approved Accelerator program, amongst other eligibility requirements noted (see exhibit A for full details).

For any eligible NJ Company that graduates from an Approved Accelerator cohort, that company may **submit an application within a period of up to 6 months following graduation** (or, with specific respect to the rent award portion of NJ Accelerate, the latter date of departure from the Approved Accelerator physical space), NJEDA will make the following programmatic support available:

- Eligibility for approval of a 1:1 matching loan funding up to $250,000

    * The funding will come in the form of a 10 year convertible note (see exhibit A for full details) and will be in the same amount of investment dollars funded into the startup by the Approved Accelerator

    *A fast track to funding consideration as the qualified company will not be required to be reviewed by the NJEDA's Technology Advisory Board (TAB), as the Approved Accelerator will have served as an industry expert evaluation and matching funds, but awardees will be subject to an underwriting and NJEDA board review and approval

- Automatic eligibility to receive rent support up to the highest level of NJEDA grant support of a 6 month grant at the participating NJ Ignite collaborative work spaces for the benefit of the company, post-accelerator graduation, not to exceed $25,000 (in addition to any direct support from the NJ Ignite host site). If the Approved Accelerator offers a specified physical space accommodation for companies beyond cohort graduation date, the consideration for the rent award may be captured by the company beyond the 6-month application period, and will commence upon the latter exit or departure date from the Approved Accelerator.

    ***The eligible NJ company may select to take advantage of both levels of program support - rent support and direct funding - or at their option- may select to utilize only one of the program features.***

- Eligibility for extra funding and rent support for women or minority owned businesses, as certified by the NJ Department of the Treasury, that graduate from an Approved Accelerator or for Approved Accelerators with a diversity and inclusion focus as per the following:

    * The NJ state certified woman or minority owned business is eligible for a 5% bonus to the otherwise 1:1 matching funds (which may result in a maximum convertible note of

$262,500 with the consideration for the 5% bonus; the 5% bonus is offered on top of the 1:1 match funding)

* The NJ state certified woman or minority owned business is eligible for a bonus month of rent sponsorship (which may result in a maximum award of 7 months)

***An Approved Accelerator may have multiple graduates per cohort which participates in the NJ Accelerate program as outlined herein.***

***See exhibit A for full support proposed terms and details.***

**ESTIMATED BUDGET AND IMPACT**

With a $2,500,000 pilot program budget, it is anticipated that 10-15 companies will be supported in the pilot program with the support and engagement of at least five Approved Accelerators. It is anticipated that each Approved Accelerator will average two to three eligible NJ Accelerator companies during the pilot program.

The average NJ Accelerate direct funding to any one company is expected to range from $100,000 to $262,500. The maximum funding provided to any single company by the NJEDA through NJ Accelerate will reach up to $287,500 ($250k loan + $25K rent grant, with the additional consideration for W/MBE qualifying funding of up to $12,500 and 1 month of rent). In addition, up to $105,000 is reserved for sponsorship of Programmatic Events in New Jersey for each Approved Accelerator (which includes consideration for an additional 5% funding bonus beyond the matched funding outlay for qualifying Approved Accelerators with a D&I focus).

The purpose of the company support under the program is to anchor a NJ entrepreneur in the State who has received an investment of time and resources from a reputable industry Approved Accelerator partner. The NJEDA staff has seen too many instances where a startup participates in an out of state accelerator program and chooses to relocate out of state given access to capital and resources. This program is focused on curbing that attrition and providing wrap around support to a well vetted startup. In addition, the program will encourage the attention and engagement of reputable Accelerator Partners who will more likely engage and participate in the New Jersey Innovation Ecosystem.

**Delegated authority**

Beginning in July 2003 the Members of the Authority have been asked to delegate signing authority to staff on certain financing and incentive transactions, to create efficiencies for our customers and provide fluidity to our business. As the approvals anticipated in the NJ Accelerate program are anticipated to be routine in nature with very limited Authority exposure, and a shortened response time is critical to the success of the startup business, staff is requesting delegation from the Board to allow staff to approve accelerators, qualifying company rent subsidy and Approved Accelerator event sponsorship [Level 4: Director of TLS and recommending officer] when all program criteria outlined herein are satisfactorily met. This request is similar to other EDA programs of similar scope and size. All applications that staff recommends for declination, whether of entities seeking to participate in the program as Approved Accelerators or of funding and/or rent subsidy, will be presented to the Board. If the program expands beyond the pilot stage, these delegation levels are to be revisited by the Board. All direct loan funding to accelerator graduates will require board review and approval.

## VALUE FOR NJEDA AND THE STATE

It is expected that this program will deliver the following benefits to NJEDA and the State of New Jersey:

- Grow New Jersey's Innovation Economy & Ecosystem;
- Drive the formation and growth of the most promising new ventures by equipping entrepreneurs, with industry specific knowledge, tools, and skills;
- Expand New Jersey's pipeline of commercial stage businesses, including those that would benefit from NJEDA products;
- Increase visibility of NJ's Innovation Economy to accelerators around the country;
- Deepen NJ's relationship with the entities that have created and sponsor Accelerator Programs;
- Generate awareness of New Jersey's resources for entrepreneurs, including NJEDA products, to encourage entrepreneurs to do business in New Jersey;
- Build New Jersey's brand as the State of Innovation among both Corporations and local entrepreneurs.
- Help New Jersey achieve Governor Murphy's goal of becoming the most diverse innovation state in the country

## CONCLUSION

Authority staff believes that the pilot NJ Accelerate program will support the most promising commercial stage New Jersey businesses and build upon the support provided by Accelerator programs to anchor the businesses in NJ for the long term contributing to the development of New Jersey's Innovation Ecosystem and encourage engagement with out of state Accelerators for increased activity in New Jersey.

Tim Sullivan
Chief Executive Officer

Prepared by: Kathleen Coviello
Tim Rollender
Meera Kumar

**Exhibit A**
**NJ Accelerate**
**Proposed Program Specifications**

| | |
|---|---|
| **Funding Source** | Funding for NJ Accelerate Companies using eligible Authority funds from the Economic Recovery Fund (ERF). NJ Accelerate Accelerator Event sponsorship to be funded from general NJEDA Funds. |
| **Program Expiration** | Program to operate on a pilot basis – funds will be committed within an estimated 24 months from acceptance of the first application or until such time that the funds are depleted. |
| **Program Purpose** | To partner with Approved Accelerators on advancing highly qualified entrepreneurial companies in NJ and building NJ's Innovation Economy |
| **Accelerator Eligibility Requirements** | To be accepted as an Approved Accelerator Partner, the Accelerator must sign a verification form and provide supporting diligence materials that certifies (citing specific, verifiable details as appropriate) that they meet the following requirements:<br>• The Accelerator is best in class as demonstrated by:<br>o A well-codified thorough and rigorous screening process for all applicants<br>o A structured curriculum that is focused on supporting the growth of startups and at a minimum includes business strategy around product sales & marketing<br>o High prior participant satisfaction, as verifiable through reference calls and testimonials<br>o Access to at least 50 actively engaged subject matter experts/mentors across industries or functional capabilities to provide specific programmatic training for each company (e.g. Technology, Sales, Strategy, Financing, Accounting, Marketing, Fundraising, etc.)<br>o Program engagement of the broader startup Ecosystem of mentors, advisors or investors from outside the Accelerator and hosting a demo day viewable to outside participants<br>o A minimum of 20 mentoring hours to the selected participants<br>o A proven and documented or certified track record of success in prior graduates, demonstrated by at least 35% (to be reviewed and adjusted annually by NJEDA staff according to the prevailing market median data available) of graduates to receive follow-on funding |

**Exhibit A**
**NJ Accelerate**
**Proposed Program Specifications**

<table>
<tr><td></td><td>
<ul><li><ul><li>from non-related parties (non-related defined as anyone not in participating company managements), seeing strategic acquisition, significant (50%+) revenue growth in the last year or achieve an exit</li>
<li>The existence of a platform to facilitate community engagement and networking for current and past program participants (i.e. an active alumni network)</li>
<li>If a corporate accelerator, the active participation of staff at all levels of the organization, including Senior management and at the Corporation</li></ul></li>
<li>The accelerator must include an in-person aspect and not be entirely virtual, which allows for engagement and personal mentoring of the selected companies; The physical space must be available in the US for a NJEDA site visit if desired and be equipped to host events</li>
<li>The accelerator will provide financial investment in some form to at least one participant company per program, including direct investment or customer sales relationship (in-kind arrangements are insufficient)</li>
<li>The Accelerator Program is open to applicants from NJ</li>
<li>The Accelerator Program supports innovation and has a consideration for, or focus on, at least one of the eight focus sectors in Governor Murphy's economic development plan with a preference and bonus for all accelerator programs that have a focus on supporting underserved groups including: female entrepreneurs and founders of color
<ul><li>This preference translates into a monetary sponsorship bonus for Approved Accelerators with a diversity focus and their NJ-graduate companies that are certified by the state of NJ as a women or minority-owned business</li></ul></li>
<li>Accelerators must have graduated a minimum of two cohorts prior to application</li></ul>
</td></tr>
<tr><td>Eligibility Requirements for NJ Companies</td><td>
NJ companies must meet the following criteria within six months of graduation (or the latter date of departure out of the physical space offered, with respect only to the rent award of NJ Accelerate) from the Approved Accelerator to qualify for the post-graduation support.
<ul><li>Registered to conduct business in NJ</li>
<li>More than 50% of the employees in the company work in NJ or pay NJ taxes</li>
<li>The Company is in one of the eight NJ targeted sectors as</li></ul>
</td></tr>
</table>

**Exhibit A**
**NJ Accelerate**
**Proposed Program Specifications**

| | |
|---|---|
| | listed in Governor Murphy's Economic Development Plan, The State of Innovation<br><br>The company must support its verification with the following documents:<br>• Registration certificate to conduct business in NJ<br>• 2-page executive summary<br>• NJWR30, or NJ Registered PEO letter<br>• Letter from Approved Accelerator confirming successful accelerator program graduation.<br>. |
| Funding Component #1 – Matching Funding for NJ Startup | |
| Investment Amount | Up to $250, 000 with a 1:1 match of the equity investment made by the Approved Accelerator Partner<br><br>This investment amount can increase by 5% (up to a maximum of an extra $12,500 beyond the matched funding outlay) for a business that is a NJ state certified woman or minority owned at the time of matching investment |
| Investment Instrument and Terms | Convertible Promissory Note (the "Note") with 3% interest and 10-year maturity. No payments for first seven-years. Interest during this period will accrue and be capitalized annually. Beginning month 85, principal plus interest payments will begin for the remaining three-year term to fully amortize the note and capitalized interest.<br><br>The Authority will receive Warrants with 10-year maturity worth 50% of the Convertible Note Principal utilizing the NJEDA's standard warrant form and will match the pricing on the Approved Accelerator Partner's Investment. In the event the NJEDA is matching a convertible note, penny warrants will be taken. |
| Funding Disbursement | Full amount of the Note will be disbursed upon execution of closing documents and upon successful completion of Approved Accelerator cohort program. |
| Conversion/Repayment | **Note *may* convert to equity,** without a discount, upon the closing of an equity financing greater than $1,000,000 from any investor within the Note's 10-year maturity at the sole discretion of the EDA, in accordance with the EDA's current Edison Innovation Fund conversion guidelines, which will include, but not be limited to a review of company performance, transaction terms and funding round. All outstanding principal and accrued interest will convert at the same pricing terms and into the identical equity security issued |

**Exhibit A**
**NJ Accelerate**
**Proposed Program Specifications**

| | |
|---|---|
| | at such as the concurrent financing round.<br><br>**Note requires repayment** of all outstanding principal and accrued interest at the beginning of year 8 / month 84 and repaying on 36-month amortization until end of 10-year / 120-month term if the EDA has not elected to convert prior to the start of year 8 / month 84.<br><br>**Note can be repaid** in its entirety at any time without penalty but the warrant will not be refunded and will remain in place until end of warrant term.<br><br>**Note requires repayment** of all outstanding principal and accrued interest upon an event of default prior to Note conversion, all unpaid principal and accrued interest thereon will be immediately due and payable.<br><br>Failure to make schedule payment will be treated as an event of default. |
| Funding timeline | The company must have successfully graduated from an approved Accelerator Program within six months prior to application |
| Component #2 – Grant subsidy to NJ Approved CoWorking space for rent | |
| Location | The site must be an approved NJ Ignite Participant Host site |
| Amount | As an eligible NJ Accelerate company, through this program the EDA shall provide a grant for up to the maximum 6 month NJ Ignite program payment terms at the standard site rental rates all other NJ Ignite standard terms are applicable as detailed herein<br><br>The maximum rent support increases to 7 months for a NJ certified woman or minority owned business |
| Eligibility Requirements for Tenants Companies partnering with the Collaborative Workspaces | The collaborative workspace should ensure the tenant company signs a verification form that certifies (citing specific, verifiable details as appropriate) the company meets the following requirements:<br><br>See above for NJ Accelerate Program Company program eligibility<br><br>The company must support its verification form with the following documents:<br><br>• Satisfactory signed lease or membership agreement with an approved collaborative workspace facility (which participates in NJ |

**Exhibit A**
**NJ Accelerate**
**Proposed Program Specifications**

| | |
|---|---|
| | Ignite) for a period of time no less than the total occupancy required by the grant<br>• The lease must be for the facility in NJ, not a universal membership<br><br>*The tenant must agree to allow the Authority to conduct site visits and/or audit the tenant to confirm any stamen made in the tenant's certification.* |
| Funding Disbursement | Beginning from date of graduation or the latter date of departure from the Approved Accelerator physical space (if the Approved Accelerator offers a specified physical space for graduates beyond cohort graduation), the full amount of the grant will be disbursed after the collaborative workspace has met its months of commitment in the space and the tenant company has remained for the additional months, from either 6-month EDA funded amount as per NJ Ignite requirements - all disbursement will be made directly to the collaborative workspace for the benefit of the rent expense of the tenant company. |
| Component #3 – Matching Funding for Programmatic Events held in NJ | |
| Investment Amount | NJEDA will fund up to $25,000 in the form of a 1:1 matching sponsorship per Approved Accelerator, per Programmatic Event hosted in New Jersey<br><br>Each Approved Accelerator will be capped at $100,000 in sponsorship during this pilot program<br><br>If an Approved Accelerator has a focus on diversity and inclusion and meets the qualification parameters set by the State Office of Diversity & Inclusion or Designated D&I Officer within NJEDA, NJEDA will sponsor an additional 5% bonus beyond the matched funding outlay, for a maximum of $26,250 per event or $105,000 total over the lifecycle of the pilot program |
| Funding Disbursement | Full amount of the grant will be disbursed after the Programmatic Event has been approved and supporting satisfactory cost detail has been provided after the Approved Accelerator has paid for the costs they will be reimbursed on each event on a requested basis. |
| Eligibility Requirements for Event Sponsorship | Approved Accelerators Event Sponsorship approval will be subject to review in advance of event. NJEDA reserves the right not to disburse funding for events that occur outside of NJEDA ethical guidelines |

Exhibit 3

**MEMORANDUM**

**TO:** Members of the Authority

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

**DATE:** July 14, 2020

**RE:** NJ Accelerate Program Update

**Background**

On January 16, 2020, the NJEDA Board approved the creation of a pilot program to support engagement by best-in-class Approved Accelerators from across the country, and Approved Accelerator program graduate businesses, active in key sectors of New Jersey's innovation economy.

NJ Accelerate was allocated a $2.5 million program budget to support three components:

1. sponsorship dollars to Approved Accelerators to host events in New Jersey;
2. rent subsidies at NJ Ignite locations (no facility match required) to qualifying Approved Accelerator graduates, and;
3. seed funding in the form of convertible notes provided directly to the Approved Accelerator graduate companies.

NJ Accelerate will seek to collaborate with accelerators to encourage the increased participation of New Jersey entrepreneurs in high quality accelerator programs and, thereby, increase the chances of successfully growing more young, innovative companies in the State. The purpose of the company support under the program is to anchor an entrepreneur in NJ who has received an investment of time and resources from a reputable Approved Accelerator partner. Graduates from Approved Accelerators that choose to locate their businesses in New Jersey post-graduation will be considered for free rent from the NJEDA at any NJ Ignite facility, as well as, low-cost/low-dilution loan funding, provided they meet program eligibility conditions. In support of approved Ignite workspace partners, approved workspaces need not forgo rent payments if accepting NJ Accelerate graduates within the latter of 6 months of graduation or departure from the Approved Accelerator program. Companies have up to 6 months following graduation to meet eligibility criteria to access NJ Accelerate loan funding. The amount of funding is matched to investment received from Approved Accelerators, and that from other investors, concurrently, on a $1 to $1 basis. The maximum amount of direct loan funding from an NJ Accelerate note is $250,000.

The Accelerator application process is live. EDA has already begun review of Approved Accelerator applications. Consideration of sponsorship requests, and applications from Approved Accelerator graduate companies for consideration of both rent and loan support approval under the NJ Accelerate program will commence soon.

**Request**

At this time, staff is requesting approval for nine programmatic clarifications, as outlined below. In addition, in light of the effect resulting from the Covid-19 pandemic, delegation is requested to waive, as necessary, the requirement for a physical meeting for the Approved Accelerators.

1. **Program Timeline (detail refinement)**: The request here is to specify the NJ Accelerate program will deploy capital on a two-year timeline from the date of first Approved Accelerator graduate company direct loan or rent funding disbursement. EDA staff will report to the board on program status 1-year from the date of the first Approved Accelerator graduate company direct loan or rent funding disbursement.

2. **Event Sponsorship Inclusions (detail refinement):** As detailed in the original NJ Accelerate program memo, the program will provide sponsorship dollars to Approved Accelerators of up to $100,000 per accelerator across the duration of the 2-year NJ Accelerate pilot program timeline, at a rate of 50% not to exceed $25,000 per event (with potential for a 5% bonus for Approved Accelerators that demonstrate meaningful written policies and practices for attracting and promoting companies owned by women and minority persons, as defined by the NJ Department of the Treasury for purposes of the MBE/WBE certification). Sponsorship is expected to include the following role and participation for the NJEDA, but is not, necessarily, limited to:

    a. **Speaking role**
        i. Keynote, welcome, panel participant
    b. **Inclusion in Marketing materials**
        i. Press releases
        ii. Program book
        iii. Social Media
        iv. Email blasts
        v. Logo on all event materials
    c. **Website**
        i. Logo with link
    d. **Exhibit table (when applicable)**
    e. **Complimentary Registrations for event**
    f. **Post Event**
        i. Attendee list with contact information

3. **Clarification on NJ Accelerate Loan Security (detail refinement):** For the avoidance of doubt, as the NJ Accelerate program approval memo is silent with respect to collateral, loans under the NJ Accelerate Program are unsecured.

4. **Clarification of risk rating (detail refinement):** The Authority accounts for its potential loss exposure through the use of risk ratings. The NJ Accelerate Loan support shall carry a risk rating of E5, “Technology Fully Reserved Risk”, which aligns with that of the NJ CoVest program risk rating. EDA will reserve 100% against them.

5. **Form of matching investment (detail refinement):** The EDA 1:1 matching convertible note investment (see initial program approval memo) may be offered to eligible Approved Accelerator Graduates matching any form of financial investment (i.e. equity, convertible note, SAFE) or grant issued by the Approved Accelerator. Warrants received by the EDA will match the pricing on the Approved Accelerator partner’s investment. In the event the NJEDA is matching a grant, or an investment other than a priced round, penny warrants will be taken.

6. **Annual Approved Accelerator Audit (new condition)**: To ensure Approved Accelerators continue to meet eligibility criteria, Accelerators are required to certify on an annual basis:
    a. High prior participant satisfaction: as verified by either online testimonials or reference details;
    b. A proven and documented or certified track record of success in prior graduates demonstrated in at least meeting a market rate proportion of graduates that have received follow-on funding from non-related parties, seeing strategic acquisition, significant (50%+) revenue growth in the last year or achieve an exit.

7. **Program Fees (new condition)**: Proposed program fees, which were not itemized at time of program approval, will be applicable to the direct loan funding component for Approved Accelerator graduate companies. The fees will replicate those of the existing NJ CoVest program for consistency:

    a. Application Fee: $500
    b. Commitment Extension Fee: $750
    c. Modification (Minor) Fee: $250
    d. Modification (Major) Fee: $1000.

8. **Additional graduate company eligibility requirements for direct loan consideration (new condition):** Company must have a minimum of 2 founders/employees devoting 100% of their professional time to the Company at Note closing date, with an average of 80% of that time in New Jersey. A founder is a C-level or senior management executive with equity ownership in the business. This condition aligns with a requirement of the existing NJ CoVest Loan program, which also requires, at the time of loan closing, the Borrower must have a minimum of two (2) founders/employees devoting 100% of their professional time to the Borrower. A founder must be a C-level or senior management executive with equity ownership in the business.

9. **Delegation to waive the physical meeting requirement otherwise necessary to qualify an Approved Accelerator (Covid19 update) :** As a result of the COVID-19 Pandemic, the Governor issued a stay at home order on March 21, 2020, moreover, as a result of the social distancing guidelines put into place across the country, accelerators have shifted to virtual programs. This effect will remain for an indeterminate amount of time, but is, so far, nearly universal among accelerators. Beginning in July 2003 the Members of the Authority have been asked to delegate signing authority to staff on certain financing and incentive transactions, to create efficiencies for our customers and provide fluidity to our business. Staff has seen, as may be expected in the current environment, the shift by several accelerators, which have historically featured a physical component, to a completely virtual program. This function at this time is exceptional and will have a lasting impact on all those accelerators and companies that cannot benefit from an in-person experience. Staff is requesting delegation from the Board to allow a waiver of the physical meeting requirement, otherwise, necessary to qualify an Approved Accelerator [Level 4: Director of TLS and recommending officer] when all other program criteria outlined in the NJ Accelerate Board Approval memo (attached) are satisfactorily met. Upon submission of the accelerator's request for virtual consideration, based on the physical location of the accelerator, the waiver will be conditional on the status of social distancing measures in force within that location (acknowledging applicant accelerators could be located in states outside of New Jersey).

**Recommendation**

The Members are requested to approve the clarifications and new conditions listed above to the NJ Accelerate Program to sufficiently enhance the transparency and efficiency of the NJ Accelerate program consistent with EDA standards. Additionally, Members are requested to delegate to staff the authority to waive the physical meeting requirement otherwise necessary to qualify an Approved Accelerator conditional on the status of social distancing measures in force within the Accelerator's physical location.

Timothy Sullivan
Chief Executive Officer

Prepared by: Meera Kumar
Timothy B. Rollender

## EXHIBIT 4:

## NJ Accelerate Program Performance: Investment, Rent, and Sponsorship Benefits

**Table 1: Total Applications**

| **Total Pool of Funds** | | | | **$2,500,000.00** |
|---|---|---|---|---|
| | **# Received Applications** | **# Approved Applications** | **Amount Approved** | **Closed** |
| **Event Sponsorship Grant** | 4 | 4 | $6,908.28 | $5,911.11 |
| **Investment Benefit** | 18 | 9 | $1,370,000.00 | $1,212,500.00 |
| **Graduate Rent Benefit** | 3 | 2 | $31,355.50 | $31,355.50 |
| **Total** | **25** | **15** | **$1,408,263.78** | **$1,249,766.61** |
| **Remaining Funds** | | | | **$1,250,233.39** |

*Out of the 18 applications received for the Investment Benefit, 7 were withdrawn and 3 are currently under review. For the rent Benefit, 1 application was withdrawn.

**Table 2: Investment Benefit**

| **Company Name** | **Accelerator** | **Application Date** | **Approval Date** | **Closing Date** | **Disbursed Amount** |
|---|---|---|---|---|---|
| EnvoyatHome, Inc | University City Science Center | 12/17/2021 | 2/9/2022 | 9/20/2022 | $50,000.00 |
| SciMar ONE, Inc. | Merck Digital Science Studio | 9/18/2023 | 11/30/2023 | 1/11/2024 | $157,500.00 |
| Celine Biotechnologies, Inc. | Merck Digital Science Studio | 11/13/2023 | 2/7/2024 | 3/25/2024 | $150,000.00 |
| Tandem Inc | HAX LLC | 11/2/2023 | 2/9/2024 | 3/28/2024 | $250,000.00 |
| Magic Kids Platform Inc | Lair East Labs | 12/6/2023 | 3/28/2024 | 4/29/2024 | $150,000.00 |
| IndicatorLab Inc | Lair East Labs | 1/12/2024 | 3/18/2024 | 5/21/2024 | $150,000.00 |
| Firstly Edu Institute | Lair East Labs | 2/13/2024 | 6/19/2024 | 7/18/2024 | $125,000.00 |
| UCHU Biosensors, Inc. | HAX LLC | 2/8/2024 | 3/28/2024 | 8/5/2024 | $180,000.00 |
| Kolate.AI | Entrepreneurs Roundtable Accelerator | 6/3/2024 | 8/26/2024 | tbd | tbd |
| **Total** | | | | | **$1,212,500.00** |

**Table 3: Rent Benefit**

| Collaborative Workspace | Company Name | Accelerator | Disbursed Amount | Approval Date | Closing Date |
|---|---|---|---|---|---|
| Rutgers EcoComplex | Hit Nano | Cleantech Open Northeast | $18,843.00 | 03/05/2024 | 07/18/2024 |
| Rutgers EcoComplex | Princeton NuEnergy Inc | Cleantech Open Northeast | $12,512.50 | 09/17/2022 | 07/18/2024 |
| **Total** | | | **$31,355.50** | | |

**Table 4: Sponsorship Benefit**

| Applicant Name | Disbursed Amount | Approval Date | Closing Date |
|---|---|---|---|
| Cleantech Open Northeast | $252.83 | 03/05/2024 | 07/18/2024 |
| Merck Digital Sciences Studio | $522.31 | 11/01/2023 | 07/02/2024 |
| Venture Well | $1,655.54 | 09/22/2023 | 07/18/2024 |
| Venture Well | $3,480.43 | 09/22/2023 | 07/18/2024 |
| **Total** | **$5,911.11** | | |

ADOPTED
SEP 11 2024

Attachments

Resolution of the New Jersey Economic Development Authority Regarding Approval of NJ Accelerate Program

WHEREAS, the Members of the New Jersey Economic Development Authority have been presented with and considered Board Memoranda attached hereto; and

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

NOW, THEREFORE, BE IT RESOLVED by the Members of the New Jersey Economic Development Authority as follows:

1. The actions set forth in the Board Memoranda, attached hereto, are hereby approved, subject to any conditions set forth as such in said Board Memoranda.

2. The Board Memoranda, attached hereto, are hereby incorporated and made a part of this resolution as though set forth at length herein.

3. This resolution shall take effect immediately, but no action authorized herein shall have force and effect until 10 days, Saturdays, Sundays, and public holidays excepted, after a copy of the minutes of the Authority meeting at which this resolution was adopted has been delivered to the Governor for his approval, unless during such 10-day period the Governor shall approve the same, in which case such action shall become effective upon such approval, as provided by the Act.

DATED: September 11, 2024

EXHIBIT

DRAFT

**MEMORANDUM**

**TO:** Members of the Authority

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

**DATE:** September 11, 2024

**RE:** Memorandum of Understanding with NJ Green Bank for RGGI Funding

**Summary**

The purpose of this memorandum is to seek approval from the Board for a Memorandum of Understanding (MOU) with the New Jersey Green Bank ("NJGB") (Exhibit A). This MOU would provide for the NJEDA's transfer of $50 million in Regional Greenhouse Gas Initiative ("RGGI") funds from its 2020-2022 allocation to NJGB and set forth the terms of NJEDA's and NJGB's ongoing cooperation concerning the transfer of funds and their use for clean energy related projects. The NJEDA's funding of the NJGB will assist the Authority in meeting its obligations under the Global Warming Response Act ("Act"), the Rules promulgated thereunder ("Rules") and the 2020-2022 Strategic Funding Plan ("Plan") to both disburse RGGI funds and support the clean energy economy for New Jersey businesses and communities.

**Background: The Regional Greenhouse Gas Initiative**

RGGI is a multi-state, market-based program that establishes a regional cap on carbon dioxide (CO2) emissions from the electric power generation sector allowing for auctioning of emissions rights, traditionally referred to as a "cap-and-trade" program. RGGI is a cooperative effort among eleven states in the New England and Mid-Atlantic region to reduce greenhouse gas emissions through the operation of a carbon dioxide budget trading program. New Jersey was an original member of RGGI at the time of its creation in 2005. New Jersey withdrew from RGGI effective January 1, 2012. On January 29, 2018, Governor Murphy signed Executive Order 7 (EO7), instructing state government agencies to return New Jersey to full participation in RGGI as quickly as possible.

Through its participation, New Jersey has received funding that totaled $372 million from 2020-2022. The Plan is reviewed every three years and updated to ensure that investments are aligned across agencies to meet the Murphy Administration's clean energy and greenhouse gas reduction goals. Pursuant to the 2020-2022 Plan released in April 2020, the State deployed those funds among four initiative categories: 1) Catalyze Clean, Equitable Transportation; 2) Promote Blue Carbon in Coastal Habitats; 3) Enhance Forests and Urban Forests; and 4) Create a New Jersey Green Bank. Programs and projects within these initiatives must demonstrate net emission reductions and economic co-benefits.

New Jersey's RGGI funds allocation is governed by the Act, N.J.S.A. 26:2C-45 et seq. and the Rules promulgated thereunder at N.J.A.C. 7:27D-1 et seq. Pursuant to N.J.S.A. 26:2C-51 three state agencies (NJEDA, NJDEP, and the New Jersey Board of Public Utilities (NJBPU)) are allocated RGGI proceeds as follows: NJEDA receives 60 percent to provide grants and other forms of financial assistance to commercial, institutional, and industrial entities to support end-use energy efficiency projects and new, efficient electric generation facilities; NJBPU receives 20 percent to support programs that are designed to reduce electricity demand or costs to electricity customers in the low-income and moderate-income residential sectors; and NJDEP receives 10 percent to support programs designed to promote local government efforts to plan, develop and implement measures to reduce greenhouse gas emissions and 10% to support programs that enhance the stewardship and restoration of the State's forests and tidal marshes.

**NJ Green Bank**

As noted previously, the 2020-2022 Funding Plan included Initiative 4: Create a New Jersey Green Bank. Specifically, the plan notes, "Under this initiative, NJEDA will fund the capitalization of a new, statewide Green Bank to help to diversify financial sources and expand the overall level of private sector lending to meet the State's clean energy and climate goals, while at the same time enabling the creation of new jobs, enhancing economic equity and reducing energy costs for ratepayers in the State."

On its April 10, 2024, Board Meeting the NJEDA Board approved the creation of the New Jersey Green Bank as a subsidiary of the NJEDA focused exclusively on climate investments pursuant to Section 16 of P.L. 1997, c. 150 (C. 34:1B-159) (the "Subsidiary Act"). On May 28, 2024, the New Jersey Green Bank held its first organizational meeting, formally adopted its by-laws, and elected its first board members. While the NJGB was capitalized initially with $40 million in State funding from the FY 2023 budget, its mission is aligned with the statewide Green Bank envisioned in the 2020-2022 RGGI Funding Plan.

**MOU**

The proposed MOU will allow NJEDA to transfer existing funding already statutorily available to the NJEDA in the Global Warming Solutions Fund to the NJGB and will further assist the NJEDA in satisfying its obligations under the Act, Rules, and Plan. The NJGB satisfies the NJEDA's criteria for eligible uses of its RGGI funding and NJGB will ensure that all projects funded satisfy NJEDA's RGGI eligibility and reporting requirements.

The NJGB will be solely responsible for administering the $50 million including reviewing and approving all applicants and administering all agreements. The NJGB will report to NJEDA on a quarterly basis on the status of the funds with any information required by NJEDA so that it can confirm the funds are being used consistent with its allowable RGGI activities.

**Funding Uses**

If approved, the $50 million will fund projects supported through the NJGB. The NJGB will make investments through debt, credit enhancements, and other financial vehicles to attract private capital to enable the state to reach its climate goals. The NJGB will be dedicated to investing in projects, technologies, and companies that align with the State's climate goals, including in areas such as zero-emission transportation, building decarbonization and resiliency, and clean energy generation and storage. Examples of projects that the NJGB may invest in include solar power, onshore and offshore wind, all electric heat pumps and geothermal, and battery storage, among others. Investments made by the NJGB must demonstrate benefits for the state; be new rather than seeking refinancing; and lead to reduced greenhouse gas emissions or other co-pollutants. To ensure all communities benefit from the NJGB, it will prioritize providing financial support to transactions benefitting the State's Environmental Justice Communities (EJCs). Additionally, to support its efforts to advance environmental justice through its investments and financial assistance, the NJGB is in the process of forming an Environmental Justice Advisory Committee.

**Recommendation**

Staff recommends the Members approve the execution of a MOU with NJGB transferring $50 million in NJEDA RGGI funds to NJGB to help the Authority satisfy its obligations under the Act, Rules, and Plan.

____________________________
Tim Sullivan, CEO

Submitted by:
Sean Sonnemann, Sr. Project Officer

Attachments:

- Exhibit A –Memorandum of Understanding between NJEDA and NJGB

**MEMORANDUM OF UNDERSTANDING**
**BETWEEN**
**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY**
**AND**
**NEW JERSEY GREEN BANK**

This **MEMORANDUM OF UNDERSTANDING** ("MOU"), made on this XXth day of XXXX, 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 NEW JERSEY GREEN BANK ("NJGB", 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**, NJGB is a subsidiary of the NJEDA formed pursuant to N.J.S.A, 34:1B-159; and

**WHEREAS,** the NJEDA Board met on September 11$^{th}$, 2024 and voted to approve a memorandum of understanding with NJGB in order to transfer $50,000,000 of Regional Greenhouse Gas Initiative ("RGGI") funding ("Funds") available to NJEDA; and

**WHEREAS,** in order to further the State's efforts to reach its energy goals, while providing measurable benefits to Environmental Justice Communities, NJEDA desires to engage NJGB; 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,** New Jersey enacted the Global Warming Solutions Fund Act, P.L. 2007, c. 340 (N.J.S.A. 26:2C-45 to -57) (the "Act"), with rules at N.J.A.C. 7:27D-1 et seq. (the "Rules"), which enabled the State to participate in a CO2 emission trading program and established specific state agency funding allocations and programmatic areas of focus, and established the Global Warming Solutions Fund ("GWSF"); and

**WHEREAS**, "Initiative Four: Create a New Jersey Green Bank" and to further dedicate funding towards such entity is a specific initiative outlined in the 2020-2022 Strategic Funding Plan ("Plan"), such that the transfer of EDA RGGI funds to the NJGB is the most effective and best way for the Parties to accomplish their respective mandates under the Act, its associated Rules, and the Plan; and

**WHEREAS**, the Parties have determined that they can assist each other with the implementation of the Funds 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.
   a. NJEDA shall transfer $50,000,000 of its 2020-2022 funding allocation from the GWSF to NJGB.

4. Responsibilities of NJGB.
   a. Accept the aforementioned funds and ensure that they are used consistently with NJEDA's obligations under the Act, Rules, and Plan.

5. Funding. NJEDA shall provide NJGB with funds in the amount of $50,000,000. NJGB may use the Funds as follows: funding for projects in accordance with the 2022-2022 RGGI Strategic Funding Plan. The Funds shall be used for the solely for the purposes set forth in this MOU.

6. Reporting. A Party receiving funds under this MOU shall provide the funding party or its designate with reports on a quarterly basis. The NJGB will provide the EDA with any information that is required of EDA to report under the Act, Rules, and Plan.

7. 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: | For NJGB: |
   | Sean Sonnemann | Ryan Klaus |

8. Term and Extension. This MOU shall remain in effect for 10 years from the Effective Date. The Parties may extend the MOU for an additional 1 to 5 years by mutual consent, provided that such consent is in writing, and signed by the authorized representatives of each Party.

9. Termination. This MOU may be terminated by either Party upon 90 days prior written notice to the other Party.

10. Duties Upon Termination. The parties agree to provide a final accounting on the Funds. Any unencumbered funding shall be returned to the EDA.

11. Notices. All legal notices (not including day-to-day business communications) from one Party to the other regarding this MOU shall be sent to the designated contacts

provided below. The Parties will notify each other in writing of any change in these contacts within ten (10) business days:

| NJEDA | NJGB |
|---|---|
| Tim Sullivan, CEO<br>36 West State Street<br>P.O. Box 990<br>Trenton, NJ 08625 | Ram Akella, Board Member<br>36 West State Street<br>P.O. Box 990<br>Trenton, NJ 08625 |

12. Assignment. This MOU may not be assigned by a Party without the prior written consent of the other Party.

13. 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.

14. Dispute Resolution. In the event a dispute arises between the Parties concerning this MOU, the CEO of NJEDA and the Executive Director of NJGB, or their appointed representatives, 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 NJGB |
| Name: Tim Sullivan | Name: Ram Akella |
| Title: CEO | Title: Board Member |
| Signature: | Signature: |
| Date: | Date: |

**MEMORANDUM**

**TO:** Members of the Authority

**FROM:** Tim Sullivan
Chief Executive Officer

**DATE:** September 11, 2024

**SUBJECT:** Offshore Wind Applied Research Administration Grant Challenge

**Request:**

The Members are asked to approve:

1. The creation of the Offshore Wind ("OSW") Applied Research Fund Administration Grant Challenge ("Grant Challenge") - a pilot whereby NJEDA will award a single grant of $6.35 million to a qualified entity ("Administrator") who will develop and administer a grant program for OSW applied research and innovation ("Sub-Grant Program") open to universities and colleges located in New Jersey over a five-year period.
2. Capitalization of the Grant Challenge utilizing $6.35 million in funding received by NJEDA via two separate grant agreements with the New Jersey Department of Treasury dated February 24, 2023 and February 26, 2024 ("Treasury Agreements") covering Fiscal Year 2023 and Fiscal Year 2024 appropriations in support of NJEDA's Wind Institute for Innovation and Training, ("Wind Institute").
3. Delegation of authority to the Chief Executive Officer to approve an application for the Grant Challenge in accordance with the terms set forth in this memo and attached program specifications.
4. Delegation of authority to the Chief Executive Officer to accept additional program funds and to impose additional requirements as may be required by law as a condition of accepting, provided that the requirements are consistent with the parameters of the program.
5. Application fee waiver for the Grant Challenge since the funding source for the Grant Challenge covers the Authority's administrative costs.

**Background:**

In April 2020, Governor Murphy released the Wind Council report calling for a coordinated effort to support OSW workforce development, education, research, and innovation. Since that time, the

Wind Institute for Innovation and Training, housed within NJEDA, has been developing programs and partnerships to meet that objective. In an effort to leverage the deep OSW expertise and capacity for tech transfer at New Jersey universities and colleges, NJEDA is launching a Grant Challenge to select an Administrator who can independently develop and manage a Sub-Grant Program that will support OSW research and development ("R&D") and innovation at NJ colleges and universities. This investment will support the establishment of New Jersey as a national leader in OSW innovation and help commercialize technologies and innovative solutions that advance the state's OSW industry.

Funding for the Grant Challenge is provided through a portion of the $10 million received by NJEDA via the Treasury Agreements for Fiscal Year 2023 and Fiscal Year 2024 appropriations ($5,000,000 each year) for the Wind Institute to develop and execute programs that support offshore wind workforce development, and research and innovation in offshore wind technologies. A total of $2,204,632 will be provisioned through the Treasury Agreement dated February 24, 2023, and a total of $4,145,368 will be provisioned through the Treasury Agreement dated February 26, 2024 and deposited into the Economic Recovery Fund. The assignment of the funds to the Economic Recovery Fund (ERF) will allow the Authority to authorize a grant pursuant to N.J.S.A § 34:1B-7.13(a)(13), which states that ERF Funds can be utilized "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". The Grant Challenge, which is directly aligned with FY 2023 and 2024 State appropriations to Treasury for the Wind Institute, will support OSW industry research and growth, and is therefore an eligible use of ERF funding.

**Program Details:**

This Grant Challenge is a competitive program that will provide grant funding to an eligible entity that can both develop and autonomously manage a competitive Sub-Grant Program through which multiple solicitations will be administered to provide funding to NJ universities and colleges for conducting applied research and tech transfer activities for the OSW industry. NJEDA has set both the minimum and maximum funding amount for the Grant Challenge at $6.35 million. No more than twelve percent (12%) of the total grant, or $762,000 of the $6,350,000, can be used for the Administrator's direct and indirect costs. All remaining funds ($5,588,000) must be used for the applied research project activities awarded through the Sub-Grant Program.

Members are asked to approve delegation of authority to the Chief Executive Officer to accept additional funding, should it become available, to grant to the Administrator so that it can continue to administer and grow the funding pool for the Sub-Grant Program. This additional funding may come from other entities with an interest in growing the Sub-Grant Program funding pool, including from OSW developers, original equipment manufacturers, start-up incubators or accelerators, and others with aligned interests in advancing OSW technologies. One recipient will be awarded through this Grant Challenge. Additional program specifications can be found in Exhibit A.

**Eligibility:**

To be eligible for the Grant Challenge, applicants must be a non-profit entity with direct experience overseeing and administering a minimum of one prior offshore wind R&D solicitation. Universities and colleges located in New Jersey are not eligible to apply for the Grant Challenge, as they are the eligible primary applicant pool for awards through the Sub-Grant Program.

In addition, the applicant 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). The applicant must also provide a current tax clearance certificate when the grant is executed to verify they are properly registered to do business in New Jersey and in good standing with the New Jersey Division of Taxation.

**Proposal Scope:**

Grant Challenge applicants must submit proposals that provide a compelling plan for successfully accomplishing the following:

1. Solicitation Development and Management
    a. Administrator will draft Requests for Proposals (RFPs) for the Sub-Grant Program, stipulating solicitation scope of work, timelines, project eligibility criteria, scoring and evaluation factors, and other key information.
        a. Scoring and evaluation factors must include preference for research projects conducted in collaboration between two or more NJ universities and/or colleges.
        b. Indirect costs for Sub-grant awards must cap at 12% of the awarded amount.
    b. Administrator will advertise the Sub-Grant Program solicitations, once public, to NJ colleges and universities.
    c. Administrator will run a minimum of two (2) competitive solicitations to their Sub-Grant Program within five (5) years of receiving the Grant Challenge award and host informational webinars or other activities to ensure prospective applicants are aware of the solicitation opportunity.
    d. Administrator will respond to Sub-Grant Program application inquiries as appropriate via email and/or through an established questions and answer process during the open proposal submission period. Administrator will develop a “frequently asked questions” document or other supports as needed to facilitate applicants.

2. Scoring and Award Selection
    a. Administrator will perform quality control checks on all proposals received for the Sub-Grant Program to ensure that all submitted proposals meet the minimum requirements for consideration and all required documentation has been provided.
    b. Administrator will organize and facilitate scoring committee(s) for each solicitation topic area. The scoring committee will consist of subject matter and technical experts in the relevant fields. The Administrator will collect confidentiality agreements from each scorer and establish timelines for scoring to be completed; upon completion, the Administrator will rank proposals by averaging each scoring committee expert’s score.

d. Administrator will establish a process to select and award the top-scoring proposals.
e. Administrator will integrate processes and protocols to ensure bias and conflicts of interest are mitigated for the scoring and selection of Sub-Grant Program awards.
f. Administrator will provide NJEDA with access to all data associated with project proposals.

3. Project Management
   a. Administrator will manage contract negotiations and enter into contracts with Sub-Grant Program award recipients.
   b. Administrator will assign members of its staff to manage project awards, keep track of progress against project milestones and deliverables, and process payments.
   c. Administrator will be responsible for the review and payment of invoices for the Sub-Grant Program and ensuring they comply with the Grant Challenge terms and conditions.
   d. Administrator shall submit quarterly reports to the Authority detailing Administrator's use of grant funds, including the Administrator's direct and indirect costs as well as disbursement of Sub-Grant funds and any associated deliverables submitted by the Sub-Grantees.
   d. For each Sub-Grant research project, Administrator will form an industry advisory board comprised of at least three (3) subject matter experts who can support its commercialization.
   e. Administrator will conduct monthly check-ins with project award recipients and maintain a public project dashboard on a website that details key project information.
   f. Administrator will coordinate with Sub-Grant Program award recipients to provide an annual presentation on research projects and research findings to NJEDA and relevant stakeholders.
   g. Administrator will conduct regular check-ins with NJEDA to provide program updates.

**Eligible Uses of Funding:**

Eligible uses of the Grant Challenge funding include:
- Costs incurred by the Administrator for:
  - Planning, developing, and managing competitive solicitations for the Sub-Grant Program
  - Scoring and awarding proposals received for the Sub-Grant Program.
  - Managing awards through the Sub-Grant Program, including legal agreements, compliance, data, milestones, and budgets, and reporting to NJEDA.
- Costs for the Sub-Grant awards, which will cover research-related expenses incurred by New Jersey universities or colleges awarded through the Sub-Grant Program.

Any expenditures that do not comply with the above will be required to be returned by the Administrator to NJEDA at the end of the Grant Agreement term.

NJEDA has set forth the following additional stipulations and restrictions for funding awarded through this grant challenge:

For the Grant Administrator

- No more than twelve percent (12%) of the grant, or $762,200 of the $6,350,000 funding available, can be used for the Administrator's direct and indirect costs. The remaining eighty-eight percent (88%) of the grant, or $5,588,000, must go to awardees of the Sub-Grant Program.
- The Administrator cannot use its funding for capital costs.
- Staff from NJ universities or colleges who have applied for a Sub-Grant Program solicitation may not participate in the proposal evaluation committee(s) for that particular solicitation and the Administrator must ensure any other conflicts of interest are mitigated for the funding awarded through the Sub-Grant Program.
- Within thirty (30) calendar days after the Grant Challenge grant agreement term expires, any unspent funds or disallowed costs must be returned by the Administrator to NJEDA.

<u>For the Sub-Grantees</u>

- NJEDA will not require tax clearance or due diligence checks with other New Jersey agencies for the Sub- Grant awardees.
- Capital costs are allowable costs for research projects awarded through the Sub-Grant Program. Sub-Grantees who identify capital costs as an expected use of funding will be required to acknowledge as part of their application for the Sub-Grant Program that they will be subject to New Jersey labor compliance laws and regulations, including New Jersey affirmative action and prevailing wage, and New Jersey Contractor Registration and that they may be audited.
- Research project proposals submitted for the Sub-Grant Program must at a minimum:
    - Focus on one or more of the following research priority areas:
        - Climate-smart modeling for high performance wind farms;
        - Technological solutions for environmental impact assessments;
        - OSW transmission and grid integration;
        - Power-to-X and energy storage solutions;
        - OSW component design; and/or other OSW research priority areas subject to approval by NJEDA staff.
    - Demonstrate a connection to potential commercialization or innovation in technology, construction and operations practices, or other practices that advance OSW development.
    - Include a holistic timeline for the research project that does not exceed a period of three years and is no less than three months from project start to end.
    - Include a budget proposal that features clearly defined payment milestones tied to the requested Sub-Grant award amount. The budget milestones must include specific research activities and outcomes throughout the duration of the project with specific verification method(s) outlined to confirm the milestone has been met.
    - Agree to present and share research data and findings with the NJEDA at least once annually while the research project is active, excluding any information that is or will be protected as intellectual property.
    - Submit completed research to be featured on the Research with New Jersey website (www.researchwithnj.com)

**<u>Application and Evaluation Process:</u>**

Applications will be accepted during a defined application window, which NJEDA will make all potential applicants aware of through a Notice of Funding Availability and other information posted to NJEDA's website.

After the defined application window has closed, NJEDA staff will review all Grant Challenge applications for completeness and compliance with required documentation and minimum requirements. Following the completeness review, applicants with missing or incomplete documentation, or requiring additional clarification, will receive an email notification from NJEDA and will have ten (10) business days to cure any deficiencies or provide any needed clarifications, including but not limited to, submitting any missing or requested documentation. After the ten business days, any application that is not complete or for which clarification has not been provided will be deemed incomplete and will not be evaluated or scored. All complete and compliant applications will be evaluated, scored, and ranked by an Evaluation Committee comprised of NJEDA staff.

The Evaluation Committee will review, score, and rank applications based on four (4) Scoring Criteria (see Exhibit A for more details).

Criteria 1 – Experience developing and administering research solicitations for offshore wind (up to 40 points)
Criteria 2 – Approach for engaging subject matter and technical experts to score and select research proposals (up to 20 points)
Criteria 3 – Approach for project management of research grant awards (up to 30 points)
Criteria 4 – Administration Budget (up to 10 points)

The minimum score required to be considered for an award is 80 points, with the highest score possible being 100 points. NJEDA will fund the top-scoring proposal with the grant funding amount of $6.35 million. See Exhibit A for additional details on scoring criteria.

**<u>Delegated Authority:</u>**

The Members are requested to approve delegated authority to approve an individual application to the Grant Challenge in accordance with the terms set forth in the attached product specifications.

Entities whose Grant Challenge applications are declined will have the right to appeal. Appeals must be filed within the timeframe set in the declination letter. As a pilot program, decisions based on non-discretionary reasons are subject to the existing delegated authority. For appeals from declinations based on discretionary reasons, including scoring, the Board is the final decision maker. Managing Director of Legal Affairs will assign a Hearing Officer to review the appeal and any relevant documentation and prepare a recommendation for Board decision.

**<u>Funding Disbursement:</u>**

The Administrator will enter into a grant agreement with NJEDA, and funds will be disbursed on the following schedule:

- Upon execution of the grant agreement, NJEDA will provide a disbursement equal to the agreed upon amount for the Administrator's direct and indirect costs.
- The remaining balance will be disbursed upon the launch of each Sub-Grant Program solicitation, with the disbursement amount equal to the total funding made available through each respective Sub-Grant Program solicitation.

**<u>Fee Waiver:</u>**

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(b)3) permits the Board to waive application fees when there are other sources of funding for the Authority's administrative costs. This Grant Challenge is funded through two grant agreements with the New Jersey Department of Treasury; both Treasury Agreements include NJEDA administrative costs as an allowable expense. Because there is sufficient funding in the New Jersey Department of Treasury grant agreements to cover NJEDA administrative costs, staff requests that the Board approve an application fee waiver for the Grant Challenge.

**<u>Recommendation:</u>**

The Members are requested to approve: (1) the creation of the OSW Applied Research Fund Administration Grant Challenge - a pilot grant product whereby NJEDA will award a $6.35 million grant to a qualified entity who will develop and administer a grant program for OSW applied research and innovation open to NJ universities and colleges over a five-year period; (2) Capitalization of the Offshore Wind Applied Research Fund Administration Grant Challenge utilizing $6.35 million in funding received by NJEDA via two separate grant agreements with the NJ Department of Treasury covering Fiscal Year 2023 and Fiscal Year 2024 appropriations for the Wind Institute; (3) Delegation of authority to the Chief Executive Officer to approve eligible applications for the Offshore Wind Applied Research Fund Administration Grant Challenge in accordance with the terms set forth in this memo and attached program specifications; (4) Delegation of authority to the Chief Executive Officer to accept additional program funds and to impose additional requirements as may be required by law as a condition of accepting, provided that the requirements are consistent with the parameters of the program; and (5) Applicant fee waiver for the Grant Challenge.

______________________________
Tim Sullivan, CEO

Prepared by**:** Lloyd Lomelino

**Attachments**

**EXHIBIT A**

**Proposed Product Specifications: Offshore Wind Applied Research Administration Grant Challenge**

| **Proposed Product Specifications** | |
|---|---|
| **Funding Source** | A total of $6.35 million will be available through this grant. The $6.35 million is provided through a portion of the $10 million in funding received by NJEDA via two separate grant agreements with the NJ Department of Treasury covering Fiscal Year 2023 and Fiscal Year 2024 appropriations for the Wind Institute for Innovation and Training. A total of $2.2 million will be provisioned through the NJEDA / Treasury MOU dated February 24, 2023, and a total of $4.14 million will be provisioned through NJEDA / Treasury MOU dated February 26, 2024. |
| **Program Purpose** | This grant challenge is a competitive program for applicants who can both develop and autonomously manage a competitive research Sub-Grant program through which multiple solicitations will be administered to provide funding to NJ universities and colleges for conducting applied research and tech transfer activities for the OSW industry. NJEDA expects to make one award through this grant challenge and award an Administrator to develop, oversee, and administer a Sub-Grant Program. The Sub-Grant Program will provide grants for research projects that show a connection to potential commercialization or innovation of offshore wind technologies.<br><br>NJEDA is seeking applications from entities who can independently develop and manage a Sub-Grant Program, create robust processes for selecting and approving Sub-Grant award recipients, and manage research grant awards. |

<table>
<tr><th colspan="2">Proposed Product Specifications</th></tr>
<tr><td>Eligible Applicants</td><td>Applicants must be a non-profit entity with direct experience overseeing and administering one prior offshore wind R&D solicitation.<br><br>Universities and colleges located in New Jersey are not eligible to apply for the Grant Challenge, as they are the eligible primary applicant pool for awards through the Sub-Grant Program.<br><br>The applicant 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) and provide a current tax clearance certificate when the grant is executed to verify they are properly registered to do business in New Jersey and in good standing with the New Jersey Division of Taxation.</td></tr>
<tr><td>Eligible Uses of Funding</td><td>Eligible uses of the Administration Grant include:<ul><li>Costs incurred by the Administrator for:<ul><li>Planning, developing, and managing competitive solicitations for the Sub-Grant Program</li><li>Scoring and awarding proposals received for the Sub-Grant Program.</li><li>Managing awards through the Sub-Grant Program, including legal agreements, compliance, data, milestones, and budgets, and reporting to NJEDA</li></ul></li><li>Costs for the Sub-Grant awards, which will cover research-related expenses incurred by New Jersey universities or colleges awarded through the Sub-Grant Program.</li></ul>Any expenditures that do not comply with the above will be required to be returned by the Administrator to NJEDA at the end of the Grant Agreement term.<br><br>NJEDA has set forth the following additional stipulations and restrictions for funding awarded through this grant challenge:<br><br><u>For the Grant Administrator</u><ul><li>No more than twelve percent (12%) of the grant, or $762,200 of the $6,350,000 funding available, can be used</li></ul></td></tr>
</table>

| Proposed Product Specifications | |
|---|---|
| | for the Administrator’s direct and indirect costs. The remaining eighty-eight percent (88%) of the grant, or $5,588,000, must go to awardees of the Sub-Grant Program.<br>• The Administrator cannot use its funding for capital costs.<br><br><u>For the Sub-Grantees</u><br>• Capital costs are allowable costs for research projects awarded through the Sub-Grant Program. Sub-Grantees who identify capital costs as an expected use of funding will be required to acknowledge as part of their application for the Sub-Grant Program that they will be subject to New Jersey labor compliance laws and regulations, including New Jersey affirmative action and prevailing wage, and New Jersey Contractor Registration and that they may be audited. |
| **Additional Requirements** | <u>For the Grant Administrator</u><br>• Staff from NJ universities or colleges who have applied for a Sub-Grant Program solicitation may not participate in the proposal evaluation committee(s) for that particular solicitation and the Administrator must ensure any other conflicts of interest are mitigated for the funding awarded through the Sub-Grant Program.<br>• Within thirty (30) calendar days after the Grant Challenge grant agreement term expires, any unspent funds or disallowed costs must be returned by the Administrator to NJEDA.<br><br><u>For the Sub-Grantees</u><br>• Research project proposals submitted for the Sub-Grant Program must at a minimum:<br>    o Focus on one or more of the following research priority areas:<br>        ▪ Climate-smart modeling for high performance wind farms;<br>        ▪ Technological solutions for environmental impact assessments;<br>        ▪ OSW transmission and grid integration; |

<table>
<tr><th colspan="2">Proposed Product Specifications</th></tr>
<tr><td></td><td>
<ul><li><ul><li>Power-to-X and energy storage solutions;</li>
<li>OSW component design; and/or other OSW research priority areas subject to approval by NJEDA staff.</li></ul></li></ul>
<ul>
<li>Demonstrate a connection to potential commercialization or innovation in technology, construction and operations practices, or other practices that advance OSW development.</li>
<li>Include a holistic timeline for the research project that does not exceed a period of three years and is no less than three months from project start to end.</li>
<li>Include a budget proposal that features clearly defined payment milestones tied to the requested Sub-Grant award amount. The budget milestones must include specific research activities and outcomes throughout the duration of the project with specific verification method(s) outlined to confirm the milestone has been met.</li>
<li>Agree to present and share research data and findings with the NJEDA at least once annually while the research project is active, excluding any information that is or will be protected as intellectual property.</li>
<li>Submit completed research to be featured on the Research with New Jersey website (www.researchwithnj.com)</li>
</ul>
</td></tr>
<tr><td>Term of Grant Period</td><td>5 years from its effective date, or until the expenditure of all funds, whichever is sooner.</td></tr>
<tr><td>Description of Services</td><td>The Grant Administrator will be required to:
<ul>
<li>Draft Requests for Proposals (RFPs) for the Sub-Grant Program, stipulating solicitation scope of work, timelines, project eligibility criteria, scoring and evaluation factors, and other key information.</li>
<li>Advertise the Sub-Grant Program solicitations, once public, to NJ colleges and universities.</li>
<li>Run a minimum of two (2) competitive solicitations to their Sub-Grant Program within five (5) years of receiving the</li>
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| Proposed Product Specifications | |
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| | Grant Challenge award and host informational webinars or other activities to ensure prospective applicants are aware of the solicitation opportunity.<br>• Respond to Sub-Grant Program application inquiries as appropriate via email and/or through established questions and answer process during the open proposal submission period.<br>• Develop a “frequently asked questions” document or other supports as needed to facilitate Sub-Grant Program applicants.<br>• Perform quality control checks on all proposals received for the Sub-Grant Program to ensure that all submitted proposals meet the minimum requirements for consideration and all required documentation has been provided.<br>• Organize and facilitate scoring committee(s) for each solicitation topic area. The scoring committee will consist of subject matter and technical experts in the relevant fields. The Administrator will collect confidentiality agreements from each scorer and establish timelines for scoring to be completed; upon completion, the Administrator will rank proposals by averaging each scoring committee expert’s score.<br>• Establish a process to select and award the top-scoring proposals.<br>• Integrate processes and protocols to ensure bias and conflicts of interest are mitigated for the scoring and selection of Sub-Grant Program awards.<br>• Provide EDA with access to all data associated with project proposals.<br>• Manage contract negotiations and enter into contracts with Sub-Grant Program award recipients.<br>• Assign members of its staff to manage project awards, keep track of progress against project milestones and deliverables, and process payments.<br>• Hold responsibility for the review and payment of invoices for the Sub-Grant Program and ensuring they comply with the Grant Challenge terms and conditions.<br>• Submit quarterly reports to NJEDA detailing Administrator’s use of grant funds, including the Administrator’s direct and indirect costs as well as disbursement of Sub-Grant funds and any associated |

| Proposed Product Specifications | |
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| | deliverables submitted by the Sub-Grantees.<br>• For each Sub-Grant research project, form an industry advisory board comprised of at least three (3) subject matter experts who can support its commercialization.<br>• Conduct monthly check-ins with project award recipients and maintain a public project dashboard on a website that details key project information.<br>• Coordinate with Sub-Grant Program award recipients to provide an annual presentation on research projects and research findings to NJEDA and relevant stakeholders.<br>• Conduct regular check-ins with NJEDA to provide program updates. |
| **Grant Amounts** | A single grant of $6,350,000 will be awarded for the Administration Grant. |
| **Scoring Criteria** | The minimum score requirement to be considered for an award is eighty (80) points, with the highest score possibility being one hundred (100) points. Applications will be scored by an Evaluation Committee based on the following criteria:<br><br>Highest Score Possibility: 100 points<br>Minimum Score Requirement: 80 points<br><br>Applicants will have the opportunity to receive the points outlined below based on the following criteria:<br><br>Criteria 1 – Experience and approach for developing and administering research solicitations for offshore wind (Up to 40 points)<br><br>• Possess substantive experience administering R&D competitive funding solicitations to advance OSW technology (Up to 20 Points), with points awarded as follows:<br><br>o 15-20 Points: Comprehensive experience and clear ability to execute |

| Proposed Product Specifications | |
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| | ○ 8-14 Points: Moderate experience and ability to execute<br><br>○ 1-7 Points: Minimal experience and ability to execute<br><br>○ 0 Points: No experience and evidence of ability to execute<br><br>• Detail a compelling and impactful concept for developing a new Sub-Grant Program for NJ colleges and universities to conduct applied research that has the potential for commercialization or innovation in technology, construction and operations practices, or other practices that advance offshore wind development in NJ (Up to 20 points), with points awarded as follows:<br><br>○ 15-20 Points: Comprehensive plan and clear ability to execute<br><br>○ 8-14 Points: Moderate plan and ability to execute<br><br>○ 1-7 Points: Minimal plan and ability to execute<br><br>○ 0 Points: No plan and evidence of ability to execute<br><br>Criteria 2 – Approach for engaging subject matter and technical experts to score and select research proposals (Up to 20 points)<br><br>• Plan for organizing and facilitating scoring committee(s) consisting of subject matter and technical experts to review proposals received for the Sub-Grant Program (Up to 10 points).<br>• Plan for engaging with the OSW industry and subject matter experts to analyze the commercial impact of research projects (Up to 5 points).<br>Outlines a clear strategy for leveraging subject matter experts to align technology innovators, research institutions, project developers, supply chain companies, utilities, |

| Proposed Product Specifications | |
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| | government agencies, and other stakeholders towards common R&D objectives (Up to 5 Points).<br><br>Criteria 3 – Approach for project management of research grant awards (Up to 30 points)<br><br>• Describes a clear and realistic approach to administratively manage contracts, budgets, and disbursements with Sub-Grant Program awardees (Up to 15 points).<br>• Establishes robust technical supports for Sub-Grant Program awardees throughout the duration of each research project (Up to 5 points).<br>• Details a process for tracking Sub-Grant Program research projects against project milestones and deliverables (Up to 5 points).<br>• Details a clear process for reporting Sub-Grant Program data and outcomes to NJEDA (Up to 5 points).<br><br>Criteria 4 – Administration Budget(Up to 10 points)<br>• Provides a realistic Administration budget (Up to 10 points). |
| **Fees** | Per (N.J.A.C. 19:30-6.1A(b)3), the application fee will be waived for this grant challenge. |
| **Funding Disbursement** | The Administrator will enter into a grant agreement with NJEDA, and funds will be disbursed on the following schedule:<br><br>Upon execution of the grant agreement, NJEDA will provide a disbursement equal to the agreed upon amount for the Administrator’s direct and indirect costs.<br><br>The remaining balance will be disbursed upon the launch of each Sub-Grant Program solicitation, with the disbursement amount equal to the total funding made available through each respective Sub-Grant Program solicitation. |

**MEMORANDUM**

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: September 11, 2024

RE: Atlantic City Revitalization Grant Award – CARING, Inc.

The Members are asked to approve:
1 ) A grant award of $2,621,692.50 to Caring, Inc under the Atlantic City Revitalization Grant Program.

**Program Background**

The Atlantic City Revitalization Grant Program was approved by the Board 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 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**

This project will incorporate two sites that are owned by the applicant CARING, Inc. One site is located at 2611 and 2619 Pacific Avenue and the other site is located .2 miles away at 11 South Iowa Avenue which also houses their headquarters. Due to the proximity of each site and the fact that the project between the two sites will improve the overall area and neighborhood to address the local impact consideration of downtown vitality it will be deemed one project.

The applicant and awardee, CARING, Inc., is a non-profit entity which is controlled by a board and not wholly owned by anyone due to it being a non-profit entity. CARING, Inc. provides housing and health care services to adults throughout New Jersey. This organization is now headquartered in Atlantic City and is a small business which helps to diversify the employment market in Atlantic City by providing stable employment at competitive rates to the community. CARING, Inc. also offers employment opportunities in an industry that is not within the hospitality industry which currently dominates the job market in Atlantic City. The applicant CARING Inc. is the development entity and will be responsible for overseeing the project. Over the last two decades, CARING, In. has developed over a dozen housing projects for senior adults and disabled individuals. It has also built and renovated commercial space for social programs and its own growing office requirements.

**Project Description**

For more than 40 years, CARING, Inc. has provided housing, programs, and services to senior and disabled adults throughout New Jersey. The organization began with a handful of volunteers who recognized the need for quality adult day care services in southern New Jersey in 1976. Since then, CARING, Inc., has expanded its programs and services to manage services and develop housing throughout the state. Over the last two decades, CARING, Inc., has developed over a dozen housing projects for senior adults and disabled individuals.

In 2021, CARING, Inc. purchased a large warehouse and office space bounded by California, Monterey and Iowa Avenues (between Atlantic and Pacific Avenues). It renovated the existing offices and converted about 7,000 square feet of the warehouse space into additional offices to accommodate its administrative facilities and human resources staff that formerly worked out of several locations in Pleasantville. Through the funding from this grant, CARING, Inc. hopes to renovate and expand into another 2,866 square feet of vacant warehouse space contiguous to its Human Resources office at 11 South Iowa Avenue for additional office space to add more staff (9 more additional full-time jobs) to its Atlantic City location. The interior space to be improved was formerly a gym and then an electric contractor warehouse. In addition, a new facade will be developed, and the parking lot will be improved to include significant beautification, landscaping, more appropriate fencing, and new lighting. The lighting and facade improvement would be carried down the Monterey Avenue side of the building and on a small portion of the building that faces Atlantic Avenue. A very restrictive and well-lit trash enclosure will replace the current trash container space that is hidden on the side of the building and is currently too accessible now to the public. The improvement to this property will also revitalize and improve the neighborhood that is next to Tropicana and Tony's Baltimore Grill that tourists visit on a regular basis.

Once developed, CARING, Inc. intends to use the new office space to expand its administrative staffing as it is currently out of office space in the existing facility. It would then also have the opportunity to bring its insurance services in house and expand its risk management services to provide better services for the other companies in the CARING, Inc., organization for which CARING, Inc. provides management and supportive services. Accordingly, the proposed improvement would greatly beautify an area seen by many people on a daily basis and would provide well-coordinated, useful and decorative lighting that would help illuminate portions of properties and sidewalks on four streets in the heart of Atlantic City's tourism district. This site will consist of projects cost that are $2,532,680 of the total budget.

Since its headquarters is in this neighborhood, CARING, Inc. is also looking to improve the surrounding neighborhood. They have also bought a vacant and blighted building that was a former rooming house (5,002 square feet) and the parking lot next to it. This site will include 2611 and 2619 Pacific Avenue which they plan to convert into a mixed-used property. The first floor will have a commercial space for each unit that will be rented out and will consist of a total of 1,019 square feet which meets the program requirement that, for new construction with a commercial end use intended to address 'local impact considerations', at least 20% of the total square footage of the building be dedicated to a commercial use. There will be a total of three short-term rental units, one will be a studio unit on the first floor of only one of the units. Then the other two will consist of the second and third floors in which each unit and will offer two (four bedroom) short-term rentals to guests looking to stay in Atlantic City. The improvement of the parking lot will also be a part of this project and is vital so direct parking can be offered for the guests, and this will help make the property more attractive to future commercial tenants. The project costs of this portion of the project will consist of $2,710,705. There will be one construction contract for all the sites that are all a part of this project. All sites will be owned and operated by Caring Inc. directly and no other separate entities will be involved in the ownership or operation of any of the sites.

The COVID and local impact considerations that this project addresses will be downtown vitality, small business support efforts, and job and office space creation. This project will convert a long time vacant and crumbling old rooming house into an attractive mixed-use, short-term rental property. That property site is prominently on Pacific Avenue and its restoration and beautification would help lift the public's perception of the resort properties along Pacific Avenue (2619 and 2611 Pacific Avenue). The addition of substantial lighting at the mixed-use property and parking lot, including the lighting, landscaping, and facade improvements on all sides of the commercial component of this project, will make this immediate area look cleaner and safer and help reduce the negative effects that were exacerbated in Atlantic City during COVID. The support of the expansion of a small business will allow for their growth and add additional jobs to their current site, while making improvements to it. Overall, this will support the neighborhood and the revitalization of the city.

The total costs of both sites are estimated to be $5,243,385. The recommendation is to award a grant of $2,621,692.50 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. The applicant has demonstrated it has the remaining 50% of the funding to move forward with this project.

**Project Uses**

The Applicant proposes the following uses for the Project:

| *Uses* | *Total Project Costs* | *Grant Award* |
|---|---|---|
| Total Hard Costs | $5,016,497 | |
| Total Soft Costs | $226,888 | |
| **TOTAL USES** | **$5,243,385** | **$2,621,692.50** |

**Project Sources**

| *Sources of Financing* | *Amount* |
|---|---|
| Applicant to utilize their funds for remaining costs | $2,621,692.50 |
| **Total** | **$2,621,692.50** |

**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 enter into a grant agreement.

**Total Estimated Eligible Project Costs:** $5,243,385 and cannot be increased after approval in order to increase their grant award.

**Recommended Award**: The recommendation is to award $2,621,692.50 to support this project.

Tim Sullivan, CEO

Prepared by: Christina Fuentes

**MEMORANDUM**

**TO:** Members of the Authority

**FROM:** Tim Sullivan
Chief Executive Officer

**DATE:** September 11, 2024

**SUBJECT:** Atlantic City Food Security Grants Pilot Program – Application Declinations

## Summary

The Members are asked to approve:

1. Declination of the following applications to the Atlantic City Food Security Grants Pilot Program:
   a. 129 Tenn Ave Liquor, LLC
   b. Rafiq's Grocery & Produce LLC
   c. Friends of Jean Webster, Inc., dba Sister Jean's Kitchen
   d. Beat the Daily Grind LLC
   e. Gregory Freelon, dba Windy Crest Media
   f. Giordanos Garden Farms

## Background

In October 2023, the Board approved the creation of the Atlantic City Food Security Grants Pilot Program ("the Program"), a $5.25 million program to make grants of $50,000 to $500,000 for projects that will strengthen food access and food security in Atlantic City.

Out of the 50 areas designated as Food Desert Communities (FDCs) by NJEDA pursuant to the Food Desert Relief Act (FDRA), the Atlantic City/Ventnor FDC ranks second highest, indicating extremely significant need. This ranking is based on a Composite Food Desert Factor Score, which is broader and more comprehensive than the definition used by the United States Department of Agriculture, taking into account more than 24 variables related to the food retail environment, demographics, economic factors, health factors, and community factors.

More than 41,000 people reside within the boundaries of the Atlantic City/Ventnor FDC, which covers the entirety of Atlantic City as well as a portion of neighboring Ventnor. One key factor in Atlantic City's Food Desert Community status is its lack of a full-service supermarket, which has been the case since IGA closed in 2006. Staff proposed the creation of the Atlantic City Food Security Grants Pilot Program to start piloting initiatives to address FDCs, due to the acute need in Atlantic City and the immediate availability of American Rescue Plan State and Local Fiscal Recovery Fund (SLFRF) funds for Atlantic City.

We anticipate that NJEDA's Food Desert Relief Supermarket Tax Credit Program, which opened for application in December 2023, will offer an important tool to develop and sustain new supermarkets in FDCs. The Food Desert Relief Supermarket Tax Credit Program has two components – a Supermarket Financing Gap Tax Credit for development or rehabilitation of new supermarkets in FDCs, and a Supermarket Initial Operating Costs Tax Credit to support the first three years of operations for these supermarkets.

In April 2023, the Board also approved the Food Desert Relief Tax Credit Auction, which in 2023 offered $15 million of tax credits to corporations and insurance companies for a minimum price of 85 percent of face value. The 2023 auction raised more than $13 million in proceeds, which will be used to fund programs in accordance with FDRA to alleviate food deserts and support food security initiatives in FDCs through grants, loans, and/or technical assistance. The 2024 auction of $20 million will open in late August. Staff plans to return to the Board in the coming months for approval of a new program funded by the auction proceeds.

The Program was established in recognition that developing and opening a new supermarket takes years, and that a supermarket is not the only path to improving access to nutritious food. Residents of Atlantic City need and deserve improved access to nutritious food much sooner than that. The Program is designed to fund projects that can have an impact for Atlantic City residents' ability to access fresh, affordable, healthy food in advance of the construction of a supermarket, while simultaneously benefitting employment by helping applicants expand or increase their activities.

**Application Review Process and Scoring**

Applications were accepted during a six-week application period. Twenty (20) applications were submitted during this time. Applications were first evaluated for completeness and eligibility. Applicants that were missing required information were provided an opportunity to cure those deficiencies before a final completeness and eligibility review. Following this review, two applications were deemed incomplete and were rejected, without a right to appeal. One application did not meet the applicant eligibility criteria and was declined for non-discretionary reasons under delegated authority, with a right to appeal.

The remaining 17 applications proceeded to scoring, which was conducted using the below scoring criteria by a committee of five NJEDA staff with expertise in food security, community development, and Atlantic City, with three scorers evaluating each application. Each application was scored out of a total possible maximum of 100 points.

**Criteria #1: Project Description/Statement of Work** (up to 30 points) – Factors considered include:

- Applicant's understanding of Atlantic City's needs and challenges regarding food security and food access
- Potential impact of the proposed project on Atlantic City residents' food access and/or food security
- Potential impact of the proposed project on food access for recipients of federal and state nutrition benefits, including SNAP and WIC

- Potential for project to be viable, sustainable, and adaptable to other Food Desert Communities

**Criteria #2: Work Plan** (up to 20 points) – Applications demonstrating a more detailed, comprehensive, feasible plan will receive higher scores. Factors considered include:

- Feasibility of work plan as proposed
- Level of detail and evidence of thorough planning

**Criteria #3: Organizational Capacity** (up to 20 points) – The applicant is equipped to successfully complete the proposed plan in a timely manner. Factors considered include:

- Applicant's experience providing programs or services related to food access and/or food security, including but not limited to food distribution, nutrition education, local agriculture, and/or food retail
- As applicable for the proposed project, applicant's experience working effectively on collaborative, multi-stakeholder projects
- Alignment of proposed project with applicant's overall mission or primary line of business

**Criteria #4: Community Engagement** (up to 20 points) – Factors considered include:

- Depth of experience serving residents of Atlantic City
- A track record of seeking and responding to feedback from stakeholders, such as community members, customers, or advocates
- Efforts to ensure programs or services promote social and economic equity
- Ability to consider and mitigate obstacles that have created challenges for food security and food access in the past

**Criteria #5: Budget and Budget Narrative** (up to 10 points) – Applications with a clear and justified budget and budget narrative with a clear connection to project goals will receive a higher score.

Following scoring, 15 of 17 scored applications met the minimum score requirement of 50 out of 100 points. Funding was allocated first to the highest-scored applicant, proceeding in decreasing order of score. The $5.25 million of program funding was sufficient to approve 11 applications using delegated authority, totaling $5.12 million, until insufficient funds remained to fully fund the next eligible application.

**<u>Projects Eligible for Approval</u>**

1. **Mighty Writers** will construct a new food pantry in the vacant Ginsburg Bakery storefront in the Uptown neighborhood. The pantry is anticipated to serve approximately 8,000 to 9,000 residents annually, providing fresh and culturally appropriate food. This initiative is being supported through a partnership with the municipality under the New Jersey Economic Development Authority (NJEDA) Food Security Planning Grant Program.
2. **AtlantiCare** will enhance its food pantry by expanding its equipment inventory, including commercial freezers, refrigerators, a commercial cooking range, workstations,

and shelving. Additionally, funds will support AtlantiCare's mobile market program by supporting supplemental food purchases, and financing vehicle fuel and maintenance costs. AtlantiCare will also introduce a new meal delivery service for seniors and medically fragile individuals.

3. **The Community Foodbank of New Jersey** (CFBNJ) will expand its home delivery meal program to deliver to senior residents. In partnership with DoorDash, CFBNJ will use funds to procure meals for distribution and cover delivery costs associated with the service.
4. **Jewish Family Services of Atlantic County** will implement a two-part strategy: establish a mobile food pantry and provide food security case management. The mobile pantry will distribute produce and essential items at community hubs such as schools and major employers, and will also offer "on-the-go" bags for individuals experiencing homelessness. The food security case management program will develop actionable, individualized food security plans tailored to address each resident's unique challenges.
5. **Atlantic County Economic Alliance**, in partnership with C.R.O.P.S., will create an online Farm Share Community Supported Agriculture (CSA) program. This initiative will allow residents to purchase a Farm Share, providing them with a biweekly box of fresh, locally grown produce throughout the year.
6. **Bangladesh Association of South Jersey** will enhance its existing food distribution program and provide resources and materials to its members to cultivate produce in the organization's community gardens. The organization will self-fund the construction of a community market for residents to sell their produce.
7. **Ideal Education** will construct a co-op market within a mixed-use property, featuring the co-op on the ground floor and aquaponic vertical farms on the upper levels. The co-op market will be supplied year-round by produce and seafood harvested from the farms. The project will create employment for Atlantic City residents, with a focus on youth, and will offer job training in retail and agriculture. The market will also provide a delivery service to reach residents with limited transportation access.
8. **A Meaningful Purpose** will expand its farming infrastructure and workforce to increase crop yields. Harvests will be donated and distributed throughout Atlantic City in collaboration with nonprofit service organizations.
9. **Save a Lot** will upgrade its store infrastructure to offer healthier, fresher food options to customers. Planned improvements include the installation of new refrigerators, flooring, and décor.
10. **The Boys & Girls Club of Atlantic City** will continue its afterschool snack and meal program served to children and their families. Grant funds will be used to increase both the quantity and nutritional quality of the food provided.
11. **Beron Jewish Older Adult Services** will support its existing senior-focused food pantry and community center, and will introduce a home delivery service for seniors. The pantry will offer 'wraparound' services including nutrition education and healthy cooking classes, supported by a targeted outreach project to enhance its impact.

**Discretionary Declinations**

The following applications are not recommended for an award, as there is insufficient funding remaining after fully funding the higher scoring applications, as determined by the scoring committee:

- **129 Tenn Ave Liquor, LLC:** The applicant proposed utilizing funds to continue the Tennessee Ave container park redevelopment project by constructing a high-capacity hydroponic farm. The farm, designed for year-round operation, would supply produce wholesale to local restaurants, to the public in a new retail marketplace, and support the Tenn Ave AC Community Supported Agriculture (CSA) program. Additionally, a portion of the harvest would be donated to Sister Jean's Kitchen.
- **Rafiq's Grocery & Produce LLC:** The applicant proposed expanding its business to increase the availability of fresh produce for sale. The expansion would involve the acquisition of new equipment, including refrigerators and shelving.
- **Friend of Jean Webster Inc., dba Sister Jean's Kitchen:** The applicant proposed the purchase of equipment to support its food pantry and newly established kitchen. Purchases would include walk-in refrigerators and freezers to support the organization's capacity to distribute food.
- **Beat the Daily Grind LLC:** The applicant proposed expanding its business by establishing a second retail location in the Midtown neighborhood and offering a food truck and delivery service. Funds would acquire cooking equipment, broaden menu offerings, and enhance the customer dining experience.

The following applications are not recommended for an award as the applications failed to meet the required minimum score of 50 out of 100 points:

- **Gregory Freelon, dba Windy Crest Media:** The applicant proposed developing a Food Co-Op Educational Program aimed at educating shoppers of the co-op proposed by Mighty Writers. The program would focus on topics such as food waste, sustainable food systems, food equity, and nutrition.
- **Giordanos Garden Farms:** The applicant proposed a 3-pronged approach: 1. Collaborate with local stakeholders to develop a 'Food Security Program' to establish community gardens, implement urban farming practices, and integrate nutrition education into the community through school curriculum and community cooking classes. 2. Create a new food pantry supplied through partnerships with existing food banks and local businesses. 3. Create pathways to employment for AC residents at their farm in Hammonton with transitional support including transportation and child care services.

**Funding Reallocation**

Approximately $135,000 of Program funding remains uncommitted after making the eleven approvals. The Board is asked to approve reallocating this funding, which came originally from a Fiscal Year 2022 appropriation of state funds for Food and Agriculture Innovation, as well as any Program funding which may be freed up due to approved applicants withdrawing or failing to complete their projects, to support other food security initiatives. As applicable, for future food security programs that come to the Board for approval, staff may request to use some or all of these reallocate funds to fund those programs.

**Recommendation**

The Members are asked to approve:

1. Declination of awards to the following applicants:
    a. 129 Tenn Ave Liquor, LLC
    b. Rafiq’s Grocery & Produce LLC
    c. Friends of Jean Webster, Inc., dba Sister Jean’s Kitchen
    d. Beat the Daily Grind LLC
    e. Gregory Freelon, dba Windy Crest Media
    f. Giordanos Garden Farms

Tim Sullivan, CEO

Prepared by: Tara Colton, Chief Economic Security Officer
Riley Edwards, Senior Advisor, Economic Security
Rucha Gadre, Director, Food Security
Emily Evers, Intern, Economic Security

Attachments:
Appendix A – Atlantic City Food Security Grants Application Scores

Appendix A – Atlantic City Food Security Grants Application Scores

| Applicant Name | Requested Grant Amount | Final Score (Averaged Across Three Reviewers) | Status |
|---|---|---|---|
| Mighty Writers | $500,000 | 95 | Approved |
| AtlantiCare Foundation | $500,000 | 92 | Approved |
| Community Food Bank of NJ Inc. | $497,176 | 92 | Approved |
| Jewish Family Service of Atlantic County | $500,000 | 89 | Approved |
| Atlantic County Economic Alliance Inc. | $499,950 | 88 | Approved |
| Bangladesh Association of South Jersey | $329,000 | 85 | Approved |
| Ideal Education A NJ Nonprofit corporation | $500,000 | 83 | Approved |
| A Meaningful Purpose Inc. | $500,000 | 80 | Approved |
| Save Philly Atlantic City LLC dba Save A Lot | $500,000 | 79 | Approved |
| Boys and Girls Club of Atlantic City | $499,691 | 78 | Approved |
| Beron Jewish Older Adult Services | $300,000 | 77 | Approved |
| 129 Tenn Ave Liquor, LLC | $479,070 | 63 | Recommended for declination |
| Rafiq's Grocery & Produce LLC | $500,000 | 59 | Recommended for declination |
| Friends of Jean Webster, Inc. | $401,000 | 58 | Recommended for declination |
| Beat the Daily Grind LLC | $493,780 | 51 | Recommended for declination |
| Gregory Freelon | $348,000 | 45 | Recommended for declination |
| Giordanos Garden Farms LLC | $500,000 | 43 | Recommended for declination |

MEMORANDUM

**TO:** Members of the Authority

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

**DATE:** September 11, 2024

**SUBJECT:** New Jersey Manufacturing Voucher Program Phase 3

**Request:**
The Members are asked to approve:

1. The New Jersey Manufacturing Voucher Program (NJ MVP) Phase 3, re-extending this pilot initiative that offers grants in the form of reimbursement to New Jersey manufacturers for the purchase of manufacturing equipment. This program aims to facilitate access to essential equipment, enhancing efficiency, productivity, and overall profitability in New Jersey manufacturing.

2. The utilization of $10,000,000 from the Fiscal Year 2025 (FY2025) budget to capitalize the NJ MVP, with $500,000 of that funding to be used by the Authority to cover administrative costs that are needed to administer the NJ MVP Phase 3, New Jersey Manufacturing Voucher Program.

3. A single modification to eligibility criteria for NJ MVP: To ensure equitable access to funding, Phase 3 applications will be prioritized for new applicants who have not previously or will not be awarded grants under Phase 1 or Phase 2 (based on EIN) during the initial two-week application period. Following this period, all eligible businesses will have the opportunity to apply for funding, subject to available resources.

4. Delegation of authority to the Chief Executive Officer to approve certain individual applications for the NJ MVP within the parameters set forth in this memo and the attached program specifications.

5. Delegation to the Chief Executive Officer to accept additional funds from prior phases of NJ MVP, if any, as well as any available governmental funding source (Federal, State, or County/Municipal) to further fund the third phase of this pilot program; and to impose additional requirements as may be required by law as a condition of accepting, provided that the requirements are consistent with the parameters of the program.

**Background:**

On October 12, 2022, the Members approved the creation of NJ MVP Phase 1, which included the utilization of $20 million of the available $35 million from the State's Fiscal Year 2023 (FY2023) Manufacturing Industry Initiative budget appropriation to stimulate private sector investments to modernize New Jersey's manufacturing industry.

Because the demand exceeded the $20 million, on July 12, 2023, the members of the Board approved the use of an additional $13.75 million from the same $35 million Manufacturing Industry Initiative increasing total funding utilized for NJ MVP Phase 1 from $20 million to a total of $33.75 million.

On June 30, 2023, Governor Phil Murphy allocated $20 million from the State Fiscal Year 2024 budget to continue to boost the New Jersey Economic Development Authority's (NJEDA) NJ MVP that allowed us to launch a Phase 2.

**Description of Program:**

NJ MVP Phase 3 will provide a reimbursement of manufacturing equipment costs sized at 30% – 50% of the cost of the eligible equipment (including installation) up to a maximum award amount of $250,000. The program will target the State's priority sectors that will purchase manufacturing equipment and non-targeted manufacturers that will purchase equipment that integrate advanced or innovative technologies, processes, and materials to improve the manufacturing of products. The program will also offer bonuses for eligible applicants that are New Jersey certified woman, minority, or veteran owned businesses (WMVB), that are located in opportunity zone eligible census tracks, that are purchasing manufacturing equipment manufactured or assembled in New Jersey, have a collective bargaining agreement in place, and for manufacturers with fifty (50) or less FTE's. NJ MVP is also committed to supporting small businesses by awarding manufacturers with 100 or less Full Time Equivalent (FTE) employees higher award percentages. Companies with 100 FTE employees or less are capped at 50% of the award. Companies with employees over 100 FTE are capped at 40% of the award. Maximum award amount of $250,000. Complete applications will be accepted on a rolling basis and remain open until such point that the program is deemed oversubscribed based on Phase 3 funds availability.

As of August 31, 2024, the NJEDA has approved applications from a total of 325 companies across Phase 1 and 2 programs. A breakdown of approval for each Phase are detailed below:

**NJEDA Approved Applications and Potential Disbursements**

| Phase | Number of Approved Applications | Total Potential Disbursements |
|---|---|---|
| Phase 1 | 205 | $28,585,751.52 |
| Phase 2 | 120 | $20,827,604.67 |

**Eligibility:**

- To ensure equitable access to funding, Phase 3 applications will be prioritized for new applicants who have not previously been awarded grants under Phase 1 or Phase 2 (based on EIN) during the initial two-week application period. Following this period, all eligible businesses will have the opportunity to apply for funding, subject to available resources.
- The applicant company must either be a manufacturer in a Targeted Industry purchasing equipment for the manufacturing process, or the equipment being purchased must meet the Advanced Manufacturing definition. Please refer to the Targeted Industry List and definitions for more details. **(Appendix B)**
- Applicant company must provide a NJ Tax Clearance Certificate by the time of approval.
- Provide a purchase quote, order proforma, equipment listing, or other third-party cost validation.
- Applicants must be seeking assistance for a project they are actively contemplating but have yet to commit to. Projects for which a contract has been executed, a purchase order has been initiated, or a pre-payment has been rendered prior to the submission of an NJ MVP application and an application fee submitted, **will not** be eligible for funding consideration.
- For-profit and not-for-profit manufacturing companies are eligible.
- Applicants must operate their businesses in a commercial or industrial zone in New Jersey. Home-based businesses are not eligible for this program.
- Equipment (new and/or used) must be used in the manufacturing process and provide a narrative on exactly how the requested equipment will be used to use the in their manufacturing process.
- Have a total aggregated project cost (equipment + installation) of at least $25,000.00.
- Grantee must order/purchase the specified equipment within thirty (30) days of the effective date of the Closing Agreement.
- Following approval, the grantee will have 12 months from the effective date of the Closing Agreement to deliver and install the equipment. Grant recipients may apply for up to two 6-month extensions due to unforeseen delays.
- Equipment must be located in New Jersey and used in the manufacturing process. Items such as forklifts, trucks, solar panels, storage pallets or HVAC systems are some examples of equipment are not eligible for this program.
- Applicant is not engaged in prohibited activities.

In addition to the eligibility parameters already stated above, the applicant must also be in substantial good standing with the New Jersey Department of Labor and Workforce Development (LWD) and NJ Department of Environmental Protection (DEP) at the time of approval to be eligible for NJ MVP. A current tax clearance will also need to be provided prior to approval and maintained through the closing/grant agreement process to demonstrate the applicant is properly registered to do business in New Jersey and in substantial good standing with the NJ Division of Taxation.

All contracts equal to or greater than $2,000 for construction or for equipment installation that requires construction (for example, contracts for plumbing, electric, carpentry, or other construction trades related to the installation of equipment), are subject to the NJEDA's prevailing wage requirements, N.J.S.A. 34:1B-5.1, and the New Jersey Prevailing Wage Act, the Authority's affirmative action requirements, N.J.S.A. 34:1B-5.4, and the Public Works Contractor Registration Act.

**Additional Program Details:**

- To ensure equitable access to funding, Phase 3 applications will be prioritized for new applicants who have not previously been awarded grants under Phase 1 or Phase 2 (based on EIN) during the initial two-week application period. Following this period, all eligible businesses will have the opportunity to apply for funding, subject to available resources.
- Signer of the application must be an authorized signer (an owner, officer or otherwise have the legal authority to bind the business) of the business.
- Approvals will be based on the lesser of the project cost entered in the application, as validated by the provided quote(s). A single award will be disbursed based on actual costs, following the applicant's submission of proof of equipment delivery, installation, and payment.

**Targeted Industries:**

The Board on July 14, 2021, approved the use of the Emerge Program list definitions and of Targeted Industries to help guide uses of Economic Recovery Fund (ERF) monies as required by the Economic Recovery Act of 2020 (ERA). The ERA provides a consistent definition of "Targeted Industry" for various programs and authorizes the Authority to amend the list from time to time. As part of the approval of the Emerge Program on May 12, 2021, the Board approved a policy with definitions for each of the Targeted Industries included in the statute, including providing examples of what activities and sub-sectors were included and excluded from each industry definition. Those definitions are attached to this memorandum.

These definitions are applicable as the appropriated monies for NJ MVP will be deposited into Economic Recovery Fund (ERF), as explained further below.

**Diversity, Equity, and Inclusion Bonuses:**

As a commitment and in support of the Authority's Diversity, Equity, and Inclusion efforts, NJ MVP supports projects that are in distressed areas and under- represented ownership groups. In particular, NJ MVP will award bonuses to those applicants for each of the following areas:

<u>Stackable 5% Bonuses Available for each of the following</u>

- Opportunity Zone Eligible Census Tract (equipment located)
- Certified Woman, Minority, and Veteran Owned Businesses (WMVB)
- At least one Collective Bargaining Agreement in place
- Manufacturers with fifty (50) or less FTE's

Stackable 10% Bonuses Available for the following

- Purchase equipment from a New Jersey Manufacturer. (Equipment must be manufactured and/or assembled in NJ)

*Eligible Funding Uses:*

Funding can only be used for the purchase and installation of (new and/or used) equipment used in the manufacturing process. The equipment must be located and installed at a New Jersey location. Eligible capital assets shall include any form of manufacturing equipment, technologically advanced equipment or production/operating systems, including but not limited to robotics, additive manufacturing, hardware or software for digital twinning, advanced sensor or control systems, IIoT (interconnected sensors, instruments, and other devices networked together with computers' industrial applications) systems and related security. In addition, for profit and not-for-profit companies are eligible but home-based businesses are not eligible. The acquisition of eligible equipment as it relates to NJ MVP must executed at arm's length.

*Application Process:*

Complete applications will be accepted on a rolling basis and remain open until such point that the program is deemed oversubscribed based on funds availability. Applicants will have 14 calendar days after their application is reviewed and once notified by the Authority to provide missing or incomplete documents, if any.

*Delegated Authority*:

Delegation of authority to the Chief Executive Officer to approve individual applications for NJ MVP for applicants that fit the specific examples outlined in the approved targeted industry definitions, including examples in Advance Manufacturing. Any other applicant that staff considers eligible must go to the Board for approval.

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

**Program Funding:**

Per the Fiscal Year 2025 (FY2025) State Budget, the EDA will receive $10,000,000 in funding for the use of Phase 3 of NJ MVP and deposited into the Economic Recovery Fund. The assignment of the funds to the Economic Recovery Fund will allow the Authority to authorize a grant as listed under N.J.S.A § 34:1B-7.13(a)(12), which provides ERF Funds can be utilized "to provide grants or competition prizes to funds initiative-based activities which stimulate growth in targeted industries as defined by the authority's board or supports increasing diversity and inclusion within the State's entrepreneurial economy. NJ MVP, as a grant program stimulating growth in Advanced Manufacturing, or manufacturing activities in any of the other targeted industries reflected in Appendix B, is an eligible use of ERF funding.

**Fees:**

As required by the Authority's regulations, N.J.A.C. § 19:30-6.1, a non-refundable fee of $1,000 shall accompany every application.

**Reimbursement Disbursement:**

One single award disbursement will be issued when proof of equipment delivery and installation of all equipment in a New Jersey facility, is provided. If an applicant is eligible for multiple pieces of equipment, they must have all equipment delivered and installed before they submit for reimbursement. An applicant does not have to move forward with the acquisition of all eligible pieces of equipment in their approval letter and may submit for reimbursement just for what they decided to move forward with.

- Changes to equipment: The program prohibits changes to equipment that were not listed in the original application. However, changes to equipment of the same nature as that originally requested are permissible. For example, if the applicant applied for a high-definition television and want to purchase a 4K television, that would be acceptable. However, if the applicant applied for a television and now requests to purchase a printer, that would not be acceptable.
- Changes to vendors: The program allows applicants to change the purchase vendor. However, this might affect the loss of a bonus for buying from a New Jersey manufacturer.
- Changes to award amount: The award amount will not be increased for any project changes or prices increases. However, it may be adjusted downward based on the final amount paid for equipment.
- Installation work performed by the applicant's employees is not eligible for reimbursement under the program.

**Recapture Provision:**
If, in any tax period within the first three years of executed grant agreement, the company decides to leave the State or move the approved equipment out of the State, the Authority will impose a scaled recapture of the award based on the scale below:

| Moves out of State within | Recapture Percentage of the Face Value |
|---|---|
| 1 year of executed grant agreement | 100% |
| 2 years of executed grant agreement | 60% |
| 3 years of executed grant agreement | 30% |

**Recommendation:**

The Members are asked to approve:

1. The New Jersey Manufacturing Voucher Program Phase 3, re-extending this pilot initiative that offers grants in the form of reimbursement to New Jersey manufacturers for the purchase of manufacturing equipment. This program aims to facilitate access to essential equipment, enhancing efficiency, productivity, and overall profitability in New Jersey manufacturing.

2. The utilization of $10,000,000 from the FY2025 budget to capitalize the NJ MVP and $500,000 of funding is to be used by the Authority to cover administrative costs that are needed to administer the NJ MVP Phase 3.

3. A single modification to eligibility criteria for NJ MVP: To ensure equitable access to funding, Phase 3 applications will be prioritized for new applicants who have not previously or will not be awarded grants under Phase 1 or Phase 2 (based on EIN) during the initial two-week application period. Following this period, all eligible businesses will have the opportunity to apply for funding, subject to available resources.

4. Delegation of authority to the Chief Executive Officer to approve certain individual applications for the NJ MVP within the parameters set forth in this memo and the attached program specifications.

5. Delegation to the Chief Executive Officer to accept funds left over from prior phases of NJ MVP, if any, as well as any available governmental funding source (Federal, State, or County/Municipal) to further fund the third phase of this pilot program; and to impose additional requirements as may be required by law as a condition of accepting, provided that the requirements are consistent with the parameters of the program.

Tim Sullivan, CEO

Prepared by: Lube Aleksoski

Attachments:

**Appendix A** - Proposed Product Specifications: NJ MVP
**Appendix B** – Targeted Industries

# APPENDIX A

| Proposed Program Specifications September 11, 2024 | |
|---|---|
| **Funding Source** | The utilization of $10,000,000 from the Fiscal Year 2025 (FY2025) budget to capitalize the NJ MVP and $500,000 of funding is to be used by the Authority to cover administrative costs that are needed to administer the NJ MVP Phase 3, New Jersey Manufacturing Voucher Program. |
| **Program Purpose** | NJ MVP Phase 3 will continue to provide New Jersey Manufacturers a grant to access equipment they need to become more efficient, productive, and profitable. |
| **Eligible Applicants** | Manufacturers located in a commercial or industrial zone in New Jersey with a NJ Tax Clearance Certificate.<br><br>To ensure equitable access to funding, Phase 3 applications will be prioritized for new applicants who have not previously been awarded grants under Phase 1 or Phase 2 (based on EIN) during the initial two-week application period. Following this period, all eligible businesses will have the opportunity to apply for funding, subject to available resources. |
| **Eligible Uses** | Applicant company must be in a targeted industry, or the solicited equipment must meet the definition of Advanced Manufacturing.<br><br>Funding can only be used for the purchase and installation of (new and/or used) equipment used in the manufacturing process. The equipment must be located and installed at a New Jersey location. Eligible capital assets shall include any form of manufacturing equipment, technologically advanced equipment or production/operating systems, including but not limited to robotics, additive manufacturing, hardware or software for digital twinning, advanced sensor or control systems, IIoT (interconnected sensors, instruments, and other devices networked together with computers' industrial applications) systems and related security. In addition, for profit and not-for-profit companies are eligible but home-based businesses are not eligible. The acquisition of eligible equipment as it relates to NJ MVP must executed at arm's length. |
| **Grant Amounts** | 30% - 50% of eligible project costs, with a minimum award amount of $7,500 and a maximum award amount of $250,000. |
| **Fees** | As listed in N.J.A.C. § 19:30-6.1, a non-refundable fee of $1,000 shall accompany every application. |

## APPENDIX B

## "TARGETED INDUSTRIES" DEFINITIONS

The proposed definition of "Targeted industry" is the following:

"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. A project shall be considered to be in a targeted industry if the activity undertaken by the full-time employees will be in a targeted industry, or if the business is in a targeted industry. An eligible business shall be considered to be in a targeted industry, if the project is for full-time employees of a division or subsidiary that falls within the definition of a targeted industry. A division or affiliate of an eligible business that is in a targeted industry shall be considered to be in a targeted industry, even if the project is for full-time employees that do not work directly in the targeted industry. The Authority may consider whether a business fits into another innovative industry that disrupts current technologies or business models, by assessing factors such as, whether businesses in the industry are offering products or services that significantly improve current market offerings on the basis of price or other performance levels, whether the new industry creates opportunities for new firms to enter and redefine the supply chain or value chain of an industry, or whether the industry utilizes new technology or business processes that allow New Jersey- based firms to collect a share of revenues that were traditionally only available to companies in other geographies.

The Authority developed definitions and policy interpretations for each of the listed industries within the definition of "Targeted industry" as included in the Emerge program regulations and statute.

**Advanced transportation and logistics industry** includes, but is not limited to, the research, development, commercialization, and implementation of technology and innovative methodologies to move goods, services, and people, including by rail, road, air, sea, cable, space and the processing, storage, supply chain management, handling and packaging of goods and services.

**Advanced transportation** includes, but is not limited to, the areas of infrastructure, vehicles, and operations. Examples of advanced transportation technologies may include advanced transportation, sensor development, electrification of vehicles and infrastructure, new transport vehicle development, smart infrastructure and smart cities technologies.

**Advanced logistics** includes, but is not limited to, the research, development, commercialization, and implementation of innovative planning, storage, supply chain management, handling, and packaging of goods and services.

Examples of advanced logistics technologies may include real-time dynamic tracking or pricing, automated processing and handling, the use of blockchain and artificial intelligence, and the use of advanced telecommunication technologies in logistics.

Excluded from this industry are conventional warehousing and distribution facilities, operations and conventional transportation businesses, such as trucking.

**Advanced manufacturing industry** includes, but is not limited to, activities that integrate advanced or innovative technologies, processes and materials to improve the manufacturing of products. Such activities include research, development, commercialization, and implementation of new manufacturing methods and processes that utilize technology or other innovative methodologies including both physical equipment and software supporting advanced production.

Examples of advanced manufacturing technologies include additive manufacturing technologies, computer-aided manufacturing, utilization of advanced sensors and robotics to improve production, development of advanced materials to support production, and digital twin development and utilization. This industry also includes firms that manufacture either finished or interim advanced technologies or components.

Excluded from this industry are conventional manufacturing firms that do not sufficiently develop or utilize technologies such as those listed above.

**Aviation industry** includes, but is not limited to, commercial businesses that are directly involved with air transportation, which utilizes an aircraft, such as airplanes, helicopters and drones.

The aviation industry also includes aircraft manufacturing, aviation component manufacturing, aviation research, air safety, involvement with military aviation and the design, production or use of drones.
The aviation industry also includes research, development, and commercialization of aviation-specific software, processes, guidance systems, technologies, and other industry-specific innovative methodologies. This industry also includes firms that manufacture either finished or interim advanced technologies or components.

Excluded from this industry are the operations of regularly scheduled commercial or private flights.

**Autonomous vehicle research or development industry** includes, but is not limited to, the research, development and implementation of technologies that support the advancement of vehicles that operate independently, increasingly without human involvement, and the related infrastructure for such vehicles.

Examples of autonomous vehicle and infrastructure technologies include sensors, radars, cameras, actuators, complex algorithms, machine learning systems, and software processors that support autonomous vehicle operations and maintenance. Excluded from this industry are research, development, and implementation of technologies that do not advance towards fully automated vehicular operations or the related infrastructure.

This industry also includes firms that manufacture either finished or interim advanced technologies or components.

**Zero-emission vehicle research or development industry** includes, but is not limited to, the research, development and implementation of technologies that advance the production of electric and other zero emission vehicles that reduce greenhouse gas emissions or improve air quality and the related infrastructure. This industry also includes firms that are undertaking specific projects to implement these technologies.

Examples of zero-emission vehicle technologies include plug-in-hybrid electric vehicles, battery-powered electric vehicles, hydrogen fuel cell-powered vehicles, vehicle charging infrastructure, electricity grid infrastructure improvements, and software to support these technologies.

Excluded from this industry are research, development, and implementation of technologies that do not reduce greenhouse gas emissions or improve air quality.

This industry also includes firms that manufacture either finished or interim advanced technologies or components.

**Clean energy industry** includes, but is not limited to, the research, development, commercialization, manufacturing of products and services, and implementation of technologies that support renewable energy generation and distributed energy resources, grid modernization, energy efficiency and zero- carbon building development, and transport system electrification.

Examples of clean energy technologies include solar power, onshore and offshore wind, electric battery storage, fuel-cell-based storage, carbon capture technologies, non-combustion waste-to-energy technologies, wave energy, water use minimization technologies, carbon-reducing materials, nuclear energy, heat pumps and geothermal, run of river hydroelectric, and other innovative recycling technologies and processes. This industry also includes firms that manufacture either finished or interim advanced technologies or components.

Excluded from this industry are distribution or transmission utilities, conventional landfill operations, combustion-based waste-to-energy projects, and natural gas projects.

**Life sciences industry** includes, but is not limited to, the research, development, commercialization, manufacturing, and implementation of innovative treatments, diagnostic tools, healthcare related software, medical devices, services, and equipment that supports the study, protection and improvement of plant, animal and human life.

Examples of life science industry practices include specialization in biomedicine, biochemistry, pharmaceuticals, biophysics, neuroscience, cell biology, biotechnology, medical devices, nutraceuticals, health-technology, botany and advanced agricultural development, cosmeceuticals, and life systems technologies. This industry also includes firms that manufacture either finished or interim advanced technologies or components.

Exclusions from this industry include direct provision of health care services in hospitals, outpatient facilities, dentist offices, nursing homes, or within a home setting.

**Hemp processing industry** refers to activities in compliance with the federal Agriculture Improvement Act of 2018 (also known as the 2018 Farm Bill) and any applicable regulations regarding hemp processing promulgated by the New Jersey Department of Agriculture, United States Department of Agriculture, or the United States Food and Drug Administration, including but not limited to, the research, development, commercialization, processing and manufacturing of commercial and industrial hemp products derived from hemp seeds, oil, fibers and shives for commercial use, including in the automotive, construction, food and beverage, personal care, and textile industries.

The term also includes research and development activities that advance hemp processing equipment and technologies for production, testing, and manufacturing operations, provided that such activities comply with the above-referenced laws and regulations. This industry also includes firms that manufacture either finished or interim advanced technologies or components.

The hemp processing industry excludes hemp grown for personal use or with a tetrahydrocannabinol (THC) concentration of 0.3% or greater.

**Information technology industry** includes, but is not limited to, the research, development, and commercialization of advanced software products and information technology services.

Information technology industry includes specialization in application and software development, advanced data analytics, artificial intelligence, blockchain related development, eSports, cybersecurity, cloud computing, provision of web services or servers, telecommunications, mobile communications services, provision of software as a service, and other computing technology.

Information technology industry does not include retail IT service providers, software implementation services that utilize customized product implementations, third party technology implementation to utilizes off-the-shelf solutions, website design services, social media or marketing services, and businesses from other industries that generally utilize technology to support their business operations.

**High technology industry** includes, but is not limited to, the research, development, commercialization, and manufacturing of technology hardware, technology processes, electronics, and technology-based components.

High technology industry also includes specialization in microelectronics, telecommunications, electronics equipment and components, advanced computing hardware, data storage hardware, advanced optical products and equipment, advanced sensor and instrumentation development, digital imaging, electromagnetics, mobile communication devices and infrastructure, semiconductors and semiconductor equipment.

This industry also includes firms that manufacture either finished or interim advanced technologies or components.

**Non-retail Food and Beverages industry** includes, but is not limited to, the growing, processing, packaging, preservation and distribution of raw agricultural goods into consumer food products, including fresh prepared foods, packaged foods, and alcoholic and nonalcoholic beverages, aquaculture and fisheries.

The industry includes the regional or global headquarters for food-based businesses, breweries, wineries and major wholesale food distribution facilities. Research and development activities that advance food innovation technologies, commercialization, production, food distribution models and manufacturing operations are also included in the non-retail food and beverage industry.

Excluded from this industry include distribution businesses serving retail food customers, including grocery stores, farmers markets, community supported agriculture organizations, bodegas, or convenience stores, and establishments that serve food and beverages, including restaurants, cafeterias, cafés, fast-food, pubs, delis, and catering businesses.

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: September 11, 2024

RE: Aspire Program- Product #313949
**Oasis at Greate Bay, LLC ("Applicant"), Triple C Housing, Inc., ("Co-Applicant")**

## Request

Issuance of tax credits from the Aspire program ("the Program") for a residential project located in Somers Point, New Jersey, Atlantic County up to 60% of the total project cost ("eligible costs"), not to exceed $11,570,732.

## 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 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 5, 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 proposed Project, known as Greate Bay, entails the new construction of a 100% affordable housing apartment building with forty-three rental units, which includes, five special needs units, and one superintendent unit, located on a vacant site at 901 Mays Landing Road in Somers Point. The Project is located in the Recreational Planned Unit District of Sommers Point across from the Greate Bay Country Club. The Project will have a gross building area of 93,450 square feet comprised of two three-story low-rise buildings. The development consists of one bedroom, two-bedroom, and three-bedroom unit apartments. The Project will also include various amenities, and 86 parking spaces for tenants, which equates to two parking spaces per unit. The Project received final site plan approval on December 21, 2022.

**<u>Project Ownership</u>**

The Applicant entity, Oasis at Greate Bay, LLC is a single-purpose entity and wholly owned by Michael Sawyer, Principal owner of JAS Group Enterprises, Inc., ("JAS"), which is the Lead Development Entity, and JAS is also the General Contractor for the project. As is the case with most LIHTC financed transactions an investor member will enter the partnership at financial closing as a 99.99% Limited Partner with Michael Sawyer reverting to a 0.01% General Partner and assuming the role of Managing Member.

The site is owned by JAS Group Enterprises, Inc. An agreement of Sale was executed with 901 Mays Landing Road LLC on September 21, 2023.

**<u>Lead Development Entity</u>**

JAS Group Enterprise, Inc., is a New Jersey based developer and construction firm headquartered in Princeton, New Jersey. Its Principal, Michael Sawyer has over 20 years' experience and expertise in the construction and real estate development industry. JAS offers capabilities in site preparation and heavy construction including all phases of site preparation activities, such as soil erosion measures, site grading, drainage system installations, sewer installations, potable water system installations, roadway system installations, trucking and hauling.

**<u>Co-Applicant</u>**

The Co-Applicant is Triple C Housing, Inc., (Triple C), which is a 501(c)3 and will act as the nonprofit for the project financing. Authority staff is in receipt of an IRS 501(c)3 Determination Letter for Triple C, evidencing that it is a nonprofit for taxation purposes under the provisions of Section 501(c)3 of the Internal Revenue Code.

Triple C cites that it will serve as the social services provider to the Oasis at Greate Bay Project with particular focus on the five set aside units for special needs individuals and families. Triple C Housing's mission is to create permanent supportive housing opportunities coupled with innovative support services empowering individuals and families to live with dignity and fulfill their utmost potential. The Triple C name and three C's stand for: Care: The provision of what is necessary for one's overall health & welfare; Community: The feeling of fellowship with others, as a result of sharing common attitudes, interests, and goals; and Choice: The opportunity to choose between two or more possibilities & to make an impactful decision. The organization will also serve in the process of financial support related to the monetization of the Aspire tax credits.

The Applicant, and the Co-Applicant have a Services Agreement that requires the Co-Applicant to contribute services that will directly affect and serve residents of the Project. Triple C will promote economic, civic, and social welfare by providing a comprehensive program of economic development to residents.

Specifically, this will include, but is not limited to:

- Life Skills Training

- Support Services to Assist Individuals and Families
- Linkages to Healthcare Resources
- Workforce Development Opportunities
- Case Management to Build Self Sufficiency

This Services Agreement serves as the participation agreement that specifies the Co-Applicant's participation in the Redevelopment Project and evidences a commitment to providing the support and assistance previously described. The commitment encompasses the duration of the Aspire Eligibility Period.

Per the Rules, in the application the Co-applicant must also demonstrate the following:

**The Co-Applicant has complied with all requirements for filing tax and information returns and for paying or remitting required State taxes and fees by submitting, as a part of the application, a tax clearance certificate, as described in section 1 at P.L. 2007, c. 101 (N.J.S.A. 54:50–39).**

The Co-Applicant has provided staff with a valid Tax Clearance Certificate as of this recommendation.

**The Co-Applicant's organizational purpose encompasses the proposed participation.**

Triple C is a nonprofit corporation organized under the laws of the State of New Jersey for the purpose of promoting economic, civic, and social welfare by providing a comprehensive program of economic development.

**The Co-applicant has the financial and operational capability to provide the proposed contribution or services.**

Authority staff has reviewed financial statements provided by Triple C substantially evidencing the ability to provide the proposed services.

**The Co-applicant's receipt and sale of the tax credits is necessary to finance the Redevelopment Project.**

The tax credit certificates will be allocated to the nonprofit which will sell the credits annually to a tax credit investor and return those sales proceeds into the partnership Applicant. This allows the project to obtain the Aspire credit sales proceeds without tax consequences and to pay annual debt service on an Aspire bridge loan, putting critically important capital into the project.

## Legal Review and Sister Agency Check

A Legal Review (debarment/disqualification review) was completed on the Applicant, Co-Applicant, Lead Development Entity, and relevant 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.

## Architect

Donovan Architects, led by principal Michael Donovan was established in 2006 with a mission to focus on energy efficient, quality, sustainable, multi-family housing communities. Donovan Architects has received many awards from The AIA Philadelphia, The New Jersey Community Development Corporation, and The National Association of Housing and Redevelopment Officials to name a few. The company is full-service architectural firm headquartered in Haddonfield, New Jersey. To date, Donovan Architects has completed over 100 multi-family housing properties, encompassing over 6,600 sustainable units.

## General Contractor

JAS Group Enterprises, Inc. is the General Contractor in addition to being the Owner and Lead Development Entity of the Oasis at Greate Bay Project. JAS is a certified New Jersey, Minority Business Enterprise family owned and operated business since 2003 with headquarters in Princeton, New Jersey and has offices in Hammonton, and Trenton, New Jersey.

## Construction Timeline

Construction is expected to commence on December 31, 2024, and the project will take seventeen months to construct.

As a single-phase residential project, the Aspire Program Rules require this Project to be completed within four years of executing an incentive award agreement.

## Project Details

The Project also known as, Greate Bay, will be located on a 2.17-acre parcel of land created by the overall subdivision with said parcel know as Block 1946.00, Lot 1.02. The forty-three units will be located within two separate three-story buildings, with forty-two made affordable to persons making 60% or less of county area median income, and five units reserved for individuals who have special needs. There will be eight one-bedrooms, twenty-five two-bedrooms, nine three-bedrooms and one two-bedroom rent-free superintendent unit. Each apartment will include in-unit central air, washer, dryer, new kitchen appliances, including a dishwasher. The parking area will provide 86 parking spaces, four of which will be ADA accessible.

The apartments will have frontage on Mays Landing Road in Somers Point, Atlantic County. The property will contain the two Low-Rise residential buildings plus pedestrian walkways, two trash and recycling enclosures, site lighting, open space and landscaped buffers, a community room, fitness room, bike racks, and on-site management offices.

The Project will also comply with the NJHMFA Energy Star Homes Program requirements for NJ EnergyStar Multifamily New Construction which satisfies NJEDA Green Building Standards.

**Project Uses and Sources**

The Applicant proposes the following uses for the Project:

| | Total Development Costs | Project Costs |
|---|---|---|
| Acquisition | $1 | $0 |
| Hard construction costs | $13,879,351 | $13,879,351 |
| Professional Services | $1,294,760 | $1,162,260 |
| Financing and other soft costs | $3,449,475 | $1,619,943 |
| Developer Fee | $2,623,000 | $2,623,000 |
| **Total** | **$21,246,587** | **$19,284,554** |

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 land acquisition costs and various reserves to fund interest and operating expenses during lease-up. The minimum total project cost is $10,000,000 for this residential project not located in a qualified incentive tract.

The Applicant proposes the following Sources for the Project:

| Sources | Type | Amount |
|---|---|---|
| Affordable Housing Production Fund | NJHMFA Soft Loan | $6,300,000 |
| Special Needs Housing Trust Fund | NJHMFA Soft Loan | $750,000 |
| LIHTC Proceeds | Tax Credit Equity | $6,596,342 |
| Aspire Bridge Loan | Aspire Proceeds | $6,352,000 |
| Deferred Developer Fee | Equity | $1,248,245 |
| | **Total** | **$21,246,587** |

**Developer Contributed Equity**

Based on the equity requirement in the Rules of 20% of total development costs for a residential project not in a government-restricted municipality (N.J.A.C. 19:31V-1.3), the required equity in this Project equates to $4,249,317. Equity consists of Deferred Developer fee of $1,248,245 and $6,596,342 in LIHTC Proceeds.

**Statutory Aspire Award Cap**

This project is a residential project utilizing Low-Income Housing Tax Credits and, thus, eligible for an Aspire tax credit equal to the lesser of 60 percent of the total project costs or $90 million. The total project cost is estimated to be $19,284,554. As such, the Project is eligible for an Aspire tax credit not to exceed $11,570,732 which 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 shortfall in the Project development economics pertaining to the return on the investment for the developer and their ability to attract the required investment for this Project.

Because the Project is receiving Low-Income Housing Tax Credits, NJHMFA's deferred fee model was used to measure the appropriate and reasonable rate of return. The total developer fee is $2,623,000 with $1,248,245 deferred and not fully realized until after the 30th year of operations. This conforms to the Agency's policy.

**Aspire Tax Credit Sale Price**

The Act dictates that for residential projects consisting of newly constructed residential units the consideration for the sale or assignment of the Aspire tax credits can be no less than 65 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 90 percent of the transferred credit amount before considering any further discounting to present value. Currently it is anticipated that a bridge loan will be secured by the future sale proceeds from the tax credits sales, and when accounting for these loan proceeds received during construction, it represents a discount rate of 6.17% from the 90 percent consideration of the transferred credit amount. The sources identified above in the Sources table as "Aspire Proceeds" reflect the value of this bridge loan. 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.

**Net Positive Benefit Analysis**

As directed by the Act, 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. 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 residential project and, therefore, the entire award and capital investment are not subject to the net positive economic benefit analysis.

**Other Statutory Criteria:**

**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 required under the Rules. The Applicant has indicated an intent to comply with all such aspects of the Rules including requirements concerning the bedroom distributions, affordability averages, affirmative marketing, and the long-term deed restriction of residential units.

**Scoring**

As established by the Rules at N.J.A.C. 19:31V-1.7(c) (Approval of completed application; tax credit amounts) and further detailed in the memo provided to the Board at time of approval of the Program, 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 developer and will execute the community benefits agreement within the time required.

**Labor Harmony Agreement**

The Act indicates that 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. Under the Act, 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. N.J.S.A. 34:1B-328. This project does not have a State proprietary interest and therefore is not subject to this requirement.

**Prevailing Wage Obligations**

The Aspire Act and Rules require that 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. N.J.S.A. 34:1B-325. 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**

The Aspire Act and Rules require that, for the duration of the Eligibility Period, the Applicant and Co-Applicant 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 $1,061,371,826 in unallocated tax credit resources available to Aspire projects located in the Southern-most counties in the State for the fiscal year.

**Recommendation**

Authority staff has reviewed the application for Oasis at Greate Bay, 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 South 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 Aspire Program 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 $11,570,732 in Aspire tax credits based upon the financing gap illustrated by the Project's actual capital stack at time of commitment.

Tim Sullivan, CEO

**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:** CNBC LLC PROD-00302662

**APPLICANT BACKGROUND:**

CNBC is the recognized world leader in business news and provides real-time financial market coverage and business information. CNBC produces live business programming during the day. CNBC Prime features a mix of reality series produced exclusively for CNBC, and a number of distinctive in-house documentaries. CNBC Digital provides real-time financial market news and information to CNBC's investor audience. CNBC Make It is a digital destination focused on making you smarter about how you earn, save and spend your money. CNBC has a vast portfolio of digital products, offering CNBC content to a variety of platforms such as: CNBC.com; CNBC PRO, a premium service that provides in-depth access to Wall Street; a suite of CNBC mobile apps for iOS and Android devices; Amazon Alexa, Google Assistant and Apple Siri voice interfaces; and streaming services including Apple TV, Roku, Amazon Fire TV, Android TV and Samsung Smart TVs.

CNBC was previously approved for $7,511,562 in Digital Media Tax Credit for qualified digital media expenses incurred during 2018; and $5,821,959 for qualified digital media expenses incurred during Q3 and Q4 2019.

**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 CNBC’s digital production expenses during its 2020 fiscal year (1/1/2020 – 12/1/2020). CNBC’s interactive web and digital platforms provide content and end user experiences for a global marketplace supported by editors, writers, technicians, designers and engineers. CNBC delivers business and money content, such as articles, video, audio, and social media posts, which are exclusively produced for online audience via CNBC's digital products. CNBC has a portfolio of digital products, offering CNBC content to a variety of platforms such as: CNBC.com; CNBCPRO, a premium service that provides in-depth access to Wall Street; a suite of CNBC mobile apps for iOS and Android devices; Amazon Alexa, Google Assistant and Apple Siri voice interfaces; and streaming services including Apple TV, Roku, Amazon Fire TV, Android TV and Samsung Smart TVs.

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. | $46,402,271.00 |
| **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 any wages and salaries of individuals employed in the production of digital media content that are not subject to tax under the “New Jersey Gross Income Tax Act,” N.J.S.54A:1-1 et seq,. due to the provisions of a reciprocity agreement with another states; the costs of computer software and hardware, data processing, visualization technologies, sound synchronization, editing, and the rental of facilities and equipment; and the costs for post-production including, but not limited to: editing, sound design, visual effects, animation, music composition, color grading, and mastering. 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 | $46,402,271.00 |
| B. Wages To Be Paid to Employees in New Jersey | $29,498,039.00 |
| C. Percentage of the qualified digital media content production expenses to be incurred for wages in New Jersey | 63.57% |
| **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 | $46,402,271 x 30% = | $13,920,681.30 |
| **Bonus Criteria Met** | | |
| Submission of Diversity Plan deemed satisfactory by EDA and NJ Taxation. 4% of Qualified Digital Media Content Production Expenses. | $0 x 4% = | $0.00 |
| **Total Award** | | **$13,920,681** |

**APPLICATION RECEIVED DATE:** 03/24/2022
**DATE APPLICATION DEEMED COMPLETE:** 02/23/2024
**ESTIMATED DATE OF PROJECT COMMENCEMENT:** 01/01/2020
**ESTIMATED DATE OF PROJECT COMPLETION:** 12/31/2020
**APPLICANT'S FISCAL YEAR END:** 12/31/2023
**TAX CREDIT VINTAGE YEAR(S):** 2024
**TAX FILING TYPE:** Corporate Business Tax
**ANTICIPATED CERTIFICATION DATE:** 10/15/2024

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
Team Lead – Product Operations

**MEMORANDUM**

**TO:** Members of the Authority

**FROM:** Tim Sullivan
Chief Executive Officer

**DATE:** September 11, 2024

**SUBJECT:** Atlantic Lofts Urban Renewal Entity
Atlantic Lofts Rehabilitation Project
Historic Property Reinvestment Program
Recommendation of Award

**Request**

The Members are requested to approve a proposed Historic Property Reinvestment tax credit award to Atlantic Lofts Urban Renewal Entity (Applicant) for the Atlantic Lofts Rehabilitation Project in Atlantic City. The recommended tax credit award is 45% of actual eligible costs with a maximum tax credit amount $8,000,000. The final award amount will be based on the Project's actual eligible costs.

The recommended tax credit award is subject to conditions subsequent to receiving and maintaining the award, including submission of certifications and evidence that the Applicant has met, and will continue to meet, the eligibility criteria. Staff is authorized to reduce the award amount to match the actual certified cost of rehabilitation (eligible costs) at the conclusion of the Project.

**Historic Property Reinvestment Program Background**

The Historic Property Reinvestment Program (HPRP) is a tax credit program designed to complement the Federal Historic Tax Credit Program to encourage and bolster smart growth investments focused on the rehabilitation of existing identified historic structures throughout New Jersey. The HPRP focuses on historic preservation as a component of community development, encouraging long-term private investment in the State while preserving properties that are of historic significance.

The HPRP is a competitive program, under which projects must apply within a defined application window, with all applications to be considered following the closure of the application period. The Authority has established scoring criteria for the evaluation of proposed rehabilitation projects. To receive a tax credit award, a business entity's application must receive a minimum score of 50 out of 100 maximum total score. Additionally, if on any given year the program is oversubscribed, then applications will be ranked based on score and awards will be based on ranking.

To be awarded tax credits under the HPRP, the applicant must be in good standing with the NJ Department of Labor and Workforce Development, NJ Department of Treasury, and the NJ Department of Environmental Protection (as determined by each Department). The HPRP rules also require that the rehabilitation project pay prevailing wages for construction work during the duration of the project and to building service workers for a period of 10 years following project completion for single phase project, or 10 years following the completion of the first phase for multiphase rehabilitation projects.

Projects under the HPRP are subject to an annual program cap of $50 million. Annual unused amounts may be included in the amounts available for approval in the subsequent year.

## Project Information

**Applicant**
Atlantic Lofts Urban Renewal Entity

Atlantic Lofts Urban Renewal Entity is an affiliate of Odin Properties LLC (Odin) which was founded in Philadelphia in 2009 and is a full-service developer with primary investments in multifamily real estate. Odin completed projects include apartment renovation, ground-up construction, gut renovations, historic rehabilitations and finishes upgrades across 14 U.S. states. Odin's in-house services span the entire development process from acquisition and design to entitlements, construction management, lease-up, and continued property management post-delivery. They currently own and manage approximately 10,000 apartment units in the Midwest, Northeast, and Southeast, as well as 250,000 SF of commercial space. Its Founder and Principals have developed over $1,000,000,000 of successful real estate projects internationally.

**Co-Applicant**
Odin Forward

The Co-Applicant is a nonprofit corporation and a charitable organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The Co-Applicant incorporated in 2021 with the purpose to improve the lives of low-income individuals and families, specifically residing in inner cities through financial, health, wellness, job skills, and career path tools, education, and programing.

A Participation Agreement between the Applicant and Co-Applicant submitted as part of the application shows that Odin Forward will assist in providing services to the building's tenants and community residents upon construction completion. Services will include, but not be limited to the provision of health and medical services by third parties, providing information about social services and benefits from the city, state and federal government, and coordination of transportation needs to and from grocery stores, shops and health care providers.

**Project Location**
1 S New York Avenue, Atlantic City, New Jersey 08401

**Project Name**
Atlantic Lofts Rehabilitation Project

**Project Description**
The project consists of the complete rehabilitation of an 8-story business and professional office building into 56 residential units with amenities including a new roof deck, and commercial space on the first floor. The early 20th century building, previously known as the "Schwehm Building", is approximately 100 feet tall, with a total of 63,337 square feet of interior space and is currently home to two commercial ground floor businesses with vacant space in the upper floors.

**Previously Awarded Incentives**
The NJEDA has not previously provided incentives for this site or any other project submitted by the Applicant (Atlantic Lofts Urban Renewal Entity).

**Selected Rehabilitation Period and Project Schedule**
Documentation submitted as part of the HPRP application for the Atlantic Lofts Rehabilitation Project indicate that the Project will be conducted in a single phase. Therefore, Applicant will have a selected rehabilitation period of up to twenty-four (24) months to complete the Project. Specifically, the schedule submitted with the application shows a Project duration of three hundred and twenty-seven (327) workdays. Based on this schedule, if the Rehabilitation Agreement were executed in the second quarter of 2025, the projected project completion date would be during the third quarter of 2026.

## Evaluation of the Application

**Scoring Criteria**
The HPRP application submitted for the Atlantic Lofts Rehabilitation Project was reviewed and scored based on the program's preestablished scoring criteria. The criteria focuses on five (5) main themes: Historic Significance, Imminent Threat to Historic Resource, Project Concept and Team, Status of Site Control, and Impact on the Surrounding Neighborhood. To receive a tax credit award, a business entity's application must receive a minimum score of 50 out of 100.

As part of the Project Concept and Team review, the scoring committee scored the Applicant based on information submitted regarding the project team's demonstrated experience. Documentation reviewed included information on experience and qualification of the applicant entity as well as individual team members, professional resumes and prior projects completed of similar size and complexity. Based on the information reviewed, the Applicant demonstrated that the project team is comprised of individuals within the appropriate disciplines with suitable levels of experience to complete the proposed project scope and no concerns were identified.

The Atlantic Lofts Rehabilitation Project application was reviewed and scored by a committee comprised of a multidisciplinary team of professionals with experience in the fields of historic preservation, construction, and project management. The three (3) members of the committee included NJEDA staff, as well as professional staff from DEP's Historic Preservation Office, and DCA's NJ Historic Trust.

Once individual score sheets from all selection committee members were received, the scores were averaged. The Applicant received a score of 52.5 of out of a possible 100, therefore surpassing the required minimum score of 50.

The Fall 2023 HPRP Project Application Round was undersubscribed (total amount of tax credits requested by all applicants was less than the total amount of funding available for the round) therefore the project overall ranking against all other projects was not considered as a factor for this award recommendation.

**Underwriting Review**

Underwriting concludes that the Applicant has adequate and bona fide sources of funding to cover all project costs and there is a reasonable expectation these sources of funding will be available to complete the project. The Applicant has also illustrated the wherewithal to meet the minimum 10% equity contribution requirement of the program and has demonstrated a financing gap. Additionally, the Applicant has provided documentation showing proposed terms for the sale of HPRP credits at a price of 85 cents on the dollar, which meets the Program minimum price requirements for the sale or transfer of HPRP credits. Finally, our review of the third-party independent feasibility analysis was satisfactory.

| **Uses** | **Total Project Costs** | **Eligible Costs** |
|---|---:|---:|
| Acquisition of Property | 1,051,000.00 | - |
| Property Improvements | 15,744,000.00 | 14,248,005.00 |
| Professional Services | 1,417,000.00 | 1,329,280.00 |
| Financing and Other Costs | 1,725,000.00 | 1,207,500.00 |
| Contingency | 1,225,000.00 | 1,188,250.00 |
| Development Fee | 1,325,000.00 | - |
| **Total** | **$22,487,000.00** | **$17,973,035.00** |

| **Sources** | **Amount** |
|---|---:|
| Construction Loan | 10,963,900.00 |
| Bridge Loan | 9,274,400.00 |
| Owner's Equity | 2,248,700.00 |
| **Total** | **$22,487,000.00** |

EDA staff has reviewed the application to determine if there is a shortfall in the project development economics pertaining to the return on the investment for the Applicant and its ability to attract the required investment for this project. Staff analyzed the proforma and projections of the project and compared the returns with and without the EDA's incentive over 12 years (approximately 2 years to complete project and 10 years of cash flow).

| **Without EDA Incentive** | **With EDA Incentive** |
|---|---|
| Equity IRR 0.16% | Equity IRR 6.75% |

**With the benefit of the EDA's incentive, the Project IRR is 6.75% which is below the Historic Preservation Hurdle Rate Model (Version October 2023) provided by EDA's contracted consultant Jones Lang LaSalle which indicates a maximum IRR of 13.21% for a mixed-use (commercial/residential) project located in Atlantic City.**

**Other Reviews**

In addition to the review of scoring criteria items and underwriting review of financial documents, NJEDA staff conducted other reviews to confirm eligibility and compliance with program requirements including application completeness review, sister agency review and legal review in accordance with the Authority's debarment and qualification rules. The submitted proposed project schedule was also reviewed and NJEDA staff confirmed that the selected rehabilitation period of 24-month was a reasonable timeframe for the proposed work.

Authority staff also completed a detailed review of project cost breakdowns that included total project costs, and eligible project costs. The review found that all costs seemed appropriate however it identified that some items included as eligible costs did not meet the Program's definition of eligible costs (such as kitchen cabinets, bathroom accessories and wire closet shelving) therefore, some minor adjustments to the project's eligible costs were requested by the Authority and made by the Applicant. Ineligible construction costs under the Program include all costs associated with project site work, furniture, cabinetry not inherently part of the building structure or any improvement not permanently attached to the interior or exterior of the structure, as well as all costs associated with an increase in total building volume. Ineligible soft costs include early lease termination costs, air fare, mileage, tolls, gas, meals, packing material, marketing and advertising, temporary signage, incentive consultant fees, Authority fees, loan interest payments on permanent financing, escrows, reserves, pre-opening costs, commissions and fees to the developer, project management, or other similar costs. Adjustments made to the eligible costs did not have an impact on the project's overall cost. Authority staff has confirmed that only verified eligible costs are being used to calculate the applicant's maximum tax credit amount award.

**Award Calculation**

The Atlantic Lofts Rehabilitation Project includes the rehabilitation of a qualified property that is located within a government-restricted municipality; therefore it qualifies to receive tax credits worth up to 45% of eligible project costs up to a project cap of $8 million. Once the Applicant successfully completes the Project, the Authority will issue a certificate of compliance allowing the Applicant to use the tax credit during the accounting or privilege period in which the project is completed. The project will be considered complete when the Applicant receives a temporary certificate of occupancy for the project, or upon any other event evidencing project completion that is set forth in the rehabilitation agreement.

With an understanding of the numerous unknowns inherent with rehabilitation work in historic structures, the program application process allows for an applicant's estimate for eligible construction costs to include a construction contingency. All cost estimates submitted, including construction contingency, are thoroughly reviewed, and validated by the Authority staff as part of the application review process. Unless otherwise specified and justified by the Applicant, the eligible cost contingency will be prorated between project phases for projects.

While the construction contingency associated with eligible construction costs is added to the overall eligible costs for the purpose of calculating maximum tax credit awards, this "eligible cost contingency" will only be utilized for final tax credit award calculations when a modification request meeting all applicable requirements pursuant to N.J.A.C. 19:31-26.7 has been reviewed and approved by the Authority prior to any modification of work.

Based on validated project eligible costs of $17,973,035.00 the not to exceed award for the project will be $8,000,000. The Applicant will be able to use the tax credit during the accounting or privilege period in which the project is completed.

**Conditions of Approval**

Staff recommends an award contingent upon the Applicant satisfying certain conditions within one year of approval. These conditions include, but are not limited to:

1. Drawings and specifications showing modifications as needed to ensure substantial compliance with the Secretary of the Interior's Standards for Rehabilitation.

2. Copy of site plan approval from permitting entity authorizing the development of the Project, and a copy of all required planning and zoning approvals and permits, and any other required permits.

3. Copy of executed financing commitments for the Project. If the terms of the financial commitments are materially different from the projected terms provided in the application, the Authority may re-evaluate the project financing gap and reduce the size of the tax credit award accordingly.

4. A certification that no construction will commence at the Property prior to execution of the Rehabilitation Agreement unless it meets an exception contained in NJAC 19:31-26.3(a)(4).

**Program Funding**

The HPRP is capped at $50 Million per year with the option to roll-over unused founding in any given year to the following year. The first round of funding for the program ($50 Million) became available as part of the 2021 State Fiscal Year; therefore, to date, a total of $250 Million has become available for the program. After accounting for previously awarded credits, open applications still under review as well as the recommended award covered in this memorandum, a total of $155,660,456.59 remains available.

**Recommendation**

Authority staff has reviewed the application for Atlantic Lofts Urban Renewal Entity and finds that it satisfies the eligibility requirement of the Historic Property Reinvestment Program's statute and rules. It is recommended that the Members approve a Historic Property Reinvestment tax credit award to Atlantic Lofts Urban Renewal Entity for the Atlantic Lofts Rehabilitation Project. The tax credit award is 45% of actual eligible costs with a maximum tax credit amount $8,000,000. The final award amount will be based on the Project's actual eligible costs.

Tim Sullivan, CEO

**MEMORANDUM**

**TO:** Members of the Authority

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

**DATE:** September 11, 2024

**SUBJECT:** Economic Transformation Products
Delegated Authority Approvals, Declinations, & Other Actions Q2 2024
**For Informational Purposes Only**

## Technology Innovation Products

Technology Innovation Products creates and manages products targeting emerging and early-stage technology companies to provide various type of investment and financial assistance.

### Angel Investor Tax Credit Program

On January 31, 2013, the New Jersey Angel Investor Tax Credit Act was signed into law with Regulations approved by the Members of the Board in June 2013. The New Jersey Angel Investor Tax Credit Program (ATC) establishes credits against corporate business tax or New Jersey gross income tax. When the program was originally approved, the amount of the tax credit was 10%. In 2019, Governor Murphy approved an increase to the amount of the tax credit from 10% to 20%, with a 5% bonus for investors in either NJ certified women- or minority-owned businesses, or businesses located in a state-designated Opportunity Zone or New Markets Tax Credit census tract. Starting with the 2021 program year, the Angel Tax Credit program cap was increased from $25 million to $35 million.

### Angel Investor Tax Credit Program – Q2 2024 Review

In the second quarter of 2024, the Authority approved 136 ATC investor applications with twenty-nine (29) emerging technology businesses benefiting from the ATC Program. Of the 29 different companies receiving investments, six (6) of these were new companies to the Program (noted below). Additionally, investors in nine (9) companies qualified to receive an additional 5% bonus, which represents approximately 31% of companies for this quarter.

In Q2 2024, there were 14 life science companies and 15 technology companies with investors approved for the credit. Seven (7) were state-certified Minority/Women Business Enterprises, and two (2) businesses based their operations in an Opportunity Zone or New Market Tax Credit census tract.

The average investment amount per application in the life sciences sector was $292,411.30 and the average investment per application in the technology sector was $177,663.51.

In total, $6,865,693 in Angel Investor Tax Credits were awarded incentivizing $35,063,278 in private, equity investments in NJ emerging technology businesses.

| Sector | Investment Amount | Tax Credit Amount | Applications | # of Companies | % of Total Invested | % of Total Applications |
|---|---|---|---|---|---|---|
| **Life Sciences** | $27,779,074 | $5,218,815 | 95 | 14 | 79.23% | 69.8% |
| **Technology** | $7,284,204 | $1,646,878 | 41 | 15 | 20.77% | 30.1% |
| **Total** | **$35,063,278** | **$6,865,693** | **136** | **29** | | |

Investors for the following twenty-nine (29) companies were awarded tax credits in Q2 2024:

**AlphaROC, Inc.,** based in Newark, is a data science company developing AI and machine learning SaaS products for use in market research and data analysis. Their flagship product, OCCAM, employs natural language processing and neural network-based predictive models to interpret big data for customer insights and strategic decision making in various sectors **(new company in Q2 2024, and the investors qualify for a bonus as the business is located in a designated Opportunity Zone or New Markets Tax Credit census tract).**

**Ascendia Pharmaceuticals, Inc.,** based in North Brunswick, is a contract-development-and-manufacturing (CDMO) company dedicated to developing specialty pharmaceutical products and novel formulations for poorly water soluble molecules. The Company utilizes its drug delivery technologies – nano-emulsions, nano-particles, and amorphous solid dispersions – to screen formulation approaches and develop an optimized formulation suitable for clinical testing **(new company in Q2 2024).**

**Aspargo Laboratories, Inc.**, based in Englewood Cliffs, is a life sciences corporation that commercializes a therapeutic approach to addressing the clinical need for drugs that treat erectile dysfunction.

**BioAegis Therapeutics Inc.,** based in North Brunswick, is a private company commercializing groundbreaking discoveries in inflammation and infection.

**Bloqcube, Inc.,** based in Piscataway, is a healthcare technology company that is streamlining the clinical trial and medical/pharmaceutical research process by leveraging blockchain technology. Bloqcube's patent-pending technology offers real-time reporting of clinical data with an integrated payment system **(the investors qualify for a bonus as the business is a certified Minority/Women Business Enterprise).**

**Distinct Dermatology, Inc.,** based in Parsippany, is a telemedicine business focused on treating toenail fungus. the Company has developed and patented pending technology that uses a UV-activated acrylic combined with an active pharmaceutical product to administer a cosmetic treatment combined with their telehealth services, providing a curative approach without the discomfort of the visible toenail fungus. This would fall under the advanced materials category of the emerging technologies definition.

**Durin Technologies, Inc.,** based in Mullica Hill, is developing a blood-based assay for the detection of Alzheimer's disease (AD). Activities into regulatory and manufacturing procedures required for its eventual marketing approval by the US FDA have been initiated.

**Elucida Oncology, Inc.,** based in Monmouth Junction, is a biotechnology company focused on clinical research, development and subsequent commercialization of life-changing products based on the Target or Clear™ technology of the novel, ultra-small nanoparticle delivery platform. Elucida’s work is centered around the detection and treatment of primary solid tumor and metastatic cancers in order to extend and enhance patients’ lives.

**Enalare Therapeutics, Inc.,** based in Princeton, is a life sciences company developing novel treatments for patients suffering from life-threatening respiratory and critical care conditions. Enalare’s first major pharmaceutical compound, ENA-001, is patented and currently performing well in the clinical trial phase. It is a respiratory stimulant that utilizes a unique mechanism of action – the body’s own ventilation control pathways – to improve breathing and is intended for use in patients suffering from a variety of medical conditions including post-operative respiratory distress, COPD, drug overdose, and apnea in premature infants.

**Endomedix, Inc.,** based in Montclair, has developed a platform technology that can be used to develop at least 4 separate product categories or intended uses, each with multiple indications for use. These categories include surgical hemostats, tissue sealants, drug delivery and tissue engineering vehicles.

**Equallent Therapeutics, Inc.,** based in Monmouth Junction, is a life sciences company that is a joint venture of Liposeuticals and AptaPharma, and is a specialty pharmaceuticals research firm focused on the development of next-generation proprietary formulations of pharmaceutical products in the field of applications for cardiovascular diseases and oncology.

**Evergreen Theragnostics, Inc.,** based in Springfield, is a Contract Development and Manufacturing Organization (CDMO) servicing the radiopharmaceutical industry in developing early-stage molecules. Evergreen is also engaged in research and development of new diagnostic and therapeutic radiopharmaceutical products that it intends to market to US hospitals.

**Genomic Prediction, Inc.,** based in North Brunswick, provides advanced genetic testing for in-vitro fertilization. The Company has developed a novel, genome-wide molecular genotyping methodology for pre-implantation genetic testing for embryos. Their Preimplantation Genetic Testing (PGT) is a clinical treatment for infertility, but is increasingly used to reduce disease risk.

**Halcyon Still Water LLC,** based in Red Bank, has developed a platform that leverages unique technology to aggregate a taxpayer’s complete financial landscape to prepare tax returns and provide tax expertise by crowdsourcing CPA services.

**ImageProVision, Inc.,** based in Franklin Township, focuses on the automation of microscope image data analysis for the pharmaceutical industry **(the investors qualify for a bonus as the business is a certified Minority/Women Business Enterprise).**

**Innovera Pharmaceuticals, Inc.**, based in Monroe Township, specializes in developing unique generic and branded products, including those with technical complexities and niche applications. They have expertise in overcoming development barriers such as patent challenges and establishing vertically integrated pharmaceutical companies. Innovera's generic program focuses on complex drug products with characteristics like technical and scientific complexities, niche applications, intricate manufacturing processes, challenging bio-equivalency or clinical studies, and state-of-the-art analytical testing and R&D facilities. Their dosage forms include topical products, transdermal products, injectables, and various oral dosage forms **(new company in Q2 2024 and the investors qualify for a bonus as the business is a certified Minority/Women Business Enterprise.)**

**MetasTx LLC,** based in Basking Ridge, is a life sciences company committed to creating novel therapeutics to treat and prevent the growth and spread of cancer without the devastating effects of today's current therapies. MetasTX LLC's therapies are focused on the treatments of solid cancer tumors found in prostate, breast, and skin cancers.

**Neumentum, Inc.,** based in Summit, is a biotechnology company dedicated to becoming a leading non-opioid analgesic and neurology pharmaceutical company with six novel non-opioid products in development to treat pain. The Company aims to address shortfalls of current pain management treatments by developing and commercializing effective and safe, non-opioid options, without the risks of abuse, misuse, and diversion seen with opioids, or the opioid-induced side effects, including potentially life-threatening respiratory depression.

**NeuroTechR3, Inc.,** based in Warren, develops evidence-based "exergame" technologies to be used in the rehabilitation and physical therapy regimens of patients with neurological diseases and disabilities. In partnership with NJIT and Rutgers, NeuroTechR3 develops machine learning and data analytics platforms that can be integrated into outpatient facilities or used at home, to treat and improve outcomes of conditions including traumatic brain injury, stroke, cerebral palsy, multiple sclerosis, and autism. Their first major product, R3THA, rehabilitates the hand and arm to improve upper extremity function **(new company in Q2 2024 and the investors qualify for a bonus as the business is a certified Minority/Women Business Enterprise.)**

**Onconox Inc.,** based in Monmouth Junction, is advancing towards Investigational New Drug Application (IND) filing by scaling up manufacturing and conducting animal toxicology studies for lung cancer.

**Paragon Flavors, Inc.,** based in Rocky Hill, specializes in innovative food ingredient development. Their flagship product, SproutedbyNature™ rice flour, is a result of extensive research into seed sprouting processes, offering a unique alternative to synthetic ingredients. Additionally, their Ole-PBM, derived from upcycled rice bran, provides a sustainable fat alternative for plant-based foods, contributing to environmental conservation efforts. Collaborations with prominent ingredient manufacturers and local contract manufacturing trials highlight their commitment to biotechnology-driven food industry **(new company in Q2 2024).**

**POM Partners, Inc.,** based in Newark, provides an emergency communications portal solution for the higher education, healthcare, and enterprise industries **( the investors qualify for a bonus for operations in an Opportunity Zone or New Markets Tax Credit census tract).**

**Princeton Identity, Inc.,** (formerly a division of SRI International) based in Hamilton, provides biometric identity management using iris recognition and other biometric technology. The Company's unique multimodal biometric solutions employ distinctive iris and facial recognition technologies designed for accuracy and ease of use.

**Princeton Nuenergy, Inc.**, based in Princeton, is an innovative clean-tech startup company (spun out from Princeton University in 2019) focused on the direct recycling of lithium-ion batteries from electric vehicles and consumer electronics. PNE has experience handling and recycling aged rechargeable EV batteries, namely those from Tesla vehicles **(the investors qualify for a bonus as a certified Minority Business Enterprise).**

**Real Estate Innovators, Inc. (DBA HelloArrive),** based in Princeton, is an in-house platform tech company designed to provide professionals with temporary furnished housing. The business model relies heavily on AI technology, from unit listings, searches, online applications, background checks, lease signing and customer support. They are currently working on developing a proprietary B2B marketplace which will be a 100% technology/software platform **(the investors qualify for a bonus as the business is a certified Minority/Women Business Enterprise.)**

**Regenosine, Inc.,** based in Jersey City, is a company that focuses on developing and marketing first-in-class regenerative therapies for osteoarthritis (OA). Regenosine Inc's lead product is a proprietary formulation for regenerating cartilage in joints with established osteoarthritis.

**SunRay Scientific, Inc.,** based in Eatontown, is a global technology company providing novel adhesive conductive solutions for advanced electronic packaging, including semiconductors packaging **(the investors qualify for a bonus as the business is a certified Minority/Women Business Enterprise).**

**Vital Start Health, Inc.,** based in Princeton, is a reproductive and maternity mental health platform dedicated to empowering women, families, and mental health practitioners to prevent and treat Perinatal Mood and Anxiety Disorders through mindful relaxation, VR enabled-personalized coaching, and VR Therapy **(new company in Q2 2024).**

**XLink LLC**, based in Morris Plains, is a technology company that is researching, developing, testing, and building computer controlled automated machines and systems to be used in the warehouse, distribution, e-commerce, and retail industries.

Please find a detailed list of all ATC applications that were approved under delegated authority during the second quarter of 2024 under Exhibit A.

**Angel Investor Tax Credit Program Summary**

Since the ATC Program inception in 2013 through Q2 of 2024, NJEDA has approved 3,472 applications and awarded $125,832,111 in Angel Investor Tax Credits incentivizing

$1,062,986,330 in private sector investments in 164 NJ emerging technology businesses. Of note, date of application approval does not necessarily align to program year. Approvals in each quarter may be reflected in the awarded tax credit amounts for prior or current program years.

A summary of prior year tax credits and unallocated balances is provided in Exhibit B.

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## NJ Ignite Program

NJ Ignite offers grants to support the rent of early-stage technology and life science companies located in an NJ Ignite approved collaborative workspace. Grants vary in amount. The start-up must commit to work for a specified time at the collaborative space under established agreements in which the workspace will partner to forego an element of the rent to support the business.

As of January 7, 2021, the Governor signed into law the Economic Recovery Act of 2020 (ERA) which resulted in the creation of the NJ Ignite Statutory Program. To ensure continuous NJ Ignite program operations, specific changes were approved by the Board on May 12, 2021, so that the NJ Ignite Pilot Program conforms to the NJ Ignite Legislative Program as outlined in the ERA. These updates included moving the annual reporting deadline to the calendar year end from one year anniversary date, increasing the maximum benefit from $15,000 to $25,000, expanding the eligible industries to align with current NJEDA targeted industries, extending the earliest formation date from application date to seven years, and adding two more stackable bonuses for M/WBEs and foreign companies.

### NJ Ignite Program – Q2 2024 Review

In the second quarter of 2024, there were two Tenant company applications approved, as outlined below. Two Tenant company applications were also submitted but subsequently withdrawn in the second quarter.

| Tenant Name | Workspace Name | Approval Amount | Approval Date |
|---|---|---|---|
| CryoScope Medical | NJIT-VentureLink | $1,875.00 | 6/5/2024 |
| Kenyi Technologies | NJIT-VentureLink | $2,933.10 | 6/5/2024 |
| **TOTAL** | | **$4,808.10** | |

There were no new Workspace approvals in Q2 2024, however, one Workspace withdrew from the Program. As of today, there are 7 workspaces which are reapproved and current on all workspace reporting requirements for the NJ Ignite Program.

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## NJ Accelerate Program

On February 11, 2020, the NJEDA Board approved the NJ Accelerate pilot program, with a total program budget of $2.5 million. Through NJ Accelerate, the NJEDA seeks to provide early-stage businesses access to best-in-class Accelerator programs, enabling the tools and support to grow their businesses in the Garden State. The Authority began accepting applications to become an

Approved Accelerator during the fourth quarter of 2020. The Program provides up to $250,000 of direct loan funding via a convertible note to Approved Accelerator Graduates located in New Jersey. NJEDA's funding is in the form of a 10-year note, with a 3% fixed interest rate and no payments for seven years. NJEDA receives warrants in consideration for the financing; the amount of warrant coverage is 50% of NJEDA's note amount. Additionally, Approved Accelerator Graduates located in New Jersey can receive up to six months of free rent in NJ-based co-working spaces. Graduates certified as women- or minority-owned, can receive an additional 5% bonus to the direct loan amount, as well as one additional month of rent. Approved Accelerators may also receive sponsorship of up to $100,000 to hold events in NJ to encourage their on-the-ground engagement in the State. Also, a sponsorship bonus of 5% is available for Approved Accelerators demonstrating meaningful written policies and practices for attracting and promoting companies owned by women and minority persons. The original two-year pilot program will end on September 20, 2024. Staff is in the process of updating the program and establishing a new two-year pilot program.

**NJ Accelerate Program – Q2 2024 Review**

In Q2 2024, one new Accelerator Program application was received which is currently under review, and one new Accelerator Program was approved, as outlined below.

| Accelerator Name | Accelerator Location |
|---|---|
| MetaProp Accelerator | New York City, NY |

**MetaProp Accelerator**, located at Columbia University in New York City, is a leading PropTech (property/real estate technology) accelerator. The Accelerator has a flagship 22-week program with a structured curriculum and invests up to $250,000 per company. Participating companies are paired with select C-level mentors from MetaProp's RE200 industry mentor network.

In Q2 2024, four Accelerator Event Sponsorship requests were closed and disbursed for a total amount of $5,911.11.

| Applicant Name | Matching Amount | Approval Date | Closing Date |
|---|---|---|---|
| Merck Digital Sciences Studio | $522.31 | 11/01/2023 | 07/02/2024 |
| Cleantech Open Northeast | $252.83 | 03/05/2024 | 07/18/2024 |
| Venture Well | $1,655.54 | 09/22/2023 | 07/18/2024 |
| Venture Well | $3,480.43 | 09/22/2023 | 07/18/2024 |
| **TOTAL** | **$5,911.11** | | |

In terms of benefits for Approved Accelerator Graduates, in the second quarter of 2024, a new application for the Matching Loan Benefit was submitted which is under review, and one application for the Matching Loan Benefit was approved, for a total amount of $125,000, as detailed below.

| Applicant Name | Approved Accelerator | Approved Amount | Disbursed Amount | Approval Date | Closing Date |
|---|---|---|---|---|---|
| Firstly Edu Institute | Lair East Labs | $125,000 | $125,000 | 6/19/2024 | 7/18/2024 |

| TOTAL | | $125,000 | $125,000 | | |
|---|---|---|---|---|---|

**Firstly Edu Institute,** headquartered in Jersey City and a graduate of Lair East Labs, is a software company that helps program administrators at colleges and non-profit organizations create effective mentorship and coaching programs.

Furthermore, in Q2 2024, two Graduate Rent Support Benefits were disbursed for a total amount of $31,355.50. Details on the companies can be found below.

| Applicant Name | Approved Accelerator | Disbursed Amount | Approval Date | Closing Date |
|---|---|---|---|---|
| Princeton NuEnergy, Inc. | Cleantech Open Northeast | $12,512.50 | 09/17/2022 | 07/18/2024 |
| Hit Nano, Inc. | Cleantech Open Northeast | $18,843.00 | 03/05/2024 | 07/18/2024 |
| **TOTAL** | | **$31,355.50** | | |

**Hit Nano, Inc.,** headquartered in Bordentown, is a graduate of CleanTech Open Northeast. The Company develops next generation low cost and high-performance lithium-ion batteries and energy storage materials.

**Princeton NuEnergy, Inc.,** headquartered in Bordentown, is a graduate of CleanTech Open Northeast. The Company has patented a low-cost process for producing high-quality cathode active materials from spent lithium-ion batteries. Princeton NuEnergy recycles lithium-ion batteries from electric vehicles, consumer electronics, energy storage batteries, and manufacturing scrap.

**NJ Accelerate Program – Matching Loan Benefit Summary**

To date, the NJEDA has received 17 loan benefit applications with 12 approved, of which four were subsequently withdrawn, eight were closed with funds disbursed. In addition, three applications were withdrawn prior to approval, and two applications are being reviewed.

| Applicant Name | Approved Accelerator | Approved Amount | Disbursed Amount | Approval Date | Closing Date |
|---|---|---|---|---|---|
| EnvoyatHome, Inc. | University City Science Center | $50,000 | $50,000 | 02/09/2022 | 09/20/2022 |
| SciMar ONE, Inc. | Merck Digital Sciences Studio | $157,500 | $157,500 | 11/30/2023 | 01/11/2024 |
| Celine Biotechnologies, Inc. | Merck Digital Sciences Studio | $150,000 | $150,000 | 02/07/2024 | 03/25/2024 |
| Tandem, Inc. | HAX LLC | $250,000 | $250,000 | 02/09/2024 | 03/28/2024 |
| IndicatorLab, Inc. | Lair East Labs | $150,000 | $150,000 | 03/18/2024 | 05/21/2024 |
| Magic Kids Platform, Inc. | Lair East Labs | $150,000 | $150,000 | 03/28/2024 | 04/29/2024 |
| UCHU Biosensors, Inc. | HAX LLC | $180,000 | $180,000 | 03/28/2024 | 08/05/2024 |

| | | | | | |
|---|---|---|---|---|---|
| Firstly Edu Institute | Lair East Labs | $125,000 | $125,000 | 06/19/2024 | 07/18/2024 |
| **TOTAL** | | **$1,212,500** | **$1,212,500** | | |

**NJ Accelerate Program – List of Approved Accelerators**

| Accelerator Name | Accelerator Location |
|---|---|
| Morgan Stanley Inclusive Ventures Lab | New York City, NY |
| Cleantech Open Northeast | Boston, MA |
| VentureWell - Aspire Program | Hadley, MA |
| University City Science Center - Launch Lane (Inactive) | Philadelphia, PA |
| HAX LLC | Newark, NJ |
| XRC Ventures | Brooklyn, NY |
| Merck Digital Sciences Studio | Newark, NJ and Cambridge, MA |
| Lair East Labs | New York City, NY |
| LearnLaunch Fund + Accelerator | Boston, MA |
| Entrepreneurs Roundtable Accelerator | New York City, NY |
| MetaProp Accelerator | New York City, NY |

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## Angel Match Program

The Angel Match Program was designed to disburse funding from the Small State Business Intuitive (SSBCI), a federal program administered by the US Department of Treasury. New Jersey's share of the $10 billion federal program is $255,197,631. SSBCI is designed to cause and result in lending and investment of private capital into small businesses. On September 14, 2022, the NJEDA Board approved the Angel Match Program, the first of six programs launched in NJ under SSBCI. The total Angel Match Program allocation is $20,197,631. The Authority launched the Program's application on March 13, 2023.

The Angel Match Program provides funding to approved companies in the form of a convertible promissory note. Each note will be from $100,000 up to $500,000. The funding amount is determined by matching the NJEDA's funds with investments provided to the company by outside investors on a 1 to 1 basis. The matching investments must be in the form of preferred equity with a defined price per share. The NJEDA's note will be unsecured and have no payments for the first seven years. The note will have a 3% fixed interest rate and a 10-year maturity. NJEDA receives warrants in consideration for the financing; the amount of warrant coverage is 50% of NJEDA's note amount.

**Angel Match Program – Q2 2024 Review**

In the second quarter of 2024, market interest in the Program continued. The NJEDA received one new application to the Program in Q2. Two applications for the Angel Match Program were approved in the second quarter that are in the process of closing external matching investment funds, a requirement that must be fulfilled in order to close and receive Angel Match funding.

**Angel Match Program Summary**

Since Angel Match Program's launch in 2023, discussions with various groups including the wider NJ startup and investor community are ongoing. The Program has also been featured in many public presentations and has received significant interest from companies with the potential to leverage the Program. Of note, companies are approved for up to $500,000, allowing flexibility to close with additional investors towards the maximum cap per company.

To date, the Program has received 10 applications, of which six were approved, one was withdrawn, and three are under review as of Q2 2024. The approved applications accounted for a total of $2,000,000 in approvals, with $1,962,500 in funds closed and disbursed. The approval of the applicants spurred their closing of external investments in the amount of $2,796,569. A list of approved companies can be found below.

| Applicant Name | Approved Amount | Disbursed Amount | Match Investment | Approval Date | Closing Date |
|---|---|---|---|---|---|
| TLA Innovation, Inc. | $500,000 | $500,000 | $537,000 | 06/06/2023 | 09/28/2023 |
| vipHomeLink Holdings, Inc. | $500,000 | $462,500 | $462,500 | 08/18/2023 | 10/12/2023 |
| AlphaROC, Inc. | $500,000 | $500,000 | $784,979 | 09/15/2023 | 12/08/2023 |
| Princeton Identity Holding Company, Inc. | $500,000 | $500,000 | $1,012,999 | 12/22/2023 | 2/9/2024 |
| **TOTAL** | **$2,000,000** | **$1,962,500** | **$2,796,569** | | |

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## NJ Entrepreneur Support Program (NJESP)

On March 26, 2020, the NJEDA Board approved the NJ Entrepreneur Support Program (NJESP) to help New Jersey entrepreneurial businesses with limited funding navigate COVID-19 related cashflow constraints, by providing financial support to their existing investors. Through NJESP, investors in NJ entrepreneurial businesses (operating in Innovation Economy sectors) could receive a guarantee (up to 80%, not to exceed $200,000 per company) for new, qualified bridge loans/convertible notes. The guarantee matures in one year, having an expiration date one year from the underlying note's issue date. If certain financial conditions are met by the company within this one-year term, the note investor could submit a claim to the NJEDA for payment of the guarantee. If the investor converts the note to equity, the Authority will be provided with a warrant for 20% of the guarantee amount, under the same pricing as the investor's conversion pricing on the Authority's standard warrant form. The total program budget was $5 million.

Entering into 2023, the effects stemming from the pandemic continued to impact the financial system presenting challenges to the startup-focused banking system, similar to the issues identified by NJEDA at the start of the COVID-19 pandemic. In particular, on March 8, 2023, this financial crisis made headlines after a run at Silicon Valley Bank. As a result of these conditions, the investor market became reluctant to extend financial support to startup businesses. In response, the NJEDA decided to provide additional support by reopening the NJ Entrepreneur Support Program in March of 2023. Then, in April of 2023, the NJEDA Board approved program updates to better suit NJESP to the current market. These updates include allowing new company investors to participate, increasing the total guarantee amount per company to $400,000 ($500,000 in total loans), raising the company's maximum number of total employees to fewer than 225 total employees, removing the trailing twelve-month revenue requirement, and updating the eligible company industries to the NJEDA's list of established "targeted industries".

**NJ Entrepreneur Support Program – Q2 2024 Review**

Following the Program's launch in 2023, announcements were made through various communications channels including all media platforms utilized by the Authority and external outlets such as NJBIZ, Insider NJ, New Jersey Business Magazine, shared by elected officials and more. In Q2 2024, Staff continued to receive significant inbound interest from companies. Multiple companies have the potential to leverage the Program and will be monitored for possible application submissions.

In the second quarter of 2024, the Authority approved two applications for two individual investors in Bantr Collective Incorporated, resulting in guarantees of 80% ($100,000) on $125,000 in convertible notes. Details on the company and investors can be found below.

| Investor | Company | Amount of Guarantee | Amount of Note/Loan | Approval Date | Closing Date | Guarantee Maturity Date |
|---|---|---|---|---|---|---|
| Madeline Colangelo | Bantr Collective Incorporated | $80,000 | $100,000 | 04/12/2024 | 05/08/2024 | 11/23/2024 |
| Jonathan Panter | Bantr Collective Incorporated | $20,000 | $25,000 | 04/13/2024 | 05/06/2024 | 03/08/2025 |
| **TOTAL** | | **$100,000** | **$125,000** | | | |

**Bantr Collective Incorporated** is a social media platform designed to facilitate discussions about television among its audience. The Company is positioned at the nexus of entertainment, media, research, and technology. Bantr is a Public Benefit Corporation and focuses on fostering social capital, encouraging personal development, and supporting prosocial activities.

Since the Program's re-launch in 2023, 22 applications have been received to date, with an increased demand in Q2 2024. Of these, 11 applications are currently under review, and six applications were withdrawn. To date, Staff has approved five applications for a total of $272,000 in guarantees. The approval of the applicants incentivized $340,000 in external investments for the companies. A list of approved applications can be found below.

| Investor | Company | Amount of Guarantee | Amount of Note/Loan | Approval Date | Closing Date | Guarantee Maturity Date |
|---|---|---|---|---|---|---|
| Daniel Lewis | TLA Innovation, Inc. | $92,000 | $115,000 | 11/03/2023 | 02/05/2024 | 08/07/2024 |
| John Maher and Angela Maher | ZSX Medical, LLC | $40,000 | $50,000 | 03/12/2024 | 04/12/2024 | 02/25/2025 |

| | | | | | | |
|---|---|---|---|---|---|---|
| David S Cohen | ZSX Medical, LLC | $40,000 | $50,000 | 03/13/2024 | 04/12/2024 | 03/11/2025 |
| Madeline Colangelo | Bantr Collective Incorporated | $80,000 | $100,000 | 04/12/2024 | 05/08/2024 | 11/23/2024 |
| Jonathan Panter | Bantr Collective Incorporated | $20,000 | $25,000 | 04/13/2024 | 05/06/2024 | 03/08/2025 |
| **TOTAL** | | **$272,000** | **$340,000** | | | |

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## Venture Products

Venture Products focuses on engagement with angel and venture capital investors to deliver products that catalyze investment that create and sustain job growth in businesses within each of the key sectors.

### New Jersey Innovation Fellows

The New Jersey Innovation Fellows program, approved by the Authority's Board in November 2022, was established following the legislature's finding that "one of the most difficult challenges for upstart entrepreneurs is forgoing employment to launch their business" and that "for diverse entrepreneurs, this challenge is often exacerbated" and directed the NJEDA "to invest in diverse talent critical to New Jersey having a vibrant ecosystem" through the New Jersey Innovation Fellows program (N.J.S.A. 34: 1B-371).

The program supports first-time entrepreneurs, with "income replacement" grants. This resource creates an opportunity to pursue unique startup business ventures with the security of initial income-replacement funding in the two-year ideation and formation period of their business. Per program policy and in accordance with the legislation, approved teams will be qualified to receive $200,000 as a base award, and up to $200,000 in bonuses. Teams may access an additional $50,000 award on top of the $200,000 base award if one Entrepreneur verifies residency in a designated Opportunity Zone in New Jersey.

**New Jersey Innovation Fellows – Q2 2024 Review**

On November 16, 2023, the Board of the Authority approved 10 teams of entrepreneurs representing an aggregate award amount of $3.6 million in the form of income replacement grants. The 10 teams formed the inaugural cohort of the NJ Innovation Fellows. During Q2 2024, the companies continued their work with their mentors and community advisors. Staff continues to collect documents as part of NJIF's quarterly compliance requirements. From the inaugural cohort of the program, a total of nine teams that were declined, subsequently appealed the Authority's decision. Upon review of the appeals, the declinations of eight of the nine teams were upheld. As of Q2 2024, the following team's appeal from the inaugural cohort is under review:

| **Appeals Under Review as of Q2 2024 - NJ Innovation Fellows** | | |
|---|---|---|
| **Applicant ID** | **Business Name/Proposed Business Name** | **Entrepreneurs** |
| NJIF-00272 | Stack Wallet, Inc. | David Talarico, Robert Blau, Karen Talarico |

**Declination Reason:** Application does not demonstrate the requirement that a minimum of 50% of the team be first-time entrepreneurs.

The Authority published the Notice of Funding Availability (NOFA) for the NJIF program on April 29, 2024, for the second round of the program. The second round opened at 10:00 AM on Monday, May 6, 2024. The application closed on Monday, July 15, 2024, at 5:00 PM, which was a 10-day extension from the original deadline. The extension was a direct result from an update to FAQ #17 regarding NJ Gross Income Tax Obligation.

This second round of applications saw 40 proposed business ideas submitted, representing 131 individual entrepreneur applications. Application reviews, conducted by the team, are underway. After that, competitive scoring will be conducted. The team anticipates bringing eight finalists for approval to a future Board meeting.

The program has approximately $7.9M in the allocation remaining as of Q2 2024, after an additional $2M was approved for the program in the Governor's FY2025 Budget.

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**New Jersey Innovation Evergreen Fund**

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 NJEDA to sell up to $300 million of Corporation Business Tax (CBT) 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 26th, 2024, approximately $30.5 million of unallocated capital remains available for program investments and expenses.

To invest the Evergreen Fund monies, the Program establishes an application process through which venture firms first may apply for designation as a Qualified Venture Firm. Venture firms 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 the Authority has approved 14 Qualified Venture Firms to-date.

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. 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. As of July 26, 2024, the Board of the Authority has approved three initial Evergreen Fund Qualified Investments, of which one initial Qualified Investment transaction has been closed and funded.

**New Jersey Innovation Evergreen Fund Qualified Investment Follow-on – Q2 2024 Review**

| Applicant Name | Approved Amount | Disbursed Amount | Match Investment | Approval Date | Closing Date |
|---|---|---|---|---|---|
| EMERGING Fund Management LLC *(for an investment into 1Huddle, Inc.)* | $500,000 | $500,000 | $500,000 | 4/26/2024 | 4/29/2024 |
| **TOTAL** | **$500,000** | **$500,000** | **$500,000** | | |

In December of 2023, the Evergreen Fund received its first application for a follow-on investment into an existing program portfolio company, which was approved by authority Staff under delegated authority on April 26th, 2024. Fund capital was used to match (1:1) a $500,000 follow-on investment through the Series A-3 financing round into the Qualified Business, 1Huddle, Inc. (“1Huddle”) which was completed by EMERGING Fund Management LLC (“EMERGING”) on January 9th, 2024.

1Huddle is a Newark-based SaaS skill development platform that enables companies to convert static training materials into dynamic quick-burst mobile games using a library of over 3,000 employee skill games and an on-demand game marketplace that covers 16 unique workforce skill areas. The Qualified Venture Firm partner, EMERGING, is a growth equity firm focused technology, restaurant, and entertainment concepts. The investment closed on April 29th, 2024 and the program currently maintains $3M of additional reserves for future follow-on investments into 1Huddle alongside EMERGING.

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## Clean Energy Products

Clean Energy Products supports businesses and organizations across a wide range of technology areas including energy efficiency, solar, battery storage, offshore wind, zero emission vehicles, hydrogen, geothermal, and others with products aimed to reduce greenhouse gas and pollutant emissions.

**New Jersey Zero-emission Incentive Program (NJ ZIP)**

Launched in April 2021, the Phase 1 NJ ZIP pilot established a first-come, first-serve voucher-style program to reduce the upfront cost to purchase zero-emission vehicles for eligible applicants, with a focus on the adoption and use of zero-emission medium-duty vehicles in the four pilot communities of greater Newark, greater New Brunswick, greater Camden, and the Greater Shore Area.

**New Jersey Zero-emission Incentive Program Phase 2 – Q2 2024 Review**

In July 2022, the Board approved a second phase of the NJ ZIP pilot, with a voucher pool of $45 million. While the overarching structure of the pilot remained unchanged, the second phase of this pilot included two major eligibility changes from the first phase – to expand eligibility to include heavy-duty vehicle classes to Purchaser Applicants statewide – and provide updated support structures for pilot participants, including the development of a technical assistance mechanism.

NJ ZIP Phase 2 implemented a phased launch approach for Vendor and Purchaser applications. First, a zero-emission vehicle Vendor must apply to become an approved Vendor. Vendors applied for Phase 2, from October 18, 2022, through November 22, 2022, and the Program received 32 Vendor applications that were reviewed and approved on a rolling basis. In Q2 2024, no new vendor applications were reviewed or approved.

Applications for Purchasers opened April 18, 2023, and closed on July 13, 2023, and were fully subscribed with $13,500,000 in applications on a waitlist.

Since its launch through the second quarter of 2024, NJ ZIP Phase 2 has approved a total of 122 applications, amounting to $49,770,450 in vouchers, facilitating the addition of 383 new zero-emission vehicles to New Jersey's roads. In Q2 2024, the Program approved 18 applications for a total of $2,832,306 in vouchers. These vouchers will support adoption of 26 new, zero-emission vehicles operating in the State of New Jersey.

**New Jersey Zero-emission Incentive Program Phase 2 – Q2 2024 Approvals**

Please find a detailed list of all Purchaser applications that were approved for NJ ZIP Phase 2 under delegated authority during the second quarter of 2024, in Exhibit C.

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**Commuter and Transit Bus Private Carrier Pandemic Relief and Jobs Program**

In July 2022, the Board approved the first phase Commuter and Transit Bus Private Carrier Pandemic Relief and Jobs Program (“Program”). The Relief and Jobs Program is a one-time grant initiative to help commuter and transit bus companies offset COVID-19 revenue losses and retain or create jobs. Funded by the American Rescue Plan Act of 2021, New Jersey allocated $25 million to the program. Grants include a flat $500,000 to cover overhead costs and additional funds based on total vehicle revenue miles, capped at unmet need. The application period opened in March 2022 resulted in 13 awarded grants, with all approvals and disbursements completed by Q4 2022.

### Commuter and Transit Bus Private Carrier Relief and Jobs Program Phase 2

On November 16, 2023, the NJEDA Board approved funding for Phase 2 of the Commuter and Transit Bus Private Carrier Relief and Jobs Program. An amendment to the award calculator was approved on February 7, 2024. Similar to Phase 1, Phase 2 provides one-time grants to eligible commuter and transit bus companies in New Jersey to address ongoing revenue losses due to reduced ridership from remote work post-pandemic.

Supporting the private carrier industry aids community well-being, maintains essential transportation services, and fosters economic resilience. These grants address financial challenges, support job retention and creation, and benefit New Jersey residents reliant on commuter bus services. To receive funding, applicants must meet the eligibility criteria. Funds are allocated based on a predefined formula, primarily on the proportional share of vehicle revenue miles (VRM) in New Jersey for 2022. The maximum award will not exceed the applicant's unmet need, defined as 2022 revenue losses minus other relief funds received.

Phase 2 includes milestone-based disbursements; half of the funds are provided after the grant agreement is completed, and the rest is dependent on NJ Transit's 2024 review of peak vehicle needs. If NJ Transit finds fewer vehicle requirements or reduced service, the remaining funds will be forfeited and redistributed.

Phase 2 of the program opened Tuesday, March 5th, 2024. The deadline to apply was Thursday, March 28th, 2024.

### Commuter and Transit Bus Private Carrier Relief and Jobs Program Phase 2 – Q2 2024 Review

In Q2 2024, the Program received a total of 10 applications. Out of these, two were declined, and eight are still in review. The declined applications are currently pending appeal decisions, which will influence future award and approval decisions.

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## New Jersey Clean Energy Loans (NJ CELs)

The New Jersey Clean Energy Loans (NJ CELs) program was designed to disburse funding from the State Small Business Credit Initiative (SSBCI), a federal program administered by the US Department of Treasury. New Jersey's share of the SSBCI program is $255,197,631. SSBCI is designed to cause and result in lending and investment of private capital into small businesses. On November 16, 2022, the NJEDA Board approved the creation of the Clean Energy Business Financing Program ("New Jersey Clean Energy Loans" or "NJ CELs"), one of six programs in NJ under SSBCI. The total NJ CELs allocation is $80,000,000.

Following the initial NJEDA Board approval in November 2022 for the Program's creation, an amendment was approved by the NJEDA Board on February 8, 2023, to broaden the eligibility criteria for private lenders, in order to facilitate the deployment of SSBCI funds within the required timeline for NJ CELs. The Authority launched the NJ CELs application on April 19, 2023. On

March 7, 2024, another amendment was approved by the NJEDA Board pertaining to transaction size, collateral, reporting requirements, delegated authority, and loan forgiveness.

NJ CELs is a co-lending program that offers loans to eligible small businesses seeking to finance eligible clean energy projects, or the expansion of eligible clean energy businesses. NJEDA loans must be matched at least 1:1 with a loan from a private lender. NJEDA loans under NJ CELs can range between $250,000 and $10,000,000, with terms between one and 25 years, and an interest rate that is 3-5% below the private lender's interest rate. Applicants who are Minority-, Women-, or Veteran-owned businesses and/or are located in an Overburdened Community in NJ are eligible for special terms. Applicants must meet the eligibility criteria and score a minimum of 50 points out of 100 points in order to receive financing. Complete applications are reviewed on a rolling basis to verify basic eligibility criteria, and evaluated based on the standardized scoring criteria. NJEDA also conducts an underwriting of all applications. All loans must meet a minimum Global Debt Service Coverage Ratio (GDSCR) of 1.00x. Since the Program's inception, strategic efforts have been undertaken to market NJ CELs extensively, both to prospective borrowers and prospective co-lenders. NJ CELs has been featured in numerous newsletters and presentations, including being showcased by U.S. Treasury at an SSBCI regional convening to highlight how states are using SSBCI funds to support clean energy goals.

**New Jersey Clean Energy Loans (NJ CELs) - Q2 2024 Review**

In Q2 2024, there was a concerted effort to market the NJ CELs program to both targeted and broad audiences, including through cross-pollination across internal NJEDA teams, attendance and presentations at conferences and events, and targeted outreach to key industry groups and stakeholders. NJ CELs was mentioned by name in a briefing from The White House about the Biden-Harris Administration's efforts to expand access to capital for small- and medium-sized climate businesses.

In the second quarter of 2024, two new applications were submitted for NJ CELs which are under review, bringing the total number of NJ CELs applications received to date to 14. Of the total applications received, two were withdrawn prior to this quarter and seven were withdrawn in Q2 2024.

Two of the applications that were approved in Q1 2024 closed during the second quarter. Details on the approved companies can be found below.

| **NJ CELs** | | | | | |
|---|---|---|---|---|---|
| | **Applicant Name** | **PROD #** | **Loan Amount** | **Approval Date** | **Closing Date** |
| 1 | Amergy Solar Inc. | PROD-00312715 | $500,000 | 01/12/2024 | 05/22/2024 |
| 2 | Solar Landscape LLC | PROD-00314195 | $10,000,000 | 03/07/2024 | 06/26/2024 |
| | **NJ CELs TOTAL** | | **$10,500,000** | | |

Amergy Solar Inc. is a NJ-certified minority-owned business located in an overburdened community; and Solar Landscape LLC is also located in an overburdened community. Both of these applicants will be counted towards SSBCI's Socially and Economically Disadvantaged

Individuals (“SEDI”) target for deployment of funds.

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## Manufacturing, Incentives & Tax Credits (MIT)

Manufacturing, Incentives & Tax Credits manages a suite of products designed to support the growth of the State's economy with a focus on strategic sectors.

### New Jersey Film and Digital Media Tax Credit Program

Originally created under the Garden State Film and Digital Media Jobs Act, P.L. 2018, c. 56, the New Jersey Film and Digital Media Tax Credit Program provides a credit against the corporation business tax and the gross income tax for certain expenses incurred for the production of certain films and digital media content in New Jersey. Under the Film Tax Credit Program, applicants are eligible for a tax credit equal to 35% of qualified film production expenses, or 30% of qualified film production expenses incurred for services performed and tangible personal property purchased for at a sound stage or other 30-mile radius of the intersection of Eighth Avenue/Central Park West, Broadway, and West 59th Street/Central Park South, New York, New, York. Under the Digital Media Tax Credit Program, applicants are eligible for 30% of qualified digital media production expenses and 35% for qualified digital media production expenses purchased through vendors whose primary place of business is located in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer, or Salem County.

On April 13, 2022, the Board approved the delegations of authority for the New Jersey Film and Digital Media Tax Credit Program. Film Tax Credit applications seeking $10 million or less, and Digital Media Tax Credit applications seeking $3 million or less in tax credits can be approved under the updated delegations of authority.

**New Jersey Film and Digital Media Tax Credit Program – Q2 2024 Review**
In the second quarter of 2024, there were four film tax credit applications approved under delegated authority for a total of $3,118,453.

| Film Tax Credit - Q2 2024 Approvals | | | | |
|---|---|---|---|---|
| | **Applicant Name** | **PROD #** | **Award Amount** | **Approval Date** |
| 1 | Bucky Dent The Film, Inc. | PROD-00305763 | $836,796 | 04/02/2024 |
| 2 | Mr. Crocket, LLC | PROD-00312568 | $1,001,677 | 04/30/2024 |
| 3 | Bird and The Bee The Film, Inc. | PROD-00312392 | $1,069,833 | 05/29/2024 |
| 4 | Beneath the Grass Film, LLC | PROD-00315124 | $210,147 | 06/18/2024 |
| | **FILM TOTAL** | | **$3,118,453** | |

In Q2 2024, there were no digital media applications approved under delegated authority.

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### New Jersey Manufacturing Voucher Program (NJ MVP)

On October 12, 2022, the NJEDA Board approved the New Jersey Manufacturing Voucher Program (NJ MVP). The New Jersey Manufacturing Voucher Program will provide equipment grants sized at 30% – 50% of the cost of the eligible equipment (including installation) up to a maximum award amount of $250,000. The Program will target the State's manufacturers within targeted industries that will purchase equipment that integrate advanced or innovative technologies, processes, and materials to improve the manufacturing of products. The Program will offer bonuses focused on certified women, minority, veteran owned businesses (W/M/V/BE), opportunity zones, purchasing manufacturing equipment in New Jersey as well as bonuses for companies that have a collective bargaining agreement in place. NJ MVP is also committed to supporting small businesses by awarding manufacturers with under 100 Full Time Equivalent employees (FTE), higher award percentages. In addition, applications will be accepted on a rolling basis and remain open until all funds are committed.

On March 8, 2023, the Board approved to increase the available funding from $20,000,000 to $33,750,00 less $1 million for administrative expenses available to support New Jersey manufacturers' access to manufacturing equipment needed to become more efficient, productive, and profitable.

**New Jersey Manufacturing Voucher Program Phase 1 (NJ MVP) – Q2 2024 Review**

The NJ MVP application launched on March 8, 2023, and the Authority received 267 applications as of May 1, 2023, totaling $37,625,049.28. Applications received beyond the available funding ($33.75M) that were placed on a waitlist, were reviewed, processed, and if needed, are eligible to be funded with the utilization of up to $4,000,000 of the $20,000,000 from funds from the Fiscal Year 2024 (FY2024) budget to capitalize NJ MVP, New Jersey Manufacturing Voucher Program Phase 2.

Below is a list of all NJ MVP Phase 1 applications that were withdrawn or declined under delegated authority during the second quarter of 2024. There were no approvals for NJ MVP Phase 1 during Q2 2024.

| **NJMVP Phase 1 - Q2 2024 Withdrawals** | | |
|---|---|---|
| **Applicant Name** | **Amount** | **Withdrawn On** |
| ALCOHOLIC ICES LLC | $47,372.50 | 4/8/2024 |
| Pharm Ops Inc. | $250,000.00 | 4/22/2024 |
| Jerseypac LLC | $145,880.00 | 5/21/2024 |
| **TOTAL** | **$443,252.50** | |

| **NJMVP Phase 1 - Q2 2024 Declinations** | | |
|---|---|---|
| **Applicant Name** | **Amount** | **Declined On** |
| United Sates Mineral Company | $250,000 | 4/23/2024 |
| VISCOT MEDICAL, L.L.C. | $240,000 | 6/4/2024 |
| Elegant Album LLC | $36,750 | 6/19/2024 |
| **TOTAL** | **$526,750** | |

**New Jersey Manufacturing Voucher Program Phase 2 (NJ MVP) – Q2 2024 Review**

On June 30, 2023, Governor Phil Murphy allocated $20 million from the Fiscal Year 2024 budget to continue to boost the New Jersey Economic Development Authority's (NJEDA) New Jersey Manufacturing Voucher Program (MVP).

The New Jersey Manufacturing Voucher Program (NJ MVP) Phase 2 will provide a reimbursement of equipment costs sized at 30% – 50% of the cost of the eligible equipment (including installation) up to a maximum award amount of $250,000. The Program will target the State's priority sectors and manufacturers that will purchase equipment that integrate advanced or innovative technologies, processes, and materials to improve the manufacturing of products. The Program will also offer bonuses for eligible applicants that are New Jersey certified women, minority, or veteran owned businesses (W/M/V/BE), that are located in opportunity zone eligible census tracks, that are purchasing manufacturing equipment manufactured or assembled in New Jersey, have a collective bargaining agreement in place, and for manufacturers with fifty (50) or less FTEs. NJ MVP is also committed to supporting small businesses by awarding manufacturers with 100 or less Full Time Equivalent (FTE) employees higher award percentages. Companies with 100 FTEs or less are capped at 50% of the award. Companies with employees over 100 FTE are capped at 40% of the award. The maximum award amount is $250,000.

The NJ MVP Phase 2 application launched on February 12, 2024, and the Authority received 142 applications totaling $24,437,271.47. Applications received beyond the available funding were placed on a waitlist and will be reviewed and processed as funding becomes available.

A list of all NJ MVP Phase 2 applications that were approved under delegated authority during the second quarter of 2024 can be found under Exhibit D. No applications were withdrawn or declined during Q2 2024.

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Tim Sullivan, CEO

**<u>Technology Innovation Products</u>**

**Angel Investor Tax Credit Prepared by:**
Christopher Shyers

**NJ Ignite Prepared by:**
Sara Caddedu

**NJ Accelerate Prepared by:**
Sara Caddedu

**Angel Match Program Prepared by:**
Monika Athwal

**NJ Entrepreneur Support Program Prepared by:**
Monika Athwal

**<u>Venture Products</u>**

**NJ Innovation Fellows Prepared by:**
Michelle Martinez

**New Jersey Innovation Evergreen Fund Prepared by:**
Deven Patel
Grace Warner

**<u>Clean Energy Products</u>**

**New Jersey Zero-emission Incentive Program Prepared by:**
Olivia Barone

**Commuter and Transit Bus Private Carrier Relief and Jobs Program Prepared by:**
Olivia Barone

**New Jersey Clean Energy Loans Prepared by:**
Marta Cabral

**<u>Manufacturing, Incentives & Tax Credits (MIT)</u>**

**New Jersey Film and Digital Media Tax Credit Program Prepared by:**
Matthew Sestrich

**New Jersey Manufacturing Voucher Program Prepared by:**
Ivan Mendez

**Memo Prepared by:**
Fariha Sheikh
Clark Smith

# EXHIBIT A

## Q2 2024 Delegated Approvals - Angel Investor Tax Credit

| Applicant | Employees in NJ | Company | Investment | Tax Credit |
|---|---|---|---|---|
| Mei Gao | | AlphaROC, Inc. | $100,000 | $25,000 |
| 1 | NJ: 10 Total: 11 | AlphaROC, Inc. | $100,000 | $25,000 |
| Signet Healthcare Partners Accredited Partnership IV, LP | | Ascendia Pharmaceuticals, Inc. | $285,000 | $57,000 |
| Signet Healthcare Partners Accredited Partnership IV, LP | | Ascendia Pharmaceuticals, Inc. | $665,000 | $133,000 |
| SIGNET HEALTHCARE PARTNERS QP PARTNERSHIP IV LP | | Ascendia Pharmaceuticals, Inc. | $2,835,000 | $500,000 |
| 3 | NJ: 40 Total: 40 | Ascendia Pharmaceuticals Inc | $3,785,000 | $690,000 |
| William & Phyllis Keefe | | Aspargo Laboratories, Inc. | $34,800 | $6,960 |
| Dina Gatto-Colbert Revocable Trust | | Aspargo Laboratories, Inc. | $100,000 | $20,000 |
| Corey Schade | | Aspargo Laboratories, Inc. | $15,000 | $3,000 |
| Marcello Sciarrino | | Aspargo Laboratories, Inc. | $100,000 | $20,000 |
| IPlan Group, Agent for Cust FBO Holly Macaluso IRA | | Aspargo Laboratories, Inc. | $188,000 | $37,600 |
| Barry Armond and Maryann Armond | | Aspargo Laboratories, Inc. | $52,000 | $10,400 |
| 6 | NJ: 2 Total: 2 | Aspargo Laboratories, Inc. | $489,800 | $97,960 |
| Healthcare IT Solutions, LLC | | BioAegis Therapeutics, Inc. | $50,000 | $10,000 |
| 1 | NJ: 10 Total: 11 | BioAegis Therapeutics, Inc. | $50,000 | $10,000 |
| Dipti Shetty | | Bloqcube Inc. | $28,000 | $7,000 |
| 1 | NJ: 1 Total: 1 | Bloqcube Inc. | $28,000 | $7,000 |
| Jeffrey Manfred Strauss | | Distinct Dermatology, Inc. | $500,000 | $100,000 |

| | | | | |
|---|---|---|---|---|
| Robert John Dancu | | Distinct Dermatology, Inc. | $25,000 | $5,000 |
| 2 | NJ: 5 Total: 5 | Distinct Dermatology, Inc. | $525,000 | $105,000 |
| René Chaze | | Durin Technologies, Inc. | $54,000 | $10,800 |
| Breakthrough Diagnostics, LLC | | Durin Technologies, Inc. | $999,900 | $199,980 |
| 2 | NJ: 4 Total: 5 | Durin Technologies, Inc. | $1,053,900 | $210,780 |
| The Wendy Lou Yarno Revocable Trust | | Elucida Oncology, Inc. | $25,000 | $5,000 |
| Bradford Paskewitz | | Elucida Oncology, Inc. | $50,000 | $10,000 |
| Biotech Mountains BV | | Elucida Oncology, Inc. | $75,000 | $15,000 |
| Geoffrey Michael Williams | | Elucida Oncology, Inc. | $225,000 | $45,000 |
| Joseph Michael Ingino | | Elucida Oncology, Inc. | $75,000 | $15,000 |
| steven and kaye yost family trust | | Elucida Oncology, Inc. | $18,050 | $3,610 |
| The B&E Siliezar Trust UAD 12/18/13 | | Elucida Oncology, Inc. | $200,000 | $40,000 |
| Martin Family 2020 Investments, LLC | | Elucida Oncology, Inc. | $600,000 | $120,000 |
| Blobel Family 2003 Trust UAD 11/13/03 Friedhelm Blobel & Karin Blobel TTEES | | Elucida Oncology, Inc. | $30,000 | $6,000 |
| Sierra Blanca, LLC | | Elucida Oncology, Inc. | $150,000 | $30,000 |
| Valentine N. Nfonsam, MD | | Elucida Oncology, Inc. | $25,000 | $5,000 |
| Kim A Lopdrup Lillian Cathryne Lopdrup JT TEN | | Elucida Oncology, Inc. | $200,000 | $40,000 |
| Rasesh H Shah | | Elucida Oncology, Inc. | $100,000 | $20,000 |
| The Shahriyar Baradaran Revocable Trust | | Elucida Oncology, Inc. | $50,000 | $10,000 |

| | | | | |
|---|---|---|---|---|
| John Crisan | | Elucida Oncology, Inc. | $62,500 | $12,500 |
| Renee K. Herzing Felix R. Burkard JTWROS | | Elucida Oncology, Inc. | $60,900 | $12,180 |
| Robert Gray Edmiston Revocable Trust | | Elucida Oncology, Inc. | $125,000 | $25,000 |
| Douglas Andrew Neugold | | Elucida Oncology, Inc. | $25,000 | $5,000 |
| Brian J Thebault | | Elucida Oncology, Inc. | $50,000 | $10,000 |
| Dana D. Keith DDS | | Elucida Oncology, Inc. | $200,000 | $40,000 |
| David Berger Adrianne Saffir-Berger jt ten | | Elucida Oncology, Inc. | $25,000 | $5,000 |
| The Christopher S Bignell 2019 Trust | | Elucida Oncology, Inc. | $49,950 | $9,990 |
| CymbaX, LLC | | Elucida Oncology, Inc. | $25,000 | $5,000 |
| JOHN A. GOLDEN | | Elucida Oncology, Inc. | $50,000 | $10,000 |
| Peter John Freix | | Elucida Oncology, Inc. | $25,000 | $5,000 |
| Mark Timney Revocable Trust UAD 10/01/20 Mark Timney TTEE | | Elucida Oncology, Inc. | $125,000 | $25,000 |
| PASE Trust, dtd 6/4/2001 | | Elucida Oncology, Inc. | $175,000 | $35,000 |
| Robin Rothstein & Jeffrey Rothstein-Comm Prop WROS | | Elucida Oncology, Inc. | $12,500 | $2,500 |
| DAJB Investors LLC | | Elucida Oncology, Inc. | $300,000 | $60,000 |
| Lisa Lyman Thebault | | Elucida Oncology, Inc. | $12,500 | $2,500 |
| Amit Srivastav | | Elucida Oncology, Inc. | $15,000 | $3,000 |
| The MGFMZF2020 Irrevocable Trust UAD 12/18/2020 | | Elucida Oncology, Inc. | $225,000 | $45,000 |
| CLAYOQUOT CAPITAL, LLC | | Elucida Oncology, Inc. | $300,000 | $60,000 |
| Leslie E Wood | | Elucida Oncology, Inc. | $16,050 | $3,210 |

| | | | | |
|---|---|---|---|---|
| Girls Night Out LLC | | Elucida Oncology, Inc. | $500,000 | $100,000 |
| Douglas A Wood | | Elucida Oncology, Inc. | $34,613 | $6,923 |
| Stewart William McCallum Trisha Ann McCallum | | Elucida Oncology, Inc. | $25,000 | $5,000 |
| Dennis Shasha | | Elucida Oncology, Inc. | $100,000 | $20,000 |
| Samer Garas | | Elucida Oncology, Inc. | $150,000 | $30,000 |
| Harvey Lang | | Elucida Oncology, Inc. | $18,062 | $3,612 |
| Ballycurnane Holdings Limited | | Elucida Oncology, Inc. | $58,585 | $11,717 |
| Rade B. Vukmir | | Elucida Oncology, Inc. | $25,000 | $5,000 |
| Wasabi Investors LLC | | Elucida Oncology, Inc. | $350,000 | $70,000 |
| Windrock Enterprises, LLC | | Elucida Oncology, Inc. | $250,000 | $50,000 |
| James A. Kluge | | Elucida Oncology, Inc. | $50,000 | $10,000 |
| Hani Zeini | | Elucida Oncology, Inc. | $375,000 | $75,000 |
| Lambda IV, LLC | | Elucida Oncology, Inc. | $75,000 | $15,000 |
| John Edward Dittoe | | Elucida Oncology, Inc. | $150,000 | $30,000 |
| Herzing Irrevocable Descendants TR 11/20/12 | | Elucida Oncology, Inc. | $69,000 | $13,800 |
| JBC Pharma LLC | | Elucida Oncology, Inc. | $1,550,000 | $310,000 |
| Kurtis Krentz | | Elucida Oncology, Inc. | $25,000 | $5,000 |
| Watercrest Partners L.P. | | Elucida Oncology, Inc. | $37,500 | $7,500 |
| The Peter S. Fine & Rebecca Ailes-Fine Family Trust UAD 10/24/01 | | Elucida Oncology, Inc. | $150,000 | $30,000 |
| Amend & Restate TR Agree Anne Romanoff Iliyinsky | | Elucida Oncology, Inc. | $150,000 | $30,000 |
| 54 | NJ: 18 Total: 23 | Elucida Oncology, Inc. | $7,845,210 | $1,569,042 |
| CONFIDENCE ENALARE L.P | | Enalare Therapeutics, Inc. | $3,850,000 | $500,000 |
| 1 | NJ: 4 Total: 5 | Enalare Therapeutics, Inc. | $3,850,000 | $500,000 |

| | | | | |
|---|---|---|---|---|
| Lateral Capital VI LP | | Endomedix, Inc. | $100,000 | $20,000 |
| Stephen F. Ganz Revocable Living Trust | | Endomedix, Inc. | $25,000 | $5,000 |
| Alessandro Carissimo | | Endomedix, Inc. | $35,000 | $7,000 |
| 3 | NJ: 1 Total: 1 | Endomedix, Inc. | $160,000 | $32,000 |
| DP Pharma Ventures LLC | | Equallent Therapeutics, Inc. | $500,000 | $100,000 |
| 1 | NJ: 53 Total: 53 | Equallent Therapeutics, Inc. | $500,000 | $100,000 |
| Francesco Boari | | Evergreen Theragnostics, Inc. | $143,336 | $28,667 |
| JOSE ANTONIO SANCHEZ GOMEZ | | Evergreen Theragnostics, Inc. | $29,998 | $6,000 |
| Simon Fiduciaria S.p.A. | | Evergreen Theragnostics, Inc. | $1,294,282 | $258,856 |
| Marie Hélène Polo | | Evergreen Theragnostics, Inc. | $78,000 | $15,600 |
| Cecilia Valmarana | | Evergreen Theragnostics, Inc. | $100,000 | $20,000 |
| Amir Lazar | | Evergreen Theragnostics, Inc. | $99,966 | $19,993 |
| Luca Spingardi | | Evergreen Theragnostics, Inc. | $20,998 | $4,200 |
| Ngatapa Station LTD | | Evergreen Theragnostics, Inc. | $500,000 | $100,000 |
| Prigagi SA | | Evergreen Theragnostics, Inc. | $29,999 | $6,000 |
| Navig S.A.S. di Giorgio Zaffaroni | | Evergreen Theragnostics, Inc. | $234,000 | $46,800 |
| Societe de Development et d'Expansion d'Enterprise | | Evergreen Theragnostics, Inc. | $1,560,000 | $312,000 |
| Nicolas Lev | | Evergreen Theragnostics, Inc. | $99,966 | $19,993 |
| 12 | NJ: 37 Total: 41 | Evergreen Theragnostics, Inc. | $4,190,545 | $838,109 |
| James Anthony Thompson | | Genomic Prediction, Inc. | $50,000 | $10,000 |
| Alyson Rosemary Charlotte Thompson | | Genomic Prediction, Inc. | $50,000 | $10,000 |

| | | | | | |
|---|---|---|---|---|---|
| Nimble Ventures LLC | | | Genomic Prediction, Inc. | $999,999 | $200,000 |
| 3 | NJ: 23 | Total: 29 | Genomic Prediction, Inc. | $1,099,999 | $220,000 |
| Riddhi Merchant | | | Halcyon Still Water, LLC | $100,000 | $20,000 |
| Ian Kimball | | | Halcyon Still Water, LLC | $50,000 | $10,000 |
| Arthur K Mark | | | Halcyon Still Water, LLC | $60,606 | $12,121 |
| Joseph Richard Manning | | | Halcyon Still Water, LLC | $100,000 | $20,000 |
| James Mackey | | | Halcyon Still Water, LLC | $60,606 | $12,121 |
| 5 | NJ: 13 | Total: 15 | Halcyon Still Water, LLC | $371,212 | $74,242 |
| Peblo Holdings LLC | | | ImageProVision, Inc. | $150,000 | $37,500 |
| Donald McMurtry | | | ImageProVision, Inc. | $149,990 | $37,498 |
| Goradia Holdings, LLC | | | ImageProVision, Inc. | $25,000 | $6,250 |
| David Bruce Bryant | | | ImageProVision, Inc. | $25,000 | $6,250 |
| Sameer Malhotra SD Roth IRA Account # 200621938 | | | ImageProVision, Inc. | $100,000 | $25,000 |
| 5 | NJ: 1 | Total: 1 | ImageProVision, Inc. | $449,990 | $112,498 |
| Balaji Veernala | | | Innovera Pharmaceuticals, LLC | $500,000 | $100,000 |
| Srikanth Aitharaju | | | Innovera Pharmaceuticals, LLC | $500,000 | $100,000 |
| RENUKA TADAKAMALLA | | | Innovera Pharmaceuticals, LLC | $500,000 | $125,000 |
| SRIRAM ITHARAJU | | | Innovera Pharmaceuticals, LLC | $250,000 | $62,500 |
| Srikanth Aitharaju | | | Innovera Pharmaceuticals, LLC | $650,000 | $162,500 |
| RENUKA TADAKAMALLA | | | Innovera Pharmaceuticals, LLC | $600,000 | $150,000 |
| 6 | NJ: 4 | Total: 4 | Innovera Pharmaceuticals, LLC | $3,000,000 | $700,000 |
| Fabrizio Franco | | | MetasTx, LLC | $15,000 | $3,000 |
| 1 | NJ: 1 | Total: 1 | MetasTx, LLC | $15,000 | $3,000 |
| Hawthorn II Investment LP | | | Neumentum, Inc. | $18,519 | $3,704 |
| The Next World Trust | | | Neumentum, Inc. | $3,000,000 | $500,000 |

| | | | | | |
|---|---|---|---|---|---|
| 2 | NJ: 2 | Total: 2 | Neumentum, Inc. | $3,018,519 | $503,704 |
| Aaron Scott Daniel | | | NeuroTechR3 Inc. | $50,000 | $12,500 |
| 1 | NJ: 4 | Total: 4 | NeuroTechR3 Inc. | $50,000 | $12,500 |
| Ace Medical Associates PLLC | | | Onconox, Inc. | $50,000 | $10,000 |
| 1 | NJ: 3 | Total: 3 | Onconox, Inc. | $50,000 | $10,000 |
| NGN NextGen Investment Fund LP | | | Paragon Flavors, Inc. | $500,000 | $100,000 |
| 1 | NJ: 4 | Total: 4 | Paragon Flavors, Inc. | $500,000 | $100,000 |
| Stephen Stewart Madsen | | | POM Partners, Inc. | $34,505 | $8,626 |
| Chad Poplawski | | | POM Partners, Inc. | $10,000 | $2,500 |
| ALEXIS GROUX | | | POM Partners, Inc. | $12,000 | $3,000 |
| Robert and Cindy Groux | | | POM Partners, Inc. | $100,000 | $25,000 |
| Steven Bryant Fox and Elizabeth Taylor-Fox | | | POM Partners, Inc. | $100,000 | $25,000 |
| Brandon Robert Groux | | | POM Partners, Inc. | $7,795 | $1,949 |
| Michael Davydov | | | POM Partners, Inc. | $10,000 | $2,500 |
| First United Partners | | | POM Partners, Inc. | $1,250,000 | $312,500 |
| William John Genco | | | POM Partners, Inc. | $300,000 | $75,000 |
| Paul E. Phillips and Sharon P. Sullivan JTWROS | | | POM Partners, Inc. | $50,000 | $12,500 |
| 10 | NJ: 6 | Total: 8 | POM Partners, Inc. | $1,874,300 | $468,575 |
| Tech Council Ventures II-AI LP | | | Princeton Identity, Inc. | $99,900 | $19,980 |
| Tech Council Ventures II-AI LP | | | Princeton Identity, Inc. | $49,050 | $9,810 |
| Tech Council Ventures II LP | | | Princeton Identity, Inc. | $200,050 | $40,010 |
| 3 | NJ: 11 | Total: 13 | Princeton Identity, Inc. | $349,000 | $69,800 |

| | | | | |
|---|---|---|---|---|
| Pacific Premier Trust, Custodian FBO Tak-Chuen Kwan IRA | | Princeton NuEnergy, Inc. | $822,444 | $205,611 |
| Stephen Clarke Snyder | | Princeton NuEnergy, Inc. | $200,000 | $50,000 |
| Prescience Ventures LLC | | Princeton NuEnergy, Inc. | $21,000 | $5,250 |
| 3 | NJ: 18 Total: 22 | Princeton NuEnergy, Inc. | $1,043,444 | $260,861 |
| Sandeep Vyas | | Real Estate Innovators, Inc | $30,000 | $7,500 |
| 1 | NJ: 1 Total: 1 | Real Estate Innovators, Inc | $30,000 | $7,500 |
| MARK CLEVERLEY | | Regenosine Inc. | $150,000 | $30,000 |
| Roger Burkhardt & Katheryne Jane Fankhanel | | Regenosine, Inc. | $150,000 | $30,000 |
| 1 | NJ: 3 Total: 4 | Regenosine, Inc. | $300,000 | $60,000 |
| XIP LLC | | SunRay Scientific, Inc. | $24,999 | $6,250 |
| GOLDEN SEEDS VENTURE FUND GP LLC | | SunRay Scientific, Inc. | $200,000 | $50,000 |
| 2 | NJ: 12 Total: 13 | SunRay Scientific, Inc. | $224,999 | $56,250 |
| SURESH SUBRAMANIAN | | Vital Start Health, Inc. | $10,000 | $2,000 |
| 1 | NJ: 1 Total: 1 | Vital Start Health, Inc. | $10,000 | $2,000 |
| Gina Nitti | | Xlink, LLC | $49,680 | $9,936 |
| Joseph Grayzel | | Xlink, LLC | $49,680 | $9,936 |
| 2 | NJ: 3 Total: 3 | Xlink, LLC | $99,360 | $19,872 |
| **136** | | | **$35,063,278** | **$6,865,693** |

<u>EXHIBIT B</u>

**Q2 2024 Program Summary - Angel Investor Tax Credit**

| Program Year | # of Declined Applications | # of Approved Applications | # of Approved Companies | Annual Tax Credit Allocation | Approved Tax Credits | Allocated Amount Remaining | Program Open/Closed |
|---|---|---|---|---|---|---|---|
| 2013 | 0 | 28 | 5 | $25,000,000.00 | $1,407,315 | $23,592,684.80 | Closed |
| 2014 | 7 withdrawn/5 declined | 174 | 20 | $25,000,000.00 | $5,363,927 | $19,636,073.00 | Closed |
| 2015 | 3 withdrawn/32 declined | 212 | 27 | $25,000,000.00 | $5,008,169 | $19,991,830.75 | Closed |
| 2016 | 12 declined | 247 | 31 | $25,000,000.00 | $8,357,418 | $16,642,582.00 | Closed |
| 2017 | 3 declined | 256 | 39 | $25,000,000.00 | $11,177,610 | $13,822,390.00 | Closed |
| 2018 | 14 withdrawn | 244 | 45 | $25,000,000.00 | $10,650,387 | $14,349,613.00 | Closed |
| 2019 | 7 withdrawn/4 declined | 161 | 32 | $25,000,000.00 | $3,310,934 | $21,689,066.00 | Closed |
| 2020 | 17 withdrawn/1 declined | 667 | 52 | $25,000,000.00 | $22,324,094 | $2,675,906.00 | Closed |
| 2021 | 24 withdrawn/3 declined | 613 | 61 | $35,000,000.00 | $21,782,624 | $13,217,376.00 | Closed |
| 2022 | 28 withdrawn/5 declined | 493 | 34 | $35,000,000.00 | $19,690,218 | $15,309,782.00 | Open |
| 2023 | 14 withdrawn | 368 | 31 | $35,000,000.00 | $15,978,865 | $19,021,135.00 | Open |
| 2024 | 1 withdrawn | 3 | 2 | $35,000,000.00 | $57,121 | $34,942,879.00 | Open |

# EXHIBIT C

## Q2 2024 Purchaser Approvals - New Jersey Zero-emission Incentive Program Phase 2

| Name of the Applicant | Vendor | Purchaser Location | SBE | MBE | WBE | VOB | Driving in EJ community? | # of Vehicles Intended to be purchased | Approved Voucher Amount | Approval Date |
|---|---|---|---|---|---|---|---|---|---|---|
| Sarcona Management, Inc. | Gabrielli Kenworth of New Jersey, LLC | Newark | No | No | No | No | No | 2 | $270,000.00 | 4/8/2024 |
| Sarcona Management, Inc. | Gabrielli Kenworth of New Jersey, LLC | Newark | No | No | No | No | No | 1 | $175,000.00 | 4/8/2024 |
| Perfect weather HVAC llc | GreenPower Motor Company, Inc. | Passaic City | Yes | No | No | No | Yes | 2 | $175,000.00 | 4/15/2024 |
| Cafe y Canela Colombian Restaurante | GreenPower Motor Company, Inc. | Morristown | Yes | No | No | No | Yes | 1 | $87,750.00 | 4/30/2024 |
| ENAT Deliveries LLC | Envirotech Vehicles Inc | Ridgefield Park | Yes | Yes | Yes | No | Yes | 3 | $278,850.00 | 5/3/2024 |
| BUD & BEAUTY LLC | GreenPower Motor Company, Inc. | New Brunswick | Yes | Yes | Yes | No | Yes | 1 | $92,950.00 | 5/7/2024 |
| Sabor Latino Newark NJ INC | H.K. Truck Services Inc | Newark | Yes | Yes | No | No | Yes | 1 | $90,350.00 | 5/7/2024 |
| US Property Management LLC | H.K. Truck Services Inc | Jersey City | Yes | Yes | No | No | Yes | 3 | $361,400.00 | 5/9/2024 |
| US Property Management LLC | Rivian LLC | Jersey City | Yes | Yes | No | No | Yes | 1 | $27,800.00 | 5/9/2024 |
| LUVILCE, LLC | H.K. Truck Services Inc | Plainfield | Yes | Yes | Yes | No | Yes | 1 | $92,950.00 | 5/13/2024 |
| Old Rose Trucking, LLC | Envirotech Vehicles Inc | Trenton | Yes | Yes | No | No | Yes | 3 | $361,400.00 | 5/20/2024 |
| Smart Paint LLC | Envirotech Vehicles Inc | Budd Lake | Yes | Yes | No | No | Yes | 1 | $90,350.00 | 6/7/2024 |
| Marte Cabinet & Countertops LLC | H.K. Truck Services Inc | Passaic | Yes | Yes | No | No | Yes | 2 | $180,700.00 | 6/7/2024 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Embarque Tineo LLC | H.K. Truck Services Inc | Paterson | Yes | Yes | No | No | Yes | 1 | $90,350.00 | 6/12/2024 |
| Wintia Memoirs | GreenPower Motor Company, Inc. | Leonia | Yes | Yes | Yes | No | Yes | 1 | $92,950.00 | 6/17/2024 |
| Patty Discount Furniture LLC | H.K. Truck Services Inc | Passaic | Yes | Yes | Yes | No | Yes | 1 | $92,950.00 | 6/20/2024 |
| Market Pit Shop | H.K. Truck Services Inc | Newark | Yes | Yes | No | No | Yes | 2 | $180,700.00 | 6/24/2024 |

# EXHIBIT D
## Q2 2024 Approvals - NJ MVP Phase 2

| Account Name (Applicant) (Account) | Amount | Approval Date |
|---|---|---|
| R C FINE FOODS, INC. | $49,391.24 | 4/2/2024 |
| SPECTRA POLYMERS AND COLOR SPECIALTIES, INC. | $250,000.00 | 4/3/2024 |
| L & R Manufacturing Company | $10,692.45 | 4/3/2024 |
| Cartridge Actuated Devices, Inc. | $224,190.00 | 4/4/2024 |
| Mercer Rubber Company | $250,000.00 | 4/4/2024 |
| L&Z Tool and Engineering, Inc. | $50,225.00 | 4/9/2024 |
| LEGEND BIOTECH USA, INC. | $248,218.74 | 4/9/2024 |
| Oishii Farm Corporation | $250,000.00 | 4/11/2024 |
| BROOKLYN PROVISIONS, INC. | $250,000.00 | 4/17/2024 |
| UNIT PACK COMPANY, INC. | $132,708.10 | 4/17/2024 |
| CIFELLI SAUSAGE, LLC | $250,000.00 | 4/17/2024 |
| GP PRECISION, INC. | $234,350.55 | 4/17/2024 |
| QUALITY STEAK, INC. | $250,000.00 | 4/17/2024 |
| LINUS BIOTECHNOLOGY, INC. | $250,000.00 | 4/18/2024 |
| CUSTOM  WELDING, INC | $169,705.29 | 4/18/2024 |
| GUTHRIE GLASS & MIRROR, INC. | $250,000.00 | 4/19/2024 |
| Musculoskeletal Transplant Foundation, Inc. | $250,000.00 | 4/22/2024 |
| Technick Products, Inc. | $68,951.92 | 4/22/2024 |
| Lincoln Electric Products Co, Inc. | $139,650.00 | 4/22/2024 |
| AUCTA PHARMACEUTICALS, INC. | $250,000.00 | 4/22/2024 |
| PERMAGRAPHICS, INC. | $35,769.64 | 4/22/2024 |
| DARUSH LLC | $189,724.75 | 4/22/2024 |
| Nutra-Med Packaging, LLC | $250,000.00 | 4/23/2024 |
| TABATCHNICK FINE FOODS, INC | $250,000.00 | 4/23/2024 |
| V.E.P. MANUFACTURING, INC. | $201,250.00 | 4/23/2024 |
| Triangle Manufacturing Co, Inc. | $178,786.50 | 4/23/2024 |
| Cellular Tracking Technologies LLC | $116,812.00 | 4/24/2024 |
| Sea Breeze Fruit Flavors, Inc. | $137,582.50 | 4/25/2024 |
| VIARI CHOCOLATES LLC | $42,303.77 | 4/25/2024 |
| Archer Day, Inc. | $250,000.00 | 4/29/2024 |
| TRUCCO, INC. | $250,000.00 | 4/29/2024 |
| PAULAUR CORPORATION | $244,357.50 | 4/29/2024 |
| Esco Precision, Inc. | $250,000.00 | 5/2/2024 |
| Rex Lumber Co. | $182,917.75 | 5/3/2024 |
| DJERDAN BUREK CORP | $51,437.25 | 5/3/2024 |

| | | |
|---|---|---|
| DENAKA PARTNERS, L.P. | $250,000.00 | 5/3/2024 |
| HEALTH AND NATURAL BEAUTY USA CORP | $221,100.00 | 5/3/2024 |
| DH INTERIORS, LLC | $47,113.20 | 5/3/2024 |
| EMPIRE INDUSTRIES, INC. | $242,847.20 | 5/6/2024 |
| PROXIMATE CONCEPTS, LLC | $31,114.20 | 5/6/2024 |
| VAN NESS PLASTIC MOLDING CO. | $237,600.00 | 5/10/2024 |
| MONTCLAIR BREWERY LIMTED LIABILITY COMPANY | $192,921.64 | 5/10/2024 |
| ROSE BRAND WIPERS, INC. | $135,730.00 | 5/10/2024 |
| Northern Architectural Systems, Inc. | $250,000.00 | 5/10/2024 |
| SunRay Scientific, Inc. | $250,000.00 | 5/10/2024 |
| INTERNATIONAL MOTOR CONTROLS, INC. | $148,935.94 | 5/14/2024 |
| ROYSONS CORPORATION | $250,000.00 | 5/15/2024 |
| HOLOCRAFT CORPORATION | $250,000.00 | 5/15/2024 |
| MAGLIONES ITALIAN ICES, L.L.C. | $47,853.40 | 5/15/2024 |
| PR Snoke Precision, Inc. | $243,790.40 | 5/15/2024 |
| Migali Industries, Inc. | $250,000.00 | 5/15/2024 |
| SWITLIK PARACHUTE COMPANY, INC. | $110,547.50 | 5/15/2024 |
| CHANK"S USA LLC | $139,697.64 | 5/20/2024 |
| ROBERT T. WINZINGER, INC. | $233,100.00 | 5/20/2024 |
| SCREAMIN HILL BREWERY LLC | $71,654.45 | 5/20/2024 |
| AMERICAN BUILDING SYSTEMS INTERNATIONAL INC. | $238,050.00 | 5/22/2024 |
| THE FRESH WAVE LLC | $209,545.00 | 5/22/2024 |
| BRIGHTS LIGHTS USA, INC. | $125,850.00 | 5/22/2024 |
| I.S. PARTS INTERNATIONAL, INC. | $191,632.00 | 5/22/2024 |
| CITROMAX GROUP, INC. | $250,000.00 | 5/23/2024 |
| HOT MELT EQUIPMENT LLC | $176,950.96 | 5/23/2024 |
| UNIVERSAL SYNERGETICS, INC. | $250,000.00 | 5/29/2024 |
| BORRELLI STEEL FABRICATORS, LLC | $109,077.01 | 5/31/2024 |
| PI METAL PRODUCTS, INC. | $78,956.00 | 5/31/2024 |
| STAR SOAP/STAR CANDLE/PRAYER CANDLE CO, LLC | $250,000.00 | 5/31/2024 |
| RAW GENERATION, INC. | $250,000.00 | 6/3/2024 |
| Ranger Industries, Inc. | $117,863.40 | 6/3/2024 |
| ABELES & HEYMANN, LLC. | $78,550.80 | 6/3/2024 |
| K M MEDIA GROUP LLC | $250,000.00 | 6/3/2024 |
| GAR VENTURES LLC | $250,000.00 | 6/5/2024 |
| Keystone Plastics, Inc. | $250,000.00 | 6/5/2024 |
| S. W. Electronics & Manufacturing Corp. | $250,000.00 | 6/6/2024 |
| Generant Company, Inc. | $226,718.19 | 6/6/2024 |
| Starborn Industries, Inc. | $52,009.20 | 6/6/2024 |
| RAM ELECTRONIC INDUSTRIES, INC. | $69,470.44 | 6/6/2024 |

| | | |
|---|---|---|
| ECOPAVE SOLUTIONS, INC. | $250,000.00 | 6/6/2024 |
| POLYMER DYNAMIX, LLC | $98,006.92 | 6/7/2024 |
| New Nissi Corp. | $208,880.00 | 6/10/2024 |
| Universal Technical Resource Services, Inc. | $93,952.95 | 6/12/2024 |
| S&P MACHINE COMPANY, INC. | $24,872.40 | 6/12/2024 |
| FAIRFIELD GOURMET FOOD CORP. | $80,966.58 | 6/12/2024 |
| LTS Lohmann Therapy Systems, Corp | $250,000.00 | 6/12/2024 |
| Pallet Brewing Company LLC | $196,934.06 | 6/17/2024 |
| ASTRAGLASS INNOVATIONS, INC. | $55,510.00 | 6/18/2024 |
| Unicorn Biotechnologies, Inc. | $162,000.00 | 6/18/2024 |
| UNEX MANUFACTURING, INC. | $250,000.00 | 6/18/2024 |
| Powpack LLC | $186,725.00 | 6/18/2024 |
| JAKTOOL LLC | $135,528.75 | 6/19/2024 |
| GENSCRIPT PROBIO USA, INC. | $250,000.00 | 6/20/2024 |
| GEOGREENS LLC | $87,530.71 | 6/20/2024 |
| PRECISION ELECTRONIC GLASS, INC. | $207,144.35 | 6/26/2024 |
| LORDON, INC. | $42,269.20 | 6/27/2024 |
| MAGNA-POWER ELECTRONICS, INC. | $112,202.70 | 6/27/2024 |
| Steel Mountain Fabricators, LLC | $9,590.00 | 6/28/2024 |
| **TOTAL** | **$ 16,439,817.14** | |

# MEMORANDUM

**TO:** Members of the Authority

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

**DATE:** September 11, 2024

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

The following projects were approved under Delegated Authority in July and August 2024:

**Direct Loan Program:**

1) VIP Beauty Lounge LLC ("VIP") (PROD-00315861) is located in Pleasantville City, Atlantic County. VIP was established in 2016 as a full-service beauty salon offering hair, nail, and skincare. The salon also sells beauty care products and accessories. The NJEDA approved a $167,000 loan to purchase property for business relocation. The Company currently has 2 employees and plans to create 3 new jobs within the next two years.

**Premier Lender Program:**

1) 416 15th St S LLC (PROD-00315686), located in Millville City, Cumberland County, is a real estate holding company formed to purchase the project property. The operating company, Val-Mar Surgical Supplies, Inc., a New York corporation, was established in 1995 and supplies a wide variety of home medical equipment and supplies to the New York tristate area. Peoples Security Bank & Trust Company approved a $5,445,000 commercial mortgage, contingent upon a 36.73% ($2,000,000) Authority participation. Proceeds will be used to purchase the Millville Warehouse, an industrial-use property featuring two warehouses. Currently, the Company has 25 employees and plans to create 8 additional positions within the next two years.

2) Atlantic City Rescue Mission Inc. ("ACRM") (PROD-00316180) is located in Atlantic City, Atlantic County. The Company was founded in 1964 to provide food and shelter to homeless men from a small storefront in Atlantic City. Since then, ACRM has added programs in response to the growing and changing needs of the people it serves and now serves over 3,000 homeless and working people per year. ACRM was approved for a $750,000 TD Bank N.A. loan, contingent upon a 50% ($375,000) Authority participation. Proceeds will be used for working capital. Currently, the Company has 35 employees and plans to create 12 new positions over the next two years.

3) Resources for Independent Living, Inc. (PROD-00313564) is located in Upper Deerfield Township, Cumberland County. The Company serves people with disabilities including programs focused on independent living, education, skills development, and networking opportunities. Membership is open to all people with disabilities, including their friends and supporters. The Company was approved for a $1,800,000 Century Savings Bank loan, contingent upon a 50% ($900,000) Authority participation. Proceeds will be used to purchase real property in which to expand operations. The Company currently has 55 employees and plans to create 25 new jobs within the next two years.

**Small Business Fund Program:**

1) LLG Realty LLC (PROD-00316082), is located in Rutherford Borough, Bergen County. The Company was formed in 2024 to purchase the project property. The operating company, LLG Tax and Accounting Limited Liability Company, was formed in 2011 to provide tax preparation and accounting related services, bookkeeping, financial planning, and payroll. The NJEDA approved a $351,000 loan to purchase the project property. The Company currently has 2 employees and plans to create one new position over the next two years.

2) O League a.k.a. The O League (PROD-00313709), located in Burlington Township, Burlington County, was formed in 2009 as a 501(c)3 New Jersey nonprofit corporation. The Opportunity League ("TOL") creates opportunities that build community health through a variety of programs they offer including Youth Entrepreneurship, camps, and travel sports. TOC also provides mentoring, science, technology, engineering, arts, math and educational counseling programs. TOC's unique approach to public health supports the positive growth of individuals, families, and communities. The NJEDA approved a $280,000 loan to purchase the commercial property the Company has been leasing since 2014. As a nonprofit, onsite volunteers provide program training.

3) Shore Clubhouse, Inc. (PROD-00316019), located in Long Branch City, Monmouth County, is a not-for-profit, local community resource that provides non-clinical, psychosocial rehabilitation services for adults living with mental illness. Members can learn new skills, develop new relationships, and explore educational and employment opportunities. The structure is a two-story building containing 3 bathrooms and a restaurant-style kitchen and the first floor of the building is ADA accessible. The NJEDA approved a $260,946 loan to refinance an existing mortgage to improve cash flow. The Company currently has 5 employees.

**Petroleum Underground Storage Tank Program:**

1. An individual homeowner (PROD-00316573), located in Oaklyn Borough, Camden County was approved for an $11,740.38 PUST loan to fund the removal, closure, and remediation of an underground tank at the subject property. NJDEP reviewed and approved the project costs consisting of $1,266 towards upgrade/closure costs and $10,474 towards remediation.

**New Premier Lender Bank Partner:**

1) First Commerce Bancorp, Inc. (the "Company") is a bank holding company organized under New Jersey State laws. The Company owns and operates First Commerce Bank (the "Bank"), headquartered in Lakewood, NJ. Operations include the Company and its wholly owned subsidiary, the Bank, and the Bank's wholly owned subsidiaries, First Commerce Real Estate Holdings, LLC, FCB Investments, LLC, FC Delaware Investment Company, Inc. (the "FC Delaware") and the FC Delaware's wholly owned subsidiary, FC Preferred Capital, Inc. First Commerce Bank was established in 2006 as a full-service commercial bank, prioritizing the banking needs of small to medium-sized businesses, professional organizations and individuals throughout New Jersey and part of New York. The Bank has eleven branch locations based in Bergen, Burlington, Essex, Mercer, Monmouth, and Ocean Counties. The Bank operates under the regulatory supervision of the Federal Deposit Insurance Corporation and New Jersey Department of Banking and Insurance, adhering to guidelines set by these authorities. As a Premier Lender, First Commerce Bank may now enter into participation loans with the EDA, forming a banking partnership and offering customers additional benefits, services and reduced financial risk.

2) First National Bank of Elmer ("FNBE") was established in 1903 in Elmer, NJ as an independent community bank. Elmer Bancorp, Inc. was incorporated in the State of New Jersey to operate as the bank holding company for FNBE. FNBE operates under a national bank charter and offers a full range of business banking, loan products, and related financial services. This includes business term and business commercial mortgages for small to medium-sized businesses, and personal banking for consumers and professionals. FNBE operates through its six offices located in Cumberland, Gloucester, and Salem counties in southern New Jersey, including its main office in Elmer. Management's philosophy is to create meaningful long-term customer relationships through the marketing and delivery of friendly, personalized banking services to its customers. This separates them from competitors by committing to provide customers with the best banking experience available. As a national bank, FNBE is subject to the Office of the Comptroller of the Currency, and Federal Deposit Insurance Corporation regulations and is periodically examined by such regulatory authorities. As a Premier Lender, FNBE anticipates several participations per year once the program is rolled out to its lenders.

Tim Sullivan, CEO

**Prepared by:** G. Robins

**MEMORANDUM**

**TO:** Members of the Authority

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

**DATE:** September 11, 2024

**SUBJECT:** Post Closing Incentives Delegated Authority Memo –2nd Quarter 2024

(For Informational Purposes Only)

Since 2001, and most recently in April 2023, the Members have approved delegations to staff for post-closing incentive modifications that are administrative and do not materially change the original approvals of these grants.

Attached is a list of the Incentives Delegated Authority Modifications that were approved in the 2nd Quarter ending June 30, 2024.

______________________________________

Tim Sullivan, CEO

Prepared by: F. Saturne

ACTIONS APPROVED UNDER DELEGATED AUTHORITY

SECOND QUARTER ENDING June 30, 2024

**GROW NEW JERSEY ASSISTANCE PROGRAM**

| Applicant | Modification Action | Approved Award |
|---|---|---|
| Automatic Switch Company | Approve termination of the Incentive Agreement effective 2022 pursuant to the COVID-Related Relief provision of the New Jersey Economic Recovery Act of 2020. | $24,500,000 |
| Clover Health, LLC | Approve termination of the Incentive Agreement effective 2020 pursuant to the COVID-Related Relief provision of the New Jersey Economic Recovery Act of 2020. | $6,256,500 |
| Conopco, Inc. D/B/A Unilever | Addition of Unilever North America Supply Chain Company, LLC as an affiliate to Conopco, Inc. d/b/a Unilever's Grow NJ Incentive Agreement effective October 7, 2020 | $38,000,000 |
| NICE Systems, Inc. | Approve termination of the Incentive Agreement effective 2023 pursuant to the COVID-Related Relief provision of the New Jersey Economic Recovery Act of 2020. | $22,803,800 |
| Princeton Tectonics | Suspend the reporting obligation for the 2023 tax year. This will result in an extension of the eligibility period through the 2028 tax year and the commitment duration through the 2033 tax year | $18,315,000 |
| Showman Fabricators, Inc. | Approve termination of the Incentive Agreement effective 2023 pursuant to the COVID-Related Relief provision of the New Jersey Economic Recovery Act of 2020. | $8,800,000 |
| Tokio Marine North America, Inc. | Approve termination of the Incentive Agreement effective 2023 pursuant to the COVID-Related Relief provision of the New Jersey Economic Recovery Act of 2020. | $17,737,500 |

**BUSINESS EMPLOYMENT INCENTIVE GRANT PROGRAM**

| Grantee | Modification Action | Approved Award |
|---|---|---|
| Ipsen Biopharmaceuticals, Inc. | Consent to change location from 106 Allen Road, Basking Ridge, NJ To 200 Connell Drive, Suite 1000, Berkeley Heights, NJ, effective December 1, 2022. | $4,471,740 |

**SALEM/UEZ ENERGY SALES TAX EXEMPTION RENEWALS**

| Applicant | Extend to date | Location | #/% of employees | Benefit |
|---|---|---|---|---|
| Siegfried USA, LLC | March 23, 2025 | Pennsville, NJ | 165/83% | $165,502 |

**MEMORANDUM**

**TO:** Members of the Authority

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

**DATE:** September 11, 2024

**SUBJECT:** Post Closing Credit Delegated Authority Approvals for 2Q Quarter 2024
***For Informational Purposes Only***

The following post-closing actions were approved under delegated authority during the second quarter of 2024:

| **Name** | **EDA Credit Exposure** | **Action** |
|---|---|---|
| Opal and Olive LLC | $48,147<br>CVSB2LO | Extend moratorium for 6 months per program guidelines. |
| DMM Associates | $1,778,000<br>SBLLO | Subordinate EDA's lien on to a refinanced first mortgage from Bank of America. |
| 29 Beach Road LLC | $131,000<br>SBLLO | Subordinate EDA's lien to a refinances mortgage from TD Bank. |

Tim Sullivan, CEO

**Prepared by:** Nicole Torres and Mansi Naik

**MEMORANDUM**

**TO:** Members of the Authority

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

**DATE:** September 11, 2024

**SUBJECT:** Community Development Products
Delegated Authority Approvals Q2 2024
**For Informational Purposes Only**

## Main Street Micro Business Loan

The Main Street Micro Business Loan provides financing of up to $50,000 to eligible micro businesses in New Jersey with ten or fewer full-time employees and no greater than $1.5 million in annual revenues. The Program is the successor to the Micro Business Loan Program established by the NJEDA in 2019. The Main Street Micro Business Loan is funded through the Main Street Recovery Fund—a $100 million suite of programs created or expanded under the Economic Recovery Act of 2020 (ERA). The Main Street Micro Business Loan covers future operating expenses such as inventory, equipment (that does not require installation or construction work totaling more than $1,999.99) and working capital to fund business operating expenses. The loan has a standard 10-year term and an interest rate of 2 percent, with no interest and no payments due for the first year. $8 million has been set aside to support eligible businesses and nonprofits with a primary business location within Opportunity Zone eligible census tracts.

### Main Street Micro Business Loan – Q2 2024 Review

The online application opened in October 2022 and closed with a total of 1998 applications submitted requesting a total of $94.3 million. At this time, the product is winding down and has already finalized the majority of loan applications received. During the second quarter, two applications were approved for a total of $100,000. No new appeals or declines were recorded during the second quarter.

| Applicant Entity | Approval Date | Approved Amount | City | County | Eligible Opportunity Zone |
|---|---|---|---|---|---|
| Platient Research Technologies LLC | 5/2/2024 | $ 50,000.00 | Dayton | Middlesex County | No |
| Platient Research Technologies LLC | 5/2/2024 | $ 50,000.00 | Monroe | Middlesex County | Yes |

See NJEDA's Public Information site for a detailed list of all Main Street Micro Business Loan applications that were approved under delegated authority through the second quarter of 2024.

## Small Business Improvement Grant

The Small Business Improvement Grant is the second of several products under the Main Street Recovery Program, designed to help small businesses become more resilient and position themselves for growth. Funded with $60 million, this product reimburses eligible small businesses and nonprofits for up to 50 percent of eligible project costs associated with building improvements or the purchase and/or installation of new furniture, fixtures, and equipment (FFE) made on or after March 9, 2020, but no more than two years prior to application. Businesses and nonprofits that receive grants through these programs are required to agree to pay employees going forward for the four-year grant term at least $15 per hour or 120 percent of the minimum wage. Tipped employees are exempt from the $15 per hour requirement but must still be paid at least 120 percent of the minimum wage. Applicants must also commit to remaining in the facility and meeting wage requirements for up to four years following the execution of the grant agreement and depending upon award amount. Awards greater than $25,000 have a compliance period of four years and grant awards less than $25,000 have a compliance period of two years. The maximum grant award is $50,000 per business entity for the life of this program. Of the $15 million allocated for the program, 40 percent is reserved for businesses located in Opportunity Zone eligible census tracts.

### Small Business Improvement Grant – Q2 2024 Review

The online application opened in February 2022 and will continue to accept applications until funding is exhausted. During the second quarter of 2024, 169 applications were approved for a total of $4.7 million. 27 files were declined during second quarter and 8 new appeals were filed. These new appeals are still under review.

To date, the Small Business Improvement grant has approved a total of 2133 applications in the amount of $52.8M in total. See NJEDA’s Public Information site for a detailed list of all Small Business Improvement Grant applications that were approved under delegated authority through the second quarter of 2024.

NJ Economic Development Authority Main Street Recovery Finance Program
Small Business Improvement Grant- Q2 2024 Approved Grants

| Applicant Entity | Approval Date | Approved Amount | City | County | Eligible Opportunity Zone |
|---|---|---|---|---|---|
| Kammerman's Marine Inc. | 4/15/2024 | $ 50,000.00 | Atlantic City | Atlantic County | Yes |
| DPMJR INC | 4/17/2024 | $ 4,492.13 | Galloway | Atlantic County | No |
| Eagle Theatre, Inc. | 6/7/2024 | $ 50,000.00 | Hammonton Town | Atlantic County | No |
| Twist Linwood LLC | 5/14/2024 | $ 50,000.00 | Linwood City | Atlantic County | No |
| Atlantic City Gas Corp | 4/16/2024 | $ 50,000.00 | Pleasantville City | Atlantic County | Yes |
| PJ Buckets LLC | 6/18/2024 | $ 27,798.42 | Ventnor City | Atlantic County | Yes |
| JITB, INC. | 4/10/2024 | $ 24,371.61 | Closter Borough | Bergen County | No |
| AD UGLY FOODS LLC | 6/3/2024 | $ 50,000.00 | East Rutherford Borough | Bergen County | No |
| Aland AD LLC | 5/22/2024 | $ 18,927.76 | East Rutherford Borough | Bergen County | No |
| Eternity Funeral Services L.L.C. | 6/26/2024 | $ 34,675.00 | Englewood | Bergen County | No |
| Living Great, L.L.C. | 5/9/2024 | $ 4,868.87 | Fair Lawn Borough | Bergen County | No |
| FRENCH NAILS SPA CORP | 5/20/2024 | $ 17,328.99 | Fair Lawn Borough | Bergen County | No |
| Changfish Therapy Inc. | 4/10/2024 | $ 50,000.00 | Fort Lee Borough | Bergen County | No |
| MENYA USA Corp | 5/29/2024 | $ 14,745.00 | Fort Lee Borough | Bergen County | Yes |
| The Riviera Room LLC | 6/18/2024 | $ 7,671.11 | Garfield City | Bergen County | Yes |
| 53-57 Essex Street Laundry LLC | 6/7/2024 | $ 50,000.00 | Hackensack City | Bergen County | Yes |
| Continental Real Estate Group, Inc. | 6/14/2024 | $ 50,000.00 | Hackensack City | Bergen County | Yes |
| MJ FRENCH NAILS INC. | 5/22/2024 | $ 6,800.00 | Leonia Borough | Bergen County | No |
| 347 Chic Shop Nails Inc | 6/5/2024 | $ 7,865.00 | Leonia Borough | Bergen County | No |
| Casa Guiseppe, LLC | 6/11/2024 | $ 20,345.25 | Lyndhurst | Bergen County | No |
| JONYFRAZE LLC | 6/7/2024 | $ 3,848.93 | Maywood Borough | Bergen County | No |
| Core Care Plus Rehab LLC | 5/3/2024 | $ 6,578.01 | Maywood Borough | Bergen County | No |
| MNT GROUP LLC | 5/31/2024 | $ 50,000.00 | Montvale Borough | Bergen County | No |
| Noam Kranz, D.M.D., L.L.C. | 6/5/2024 | $ 17,704.51 | New Milford Borough | Bergen County | No |
| EUN HA SOO SUSHI FOOD INC | 6/26/2024 | $ 23,500.00 | Palisades Park Borough | Bergen County | Yes |
| Vitsorie Global Inc. | 6/7/2024 | $ 13,142.86 | Palisades Park Borough | Bergen County | Yes |
| Sunapee Inc | 4/12/2024 | $ 10,565.27 | Ridgewood Village | Bergen County | No |
| Dan Meredith Agency L.L.C. | 6/3/2024 | $ 4,550.00 | Rutherford Borough | Bergen County | No |
| AB D'italy LLC | 5/22/2024 | $ 8,750.00 | Rutherford Borough | Bergen County | No |
| Rutherford Eye Care LLC | 4/11/2024 | $ 31,612.04 | Rutherford Borough | Bergen County | No |
| M&J POINT CLEANERS LIMITED LIABILITY COMPANY | 5/15/2024 | $ 17,518.63 | Rutherford Borough | Bergen County | No |
| HADOUKEN LLC | 5/9/2024 | $ 37,341.44 | South Hackensack | Bergen County | Yes |
| Robert S. Koltac, D.M.D., P.A. | 6/30/2024 | $ 4,995.59 | Teaneck | Bergen County | Yes |
| Gan Aliza LLC | 4/1/2024 | $ 24,890.00 | Teaneck | Bergen County | No |
| TCPA CERTIFIED PUBLIC ACCOUNTANTS LLC | 5/7/2024 | $ 5,509.95 | Burlington | Burlington County | No |
| MSSA Associates, Inc. | 5/16/2024 | $ 50,000.00 | Hainesport | Burlington County | No |
| CMRLK LLC | 4/17/2024 | $ 50,000.00 | Marlton | Burlington County | No |
| Caribbean Tans LLC | 6/19/2024 | $ 42,293.58 | Medford | Burlington County | No |
| Harvest Coffee LLC | 4/9/2024 | $ 28,152.72 | Medford | Burlington County | No |
| Peterson Service Co., Inc. | 5/21/2024 | $ 23,044.00 | Medford | Burlington County | No |

| | | | | | | |
|---|---|---|---|---|---|---|
| Idea Lab Digital, LLC | 5/15/2024 | $ | 4,464.56 | Moorestown | Burlington County | No |
| caribbean breeze frozen foods corporation | 4/1/2024 | $ | 18,571.40 | Pemberton Borough | Burlington County | No |
| Giana's Market LLC | 5/17/2024 | $ | 50,000.00 | Berlin | Camden County | Yes |
| A Hinman Construction and Consulting LLC | 5/14/2024 | $ | 6,820.73 | Cherry Hill | Camden County | No |
| ELITE LEARNING CHERRY HILL, INC. | 4/1/2024 | $ | 15,165.00 | Cherry Hill | Camden County | No |
| THE RITZ THEATRE COMPANY, INC. | 6/14/2024 | $ | 29,750.00 | Haddon | Camden County | No |
| BeYoutifully Balanced LLC | 5/30/2024 | $ | 22,769.48 | Pennsauken | Camden County | No |
| Anthony J. Hair Studio, L.L.C. | 4/30/2024 | $ | 7,042.79 | Sicklerville | Camden County | No |
| Axe Out Entertainment LLC | 5/31/2024 | $ | 50,000.00 | Somerdale | Camden County | No |
| GOOD-TO-GO, INC. | 6/17/2024 | $ | 50,000.00 | Voorhees | Camden County | Yes |
| Constellation Fitness LLC | 5/13/2024 | $ | 9,617.62 | Voorhees | Camden County | No |
| Two Brews LLC | 6/6/2024 | $ | 25,042.00 | Cape May Court House | Cape May County | No |
| Results Accounting LLC | 4/23/2024 | $ | 2,990.83 | Erma | Cape May County | Yes |
| Bandanas Restaurant Inc | 5/1/2024 | $ | 50,000.00 | Wildwood Crest Borough | Cape May County | Yes |
| GIORDANO VINELAND SCRAP MATERIAL LLC | 5/8/2024 | $ | 50,000.00 | Vineland | Cumberland County | Yes |
| S Hospitality Inc. | 5/24/2024 | $ | 50,000.00 | Bloomfield | Essex County | No |
| 395 BLOOMFIELD AVE. CORP. | 6/25/2024 | $ | 50,000.00 | Caldwell Borough | Essex County | No |
| Lannies Cleaners Inc. | 4/19/2024 | $ | 50,000.00 | East Orange City | Essex County | Yes |
| Buzzing Bees Learning Center Limited Liability Company | 5/16/2024 | $ | 9,925.00 | East Orange City | Essex County | No |
| Honey & Hive Artisanal Ice Cream LLC | 6/27/2024 | $ | 47,691.82 | Maplewood | Essex County | Yes |
| Walnut Street Kitchen Corporation | 5/1/2024 | $ | 7,677.46 | Montclair | Essex County | No |
| S & A Auto Repair L.L.C. | 5/29/2024 | $ | 6,302.14 | Newark | Essex County | Yes |
| Hello Gorgeous Beauty Studio LLC | 5/21/2024 | $ | 14,072.75 | Orange | Essex County | Yes |
| RIGGS CREATIVE GROUP LLC | 5/31/2024 | $ | 6,213.56 | Sewell | Gloucester County | No |
| The DaVinci Group LLC | 5/29/2024 | $ | 50,000.00 | Woodbury City | Gloucester County | Yes |
| All Season Childcare Center LLC | 5/3/2024 | $ | 42,539.46 | Harrison Town | Hudson County | Yes |
| Hudson Golf LLC | 5/3/2024 | $ | 50,000.00 | Hoboken | Hudson County | No |
| Kidz City Enterprise, Inc. | 6/26/2024 | $ | 2,721.33 | Hoboken | Hudson County | No |
| Devino Aiello Architetcts LLC | 4/11/2024 | $ | 9,643.19 | Jersey City | Hudson County | Yes |
| Heavenly Bakes Pastry & Bakery | 6/13/2024 | $ | 10,234.70 | Kearny | Hudson County | Yes |
| S & A Auto Repair Kearny L.L.C. | 6/20/2024 | $ | 7,941.04 | Kearny | Hudson County | Yes |
| Grandma's Place, Inc. | 5/16/2024 | $ | 40,784.25 | West New York Town | Hudson County | Yes |
| Summit Custom Spray Drying, Inc. | 5/3/2024 | $ | 50,000.00 | Flemington Borough | Hunterdon County | No |
| Half Pint Day Care, Inc. | 4/19/2024 | $ | 24,819.00 | Lambertville City | Hunterdon County | No |
| Chimney Hill Estate LLC | 5/13/2024 | $ | 50,000.00 | Lambertville City | Hunterdon County | No |
| Garcia Management Group LLC | 6/26/2024 | $ | 23,326.42 | Raritan | Hunterdon County | No |
| Jayden Joseph LLC | 6/5/2024 | $ | 50,000.00 | White House Station | Hunterdon County | No |
| CRANBURY SOUP & SANDWICH LLC | 6/7/2024 | $ | 50,000.00 | Cranbury | Mercer County | No |
| GMH Associates of America, Inc. | 6/14/2024 | $ | 15,910.00 | Ewing | Mercer County | Yes |
| Princeton Great Cuts LLC | 4/16/2024 | $ | 40,758.27 | Hamilton | Mercer County | No |
| Day and Ni Party Rental LLC | 5/7/2024 | $ | 8,558.06 | Lawrence | Mercer County | No |

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|---|---|---|---|---|---|---|
| Princeton Junior School, Inc. | 5/17/2024 | $ | 10,750.50 | Lawrenceville | Mercer County | No |
| Princeton Nursery School | 5/15/2024 | $ | 8,214.00 | Princeton Borough | Mercer County | No |
| Future Math LLC | 5/3/2024 | $ | 23,754.70 | Princeton Junction | Mercer County | No |
| Salvation and Social Justice a NJ Nonprofit Corporation | 5/20/2024 | $ | 20,957.10 | Trenton | Mercer County | Yes |
| Henry J Austin Health Center Inc | 4/22/2024 | $ | 50,000.00 | Trenton | Mercer County | Yes |
| Mid-State Federal Credit Union | 5/24/2024 | $ | 37,863.50 | Carteret Borough | Middlesex County | Yes |
| Elite Advisors Inc | 6/18/2024 | $ | 8,265.58 | Edison | Middlesex County | No |
| ISOLATION FITNESS LIMITED LIABILITY COMPANY | 4/8/2024 | $ | 12,745.82 | Edison | Middlesex County | No |
| Highland Park Family Practice, LLC | 5/22/2024 | $ | 25,531.03 | Highland Park Borough | Middlesex County | No |
| ANU PETROLEUM, LLC | 4/9/2024 | $ | 37,783.76 | Metuchen Borough | Middlesex County | No |
| Princredible Cakes LLC | 4/10/2024 | $ | 28,486.10 | North Brunswick Township | Middlesex County | No |
| NZDIMES INC. | 5/24/2024 | $ | 50,000.00 | Old Bridge | Middlesex County | No |
| Milina Cuisine LLC | 4/17/2024 | $ | 14,193.85 | Parlin | Middlesex County | No |
| TEST Data Email | | $ | 30,000.00 | Port Reading | Middlesex County | No |
| 3D HAIR STUDIO LLC | 5/7/2024 | $ | 14,262.60 | Sayreville Borough | Middlesex County | No |
| United Premium Foods LLC | 5/30/2024 | $ | 20,699.13 | Woodbridge | Middlesex County | No |
| ELISAL Early Child Development LLC | 5/14/2024 | $ | 28,446.62 | Allentown Borough | Monmouth County | No |
| ASBURY PARK BREWERY LLC | 6/3/2024 | $ | 50,000.00 | Asbury Park City | Monmouth County | Yes |
| T&E Hess 2 LLC | 5/31/2024 | $ | 50,000.00 | Asbury Park City | Monmouth County | Yes |
| Endless Waves LLC | 5/9/2024 | $ | 21,835.53 | Asbury Park City | Monmouth County | Yes |
| Integrated Healthcare Management LLC | 6/6/2024 | $ | 50,000.00 | Atlantic Highlands Borough | Monmouth County | No |
| Eastpointe Medical LLC | 6/19/2024 | $ | 50,000.00 | Atlantic Highlands Borough | Monmouth County | No |
| Eastpointe Integrated Healthcare, LLC | 6/7/2024 | $ | 50,000.00 | Atlantic Highlands Borough | Monmouth County | No |
| THE VINTAGE CAKE | 4/2/2024 | $ | 2,711.05 | Atlantic Highlands Borough | Monmouth County | No |
| Brielle Integrated Healthcare LLC | 6/13/2024 | $ | 50,000.00 | Brielle Borough | Monmouth County | No |
| Elkay Special Supplies LLC | 4/9/2024 | $ | 21,419.83 | Freehold | Monmouth County | No |
| Executive Medicine PC | 4/26/2024 | $ | 50,000.00 | Hazlet | Monmouth County | No |
| GREENE STREET JOINERY LLC | 4/22/2024 | $ | 7,995.86 | Keansburg Borough | Monmouth County | No |
| GOLDSTEIN & LOGGIA CPAS LLC | 6/3/2024 | $ | 50,000.00 | Manalapan | Monmouth County | No |
| Scalps Micropigmentation LLC | 4/12/2024 | $ | 11,204.25 | Manalapan | Monmouth County | No |
| EAM Associates, Inc. | 5/30/2024 | $ | 35,867.54 | Manasquan Borough | Monmouth County | No |
| Krever MD Limited Liability Company | 4/26/2024 | $ | 23,971.42 | Matawan Borough | Monmouth County | No |
| Jute Design House LLC | 4/17/2024 | $ | 7,084.16 | Monmouth Beach Borough | Monmouth County | No |
| Sentinel Performance & Strength LLC | 6/26/2024 | $ | 50,000.00 | Morganville | Monmouth County | No |
| Sperry Tents New Jersey LLC | 6/14/2024 | $ | 50,000.00 | Neptune | Monmouth County | Yes |
| A&J Custom Drywall LLC | 4/9/2024 | $ | 2,748.38 | Neptune | Monmouth County | No |
| GROEZINGER PROVISIONS, INC. | 4/26/2024 | $ | 50,000.00 | Neptune | Monmouth County | Yes |
| Forbes Custom Creations LLC | 6/20/2024 | $ | 46,950.90 | Neptune City Borough | Monmouth County | Yes |
| DC Cargo Mall Inc. | 5/14/2024 | $ | 42,802.22 | Wall | Monmouth County | No |
| MAGIC PARADISE LLC | 4/2/2024 | $ | 50,000.00 | West Long Branch | Monmouth County | No |
| Dalakian, Kaitlin E | 6/13/2024 | $ | 2,918.15 | Boonton Town | Morris County | No |

| | | | | | | |
|---|---|---|---|---|---|---|
| Expentor Inc | 6/26/2024 | $ | 20,172.02 | Budd Lake | Morris County | No |
| La Oficina Professional Services LLC | 4/8/2024 | $ | 2,549.87 | Dover Town | Morris County | Yes |
| Titan Business Development Group LLC | 6/26/2024 | $ | 9,100.84 | Flanders | Morris County | No |
| DEZINE LINE CORPORATION | 5/22/2024 | $ | 14,444.65 | Ledgewood | Morris County | No |
| SMS LEARNING LLC | 4/29/2024 | $ | 50,000.00 | Ledgewood | Morris County | No |
| Jane's Nails LLC | 5/3/2024 | $ | 24,375.00 | Madison Borough | Morris County | No |
| SALUS PER AQUAM L.L.C. | 5/31/2024 | $ | 12,416.95 | Randolph | Morris County | No |
| LOOMA LLC | 6/26/2024 | $ | 14,424.05 | Succasunna-kenvil | Morris County | No |
| DOTTIE'S HOUSE, INC. | 6/14/2024 | $ | 11,213.00 | Brick | Ocean County | No |
| MANA BAGELS LLC | 4/16/2024 | $ | 10,733.30 | Brick | Ocean County | No |
| Barnacle Bill's, Inc. | 4/12/2024 | $ | 46,252.48 | Dover Beaches South | Ocean County | Yes |
| Slabstone LLC | 5/31/2024 | $ | 50,000.00 | Jackson | Ocean County | No |
| Aleph Judaica LLC | 5/9/2024 | $ | 50,000.00 | Jackson | Ocean County | No |
| Broadway Basketeers, Inc. | 6/14/2024 | $ | 21,065.39 | Lakewood | Ocean County | Yes |
| Shaindys Wigs LLC | 4/18/2024 | $ | 46,062.61 | Lakewood | Ocean County | Yes |
| 123Glasses,LLC | 6/26/2024 | $ | 18,646.06 | Lakewood | Ocean County | Yes |
| Molstock Ventures LLC | 6/3/2024 | $ | 50,000.00 | Lakewood | Ocean County | Yes |
| Armona Furniture LLC | 5/15/2024 | $ | 6,933.16 | Lakewood | Ocean County | Yes |
| Table Linen LLC | 6/19/2024 | $ | 50,000.00 | Lakewood | Ocean County | Yes |
| GAR VENTURES LLC | 5/13/2024 | $ | 30,016.00 | Lakewood | Ocean County | Yes |
| Kindelach | 5/13/2024 | $ | 50,000.00 | Lakewood | Ocean County | Yes |
| Brookhaven Management Group Limited Liability Company | 5/22/2024 | $ | 44,852.20 | Lakewood | Ocean County | Yes |
| Little Graduates Preschool and Learning Center LLC | 6/17/2024 | $ | 3,382.55 | Manahawkin | Ocean County | No |
| Smart Start Academy For Kids, Inc. | 4/17/2024 | $ | 8,188.80 | Toms River | Ocean County | No |
| Bereket Usa Inc. | 5/7/2024 | $ | 50,000.00 | Clifton | Passaic County | No |
| Vibrant Smiles Dental, LLC | 4/22/2024 | $ | 21,243.41 | Clifton | Passaic County | No |
| Jet Precision Metal, Inc. | 5/3/2024 | $ | 24,960.31 | Hawthorne Borough | Passaic County | No |
| PizzaHQ NJ1 LLC | 4/18/2024 | $ | 50,000.00 | Woodland Park Boro | Passaic County | Yes |
| Kingsland Prime Meats, LLC | 5/24/2024 | $ | 50,000.00 | Woodland Park Boro | Passaic County | Yes |
| The Appel Farm Arts and Music Center | 4/12/2024 | $ | 50,000.00 | Elmer Borough | Salem County | No |
| Dipaolos Hospitality Group LLC | 4/29/2024 | $ | 50,000.00 | Penns Grove Borough | Salem County | Yes |
| Commit 2 Fit LLC | 5/3/2024 | $ | 16,825.85 | Bedminster | Somerset County | No |
| La Glamurosa Boutique LLC | 6/13/2024 | $ | 4,996.56 | Bound Brook Borough | Somerset County | Yes |
| Brilliant,Stephen G | 4/17/2024 | $ | 16,690.73 | Hillsborough | Somerset County | No |
| ELLIE'S ACADEMY, LLC | 4/12/2024 | $ | 26,313.41 | Somerville Borough | Somerset County | No |
| Aurora Kitchens & Interiors Limited Liability Company | 5/13/2024 | $ | 47,594.37 | Somerville Borough | Somerset County | No |
| Sussex County Chamber Of Commerce Incorporated | 5/3/2024 | $ | 5,988.42 | Hampton | Sussex County | No |
| Morris, Downing & Sherred, LLP | 4/30/2024 | $ | 14,220.57 | Newton Town | Sussex County | No |
| Lol Inc. | 5/1/2024 | $ | 26,315.33 | Elizabeth | Union County | Yes |
| JAMM FAMILY ESCAPE LLC | 4/12/2024 | $ | 17,033.07 | Garwood Borough | Union County | No |
| Ducklin Art LLC | 5/13/2024 | $ | 25,474.00 | Plainfield | Union County | Yes |
| PARK REHAB SOLUTIONS LLC | 5/31/2024 | $ | 47,943.60 | Springfield | Union County | No |
| Summit Tea Cafe LLC | 5/22/2024 | $ | 44,950.24 | Summit City | Union County | No |
| SAGE Eldercare, Inc. | 4/29/2024 | $ | 21,576.74 | Summit City | Union County | No |
| World TaeKwonDo of Union Inc | 5/30/2024 | $ | 7,958.12 | Union | Union County | No |
| DG Graphics & Design LLC | 4/22/2024 | $ | 20,496.57 | Union | Union County | No |
| Oasis Online Arcade LLC | 6/26/2024 | $ | 26,893.58 | Hackettstown Town | Warren County | Yes |
| **169 Entities** | | $ | **4,767,006.92** | **TOTAL** | | |

## Small Business Lease Grant

The Small Business Lease Grant supports the growth and success of small businesses and nonprofits by providing grant funding to cover a portion of lease payments. These resources help the establishment and growth of small businesses, while also helping to fill space that is currently vacant and preventing future vacancies. The Small Business Lease Grant is funded through the Main Street Recovery Finance Program (NJ Economic Recovery Act). Of the $20 million allocated for the program, 40 percent is reserved for businesses located in Opportunity Zone eligible census tracts.

To qualify for the Small Business Lease Grant Program, businesses and nonprofits must enter a new lease, lease amendment, or lease extension that includes at least 250 square feet of street-level office, commercial, or retail space. The lease must have been executed within 12 months prior to the application and applicants must also commit to remaining in the leased space for at least five years. Businesses and nonprofits that receive grants through these programs are required to agree to pay employees going forward for the five-year grant term at least $15 per hour or 120 percent of the minimum wage. Tipped employees are exempt from the $15 per hour requirement but must still be paid at least 120 percent of the minimum wage.

**Small Business Lease Grant – Q2 2024 Review**

The online application opened in October 2021 and will continue to accept applications until funding is exhausted. During the second quarter, 42 applications were approved for a total of $1.1 million. 84 files were declined and 29 new appeals were filed. These new appeals are still under review with the legal department.

To date the Small Business Lease Grant has approved 574 applications in the amount of $14.3M in total. See [NJEDA's Public Information site]() for a detailed list of all Small Business Lease Grant applications that were approved under delegated authority through the second quarter of 2024.

**NJ Economic Development Authority Main Street Recovery Finance Program**
**Small Business Lease Grant- Q2 2024 Approved Grants**

| Applicant Entity | Approval Date | Approved Amount | City | County | Eligible Opportunity Zone |
|---|---|---|---|---|---|
| Star Glo Precision, LLC | 5/3/2024 | $ 75,803.60 | Carlstadt Borough | Bergen | No |
| United Rugs Wholesale, Corp | 6/26/2024 | $ 49,024.80 | Elmwood Park Borough | Bergen | No |
| Black Walnut, LLC | 6/27/2024 | $ 64,313.79 | Oakland Borough | Bergen | No |
| DK Food LLC | 5/17/2024 | $ 14,880.00 | Tenafly Borough | Bergen | No |
| PETER'S PRODUCE MARKET L.L.C. | 5/31/2024 | $ 8,737.95 | Burlington | Burlington | Yes |
| TheraSport Physical Therapy LLC | 6/26/2024 | $ 14,850.20 | Delran | Burlington | No |
| Tumabeth African Hair Braiding | 5/13/2024 | $ 4,800.00 | Lindenwold Borough | Camden | Yes |
| Liberty Manufacturing Group | 5/17/2024 | $ 18,714.80 | Pennsauken | Camden | No |
| Stay Glamorous, LLC | 4/2/2024 | $ 6,823.33 | Bloomfield | Essex | No |
| Moe beauty salon llc | 5/10/2024 | $ 18,612.04 | Livingston | Essex | No |
| Ace Taekwondo LLC | 5/31/2024 | $ 20,334.89 | Livingston | Essex | No |
| Pallet Brewing Company LLC | 5/10/2024 | $ 29,958.77 | Maplewood | Essex | Yes |
| Bloom Childcare & Coworking | 5/13/2024 | $ 97,557.00 | Montclair | Essex | No |
| Isle 15 L.L.C | 5/24/2024 | $ 38,520.00 | Newark | Essex | Yes |
| Stretch Recovery Lounge LLC | 6/24/2024 | $ 12,350.52 | Hoboken | Hudson | No |
| Saigon Bistro Pacific | 6/26/2024 | $ 19,224.00 | Jersey City | Hudson | Yes |
| GTK 295 Johnston LLC | 5/3/2024 | $ 37,800.00 | Jersey City | Hudson | Yes |
| Ayfootprint Corporation | 5/24/2024 | $ 8,160.00 | Kearny | Hudson | Yes |
| Garcia Management Group LLC | 6/24/2024 | $ 31,841.14 | Raritan | Hunterdon | No |
| HONEY BEE ENRICHMENT LLC | 5/10/2024 | $ 57,600.00 | Cranbury | Mercer | No |
| IVY ON MAIN | 5/24/2024 | $ 11,241.27 | Hamilton | Mercer | No |
| Ahaansh LLC | 6/26/2024 | $ 17,063.14 | West Windsor | Mercer | No |
| Enterprise Public Affairs, Limited Liability Company | 5/31/2024 | $ 11,701.57 | Yardville-groveville | Mercer | No |
| The Madina Fountain BBQ & Grill LLC | 5/3/2024 | $ 18,488.00 | Edison | Middlesex | No |
| Highland Park Family Practice, LLC | 6/26/2024 | $ 18,971.49 | Highland Park Borough | Middlesex | No |
| Grunes Holdings, LLC | 4/10/2024 | $ 12,861.58 | South Amboy City | Middlesex | No |
| Almost Home Red General LLC | 5/17/2024 | $ 20,774.14 | Atlantic Highlands Boroug | Monmouth | No |
| Jive's Cafe LLC | 5/10/2024 | $ 20,868.78 | Howell | Monmouth | No |
| Bounce Therapy Center NJ LLC | 6/27/2024 | $ 67,396.04 | Matawan Borough | Monmouth | No |
| Mav's Top Buns LLC | 5/9/2024 | $ 14,132.83 | Middletown | Monmouth | No |
| CM Metals NJ LLC | 6/26/2024 | $ 46,849.40 | Dover Town | Morris | Yes |
| Link High Technologies Corporation | 5/24/2024 | $ 30,732.11 | Florham Park | Morris | No |
| New JS Magic LLC | 5/24/2024 | $ 11,640.00 | Succasunna-kenvil | Morris | No |
| the gallery collection llc | 4/26/2024 | $ 23,806.10 | Lakewood | Ocean | Yes |
| Bright Future Childcare LLC | 6/26/2024 | $ 53,604.88 | Toms River | Ocean | No |
| SMART LOGISTICS LLC | 5/3/2024 | $ 47,486.21 | Clifton | Passaic | No |
| UHealthy Solutions LLC | 5/3/2024 | $ 9,600.00 | Paterson | Passaic | Yes |
| Garcia Management Group LLC | 6/26/2024 | $ 17,596.26 | Skillman | Somerset | No |
| michelles lux braiding lounge L.L.C. | 6/14/2024 | $ 12,960.00 | Plainfield | Union | Yes |
| Colosseum Plainfield LLC | 5/3/2024 | $ 39,670.00 | Plainfield | Union | Yes |
| RAJALAKSHMIK ENTERPRISES, INC. | 5/3/2024 | $ 21,236.50 | Springfield | Union | No |
| Free To Be Yoga LLC | 4/2/2024 | $ 22,059.80 | Union | Union | No |
| 42 Entities | | $ 1,180,646.93 | TOTAL | | |

## Small Business E-Commerce Support Program

The Small Business E-Commerce Support Program is a $4 million pilot program funded by the Main

Street Recovery Finance Program. The program offers up to $11,400 in consulting services to eligible restaurants, retailers, and personal care businesses to assist with the development of websites, e-commerce platforms, and digital marketing plans. To be eligible, a restaurant, retail store, or personal care business must be in a commercial location with a physical storefront and meet the U.S. Small Business Administration's (SBA) definition of a small business. Business type will be verified by NAICS Code, location will be verified via Google maps search results, business registration and good standing will be confirmed by required submission of a NJ Division of Taxation current tax clearance certificate and small business status will be verified using the SBA Table of Small Business Size Standards. Services small businesses can receive include web page design and development, online ordering implementation, online appointment booking implementation, e-commerce design and development, and online marketing plan development. Restaurants and personal care businesses can receive up to $11,400 in consulting services, while retail stores can receive up to $10,800.

**Small Business E-Commerce Support Program – Q1 2024 Review**

The online application opened in March 2023 and will continue to accept applications until funding is exhausted. During the second quarter of 2024, 90 entities were approved for assistance totaling $708,137.

To date, the Small Business E-Commerce Support Program has approved 357 applications for a total of $2.8M. See NJEDA's Public Information website for a detailed list of all Small Business E-Commerce Support applications that were approved under delegated authority through the second quarter of 2024.

**Small Business E-commerce Support Program - Assistance Approved**
**Approvals April 1-June 30, 2024**

| Business Name | Approval Date | Assistance Amount | City | County | Qualified Opportunity Zone |
|---|---|---|---|---|---|
| 40 W Somerville LLC | 04/09/24 | $9,289.00 | Somerville | Somerset | N |
| Diamond Bridge Pharmacy LLC | 04/10/24 | $7,225.00 | Hawthorne | Passaic | N |
| Park Prep Academy, Inc. | 04/10/24 | $7,225.00 | Jersey City | Hudson | Y |
| PS Dollar Junction Corporation | 04/10/24 | $7,225.00 | North Arlington | Bergen | N |
| South Amboy Kitchen LLC | 04/10/24 | $7,225.00 | South Amboy | Middlesex | N |
| Karnival Foods LLC | 04/11/24 | $9,650.00 | Camden | Camden | Y |
| Kidz Kingdom LLC | 04/11/24 | $7,200.00 | Edison | Middlesex | N |
| The Pink Pear LLC | 04/11/24 | $9,289.00 | Madison | Morris | N |
| Cassville Nursery LLC | 04/11/24 | $7,225.00 | Jackson | Ocean | N |
| Capelli East LLC | 04/12/24 | $10,650.00 | Pennington | Mercer | N |
| Swell Café LLC | 04/12/24 | $10,250.00 | Ocean City | Cape May | N |
| JBK Enterprises LLC | 04/12/24 | $2,300.00 | Clifton | Passaic | N |
| Yoga Loka LLC | 04/12/24 | $10,400.00 | Frenchtown | Hunterdon | N |
| Taco Million LLC | 04/15/24 | $10,150.00 | Cape May | Cape May | N |
| Chandler Pharmacy LLC | 04/15/24 | $10,200.00 | New Brunswick | Middlesex | Y |
| Gra Shop LLC | 04/15/24 | $9,368.00 | South Orange | Essex | N |
| Bullet Boots LLC | 04/16/24 | $9,358.00 | Denville | Morris | N |
| Torta Truck LLC | 04/17/24 | $5,019.04 | Jersey City | Hudson | Y |
| BBBLC LLC | 04/17/24 | $7,200.00 | Northvale | Bergen | N |
| Cereal Dreams LLC | 04/18/24 | $9,658.00 | South Orange | Essex | N |
| Asian Food Market of Route 22, Inc. | 04/21/24 | $7,225.00 | North Plainfield | Somerset | Y |
| BKK Corporation | 04/22/24 | $7,225.00 | Woodbury | Gloucester | Y |
| Silver Lining of Summit Jewelry Boutique | 04/22/24 | $9,289.00 | Summit | Union | N |
| Riri Fit Corporation | 04/23/24 | $7,225.00 | Jersey City | Hudson | Y |
| Bao Dumplings of Kenilworth LLC | 04/23/24 | $4,656.52 | Kenilworth | Monmouth | N |
| Three Stages Child Care Center, Inc. | 04/25/24 | $7,225.00 | East Orange | Essex | Y |
| Mama Fanti Enterprices LLC | 04/26/24 | $7,625.00 | Hillsborough | Somerset | N |
| Village Vogue, Inc. II | 04/26/24 | $9,699.00 | Montclair | Essex | N |
| Senior Center Services of the Chathams, Inc | 04/26/24 | $9,471.00 | Chatham | Morris | N |
| HVKRFY Corporation | 04/29/24 | $7,225.00 | Newark | Essex | Y |
| HMSH Car Wash Corporation | 04/29/24 | $7,225.00 | Lumberton | Burlington | N |
| Mega Daycare Corporation | 04/29/24 | $7,225.00 | Maplewood | Essex | N |
| HVKRFY 2 Corporation | 04/29/24 | $7,225.00 | Mt. Holly | Burlington | Y |
| Ma Ka Khana LLC | 04/29/24 | $7,225.00 | South Amboy | Middlesex | N |
| Michelles Lux Braiding Lounge LLC | 04/30/24 | $8,810.00 | Plainfield | Union | Y |
| Paired NJ LLC | 04/30/24 | $9,471.00 | Bradley Beach | Monmouth | N |
| 202 Chestnut LLC | 05/02/24 | $9,471.00 | Roselle | Union | Y |
| IL Gabbiano LLC | 05/02/24 | $9,471.00 | Cranford | Union | N |
| Tutti Belle Boutique LLC | 05/02/24 | $9,289.00 | Belmar | Monmouth | N |
| Lost & Found Tattoo Studio LLC | 05/06/24 | $9,471.00 | Cranford | Union | N |
| Your Third Base Ridgewood LLC | 05/09/24 | $9,471.00 | Maplewood | Essex | Y |

| | | | | | |
|---|---|---|---|---|---|
| Discount Dance Warehouse LLC | 05/10/24 | $7,225.00 | Budd Lake | Morris | N |
| Little Graduates Preschool and Learning Center LLC | 05/10/24 | $7,225.00 | Manahawkin | Ocean | N |
| Freehold Jewelers, Inc. | 05/14/24 | $7,225.00 | Freehold | Monmouth | Y |
| The Lucky Honeybee | 05/14/24 | $9,339.00 | Jersey City | Hudson | Y |
| Little Miss Thing LLC | 05/16/24 | $5,019.04 | West Orange | Essex | Y |
| Little Learning Academy, Inc. | 05/17/24 | $7,225.00 | Collingswood | Camden | Y |
| Advanced Autoworks LLC | 05/17/24 | $9,171.00 | Cranford | Union | N |
| Boomburgers LLC | 05/17/24 | $1,250.00 | Elizabeth | Union | N |
| Lunar Locks LLC | 05/20/24 | $9,471.00 | Mt. Arlington | Morris | N |
| The Barefoot Bride, Inc. | 05/20/24 | $9,249.00 | Red Bank | Monmouth | N |
| The Black Rose Creative LLC | 05/20/24 | $10,050.00 | Somers Point | Atlantic | Y |
| Cigarroc LLC | 05/21/24 | $7,237.00 | Hoboken | Hudson | Y |
| Say Cheez Café LLC | 05/21/24 | $1,268.84 | Princeton | Mercer | N |
| Tu Cambiaras Beauty Salon LLC | 05/21/24 | $9,771.00 | Elizabeth | Union | Y |
| Tierras y Sabores Colombianas LLC | 05/21/24 | $9,471.00 | Dover | Morris | Y |
| La Petite Ruelle LLC | 05/24/24 | $9,378.00 | Flemington | Hunterdon | Y |
| Etiket LLC | 05/24/24 | $9,589.00 | Jersey City | Hudson | N |
| MQ Stores Company LLC | 05/31/24 | $7,225.00 | Somerset | Somerset | N |
| McClure, William L. | 05/31/24 | $9,171.00 | Short Hills | Essex | N |
| Parents Choice Day Care LLC | 06/03/24 | $3,225.00 | Old Bridge | Middlesex | N |
| Health Sure LLC | 06/03/24 | $3,225.00 | East Brunswick | Middlesex | N |
| New Life Center for Family Enrichment LLC | 06/03/24 | $7,225.00 | Hainesport | Burlington | N |
| Bodre Hair Studio, Inc. | 06/05/24 | $9,589.00 | Teaneck | Bergen | N |
| Hoboken Farms Foods LLC | 06/07/24 | $9,808.00 | Clifton | Passaic | N |
| Fruta Loca LLC | 06/07/24 | $9,471.00 | Long Branch | Monmouth | Y |
| AAB Liquor, Inc. | 06/10/24 | $7,225.00 | Milford | Hunterdon | N |
| Smoke Odyssey LLC | 06/10/24 | $6,250.00 | Kearny | Hudson | N |
| Fasttrack-Languages LLC | 06/10/24 | $7,225.00 | Jersey City | Hudson | N |
| All Phazes Café LLC | 06/10/24 | $7,625.00 | Camden | Camden | Y |
| Chic Massage LLC | 06/10/24 | $7,625.00 | North Bergen | Hudson | Y |
| Alkemy Coffee LLC | 06/11/24 | $9,889.00 | Flemington | Hunterdon | Y |
| Kelly-McKenna Gallery LLC | 06/11/24 | $9,190.00 | Spring Lake | Monmouth | N |
| Angels Learning Center, Inc. | 06/12/24 | $7,225.00 | Union City | Hudson | Y |
| Studio Luxe LLC | 06/13/24 | $7,625.00 | Ewing | Mercer | N |
| Yeshadeep LLC | 06/13/24 | $7,225.00 | Turnersville | Hunterdon | N |
| Diamond Spring Brewing Company LLC | 06/13/24 | $9,531.00 | Denville | Morris | N |
| Mabel & Sugar LLC | 06/14/24 | $9,757.00 | High Bridge | Hunterdon | N |
| Salad-Ology.com, Inc. | 06/14/24 | $9,471.00 | Cranford | Union | N |
| The Wig Boutique LLC | 06/18/24 | $7,225.00 | Somerset | Somerset | N |
| Jitter 'N' The Bug Corporation | 06/19/24 | $9,570.00 | Pennsville | Salem | Y |
| Sneaker Barn, Inc. | 06/19/24 | $9,270.00 | Chester | Morris | N |
| Jaibhagwan LLC | 06/24/24 | $7,225.00 | Eatontown | Monmouth | N |
| Hamilton Bagel & Bakery, Inc. | 06/24/24 | $1,268.84 | Hamilton | Mercer | N |

| | | | | | |
|---|---|---|---|---|---|
| Well-Care Nurses & Staffing, Inc. | 06/24/24 | $4,706.52 | East Orange | Essex | Y |
| Townb Tranquility Spa LLC | 06/25/24 | $5,019.04 | North Cape May | Cape May | N |
| Humdoo LLC | 06/26/24 | $9,689.00 | Flemington | Hunterdon | Y |
| Halcyon CPA Advisors P.C. | 06/27/24 | $3,225.00 | Fairfield | Essex | N |
| Hound About Town LLC | 06/27/24 | $10,077.00 | Jersey City | Hudson | N |
| Icafe LLC | 06/28/24 | $9,570.00 | Short Hills | Essex | N |
| **90 Entities** | | **$708,136.84** | **TOTAL** | | |

## Main Street Lenders Grant

The Main Street Lenders Grant, which was created under the New Jersey Economic Recovery Act of 2020 and funded with $15 million from the Main Street Recovery Program, offers eligible lenders grants of up to $1.5 million each, with up to $500,000 reserved for technical assistance needs. Entities approved for the grant will provide flexible and low-cost financing through working capital term loans to qualified micro businesses, as well as technical assistance to help micro businesses access capital. Grants are awarded to eligible Community Development Financial Institutions (CDFIs), Minority Depository Institutions (MDIs), and other entities that demonstrate at least 10 years of experience lending to small and micro businesses.

### Main Street Lenders Grant – Q2 2024 Review

The online application opened in July 2022 and will continue to accept applications until funding is exhausted. During the second quarter, one application was approved for Ascendus Inc. for $1,500,000. To date, the program has approved over $14.7 million to ten lenders.

Tim Sullivan, CEO

**MEMORANDUM**

**TO:** Members of the Authority

**FROM:** Tim Sullivan
Chief Executive Officer

**DATE:** September 9, 2024

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

The following approvals were made pursuant to Delegated Authority for Leases and ROE/ Licenses July and August 2024

| **TENANT** | **LOCATION** | **TYPE** | **TERM** | **S.F.** |
|---|---|---|---|---|
| TheWell Bioscience | Biosience Center Incubator | Month to Month | Month to Month | 2200sf |
| Histobidge | Biosience Center Incubator | Month to Month | Month to Month | 800sf |
| Molecular Innovation | Biosience Center Incubator | Month to Month | Month to Month | 931sf |
| Sonder Research X | Biosience Center Incubator | Month to Month | Month to Month | 5445sf |
| Zena Therapeautics | Bioscience Center Incubator | Lease Renewal | 1 year | 931sf |
| Venora Pharma | Bioscience Center Incubator | New Lease | 1 year | 931sf |

**LEASES**
**PROCUREMENT**

The following approvals were made pursuant to Delegated Authority for Procurement. Including the issuance of Task Orders, in July 2024: None to report

| **DATE EXECUTED** | **ENTITY** | **PROJECT** | **TYPE** | **TERM** | **CONSIDERATION** |
|---|---|---|---|---|---|
| | | | | | |

**RIGHT OF ENTRY/LICENSE AGREEMENTS**

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

| DATE EXECUTED | ENTITY | PROJECT | TYPE | TERM | CONSIDERATION |
|---|---|---|---|---|---|
| | | | | | |

Tim Sullivan, CEO