



MEMORANDUM

TO: Members of the Authority
FROM: Timothy Sullivan
Chief Executive Officer
DATE: April 14, 2020
SUBJECT: Agenda for Board Meeting of the Authority April 14, 2020

Notice of Public Meeting

Roll Call

Approval of Previous Month's Minutes

CEO's Report to the Board

Authority Matters

Office of Economic Transformation

Incentives

Bond Projects

Real Estate

Board Memoranda

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

March 10, 2020

MINUTES OF THE MEETING

Members of the Authority present: Chairman Kevin Quinn, Rich Mumford for Commissioner Marlene Caride of the Department of Banking and Insurance; and Paul Yuen for Commissioner Robert Asaro-Angelo of Department of Labor and Workforce Development.

Present via conference call: Cathleen Brennan for State Treasurer Elizabeth Muoio; Jane Rosenblatt for Commissioner Catherine McCabe of the Department of Environmental Protection; Public Members: Charles Sarlo, Vice Chairman; Philip Alagia, Virginia Bauer, Fred Dumont, Massiel Medina Ferrara, Aisha Glover, Rosemari Hicks, Marcia Marley, and Robert Shimko.

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

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

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

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

MINUTES OF AUTHORITY MEETING

The next item of business was the approval of the February 11, 2020 meeting minutes. A motion was made to approve the minutes by Mr. Dumont, and seconded by Mr. Mumford, and was approved by the 12 voting members present.

Ms. Glover abstained because she was not present.

Mr. Shimko abstained because he was not present.

The next item of business was the approval of the February 11, 2020 executive session meeting minutes. A motion was made to approve the minutes by Mr. Alagia, and seconded by Mr. Dumont, and was approved by the 12 voting members present.

Ms. Glover abstained because she was not present.

Mr. Shimko abstained because he was not present.

FOR INFORMATION ONLY: The next item was the presentation of the Chairman's Report 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: The next item was the presentation on the Redevelopment of Fort Monmouth by Bruce Steadman, Executive Director, FMERA; and Kara Kopach, Director, Real Estate Development, FMERA.

REAL ESTATE

Fort Monmouth Economic Revitalization Authority

ITEM: Parcel F-1) in Tinton Falls - Third Amendment to Agreement to Assign with RWJ Barnabas Health, Inc. and the Fort Monmouth Economic Revitalization Authority

REQUEST: To approve the execution of the Third Amendment to the Agreement to Assign among the New Jersey Economic Development Authority, the Fort Monmouth Economic Revitalization Authority, and RWJ Barnabas Health, Inc.

MOTION TO APPROVE: Mr. Mumford **SECOND:** Ms. Marley **AYES: 13**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

Ms. Bauer recused herself, because she is a member of the Advisory Board of Monmouth Medical Center, a hospital under RWJ Barnabas.

ITEM: FMERA Purchase and Sale and Redevelopment Agreement with Somerset Development, LLC for the Lodging Parcel in Oceanport

REQUEST: For consent to FMERA entering into the redevelopment agreement contained within FMERA's Purchase and Sale Agreement & Redevelopment Agreement with Somerset Development, LLC for redevelopment of the Lodging Parcel in the Oceanport section of the former Fort Monmouth.

MOTION TO APPROVE: Mr. Yuen **SECOND:** Ms. Brennan **AYES: 13**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

Ms. Hicks recused herself, due to concerns regarding the project.

ITEM: FMERA Purchase and Sale & Redevelopment Agreement with Martelli Development Group, LLC for Suneagles Golf Course in Eatontown

REQUEST: For consent to FMERA entering into the redevelopment agreement contained within FMERA's Purchase and Sale & Redevelopment Agreement with Martelli Development Group, LLC for redevelopment of the Suneagles Golf Course in the Eatontown section of the former Fort Monmouth.

MOTION TO APPROVE: Mr. Yuen **SECOND:** Ms. Ferrara **AYES: 14**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

AUTHORITY MATTERS

ITEM: Update to NJEDA Board Committees and Assistant Secretaries

REQUEST: To approve appointment of Assistant Secretaries.

MOTION TO APPROVE: Mr. Mumford **SECOND:** Mr. Yuen **AYES: 14**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

ITEM: Extension to Memorandum of Understanding with the Capital City Redevelopment Corporation

REQUEST: To approve a one-year extension of the Memorandum of Understanding with the Capital City Redevelopment Corporation.

MOTION TO APPROVE: Ms. Bauer **SECOND:** Mr. Shimko **AYES: 14**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

ITEM: Revisions to the Pilot Grant Program to Support New Jersey Entities Applying for Funding through the Federal "i6 Challenge" Program (now Build to Scale)

REQUEST: To approve revisions to the Pilot Grant Program to Support New Jersey Entities Applying for Funding through the Federal "i6 Challenge" Program (now Build to Scale).

MOTION TO APPROVE: Mr. Mumford **SECOND:** Mr. Yuen **AYES: 14**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

OFFICE OF ECONOMIC TRANSFORMATION

NJ CoVest Fund

ITEM: Mobility Capital Finance, Inc. NJ CoVest Loan

REQUEST: To approve a \$250,000 loan from the NJ CoVest Fund to Mobility Capital Finance, Inc. (MoCaFi).

MOTION TO APPROVE: Mr. Mumford **SECOND:** Ms. Glover **AYES: 14**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

INCENTIVE PROGRAMS:

Economic Redevelopment & Growth Grant Program

ITEM: Guaranteed Repayment Mechanism ("GRM")

REQUEST: To approve adoption of a uniform policy to govern the negotiation and calculation of the guaranteed repayment mechanism ("GRM") under the Economic Redevelopment Growth Grant ("ERG") program.

MOTION TO APPROVE: Ms. Brennan **SECOND:** Mr. Yuen **AYES: 14**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

Film & Digital Media Tax Credit Program

ITEM: SFY2019 certification of unused and unredeemed credits

REQUEST: To approve the certification of \$94,302,365 of unused and unredeemed credits for the Film Tax Credit program for SFY2019.

MOTION TO APPROVE: Mr. Yuen **SECOND:** Ms. Bauer **AYES: 14**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

BOARD MEMORANDA

FOR INFORMATION ONLY: February 2020 Credit Underwriting Delegated Authority Approvals

Premier Lender Program

PROJECT: 351 Smith St. LLC (PROD. #00188183)

LOCATION: Perth Amboy City, Middlesex County

PROCEEDS FOR: Purchase the project property

FINANCING: The Provident Bank \$1,500,000 loan with a (50%) \$750,000 Authority participation

PROJECT: NHR Properties LLC (PROD. #00188132)

LOCATION: Cherry Hill Township, Camden County

PROCEEDS FOR: Purchase the project property

FINANCING: Republic Bank \$670,000 loan with a (50%) \$335,000 Authority participation

Stronger NJ Business Loan Program:

PROJECT: LaGrutta-Russo, LLC dba Mulberry Street Restaurant & Bar
(PROD. #00172880)

LOCATION: Woodbridge Township, Middlesex County

PROCEEDS FOR: Expansion of existing location

FINANCING: \$1,559,341

PUBLIC COMMENT

Mr. Lekendrick Shaw, Elected School Board Trustee/Consultant, Jersey City addressed the Board regarding the redevelopment/economic development by DEVCO.

EXECUTIVE SESSION

The next item was to adjourn the public session of the meeting and enter into Executive Session to discuss financial transactions where disclosure could adversely impact the public interest, and regarding the approval of budget and delegated authority for a real estate project, and to receive an update regarding ongoing legal inquiries.

MOTION TO APPROVE: Mr. Quinn **SECOND:** Mr. Dumont **AYES: 14**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 13

The Board returned to Public Session.

REAL ESTATE

The next item was to approve a budget request for outside legal counsel for a real estate project as discussed in executive session.

MOTION TO APPROVE: Mr. Yuen **SECOND:** Ms. Bauer **AYES: 14**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 14


The next item was to approve a Letter of Intent - term sheet for real estate development as discussed in executive session.

MOTION TO APPROVE: Mr. Yuen **SECOND:** Ms. Bauer **AYES: 14**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 15

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

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



Fred Cole, SVP, Business Support/ELO
Assistant Secretary

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

March 26, 2020

MINUTES OF THE SPECIAL MEETING

The Special Meeting was held by teleconference call.

Members of the Authority present via conference call: Chairman Kevin Quinn,; Commissioner Robert Asaro-Angelo of Department of Labor and Workforce Development; Commissioner Marlene Caride of the Department of Banking and Insurance; Commissioner Catherine McCabe of the Department of Environmental Protection; Catherine Brennan for State Treasurer Elizabeth Muoio; Public Members: Charles Sarlo, Vice Chairman; Philip Alagia, Virginia Bauer, Fred Dumont, Massiel Medina Ferrara, Aisha Glover, Rosemari Hicks, Marcia Marley, and Robert Shimko.

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

Mr. Quinn called the meeting to order at 10:15 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.

MINUTES OF AUTHORITY MEETING

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

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

AUTHORITY MATTERS

ITEM: Small Business Emergency Assistance Grant Program

REQUEST: To approve the creation of the Small Business Emergency Assistance Grant Program, with up to \$5 million to fund the program, and delegations to staff to administer the program.

MOTION TO APPROVE: Mr. Dumont **SECOND:** Ms. Bauer **AYES: 14**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

ITEM: Small Business Emergency Assistance Loan Program

REQUEST: To approve the creation of the Small Business Emergency Assistance Loan Program, with up to \$10 million to fund the program, and delegations to staff to administer the program.

MOTION TO APPROVE: Ms. Brennan **SECOND:** Mr. Alagia **AYES: 14**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

ITEM: Community Development Finance Institution Emergency Assistance Grant Program

REQUEST: To approve the creation of the Community Development Finance Institution (CDFI) Emergency Assistance Grant Program with up to \$1.25 million to fund the program and delegations to staff to administer the program.

MOTION TO APPROVE: Ms. Glover **SECOND:** Commissioner Caride **AYES: 14**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

ITEM: Community Development Finance Institution Emergency Loan Loss Reserve Fund

REQUEST: To approve the creation of the Community Development Finance Institution (CDFI) Emergency Loan Loss Reserve Fund with up to \$10 million to fund the program and delegations to staff to administer the program.

MOTION TO APPROVE: Ms. Bauer **SECOND:** Ms. Marley **AYES: 14**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

ITEM: Small Business Emergency Assistance Guarantee Program

REQUEST: To approve the creation of the Small Business Emergency Assistance Guarantee Program with up to \$10 million to fund the program and delegations to staff to administer the program.

MOTION TO APPROVE: Mr. Sarlo **SECOND:** Commissioner Angelo **AYES: 14**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

ITEM: NJ Entrepreneur Support Program – COVID-19

REQUEST: To approve the creation of the NJ Entrepreneur Support Program, with up to \$5 million to fund the program, and delegations to staff to administer the program.

MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Shimko **AYES: 14**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

ITEM: Credit Delegations to Support Businesses Impacted by COVID-19 Pandemic

REQUEST: To approve delegating post-closing approvals to support businesses impacted by the COVID-19 pandemic.

MOTION TO APPROVE: Ms. Brennan **SECOND:** Ms. Bauer **AYES: 14**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

PUBLIC COMMENT

The following members of the public addressed the board regarding financial assistance programs being approved to assist business related effected by the Public Health Emergency and State of Emergency related to the Coronavirus pandemic:

Ms. Ferne Glemby, CardPlusEmpower LLC

Ms. Tracy Miceli

Mr. Lekendrick Shaw, Elected School Board Trustee/Consultant, Jersey City

Mr. Sabino Rodano

Mr. John Visconi

Mr. Daniel Bolger

Mr. Chris Emigholz, Vice President for Government Affairs, NJBIA

Ms. Jill Johnson, Co-Founder/CEO - Institute for Entrepreneurial Leadership

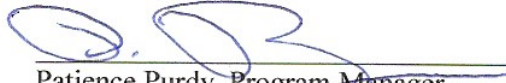
Ms. Melanie Willoughby, Executive Director, Business Action Center

Mr. Eric DeGesero - Lobbyist, Strategic Consultant, Executive Vice President/Director
- EDGE Consulting NJ

Ms. Julie Tattoni, Partner - Windels, Marx Lane & Mittendorf, LLP

There being no further business, on a motion by Mr. Quinn, and seconded by Mr. Dumont, the meeting was adjourned at 11:50 am.

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.



Patience Purdy, Program Manager
Marketing & Stakeholder Outreach
Assistant Secretary



MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan
DATE: April 14, 2020
RE: April 2020 Board meeting

The outbreak of the novel coronavirus COVID-19 has cast New Jersey and the rest of the world into uncharted territory. In addition to the massive public health threat the virus poses, we are also facing an unprecedented economic slowdown that will require massive government intervention to overcome. The NJEDA is and will continue to be a central player in New Jersey's response, focusing first and foremost on supporting small and mid-sized businesses that have been hit hardest by the crisis.

I am incredibly proud of the work the NJEDA staff has done over the past two weeks to design and launch emergency economic support programs for businesses and workers impacted by the COVID-19 outbreak.

Two weeks ago, we announced partnerships with the African American Chamber of Commerce of New Jersey, the New Jersey State Veterans Chamber of Commerce, the Statewide Hispanic Chamber of Commerce of New Jersey, and Rising Tide Capital to provide technical assistance for small business owners applying for federal Small Business Administration (SBA) programs.

A few days later, we launched the application for our Small Business Emergency Assistance Grant Program. Within the first hour we had more than 10,000 applicants; by the time the application closed a week later we had more than 34,000. We are working through the applications now, and have already released approximately \$500,000 to more than 140 struggling businesses.

Last week we also launched two programs to help Community Development Financial Institutions (CDFIs). Our CDFI Emergency Assistance Grant Program and CDFI Emergency Loan Loss Reserve Fund will allow these New Jersey-based institutions to expand their lending programs to provide more loans, at lower interest rates, to micro and small businesses that have been impacted by the COVID-19 crisis.

Most recently, we launched our Small Business Emergency Assistance Loan Program yesterday. As of midafternoon, we had received more than 1,900 applications.

In addition to these efforts to support businesses, we also partnered with the Department of Labor to stand up a jobs portal where employees who have lost their jobs or seen their hours reduced can find new opportunities in industries that are essential to New Jersey's coronavirus response efforts. The portal currently hosts more than 50,000 jobs listings from more than 650 employers, with more added every day.

Despite these efforts, the need for economic relief right now remains staggering. Fortunately, federal assistance is coming, and we have plans to partner with private companies and philanthropic organizations to expand our programs. We are also modifying some reporting requirements to allow businesses to focus on supporting their employees and complying with all public safety guidelines.

A handwritten signature in black ink, appearing to be 'T. L.', written above a horizontal line.

AUTHORITY MATTERS



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: April 14, 2020

RE: Re-open the 21st Century Redevelopment Program application window to accommodate business disruptions resulting from the COVID-19 pandemic

Summary

Staff seeks Board approval to re-open the application window for the 21st Century Redevelopment Program. This will accommodate potential applicants that have experienced business disruptions preventing them from submitting proposals in advance of the April 9, 2020 application deadline.

Background

In October of 2018, Members approved the 21st Century Redevelopment Program - a pilot program to award grants of up to \$50,000 to help communities plan for solutions to redevelop, repurpose or regreen vacant or underutilized office and retail properties. This approval included the utilization of up to \$250,000 from the Economic Recovery Fund to capitalize the 21st Century Redevelopment Program. After an initial lack of subscription for this program, in August of 2019 Members subsequently approved improvements to the 21st Century Redevelopment Program to make it more accessible to municipalities, counties and redevelopment agencies, and to better position these entities to pursue an area in need of redevelopment designation for vacant or underutilized office and retail properties. (Revised program specifications attached as Exhibit A for reference.)

These changes included establishing a competitive application window of 90 days, after which the Authority would evaluate and score all applications competitively, with the five highest scoring applications being recommended to the Members for approval. This application deadline was April 9, 2020. On March 9, 2020, resulting from the COVID-19 outbreak, Governor Phil Murphy issued Executive Order No. 103 declaring a state of emergency and public health emergency across all 21 counties in New Jersey. Subsequently, on March 21, 2020, Governor Murphy issued Executive Order No. 107 directing all office workers to stay home.

Given significant business disruptions resulting from the COVID-19 pandemic and the above referenced work-from-home directive, it is anticipated that applicants will face challenges meeting the April 9th application deadline. Staff is recommending a re-opening of the application window to ensure no entity is unable to apply as a result of the pandemic.

Proposed Changes to the 21st Century Redevelopment Program Application Window

Staff proposes to re-open the application window for a period of 45 days beginning on a date when the Authority and businesses have returned to “normal business operations”, which may include a rescinding of the work-from-home directive. Because of the uncertainty of how and when normal business operations will resume, Staff requests delegated authority to determine this date based on actions and directives taken by the Governor and other State officials. Additionally, the 45-day time period would also account for the need for the Authority to again make public notice of the availability of this grant funding.

Staff is requesting delegation from the Board to determine the date at which the Authority has returned to “normal business” operations for the purposes of establishing the 45-day application window [Level 4: SVP of either Strategic Initiatives & Operations OR Policy and Communications].

Recommendation

Members are requested to approve the re-opening of the review window including delegated authority as described.

The underlying program design remains unchanged including the available funds and the evaluative criteria.



Tim Sullivan, Chief Executive Officer

Attachments
Exhibit A - 21st Century Redevelopment Program Specifications

EXHIBIT A
21st Century Redevelopment Program
Proposed Specifications
August 2019

Total Funding Amount	Up to \$250,000
Administrating Agency	EDA
Program Purpose & Overview	<p>A number of demographic and economic trends are re-shaping where people in New Jersey live and work, with many suburbs experiencing an outmigration of jobs and population similar to those that cities have experienced previously.</p> <p>A glut of corporate campuses, underutilized malls and shopping centers, and vacant office buildings left behind by the 1980-1990s building boom have become a drain on many New Jersey communities. As a result, these communities are dealing with the loss of tax revenues, the costs of maintaining infrastructure and roads around these properties, and a lack of resources to solve the issues. These challenges are compounded by corresponding population losses linked to the preference of millennials and young people to live in walkable communities with vibrant mixed-use corridors.</p> <p>To allow New Jersey to better attract economic activity and jobs, the Authority intends to support municipalities, counties, or redevelopment agencies to produce plans that will explore strategies and next steps to repurpose these properties or plans to assist in pursuing an area in need of redevelopment designation for these properties. In this pilot venture, The Authority will award grants of up to \$50,000 each for proposal that is selected based on the evaluation criteria set forth below.</p>
Minimum Eligibility Requirements	<ul style="list-style-type: none"> • Applicant must be a municipality, county, or redevelopment agency • Must display that persistent vacancy of office or retail properties is evident or likely evident in the community in question • Relevant properties may be a building, a corporate campus that was used by a single entity, buildings that are adjacent to each other, or buildings across a parking surface or structure that is dedicated for use by the buildings; <u>retail, shopping malls, plazas, or office parks</u> • Must submit a timeline that demonstrates that planning can be completed within six months of execution of agreement with Authority • 20% match of grant amount required - with preference for local

EXHIBIT A
21st Century Redevelopment Program
Proposed Specifications
August 2019

	<p>match from property owners or an anchor institution (institution of higher education, medical center, foundation, etc.). Match can be either financial, or in-kind resources with demonstrated value greater than or equal to 20% of the grant amount.</p> <ul style="list-style-type: none"> • Entity must agree to participate in at least 2 events hosted by EDA to share lessons learned with other New Jersey municipalities and counties, or redevelopment agencies facing similar challenges • Applicant acknowledges it will share ownership of deliverables with EDA for the purpose of making results publicly available to foster a dynamic discussion relating to persistent office and retail vacancy • A municipality, a county or redevelopment agency may only submit one application each in a lead role but can be included as a partner in additional applications where they play a non-lead role. A proposal on behalf of a county does not preclude a municipality within that county from submitting their own proposal
Award Amount	Up to \$50,000 per applicant.
Eligible Projects	<ul style="list-style-type: none"> • Applications must include plans for specific deliverables, which must be completed six months after closing of funding agreement between EDA and recipient. <ul style="list-style-type: none"> ○ Upon written request, Authority may authorize a three-month extension to the grant recipient’s deadline for plan completion. <p>Planning activities in the proposed initiative can include, but are not limited to, the following:</p> <ul style="list-style-type: none"> • Legal analysis to explore the appropriateness of designating one or more relevant properties in the community as an area in need of redevelopment • Stakeholder engagement and facilitation to identify community desires and needs • The identification of appropriate funding sources to support community lead reuse of one or more properties • Cataloging relevant retail and office properties in a community and identifying priority sites when considering community needs

EXHIBIT A
21st Century Redevelopment Program
Proposed Specifications
August 2019

	<ul style="list-style-type: none"> • Economic analysis relating to the feasibility of various redevelopment and/or reuse scenarios • Land use planning identifying the most suitable reuse scenarios <p>Planning proposals should focus on any number of the following elements:</p> <ul style="list-style-type: none"> • Improving livability and healthy outcomes for the local population • Promoting walkable neighborhoods and improving accessibility and mobility • Creating greater social, economic, and environmental sustainability • Expanding entrepreneurial opportunities and support of local businesses • Driving economic growth for the locality and region
<p>Scoring Criteria</p>	<p>Highest Score Possibility: 100 points Minimum Score Requirement: 65 points</p> <p>Criteria #1 will be measured along the below scale:</p> <p style="padding-left: 40px;">0 points – Feature is absent. 1 – 7 points – Feature is present but shows deficiencies. 8-11 points – Meets requirements. 12-17 – points – Marginally exceeds requirements. 18-20 points - Significantly exceeds requirements.</p> <p>Criteria #1 – Identification of Project Purpose and Merits (Up to 20 points) – Proposals identify opportunities for creating vibrancy in the community, including but not limited to:</p> <ul style="list-style-type: none"> • Presence of an articulated public use component (such as public space, parks, etc). • Ability to address locality-specific needs and challenges. • Ability to identify and balance local needs with those of the region and state as a whole. • Emphasis on long term viability and adaptability of a given concept.

EXHIBIT A
21st Century Redevelopment Program
Proposed Specifications
August 2019

	<ul style="list-style-type: none">• Dedication to principles of environmental sustainability, such as stormwater management and reduced carbon emissions.• Ability to consider and mitigate any past difficulties that created challenges for a given asset/grouping of assets. <p>Criteria #2 will be measured along the below scale:</p> <p><i>0 points – Plan does not address scope and scale of site.</i> <i>1 – 7 points – Site has minimal scope and scale.</i> <i>8-11 points – Site has moderate scope and scale.</i> <i>12-17 – points – Site has significant scope and scale.</i> <i>18-20 points - Significantly exceeds requirements. Site has most significant scope and scale of all applicants.</i></p> <p>Criteria #2 – Scope and Scale (Up to 20 points)- Preference will go to identified project areas that can display scope and scale, which will be evaluated based on the following:</p> <ul style="list-style-type: none">• Total available square footage on the site, including parking.• Size of the site relative to the greater municipal area (i.e. as a percentage).• Vacancy rate and/or length of time the site has been vacant.• Vacant commercial/office space of or within the site relative to all vacant space in the greater municipal area (i.e. as a percentage)• Historically site(s) responsible for providing an outsized portion of local employment opportunities in the community (i.e. as a percentage)• Historically significant portion of municipal tax levy (i.e. as percentage) <p>Criteria #3 will be measured along the below scale:</p> <p><i>1-5 points</i> – Demonstrates minor structural challenge <i>6-12 points</i> - Demonstrates moderate structural challenges <i>13-20 points</i> – Demonstrates significant structural challenges</p> <p>Criteria #3 - Commitment to Social Impacts (Up to 20 points) – Preference will go to sites located in municipalities facing inherent structural challenges (i.e. lacking public transit, planning resources, challenging</p>
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EXHIBIT A
21st Century Redevelopment Program
Proposed Specifications
August 2019

	<p>geography etc.).</p> <p>Criteria 4-6 will be measured along the below scale:</p> <p style="padding-left: 40px;">1-5 points- Feature is present but shows deficiencies 5-7 points -- Meets requirements 7-10 points – Significantly exceeds requirements</p> <p>Criteria #4 - Previous Record (Up to 10 points) – Preference will go to municipalities who can demonstrate a track record of:</p> <ul style="list-style-type: none">• Partnership and engagement with private industry for purposes of re-development.• Adherence to the municipality’s affordable housing obligations• Dedication to principles of environmental sustainability.• Efforts to advance walkability and bike facilities in the municipality. <p>Criteria #5 - Regional Partnership (Up to 10 points)- Preference will go to entities who are able to display strong local leadership as well as regional collaboration towards re-development efforts. Applications should demonstrate a commitment by local leadership to engage in re-development projects with neighboring municipalities, the county, and/or higher-education institutions whether by a record of past project involvement or a commitment to future efforts, or both.</p> <p>Criteria #6 - Community Engagement (0 to 10 points) – Preference will go to communities that are able to display efforts to engage local residents and businesses in planning efforts. Local interest may be shown in the form of both past and present support, whether formal (municipal resolutions) or informal (community discussion and engagement).</p> <p>Criteria #7 will be measured along the below scale:</p> <p style="padding-left: 40px;">5 points – MRI Distress Score 30-39 7 Points – MRI Distress Score 40-49 10 Points – MRI Distress Score 50 or higher</p> <p>Criteria #7 - Municipal Revitalization Index Score (0 to 10 points) – The</p>
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EXHIBIT A
21st Century Redevelopment Program
Proposed Specifications
August 2019

	<p>Municipal Revitalization Index (MRI) serves as the State’s official measure and ranking of municipal distress. The MRI ranks New Jersey’s municipalities according to eight separate indicators that measure diverse aspects of social, economic, physical, and fiscal conditions in each locality.</p>
Application Process and Board Approval	<ul style="list-style-type: none">• Scoring committee to review applications based on publicly released scoring criteria• For an applicant to be eligible for a grant, an entity must meet a minimum score of 65.• The five (5) eligible applications with the highest scores will be recommended to the Board for approval• Applications will be accepted for a period of no more than 90 days following the release of the application to the public.

OFFICE OF ECONOMIC TRANSFORMATION



MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan, Chief Executive Officer
DATE: April 14, 2020
SUBJECT: NJ Ignite Program Update & COVID-19 Response

Summary

On July 25, 2018 the members of the EDA Board approved a \$500K pilot grant program called NJ Ignite, capitalized from the Economic Recovery Fund (ERF). The program provides real estate partnership grants that support the rent for early stage technology or life science companies to work in a New Jersey incubator or collaborative workspace (including accelerators or co-working spaces), and, thereby, further develop the state's entrepreneurial eco-system.

This memo will serve several purposes:

- 1 As the program is now at six months following the first grant disbursement, this memo provides an update on the program status since inception and includes EDA institutional learnings.
- 2 Request approval of clarification of program details including tenant age, expansion of eligible tenant sectors and definition of a collaborative workspace

The Members are also asked to approve programmatic modifications to the NJ Ignite program that will mitigate constraints on collaborative workspaces approved as of April 14, 2020, and member/tenant companies utilizing the program to support their operations concurrent with the outbreak of the COVID-19 and subsequent containment measures. Recommendations detailed include:

- 3 Grant Period Suspension: Suspend (or "freeze") each currently approved grant during the workspaces' or associated member/tenants' commitment period while the Governor's Executive Order 107 ("EO107"), is in effect (and tenants are unable to occupy or use the workspace). This will preserve the support until companies are able to return to the workspaces and use the

support, at which point grant commitment periods will resume (upon date of removal of EO107).

- 4 **Authorize EDA Grant Disbursement:** Upon execution of an updated grant agreement disburse EDA's portion of approved grants, subject to clawback if affected tenant commitments are not resumed as structured upon completion of monthly period funded by EDA grant.
- 5 **Eliminate Collaborative Workspace Rent Commitment:** Staff recommends elimination of the workspace matching component for all workspaces approved before April 14, 2020 and continuing for all applications under the program through December 31, 2020.
- 6 **Method of Convening Community Events:** Permit the required 8 annual events to consider virtual, as well as, in-person events.

Background/ Program Update

Collaborative Workspaces

As of March 1st, 2020, EDA staff has identified 83 collaborative workspaces in New Jersey, an 80% increase over the 46 collaborative sites identified at program inception. This expanded number comes through both an increased awareness by the EDA of existing collaborative workspaces, as well as, the opening of new spaces launched since program inception (7 newly opened spaces). Of the 83 identified sites, 19 collaborative workspaces have been approved as participants in the NJ Ignite program, of which 3 sites have multiple locations, resulting in a program participation conversion rate of over 25% of the identified collaborative workspaces in New Jersey. Please see Appendix A for the list of Approved Workspaces. Nine collaborative workspaces were approved in 2018 compared to the 9 approved sites in 2019 and 1 in 2020, with 5 workspace applications currently in review. Of the approved sites, 7 collaborative workspaces are affiliated with a university (offering an additional bonus month of rent): NJIT, Rowan, Rutgers and Princeton University. Five spaces are in Opportunity Zones, also offering a bonus month of rent. No spaces currently qualify as "new" spaces to offer an additional month.

Each site offers any of private offices, dedicated desk or cubicles and hot desks. For example, 1776, a coworking space in Cherry Hill, NJ, offers private offices, desks and hot desks. 1776 offers this type of rentable space because they typically market towards technology startups. Three of the approved sites offer office and laboratory space and typically provide lab benches instead of hot desks. For example, Princeton Innovation Center BioLabs, a coworking space for science startups in Princeton, NJ, offers private offices, desks and lab benches. After surveying the approved workspaces, EDA staff found that hot desks and lab benches are widely available and not leased. Results show that more than 75% of the hot desks and more than 50% of the lab benches are available in the approved workspaces. In comparison, more than half of the dedicated desks and almost 70% of the private offices are occupied. Statistics below provide occupancy rates across all 19 approved collaborative workspaces as of 2/29/20.

Type of Item Being Rented	% of Space Available	% of Space Rented by NJ Ignite Tenants
Office	35%	1.2%
Desk	43%	0.2%
Hot Desk	84%	1.0%
Lab Bench	68%	1.5%

Community Engagement

EDA is regularly engaged with the approved collaborative workspaces and their member/tenants to offer support. For example, EDA staff offers offices hours at each approved workspace. The semi-annual NJEDA NJ Founders and Funders Events was hosted at several approved locations (Newark Venture Partners, 1776 Cherry Hill, Princeton BioLabs – and next, Kearny Point), as well as the Golden Seeds Office Hours. In addition, as part of this pilot program’s requirements, the Incubator or Collaborative Workspace hosts are required to hold a minimum number of 8 innovation ecosystem-building community events each year, including, but not limited to, meetups, training sessions, professional office hours (e.g., domiciled experienced attorney, accountant, investor). The Workspaces are required to complete an audit request, annually (from date of approval) and verify with evidence, the 8 required events hosted in the space. EDA staff is currently conducting the audits, with 7 audits completed to date for a total of 56 confirmed community events.

Tenants

Since program inception, the EDA has approved 11 NJ Ignite grant applications for members/tenants in 9 unique NJ collaborative workspaces. Most of the applications were approved in 2019, with two applications approved in 2020. These approvals represent the commitment of more than \$85K by the EDA, which is significantly below the \$500K program allocation. The EDA grant commitments are matched with more than \$34K matching rent commitment by the workspaces. Combined, a total of more than \$120K (EDA Grant + Workspace forgiveness) of rent support has been provided to New Jersey technology and life science companies. This implies an average rent savings per company of almost \$11K. Similarly, market feedback from the tenant companies shows having a physical location helps them raise capital, with the average dollars raised per company of \$221,000 since moving into the collaborative workspaces. Please see Appendix B for additional stats on the approved tenant companies and the tenant’s descriptions in Appendix C.

The chart below shows the breakdown of the approved tenant companies by sector. The technology sector represented 81% of the approved grant applications for a total of over \$61,000 in grant commitments. Only 2 life science applications were approved since program inception, however, the two approvals represented over 25% of the grants approved as expected with the higher cost for lab rentals when compared to office rentals.

Sector	Grants Approved	Applications Approved	% of Total Grants	% of Total Applications
Technology	\$ 61,727.90	9	72%	82%
Life Science	\$ 23,745.00	2	28%	18%
Total	\$ 85,472.90	11	100%	100%

Institutional Learnings

The NJ Ignite program has been lauded in the market as a positive attraction tool to support early-stage companies on the front lines of innovation in New Jersey. Over the course of the program deployment EDA has been able to showcase 83 workspaces statewide, an 80% increase in the number of known workspaces since program inception (vs. 46 spaces recognized at initial board approval). Meanwhile, there are recognized constraints which have limited the use of the program for tenant companies, awarding only \$85k for 11 companies of the total \$500k approved program budget. This low program usage is now compounded with the impacts of the EO107, requiring the closing of nonessential businesses and social distancing to combat the spread of Covid19. The actual program usage falls well below the anticipated 50-100 companies initially estimated would benefit from the program as indicated at time of program approval. With a better understanding of market mechanics, and the modifications noted below, usage of the NJ ignite program should see an increase. For example, working in conjunction with approved workspace managers, staff has seen, firsthand, the mechanics of completing an application can be confusing. With diligence a top priority, there is an opportunity to simplify the application process for both workspace managers and tenant companies. In the coming months, the application will be reconfigured to streamline the process without any loss of diligence on the part of the EDA.

Coincident with this interim update, staff recommends the following items for review and approval by the Members:

1. **Clarification to the Definition of an Eligible Member/tenant Company:** Current eligibility requires member/tenant companies to be less than 3 years from the date of earliest formation. Staff is requesting board approval for a program clarification:

Applications are accepted for companies up to 3 years from the earliest date of formation, measured at time of application submission.

2. **Clarification to Collaborative Workspace Definition:** The NJ Ignite Program approval insufficiently defines a collaborative workspace. In order to mitigate confusion in the market and to more clearly define the makeup of an eligible collaborative workspace under the NJ Ignite program staff proposes the definition of a collaborative workspace in reference to the NJ Ignite Program considers:

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.

3. **Expand the definition of an eligible company:** This will expand from solely technology and life science companies to coincide with the Governor's eight key focus sectors detailed in the economic development plan, NJ The State of Innovation: life sciences, information and high tech, clean energy, advanced manufacturing, advanced transportation and logistics (including aviation), finance and insurance, food and beverage, and film and digital.

Covid-19 Response

On March 9, 2020, Governor Phil Murphy issued Executive Order 103 (“EO103”), declaring a State of Emergency and a Public Health Emergency to ramp up New Jersey’s efforts to contain the spread of the COVID-19/novel coronavirus (“COVID-19”). Subsequent containment measures were announced and are continuing to be announced, including restrictions on public gathering and limited operating hours for non-essential businesses. While these measures are consistent with similar measures being taken nationally that are expected to limit the public’s exposure to COVID-19, there will be an adverse economic impact on our State’s and our nation’s economy and these executive orders has shut down the collaborative work spaces to help stop the spread of the disease.

Prior to the series of executive orders, staff contacted each of approved NJ Ignite workspace through March 12th and all were beginning to see negative impacts from the coronavirus even prior to the EO requiring closure. These collaborative workspaces are instrumental in the growth of the innovation economy in NJ and are now directly impacted by an economic downturn as are so many businesses in the state. Given the agreement of these organization to participate in the NJ Ignite program and their support for NJ Entrepreneurs, recommendations are outlined, herein, to support the sustainability of these businesses through this crisis and until December 31, 2020 to allow for their stabilization.

Program Covid-19 Response Recommendations:

4. **Grant Period Suspension:** As the current executive order prohibits the ability of the workspaces and members/tenants to operate under normal conditions on location at the workspace, tenants have either suspended agreements with the workspaces, or continue to pay for the workspace without use. Meanwhile, the NJ Ignite grant is still in effect and requires timely commitment by each workspace or member/tenant. In order to preserve the grant for the benefit of both parties, approval of this recommendation would suspend the commitment period to resume once the workspaces and members/tenants can resume normal operations. This is anticipated to occur when the restrictions in EO107 are rescinded. As the time frame and process by which the restrictions are suspended are unknown, Staff requests Level 4 Delegated Authority to EDA Staff to identify the date by when the restrictions affecting the workspaces and members/tenants are lifted.

5. **Authorize Grant Amendment for EDA Grant Disbursement:** By restructuring the order of commitment priority under the NJ Ignite program grant structure via amendment to front-load the EDA’s portion, the proposal would effectively provide immediate access to \$51,830 of funding to 6 workspaces on behalf of 6 companies in the midst of either the workspace or member/tenant grant commitment periods. While 11 grants have been approved, 5 of the grants have already been disbursed by EDA. These funds would come available to the workspaces under the condition the workspaces and members/tenants will subsequently verify they have met their commitments. At the resumption of the grant period commitment, workspaces that cannot verify member/tenant commitments were met in the balance of the grant period will be subject to a clawback of grant funds.

Based on the status of the 11 approved grants, EDA exposure under this request would be limited to only the following NJ Ignite awards in the midst of workspace or tenant commitments:

Tenant	Workspace	Max. EDA Exposure Fronted
Big Magic Inc	VentureLink - 105 Lock	\$7,384
Premissa, Inc	EcoComplex	\$11,550
Invitext Technologies, LLC	Office Evolution	\$3,400
Sembient Inc	Kearny Point (Original)	\$10,500
Tendo Technologies, Inc	Princeton Innovation Center BioLabs	\$15,000
Saavha	1776	\$3,996
6	6	\$51,830

6. **Eliminate Collaborative Workspace Rent Commitment through December 31, 2020 :** Staff recommends elimination of the workspace matching component through year end 2020 for the sites approved for program participation as of the approval of this memo, April 14, 2020, as an emergency relief effort for these workspaces which are severely impacted by Covid19. Workspaces already approved to participate in the NJ Ignite program have been strong partners for the EDA over the last 18 months. Their commitment has been a catalyst for NJ Ignite. However, the conditions under which the existing workspaces committed to the program requirements have been significantly disrupted due to clearly unforeseen circumstances. This change seeks to mitigate some of the changed conditions. Until 12/31/2020, EDA will provide grants to workspaces for the benefit of eligible members/tenants on a 1:1 basis with member/tenants for the duration of the membership/lease period, subject to the \$15,000 maximum grant per company, and \$150,000 per workspace EDA grant cap. At the option of the workspace, EDA will provide the grant subsidy for the prescribed number of months at the beginning of the lease, followed by the matching payment by the tenant. These funds would come available to the workspaces under the condition the workspaces and members/tenants will subsequently verify they have met their commitments. At the conclusion of the member lease period, workspaces that cannot verify member/tenant commitments were met in the balance of the grant period will be subject to a clawback of grant funds. As in the original program design, the EDA will provide the grant for no more than 6 months. This new front-loaded EDA grant will be a mechanism of support for both the entrepreneur and the collaborative workspace, both of which have been negatively impacted by Covid19.

7. **Method of Convening Community Events:** Each Approved NJ Ignite workspace is required to host 8 in-person eco-system building events (e.g. meetups, office hours, demo days), which must be verified as part of the EDA’s annual NJ Ignite audit process (currently underway). Due to the restrictions required under EO107, workspaces are unable to host such in-person events. Approval of this request will consider virtual (online) events acceptable to meet the 8 required eco-system building events hosted annually.

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 relation to item 4 relate to the date after which restrictions impacting workspaces and members/tenants are no longer in effect, which is unknown at this time, staff is requesting delegation from the Board to allow staff [Level 4: Director of TLS and recommending officer] to identify such date based on subsequent Executive Orders or other declarations by the Governor, after which 15 days' written notice will be given to affected workspace and member/tenant participants .

Recommendation

Approval is requested for the following: (1) Clarification to the Definition of an Eligible Member/tenant Company; (2) Clarification to Collaborative Workspace Definition; (3) Expand the definition of an Eligible Member/Tenant; (4) Grant Period Suspension; (5) Authorize Immediate EDA Grant Disbursement; (6) Eliminate Collaborative Workspace Rent Commitment; (7) Method of Convening Community Events; (8) Delegation of authority to identify the date on which relevant COVID-19 related restrictions are no longer in effect.



Tim Sullivan, CEO

Prepared by: Brennan Candito
Timothy B. Rollender

Appendix A

Program Participants (County - Workspace - Tenant)	Grant Amount Committed by County
Burlington	\$ 11,550.00
EcoComplex	\$ 11,550.00
<i>Premissa, Inc</i>	
Camden	\$ 3,996.00
1776	\$ 3,996.00
<i>Saavha</i>	
Cumberland	\$ -
Rutgers Food Innovation Center (Bridgeton)	\$ -
Essex	\$ 13,469.40
EDC - 105 Lock	\$ 13,469.40
<i>Big Magic Inc</i>	
<i>OculoMotor Technologies</i>	
EDC - 211 Warren	\$ -
Gloucester	\$ -
Incutate	\$ -
South Jersey Tech Park	\$ -
Hudson	\$ 19,245.00
IndieGrove	\$ -
Kearny Point - Building 78	\$ 19,245.00
<i>GLW Foot & Ankle, LLC DBA Carbon22</i>	
<i>Sembient Inc</i>	
Primework - Franklin Sq	\$ -
Mercer	\$ 15,000.00
Princeton Innovation Center BioLabs	\$ 15,000.00
<i>Tendo Technologies, Inc</i>	
Middlesex	\$ 18,400.00
Cowork Street	\$ -
Incubator at North Brunswick	\$ 15,000.00
<i>Molecular Innovation LLC</i>	
Office Evolution	\$ 3,400.00
<i>Invitext Technologies LLC</i>	
The (Co) Workingspace of North Brunswick	\$ -
Rutgers Food Innovation Center (Piscataway)	\$ -
Monmouth	\$ 5,700.00
CoLab (BellWorks)	\$ 5,700.00
<i>Speak2Software Inc.</i>	
MERCHWERKS LLC (Bike Shop)	\$ -
MERCHWERKS LLC (Lakehouse)	\$ -
Morris	\$ -
EN MASSE 360, LLC	\$ -
Union	\$ 1,000.00
Business Energy	\$ 1,000.00
<i>SWAYworkplace LLC</i>	
Co-Co Collaborative LLC	\$ -
Total Disbursed	\$ 8,745.00
Total Committed	\$ 88,360.40
Number of Companies Approved	11
Number of Workspaces Approved	19

Appendix B

Additional Stats:

Total Amount of Tenants Approved	11
Applications In Review	3
Unique number of workspaces receiving grants	9
Total Grant Amount Approved	\$ 85,472.90
Average EDA Approved Grant	\$ 7,770.26
Average Length of Lease	\$ 13.09
Average EDA Support Months	\$ 5.00
Average Monthly Rent	\$ 1,570.85
Median Monthly Rent	\$ 1,237.50
Average Square ft. Rented	\$ 462.73
Average Number of Employees	3.2
Median Number of Employees	3
Average Dollars Raised	\$ 221,333.33

Appendix C

Tenant Descriptions

- GLW Foot & Ankle, LLC DBA Carbon22 – Located in the Kearny Point workspace, GLW Foot & Ankle, LLC is a medical device company focused on offering surgeons innovative and cost-effective foot and ankle implant solutions.
 - Employees at approval – 1
 - Employees as of 2/25/2020 – 1

- Big Magic Inc – Located in New Jersey Institute of Technology’s VentureLink, Big Magic, Inc. is designing a proprietary cloud-based referral marketing software that helps medical practices accelerate new patient acquisition by offering existing patients a platform to easily recruit friends & family members and motivates these existing patients with results-based compensation and or other types of loyalty-based recognition.
 - Employees at approval – 3
 - Employees as of 2/25/2020 - 3

- OculoMotor Technologies – Located in New Jersey Institute of Technology’s VentureLink, OculoMotor Technologies, Inc. has designed a virtual reality software-VERVE (Virtual Eye Rotation Vision Exercises), which utilizes off-the-shelf VR (Virtual Reality) hardware to help optometrists and vision therapists treat patients with binocular vision disorders.
 - Employees at approval – 7
 - Employees as of 2/25/2020 – 7

- Tendo Technologies, Inc - Located in the Princeton Innovation Center BioLabs, Tendo Tech has created a miniature sensor using EFV technology that is able to detect extremely low flow rates with high precision and measure temperature.
 - Employees at approval – 2
 - Employees as of 2/25/2020 - 3

- SWAYworkplace LLC – Located in Business Energy LLC, the Company has a technology platform (webpage & apps) that creates, engages & supports a virtual community of people that want to solve challenges for women in the workplace through data research and analytics.
 - Employees at approval – 2
 - Employees as of 2/25/2020 - 2

- Invtext Technologies LLC – Located in Office Evolution Woodbridge, Invtext Technologies LLC has designed an event management software for event venues' clients. The platform provides event venues with the ability to offer their clients event management tools such as a guest list manager, click-and-drag seating chart and photo/video sharing under their brand.
 - Employees at approval – 2
 - Employees as of 2/25/2020 – 2

- Sembient Inc – Located in Kearny Point Building 78, Sembient Inc. has designed a software for provisioning and managing computer hardware, electronic sensors, and radio transceivers. Sembient uses this software to produce analytics and real-time occupancy data for building managers.
 - Employees at approval – 2
 - Employees as of 2/25/2020 - 2
- Molecular Innovation LLC – Located in the NJ Bioscience Center, Molecular Innovation LLC is a 505b2 drug discovery and contract research services company that will apply organic chemistry and biochemistry to optimize the pharmacotherapeutic utility of medicinal compounds.
 - Employees at approval – 3
 - Employees as of 2/25/2020 - 3
- Premissa, Inc – Located in Rutgers The State University of New Jersey’s EcoComplex, Premissa, Inc. has designed a patented electrochemical hardware that uses software and process control systems to produce on-demand industrial specialty hydride gas. The Company's device is used for production of semiconductors, solar cells, LED's and other energy saving devices.
 - Employees at approval – 1
 - Employees as of 2/25/2020 - 1
- Speak2Software Inc. – Located in CoLabs, Speak2Software Inc. designed a software which provides a full-service voice command solution specifically targeting the senior community. The software leverages voice command, smart technology and cloud-based computing. Please note, after program approval Speak2Software, Inc. withdrew their application.
 - Employees at approval – 3
 - Employees as of 2/25/2020 – NA
- Saavha – Located in Benjamins Desk DBA 1776, Savvha has developed a patent pending software, which leverages both blockchain and biometrics, to offer an anonymous treatment option for addiction and mental health patients.
 - Employees at approval – 8
 - Employees as of 2/25/2020 – 8

INCENTIVE MODIFICATIONS



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: April 14, 2020

RE: Modification of the Yearly Average of Employment Rules for HUB and GROW as a result of Executive Order 107

REQUEST

The Members are requested to approve a modification of the rules pursuant to Executive Order 103 (Murphy 2020) (“EO 103”) for Urban Transit Hub Tax Credit Act, P.L. 2007, c. 346, as amended (“HUB”) and Grow New Jersey Assistance Act, P.L. 2011, c. 149, as amended (“Grow”) to exclude months in the yearly average for businesses adhering to Executive Order 107 (Murphy 2020) (“EO 107”).

BACKGROUND

On March 9, 2020, Governor Phil Murphy issued EO 103, declaring a State of Emergency and a Public Health Emergency to ramp up New Jersey’s efforts to contain the spread of COVID-19. Section 6 of EO 103 authorizes agencies to waive, suspend, modify any existing rule, where the enforcement of the rule would be detrimental to the public welfare during the emergency, notwithstanding the provisions of the Administrative Procedure Act or any law to the contrary.

On March 21, 2020, Governor Murphy issued EO 107, generally announcing a statewide stay at home order and closure of all non-essential retail business, requiring all employers to offer work-from-home wherever practicable, and directing all residents to abide by social distancing practices (“EO 107 Restrictions”). Subsequent containment measures were announced and are continuing to be announced.

Grow and HUB award recipients (“Recipients”) have notified NJEDA that not all incented employees can work from home pursuant to EO 107 due to the nature of the job and that not all incented jobs can continue working at the qualified business facility based on the required social distancing. Thus, in certain instances, the prior waiver of the rule requiring an employee to spend 80% of his or her time at the facility to allow the employee to work from home does not alleviate the steps taken by companies to comply with EO 107. Without the rule modification proposed here, Recipients would be forced to lose their tax credits in order to comply with the EO7 Restrictions.

Modification of 12 Month Employment Average

The current HUB and Grow statute and rules require that the Recipients submit a report for each year of the award to demonstrate that the Recipient satisfied the employment requirement of the program for that year. This report is generally required within 120 days after the end of the Recipient's fiscal year. The number of employees must be 80% of the employees to which the Recipient certified at project completion. The statute and rules state the number of employees for the year is determined by averaging the number of employees for each month.

Staff recommends to the Board a modification of the rules in Grow and HUB to authorize the NJEDA's Chief Executive Officer (CEO) to exclude the calendar month(s) in the annual report regarding 2020 employment while the EO 107 Restrictions are in effect. This modification shall apply to Recipients that demonstrate, to Staff's satisfaction that the Recipient is unable to (1) continue regular employment at the qualified business facility and (2) provide work from home opportunities to employees.

Specifically, Staff seeks to modify the following HUB and Grow rules as follows (new language is shown as underlined):

- N.J.A.C. 19:31-18.3(b) (Grow): Full-time employment for an accounting or privilege period shall be determined as the average monthly full-time employment for the period, provided that the chief executive officer of the authority may exclude any month during which a business demonstrates to the authority's satisfaction that the business is unable to continue regular employment to comply with any restrictions ordered by the Governor during a period of emergency declared by the Governor.
- N.J.A.C. 19:31-9.3(c) (HUB): Full-time employment for an accounting or privilege period shall be determined as the average monthly full-time employment for the period, provided that the chief executive officer of the authority may exclude any month during which a business demonstrates to the authority's satisfaction that the business is unable to continue regular employment to comply with any restrictions ordered by the Governor during a period of emergency declared by the Governor.

This modification shall only apply to the months while the EO 107 Restrictions - closing certain business and requiring "shelter at home" and social distancing – are in place. Due to the uncertainty as to when the EO 107 Restrictions will be rescinded, and how they may be rescinded, Staff requests delegated authority to the NJEDA's CEO to determine the date when the restrictions are rescinded.

Documentation Requirements

To demonstrate (1) above, the Recipient shall demonstrate, that (i) the Recipient is not deemed essential under EO 107 or (ii) it has limited employee's attendance at the Recipient's qualified business facility as a result of adherence to the social distancing restrictions in EO 107. EO 107 lays out a comprehensive list of essential businesses, which Staff will reference in determining whether (i) is satisfied. Additionally, Staff may accept a certification from the Recipient's CEO that details why an essential business has reduced employees from entering its project site to

adhere to the EO 107 social distancing restrictions. This certification must detail the nature of the positions that were instructed to remain home. Furthermore, to satisfy either (2) above, the Recipient's CEO must certify and explain, to the satisfaction of Staff, that the positions, which were instructed to remain home, could not perform their duties remotely. Examples of positions that cannot work remotely include but are not limited to factory workers, manufacturing technicians and production assembly staff.

Net Benefit Review

On June 1, 2012 the NJEDA Board approved an Economic Impact model, which looked at various factors including but not limited to gross income tax receipts to determine if the project would have a net benefit to the State after subtracting the project award (Net Benefit Test). In December 13, 2016, the NJEDA Board approved amendments to the Net Benefit Test, including revisions to inputs into the model. In all instances an approved Grow or HUB award must have a net benefit to the State as described in the respective Program's rules.

Staff will evaluate all Grow and HUB projects that are seeking this modification whose Board approved net benefit is less than 110% of the award for Garden State Growth Zones (GSGZ) (which cannot have an award exceeding 100% of the net benefit) or 120% of the award for all other projects (which cannot have an award exceeding 110% of the net benefit) to ensure that the exclusion of months in its analysis would not impact its award. Staff will use the Board approved net benefit analysis at the time of approval (or most recent modification) and reduce the calculated terms to exclude the months that the Recipient seeks by this modification. Should an award be reduced, the reduction would be applied to the 2020 annual tax credit allocation and return to the overall certified amount (not to exceed its annual allocation) in subsequent years.

For example, if an eligible GSGZ company had a net benefit that is 105% of the award and seeks this modification, Staff will review the original Board approved net benefit (or from the most recent modification) and reduce the commitment period input by the number of months the waiver is being requested. If the recalculated Net Benefit model reduces the Net Benefit below the 100% or 110% requirement (depending upon location of project), the award will be reduced until the net benefit requirement is satisfied. The reduction will be taken out of the 2020 annual tax credit allocation.

RECOMMENDATION

Adoption of a finding that the rule modification is necessary because enforcement of the existing rules would be detrimental to the public welfare during this emergency, as the compliance required to maintain the 2020 tax credit allocation for the Recipients identified in this memorandum would be contrary to the EO 107 Restrictions.

Approval is requested to modify the rules in HUB and Grow allowing staff to exclude the months a business adheres to the restrictions in EO 107 in the business' yearly average based on

the criteria set forth above. Approval is also requested for the NJEDA's CEO to determine the date when the restrictions are rescinded



Tim Sullivan
Chief Executive Officer

Prepared By: Bruce Ciallella

STATE OF NEW JERSEY
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
NOTICE OF RULE WAIVER/MODIFICATION/SUSPENSION
PURSUANT TO EXECUTIVE ORDER NO. 103 (MURPHY)(MARCH 9, 2020)
COVID-19 STATE OF EMERGENCY

Temporary Rule Modification adopted by the Members of the New Jersey Economic Development Authority

Date: April 14, 2020

Authority: N.J.S.A. App.A:9-45 & App. A:9-47; Executive Order No. 103 (Murphy)(“EO 103”)

Effective Date: [Need to determine based on veto period expiration or early approval by the Governor]

Expiration Date: Until the non-essential business and social distancing restrictions in Executive Order No. 107 (Murphy) (“EO 107”) are no longer in effect, but no later than the date when EO 103 is no longer in effect

This is an emergency adoption of a temporary rule modification of the Urban Transit Hub Tax Credit (“HUB”) and Grow New Jersey Assistance (“Grow NJ”) rules at N.J.A.C. 19:31-9.3(c) and N.J.A.C. 19:31-18.3(b). Section 6 of EO 103, issued in response to the COVID-19 pandemic, authorizes agency heads to waive/suspend/modify any existing rule, where the enforcement of the rule would be detrimental to the public welfare during the emergency, notwithstanding the provisions of the Administrative Procedure Act or any law to the contrary. Pursuant to that authority, and with the approval of the Governor and in consultation with the State Director of Emergency Management and the Commissioner of the Department of Health, the New Jersey Economic Development Authority (“NJEDA”) is modifying its rules as described below.

The current HUB and Grow NJ rules require that award recipients submit a report for each year of the award to demonstrate that the recipient satisfied the employment requirement of the program for that year. This report is generally required within 120 days after the end of the recipient’s fiscal year. The HUB and Grow NJ statutes requires that the number of employees must be 80% of the employees to which the recipient certified at the completion of recipient’s project.

Award recipients have notified NJEDA that not all employees can work from home pursuant to EO 107 due to the nature of the job and that not all employees can continue working at the recipient’s qualified business facility based on the required social distancing. Thus, in certain instances, NJEDA’s prior waiver of the rule requiring an employee to spend 80% of his or her time at the qualified facility to allow the employee to work from home does not alleviate the steps taken by certain award recipients to comply with EO 107.

Accordingly, NJEDA is modifying its rules as follows:

- N.J.A.C. 19:31-18.3(b) (Grow NJ): “Full-time employment for an accounting or privilege period shall be determined as the average monthly full-time employment for the period, provided that the chief executive officer of the authority may exclude any month during which a business demonstrates to the authority’s satisfaction that the business is unable to continue regular employment to comply with any restrictions ordered by the Governor during a period of emergency declared by the Governor.”
- N.J.A.C. 19:31-9.3(c) (HUB): “Full-time employment for an accounting or privilege period shall be determined as the average monthly full-time employment for the period, provided that the chief executive officer of the authority may exclude any month during which a business demonstrates to the authority’s satisfaction that the business is unable to continue regular employment to comply with any restrictions ordered by the Governor during a period of emergency declared by the Governor.”

Any businesses requesting approval to exclude months from its 2020 employment annual report shall submit the specific documentation and will have to continue satisfying the Grow NJ and HUB program requirement that the award must yield a net positive economic benefit to the State, as further described in the attached April 14 2020 memorandum approved by the Members of the NJEDA

At its April 14, 2020 meeting, the Members of the NJEDA found that modification of the rules above is necessary because enforcement of the existing rules would be detrimental to the public welfare during this emergency.

Date

Tim Sullivan

Chief Executive Officer



MEMORANDUM

To: Members of the Authority

From: Timothy Sullivan
Chief Executive Officer

Date: April 14, 2020

RE: **Kingsland Street Urban Renewal, LLC (“Kingsland”)** – Modification
Mixed-Use Parking Economic Redevelopment and Growth Grant Program
 (“Mixed-Use Parking ERG”) P#42840

Request

Consent to the applicant’s request for below changes to its approved mixed-use parking facility project:

1. Increase size of the total project from 214,660 square feet (including 2,500 square feet for retail space) to 448,815 square feet (an increase of 109%). Specifically, increase the parking component by approximately 578 spaces over the originally planned amount of 805, for an updated total of 1,383 spaces.
2. Increase the recipient’s total projects costs from \$25,271,906 to \$29,547,773.
3. Increase the recipient’s eligible project cost estimate from \$24,373,833 to \$24,415,671.

The proposed changes will not result in any change to the Mixed-Use Parking ERG award previously approved by the members.

As the changes to the project are significant, the request for modification is being presented to the Board for consideration.

Background

On January 10, 2017, Kingsland Street Urban Renewal, LLC was approved for a Mixed-Use Parking Economic Redevelopment and Growth Grant Program (“Mixed-Use Parking ERG”) Award for 100% of its actual eligible costs, not to exceed \$20,000,000, for the construction of a 214,660 square feet multi-level parking structure (accommodating 805 parking spaces) including ground floor retail and skybridge. The project is intended to support the adjacent Seton Hall-Hackensack Meridian School of Medicine (“Seton Hall”), which is a recently certified Grow NJ project. The ground floor retail space was contemplated to be approximately 2,500 square feet and house a bookstore to accommodate the needs of students, faculty, and staff. The anticipated capital investment of the approved project was \$25,271,906.

Project Ownership

At approval, Kingsland was 50% owned by the Hackensack University Health Network (“HUHN”) and the Seton Hall University (“SHU”) and was created at the time that the two signed the School of Medicine Agreement to establish the Seton Hall-Hackensack School of Medicine (“SOM”).

The merger of Meridian Health, Inc. and Hackensack University Health, Inc., resulted in the creation of Hackensack Meridian Health, Inc. (“HMH”). As part of the merger, HMH Hospitals Corporation (“HMH Hospitals”) succeeded to the interest of Hackensack University Medical Center (“HUMC”) including HUMC’s interest in Kingsland. HMH is the sole parent of HMH Hospitals, and also the sole member of Kingsland Street Urban Renewal, LLC (the Applicant).

In March 2018, SHU and HMH, agreed to a transition plan including the transition of control of Kingsland from joint control to sole HMH control. As a result, HMH assumed sole financial responsibility for Kingsland as memorialized by a March 12, 2019 Instrument of Assignment and Assumption.

Summary of Project Changes:

Subsequent to approval, as the project was being developed, it became apparent that additional parking spaces would be needed for the facility. The master landlord that operates a neighboring building also recognized its own need for additional parking. Kingsland proposes to increase the number of parking spaces to 1,383, or a total of 578 additional spaces, with an agreement for use of 200 of those parking spaces to PB Nutclif Master LLC, an affiliate of the owner of the adjacent Building 102’s tenants. These changes will increase the square footage from 214,660 square feet to 448,815.

While the square footage of the building is increasing by 109%, the proposed total project cost is anticipated to increase to \$29,547,773 (16.9%). This modest increase is due in great part to a decrease in per space cost provided by the contractor who has recently acquired a good deal of additional work in the immediate area. In addition, the hard cost of construction of the skybridge has increased from \$1,000,000 to \$2,726,821. PB Nutclif Master will pay \$3,268,424 toward the cost of the construction of the 200 spaces. It will also pay its pro rata share of the operating and maintenance costs related to the garage & skybridge during the term of the ERG. Those costs were not included in the IRR calculation because they are unknown at this time, and as they are pro rata, they are not impactful to the calculation.

Eligible Costs

Kingsland’s eligible costs cannot include costs paid directly by another. To ensure that PB Nutclif’s payment proportionately covers the costs of its 64,540 square foot portion of the project, staff calculated the portion of the project that reflected the 200 spaces ($64,540 \text{ sf} / 448,815 \text{ sf} = 14.46\%$). Staff then multiplied the total proposed eligible costs by that percentage to determine the value to allocate to the PB Nutclif portion ($\$28,543,200 \times 14.46\% = \$4,127,529$). The \$28,543,200 represents the sum of Kingsland eligible costs for the 1,183 parking spaces, \$25,274,776 plus the portion to be paid by PB Nutclif for the additional 200 parking spaces, \$3,268,424. As the proportional allocation is greater than PB Nutclif’s payment,

staff used the proportional allocation. Thus, for purposes of calculating the award, the eligible costs will be \$24,415,671 (\$28,543,200 reduced by \$4,127,529).

Project Sources & Uses at Approval and at Modification

The Applicant proposes the following uses for the Project:

<i>Uses</i>	<i>Total Project Costs at Approval</i>	<i>Total Project Costs at Modification</i>	<i>Total Eligible Project Costs at Modification</i>
Construction & Site Improvements	\$ 21,272,500	\$ 27,790,807	\$ 22,884,362 **
Professional Services	650,000	650,000	650,000
Financing & Other Costs	2,166,238 *	256,966	248,229
Contingency	1,183,168	850,000	633,080
TOTAL USES	\$ 25,271,906	\$ 29,547,773	\$ 24,415,671

* This amount includes \$610,862 in debt service reserves and other working capital deemed ineligible for inclusion.

** The total eligible project costs at modification exclude the calculated portion of costs, \$4,127,529 to PB Nutclif for the 200 additional parking spaces, discussed above in the Eligible Costs paragraph.

The Applicant proposes the following sources for the Project:

<i>Sources of Financing</i>	<i>At Approval</i>	<i>At Modification</i>
BOFA Debt Financing	\$ 2,217,525	\$ 5,638,218
BOFA ERG Bridge Loan	18,000,000	18,000,000
Applicant Equity	5,054,381	5,909,555
Total	\$ 25,271,906	\$ 29,547,473

Gap Analysis

EDA staff reviewed the original application to determine if there was 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. Due to the Project being an infrastructure component of the overall Enterprise, the cost approach was utilized to derive the terminal (sale) value in the calculation of IRR. The cost approach assumed that the beginning value of the parking facility is equal to its total construction costs. Then, an assumption was made to determine a reasonable sale value at the end of the ten-year hold period. In this case, EDA staff assumed the parking facility had a useful life of 30 years and would be depreciated using the straight-line method. The terminal value used in the IRR Without ERG calculation was derived by subtracting ten years of straight-line depreciation from the beginning value.

Without ERG	With ERG
Equity IRR (5.47) %	Equity IRR 7.21 %

At Modification Without ERG	At Modification With ERG
Equity IRR (0) %	Equity IRR 7.94%

As indicated in the chart above, the project would not have otherwise been completed without the benefit of the ERG. **With the benefit of the ERG, the Equity IRR was 7.21% which was significantly below the Hurdle Rate Model provided by EDA’s contracted consultant Jones Lang LaSalle which indicated a maximum IRR of 15.51% for a project located in the City of Clifton. This continues to hold true for the analysis performed at the modification, where the Equity IRR With ERG comes in at 7.94%.**

Recommendation

Consent to the applicant’s request for changes in:

1. Increase size of the total project from 214,660 square feet (including 2,500 square feet for retail space) to 448,815 square feet (an increase of 109%). Specifically, increase the parking component by approximately 578 spaces over the originally planned amount of 805, for an updated total of 1,383 spaces.
2. Increase the recipient’s total projects costs from \$25,271,906 to \$29,547,773.
3. Increase the recipient’s eligible project cost estimate from \$24,373,833 to \$24,415,671.

The proposed changes will not result in any change to the Mixed-Use Parking ERG award previously approved by the members.



Prepared by: Mark Chierici

BOND PROJECTS

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Refunding Bond

APPLICANT: New Jersey-American Water Company, Inc.

PROD-00188329

PROJECT USER(S): Same as applicant

PROJECT LOCATION: Various

Various Townships

Various Counties

APPLICANT BACKGROUND:

New Jersey-American Water Company, Inc., (“NJAWC”), established in 1915, a wholly-owned subsidiary of American Water Works Company, Inc., is a regulated public utility corporation engaged in the production, treatment and distribution of water and collection of sewage within its defined service territory in the State of New Jersey. NJAWC provides water service to approximately 651,000 customers and wastewater service to approximately 51,000 customers as of December 31, 2019. NJAWC’s customers reside in 192 municipalities in 18 of New Jersey’s 21 counties.

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

OTHER NJEDA SERVICES:

NJAWC and the former Elizabethtown Water Co. which was merged into NJAWC in 2006, have been long-standing EDA applicants since 1979 with over \$500 million in tax exempt bond financing. The outstanding bond financing which is the subject of this refunding request is: P30553 for \$150,000,000 closed July 2010.

REFUNDING REQUEST:

Authority assistance will enable the Applicant to reduce its interest expense by refunding the outstanding balance of the 2010 bond issue.

FINANCING SUMMARY:

BOND PURCHASER: J.P. Morgan Securities LLC (Public Offering)

AMOUNT OF BOND:	Series A (AMT): Not to exceed \$134,700,000 Tax-Exempt	Series B (Non-AMT): Not to exceed \$15,300,000 Tax-Exempt (Part of total \$150,000,000 with Series A Tax-Exempt Bond)
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TERMS OF BOND:	Not to exceed 14 years; Fixed interest not to exceed 5.50%.	Not to exceed 14 years; Fixed interest not to exceed 5.50%.
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ENHANCEMENT: N/A

PROJECT COST:

Principal amount of bond (s) to be refunded	\$150,000,000
Finance Fees	\$935,000
Legal Fees	\$675,000
Accounting Fees	\$100,000

TOTAL COSTS: \$151,710,000

PUBLIC HEARING: N/A

BOND COUNSEL: McCarter & English, LLP

DEVELOPMENT OFFICER: Monika Athwal

UNDERWRITER OFFICER: Steven Novak

REAL ESTATE



MEMORANDUM

TO: The Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

RE: Rent Deferral, Waiver of Late Fees and Delegated Authority for Bioscience Center Incubator & Step-Out Labs

DATE: April 14, 2020

Request

Members of the Board are requested to approve a proposal for a rent deferment option for a period of up to three months at the New Jersey Economic Development Authority (NJEDA)'s Step-Out Labs and Bioscience Center Incubator. The deferral will mitigate constraints on tenant companies during the state of emergency due to the outbreak of COVID-19 and subsequent containment measures. In addition, the members are requested to approve a modification to the Operating Authority guidelines for administering leases for (i) the Step-Out Labs in order to hereinafter provide for such a rent deferment option under delegated staff authority for a period of up to 90 days and \$50,000 and (ii) the Bioscience Center Incubator to provide a rent waiver and reduction as well as a deferment option for the same up to 90 day period and \$50,000. The Bioscience Center Incubator is also seeking the right to waive late payment fees up to 90 days as previously granted to the Step-Out Lab.

COVID-19 Response

On March 9, 2020, Governor Phil Murphy issued Executive Order 103 ("EO103"), declaring a State of Emergency and a Public Health Emergency to ramp up New Jersey's efforts to contain the spread of the COVID-19/novel coronavirus ("COVID-19"). Subsequent containment measures were announced and are continuing to be announced, including restrictions on public gathering and limited operating hours for non-essential businesses in Executive Order 107 (EO107). While these measures are consistent with similar measures being taken nationally that are expected to limit the public's exposure to COVID-19, there will be an adverse economic impact on our State's and our nation's economy.

As the State of New Jersey seeks to develop emergency resources to address financial hardships of many sectors of the economy, early stage life sciences entrepreneurs and their unique challenges should be considered with respect to how we assist New Jersey's economy in an environment impacted by the effects of COVID-19.

The immediate impact of the COVID-19 outbreak and necessary containment measures is already being felt by life sciences entrepreneurs. Containment measures being taken at the state and national levels to limit the public's exposure to COVID-19 will create an adverse economic impact on our State's and our nation's economy as these executive orders limit the normal research activity taking place at the Bioscience Center Incubator and Step-Out Labs.

Background

The Bioscience Center Incubator and Step-Out Labs staff have received several requests from tenants asking for rent assistance due to the negative impact they are feeling from COVID-19. It is anticipated that businesses will continue to experience cashflow problems for the coming months.

The 46,000 SF Bioscience Center Incubator located at the New Jersey Bioscience Center is currently home to seventeen early stage life sciences companies. Tenant companies are start-ups with business models ranging from R&D services to drug discovery. The COVID-19 outbreak and subsequent State of Emergency has impacted the companies as follows:

- Investor discussions have stopped.
- All negotiations for new R&D services contracts with major pharma partners have stopped – therefore, cashflow projections for work to be conducted in the summer and fall are significantly reduced.
- Existing R&D contract services work has slowed considerably, negatively impacting cashflow.
- Access to specialized supplies and products has slowed work on existing R&D services contracts.
- Drug discovery collaborations with strategic partners has slowed which also negatively impacts cashflow.

The 32,000 SF Step-Out Labs, also located in the New Jersey Bioscience Center, is home to five post incubation companies. Tenant companies include R&D services, drug discovery and the US HQ for an oncology company based in China. The COVID-19 outbreak and subsequent State of Emergency has impacted the companies in ways similar to those experienced by incubator tenants. Additional areas of impact include:

- New R&D services contracts are on hold.
- Investor meetings have stopped.
- Delayed drug discovery clinical programs cause existing investors to be more cautious.
- Existing R&D services contracts cannot be completed by some Step-Out Lab companies since the lab size cannot accommodate social distancing requirements.
- Drug Discovery R&D is on hold as the lab cannot accommodate social distancing requirements.

Proposed Rent Deferral Relief

The details for this up to three month deferment request including the existing delegated authority to waive late payment fees are as follows:

Bioscience Center Incubator:

- Tenants, in good standing, may select a deferral option starting with the May 2020 rent payment for a period of up to three months. The deferral will include a waiver of late payment fees.
- The defined three months (May, June, July of 2020) rent will be repaid as a balloon payment at the end of their current lease term. No pre-payment penalty for the early payment of a balloon.
- Tenants opting for a lease renewal at the end of the current one year lease term have the option to amortize the balloon into their subsequent one year renewal.

Note the following terms and conditions for the Bioscience Center Incubator tenants that have a renewal option in the defined three month period of May, June or July of 2020:

- Tenants choosing not to renew during the defined three month period do not have an option to defer.
- Tenants opting to renew during the defined three month period will have the balloon payment occurring at the end of their one year lease in 2021. Those eligible tenants (less than five year tenancy) choosing to renew again in 2021 have the option to amortize the balloon into the new 2021-2022 one year lease renewal.

Step-Out Labs:

- Tenants, in good standing, may select a deferral option starting with the May 2020 rent payment for a period of up to three months. The deferral will include a waiver of late payment fees.
- The defined three months (May, June, July of 2020) rent will be repaid as a balloon payment at the end of the original three year lease term. No pre-payment penalty for the early payment of a balloon.
- Tenants opting for a lease renewal at the end of the original lease term have the option to amortize the balloon into their three year renewal.

All tenants opting for the deferment option will agree and sign a deferment agreement which outlines all terms and conditions of the program. In all cases, the three month rent deferment will be limited to \$50,000 of exposure per tenant. Upon Board approval of the proposal outlined herein, all Bioscience Center Incubator and Step-Out Labs tenants will receive notice of the deferral option.

Financial Exposure

The current Step-Out Labs Operating Authority delegation allows the reduction or *waiver* of rent payments, upon tenant request, up to 90 days or up to \$50,000, whichever is less, for operational, CAM adjustments or other financial hardship. The stated delegated Operating Authority does not, however, specifically allow for rent *deferral* actions.

However, the current Bioscience Center Incubator (formerly CCIT) Operating Authority delegation for the Bioscience Center Incubator does not address any rent reduction, waiver or deferral. This Operating Authority also does not provide for a waiver of late fees also already permitted in the delegation for Step-Out Labs.

Most tenants at the Bioscience Center Incubator occupy one or two labs. The Bioscience Center Incubator tenant with the largest amount of space (5 labs) and, therefore, the largest potential financial exposure to NJEDA, is NJ Biopharma. Three months of deferred rent for NJ Biopharma is \$57,069 – the delegated authority will limit financial exposure to NJEDA from NJ Biopharma to \$50,000.

Many tenants at the Step-Out Labs occupy modest amounts of lab and office space. The Step-Out Labs' tenant with the largest amount of space and, therefore, the largest potential financial exposure to NJEDA is Adlai-Nortye Inc. with ~7,000 RSF. Three months of deferred rent for Adlai Nortye is \$83,525 – the delegated authority will limit financial exposure to NJEDA from Adlai Nortye to \$50,000.

Step-Out Labs Operating Authority & Bioscience Center Incubator Operating Authority

Second Floor Step-Out Labs

The current Operating Authority for the second floor Step-Out Labs allows staff to be the delegated authority in part to reduce or waive (i) tenant late payment fees for up to 90 days and (ii) tenant rent payments up to the lesser of 90 days or \$50,000. This authority applies to operational and CAM adjustments (if applicable) or other financial hardship.

However, this authority did not also include the express right of staff to offer the option of a deferment of rent payments for the same 90 day period and \$50,000 threshold. The ability of staff to offer a deferral of rent without Board approval in each instance hereinafter will enable staff to efficiently implement this strategy when appropriate such as in connection with the COVID-19 virus as detailed herein.

The language for this delegation is recommended to be revised to include a deferral as follows:

“Authorized to reduce, waive *or defer* rent payments upon Step-Out Labs tenant request up to 90 days or up to \$50,000 whichever is less, for operational, CAM adjustments (if applicable) or other financial hardship”.

Bioscience Center Incubator

It is requested that the Bioscience Center Incubator Operating Authority be amended to provide for the same level of delegations already conferred upon staff as well as recommended herein for the Step-Out Labs. More particularly, the current delegation language is recommended to be expanded to include the following two additional consistent delegations as follows:

“Authorized to reduce, waive or defer rent payments upon Bioscience Center Incubator tenant request up to 90 days or up to \$50,000 whichever is less, for operational, CAM adjustments (if applicable) or other financial hardship”.

“Authorized to reduce or waive late payment fees upon Bioscience Center Incubator tenant request up to 90 days”

The ability of staff to exercise these expanded delegations with respect to waive, reduce or defer rent and waiver of late fees without Board approval in each instance hereinafter will enable staff to efficiently implement this strategy when appropriate such as in connection with the COVID-19 virus as detailed herein.

Recommendation

Approval is requested of the Members for (i) a three month rent deferral option not to exceed \$50,000 per tenant for tenants at the Step-Out Labs, (ii) a three month rent deferral option not to exceed \$50,000 per tenant and waiver of late payment fees for tenants at Bioscience Center Incubator both for COVID-19 impact relief, as outlined herein, and iii) modifications to the current delegated Operating Authority for the second floor Step-Out Labs in BC IV and the Bioscience Center Incubator Operating Authority respectively, for administering leases.



Tim Sullivan,
Chief Executive Officer

Prepared by: Lenzie Harcum

BOARD MEMORANDA -FYI ONLY



MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan, Chief Executive Officer
DATE: April 14, 2020
SUBJECT: Credit Underwriting Projects Approved Under Delegated Authority –
For Informational Purposes Only

The following projects were approved under Delegated Authority in March 2020:

Micro Business Loan Program:

- 1) Hayday Partners LLC DBA Hayday Coffee (“Hayday”) (PROD-0088310), is located in Atlantic City, Atlantic County. Hayday was formed in 2017 and is owned by Authentic City Partners LLC. Hayday is the operating company of a coffee shop that will provide high quality coffee products such as espressos, lattes and cappuccinos and snack items to the Orange Loop section of Atlantic City. The EDA approved a \$50,000 loan to purchase barista-related business equipment. The Company plans to hire two full time and six part time employees within the next two years.

Premier Lender Program:

- 1) 2 Municipal LLC (PROD-00188230), located in Fredon Township, Sussex County, is a real estate holding company formed to purchase the project property. The operating company, Olde Grandad industries, Inc. (“OG”), is related to the applicant by common principals. OG was founded in 1990 as a wholesaler of automobile accessories such as car mats, seat cushions, seat covers, steering wheel covers, air fresheners, etc. M&T Bank approved a \$1,170,000 bank loan with a 48.72% (\$570,000) Authority participation. Proceeds will be used to purchase the project property. Currently, the Company has thirteen full time employees.

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

Prepared by: G. Robins



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: April 14, 2020

SUBJECT: Real Estate Division Delegated Authority for Leases and Right of Entry (ROE)/ Licenses for First Quarter 2020 - *For Informational Purposes Only*

The following approvals were made pursuant to Delegated Authority for Leases and ROE/ Licenses in January, February and March 2020:

LEASES

<u>TENANT</u>	<u>LOCATION</u>	<u>TYPE</u>	<u>TERM</u>	<u>S.F.</u>	<u>CCIT GRANT</u>
The Well Bioscience	Bioscience Center Incubator	Lease Extension	One Year	1,000sf	N/A
Mito Pharmaceuticals	Bioscience Center Incubator	Lease Extension	One Year	125sf	N/A
NJ Biopharmaceuticals	Bioscience Center Incubator	Lease Amendment	5 months	5,250sf (added 1,000sf)	N/A
Molecular Innovation LLC	Bioscience Center Incubator	New Lease	One Year	1,300sf	NJ Ignite Program

RIGHT OF ENTRY/LICENSES/EXTENSIONS

<u>ENTITY</u>	<u>LOCATION</u>	<u>TYPE</u>	<u>CONSIDERATION</u>
North Brunswick Baseball Association d/b/a Youth Sports Festival	Tech Expansion Site, North Brunswick, NJ	ROE for 2020 Carnival	\$0

MISCELLANEOUS

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



Tim Sullivan
Chief Executive Officer

Prepared by: Stacy Pellegrino