

Main Street Recovery Finance Program Listening Sessions

Transcript

07/12/2021

Patience Purdy:

Good evening everyone, and thanks for joining us, we are here this evening to discuss the Main Street Recovery Finance Program and to get your comments and feedback on that program as it moves through the rules and regulations process. You're going to hear from a few of us today and I'm going to go over a few ground rules and helpful hints for as we move through the process, there are communication staff available in the chat they'll be providing links to where you can find more information, public comment will only happen through the raise hand, so we can move to the next slide we'll get this started.

So our introduction five to 10 minutes we'll then we'll do a broad program overview and, at the end of that whereas when we're going to give you the opportunity for to present your comments and to access the actual draft rules and related definitions document you can visit NJEDA.com/program/specific/feedback.

So, about the Economic Recovery Act Governor Murphy signs and New Jersey Economic Recovery Act into law January 7 2021. Additional legislation wasn't acted on July 2 improving the programs established under the ERA. The ERA creates a package of tax incentive financing and grant programs to build a stronger and fair economy and is a broad-based recovery and reform bill that will better position New Jersey to recover from the economic crisis caused by the COVID-19 pandemic. The reason we're here tonight is part of the commitment to transparency and accountability and we're here to talk to you about the programs, and then to solicit your feedback as well, you can always see the Economic Recovery Act at NJEDA.com/economicrecoveryact.

Again, commitment to transparency, equity and faithful stewardship of taxpayer dollars, is very important to us and very important to the state and we welcome your constructive input and as we walk through the process of implementing the programs under the ERA. The NJEDA will be providing multiple opportunities for public input, today's session is one way that we're collecting informal program specific feedback we've also collect general program feedback on the website and there will be formal regulatory feedback as well.

Pursuant to the executive order, this is the night that we've invited you as stakeholders of our programs to hear about the Main Street Recovery Finance Program and provide input. Please make sure that your input is constructive and is based on this specific program the session will start with a presentation that will summarize the draft rules and then end with the opportunity for feedback, the way that that feedback will work is again, you can submit written feedback on the main street program the via website, or at the end of this session, and I think I jumped a

couple slides ahead... At the end of this session will provide for public comment members of the public will have three minutes to speak and you'll get your place in line by raising your hand that hand function that's down at the bottom, if you click that will have you listed in order and will call on you. When we call on you will acknowledge you by name and the order in which you raised, your hand and we'll open up your microphone in order for you to make the statement. Each speaker only has a maximum of three minutes, however, if someone would like to speak again, you can re raise your hand to get back in line, and if we have time at the end we'll certainly allow you to do that. Please do not expect to engage in dialogue, this is not the moment to try and figure out if your particular business or organization is eligible certainly we can provide some clarifying comments and we were very happy to, but this is your opportunity to speak to the program as a whole and tell us your thoughts and provide us your feedback, please remember to maintain proper decorum threw out the presentation and provide your remarks in a civil manner.

At this point, I'm going to turn it over to our chief community development officer Tai Cooper who will walk you through the big broad Main Street Recovery Program.

Tai Cooper: Thanks so much patience, I appreciate that and great overview I'm going to quickly to everybody that's here, thank you for joining us today to share your input on the main street recovery finance Program.

As we begin the long process of recovering from the COVID-19 pandemic, the resources this program makes available to small businesses will be vital to ensuring a strong and equitable recovery. Today's listening session will help us make sure that this program addresses your needs and your concerns in the most effective and efficient way possible.

Since he took office, Governor Murphy has been dedicated to building a stronger very New Jersey economy that works for all new jerseyans. The New Jersey Economic Recovery Activates a new package of programs designed to keep our state moving towards this goal. In addition to our other programs the ERA includes tax credits to incentivize job creation and new construction and revitalization of ground building historic properties, financial resources for small businesses, support for new supermarkets and healthy food, retailers and food desert communities new funding opportunities for early stage companies in New Jersey, and support for the growing film and digital media industry.

One of the governor's top priorities is supporting small businesses and Main Street communities throughout the state. We have done this throughout the pandemic and will continue to do this, as you move forward. Throughout the pandemic NJEDA is provided hundreds of millions of dollars and will lead to more than 75,000 small businesses and other state agencies have provided additional support to help business owners and employees navigate the challenges of the pandemic, that the pandemic created this includes NJ ERA, our partners at DCA and also HMFA.

Now, as we begin to recover from the worst of the pandemic, we are shifting our focus to achieving a stronger fair economy. And that starts here with the mainstream recovery finance

program it's a key component of these recovery efforts and will provide 100 million dollars in grants and loans to small and micro businesses. The program will also develop pilot programs that will provide loans to other micro business lenders like CDFI's and minority deposit institutions increasing their lending capacity to support more New Jersey micro businesses Christina clearly is going to go into way more detail, but I want to give you a little bit more.

In line with governor Murphy and NJEDA's commitment to transparency and public engagement, we are proud to share the draft rules for the program with you today for your input. You know, as small businesses, what resources, you need, and we look forward to hearing your insights on how to ensure the mainstream recovery program is effective and unfair Thank you in advance for listening to all this we're excited about the positive impact this program is going to have and we look forward to help incorporating your ideas to make this a better state. Now I look forward to turning it over to Christina Fuentes, who is the Managing Director of Community development, she has done a phenomenal job and putting this program together, so I hope you guys enjoy her presentation today Thank you so much.

Christina Fuentes: Thanks.

Okay, so I'm going to go into the details, with the Main Street Recovery Program essentially is \$100 million appropriation as Tai said, which will support directly into a fund that comes from treasury to allow Ada to create very specific products and grants and loans. So we're going to highlight those grants today and then some eligibility criteria around those but the grants to small businesses will essentially have to be to New Jersey based small businesses that are defined by SBA as a small business to support renovations operating expenses like lease payments purchasing installation of equipment and FF and E and purchases as well, too, but then also to loans to micro businesses which would be very attractive and low cost financing to really support what we define as a micro business, which is essentially 10 full time employees or less. And then, based on our last taxes term, they would have to have 1.5 million in revenue or less as well too we're also going to provide some resources to eligible lenders that serve micro businesses too and they will get some direct support in terms of grants and loans, they would have to have a demonstrated experience of 10 years or more servicing micro businesses, but those eligible lenders will essentially be Community development financial institutions, otherwise known as CDFI's are minority depository institutions sewn development corporations and cities with a population of 100,000 or more community development corporations and economic development corporation so it's, this is a nice way for EDA to leverage our partners and service micro businesses.

So the rules will essentially encompass two grants that we're going to be offering small businesses. One will be a small business lease agreement which is going to support a business that's going into new space or expanding additional space, and then another grant that's going to be the small business improvement grant which essentially reimburses a business owner who may have made purchases or innovations to install or purchasing or you know to buy additional equipment as well. Businesses actually would be eligible for both of these grants to so they could you know if they're going into new space and then need to buy additional

equipment, they could qualify for both if they fit the criteria next slide please. I'm going to highlight the small business leads grant first, we will be doing a 40% set aside for opportunity zone eligible census tracts and this grant will basically offer anyone who's went signed into a new lease at least 12 months from the point of application would be eligible for this. The grant would essentially cover two grant disbursements one would be at time of approval, so they can get 20% of their yearly lease payments up front at approval then 12 months later, after they demonstrated they paid their leads, they can get another 20% grants to support them and this is really just a sport a business that's going into a new space again or adding additional space and to help them kind of cover the additional costs that would be associated to that. You can as an applicant apply for multiple locations, but it would be one application per location and the fee associated to it would be \$100 fee we're not trying to charge an application fee, but an approval fee, so ensuring that you would move towards an approval at that time, then you would pay your fee and then execute your grant agreement with the va.

Next slide.

So eligibility around this program you would have to meet the SBA definition of a small business and that's determined by your NAICS. You would have to provide a current tax clearance certificate and being good standing with the state. That means department of Labor department of environmental protection, as well, too, and then certify you're not in default of any other EDA products or assistance. And then at time of application, you would have to certify that you would be paying minimum wage requirements as well too. So it would be the greater \$15 an hour or 120% minimum wage rate for tipped employees, though you just have to pay the hundred and 20% of minimum wage rate. And this would be for the term of the grant which for this product, it would be a minimum of five years because that's the requirement around the lease as well. You would have to be willing to commit to that five years and stay in there as well, too, and there'll be a compliance period for each year, demonstrating you are paying your employees those rates, next slide.

In order to be eligible for this, it has to be at least 500 to 10,000 Square.

One more.

So it has to be 500 to 10,000 square feet of office or retail space, which essentially encompasses all commercial space. You can have a building that's over 10,000 square feet and still be eligible, but we're only going to incentivize the 10,000 square feet. It would have to be a new lease an amendment and extension, something that would incorporate at least 500 of additional square footage added to your space. The biggest thing for this is it's going to be a statewide program so we're going to make sure, since it is a Main Street program and have to incorporate street level space, so you could have potentially second floor or a basement space as well, what you would still be eligible for that, but the street level space has to be incorporated, to be eligible. And again, it has to be a minimum of five year term lease as well, it also has to be a market rate lease and we would determine that using costar information as well too. And again at time of application least would have to be executed within the within 12

months to be eligible next slide some exclusions around this grant product would be, you know, we would essentially look for an applicant to not terminate their lease or break the lease just to pursue this grant so you cannot you know end this lease just to pursue the same square footage in order to qualify for the grant. You would have to we do allow entities that. You know if you received an approval for small business least assistance program you can opt out of that still pursue this grant but there's restrictions around the grant would have to be signed after March 9 2020, which is when the governor declared the pandemic, and so it would be 12 months still from that point, so you would have to fall into that gap.

Grantees that are going to default and at least payments or leave the space during the term of their grants would have to repay anything that they may have received because, again, we would be dispersing payments prior so anything if you're going to leave the space would have to be paid back.

We also said, with high tech and business incubator members and nonprofit facilities, would not be eligible, just because it's typically with sometimes state colleges run their own incubators and offer attractive incentives around that too, but an operator of an incubator would be eligible for this product landlords cannot have an ownership interest in the tenant as well.

Next slide so the next grant program would be the small business improvement grant. Again, we're going to do a 40% set aside for opportunities own eligible census tracts this grant will be it's basically reimbursing somebody 50% of their total project costs. The maximum grant award is up to 50,000 and it can go towards interior exterior renovations purchase an installation of new furniture fixtures and equipment and the minimal project costs has to be at least 5000. This would be a limit of one gram per end and if there's an entity that has one end but multiple locations, they can incorporate all those locations into one application also if there's an entity that did renovations plus purchase equipment, you want to make sure you do everything in one application as well to. Again, there will be \$100 approval fee in order to receive the grant agreement and then execute. Next Slide.

Eligibility around this product would again have to fit the SBA definition of a small business. They would have to be in commercial space either own it or rent it or operate the facility themselves and also have to provide a tax clearance current tax clearance certificate and demonstrating they're in good standing states where department Labor department, environmental protection, as well, and certifying that they're in good standing with EDA. This product also would have to certify that at time of application they'd be willing to pay the minimum wage requirements and, for some reason I can't see that bullet point. But anyway, it's the greater \$15 and there we go Thank you nonprofits and commercial businesses are eligible for the program too. Just to highlight again the minimum wage requirements will be similar to the other program where you would have 15 the greater of \$15 an hour or 100% 120% of minimum wage and if they're tipped employees it's just 120% minimum wage, so an application they don't have to do that, but they'd have to certify going forward for their compliance period they're willing to do that.

Project eligibility for the improvement grant would be again reimbursing interior exterior and building improvements and fitting into the criteria of FF and E as well. Home based businesses would be eligible, but only for FF and E we can't support any type of renovations to homes as well, so. The work would have to be completed on or after March ninth, 2020 but no more than two years prior to the application date.

And they would have to demonstrate documentation of payment that the work was actually completed so this can be done through invoices statements payments are canceled checks. The total cost cannot be, it has to be at least 5000 and then the applicant would be responsible for their own local approvals, so if there's a requirement around zoning or permitting that would be up to the applicants to pursue. And projects that are over 50,000 would be subjected to green building standards for lighting and mechanical work. So any type of Interior exterior lighting just making sure you're choosing the right light bulbs, and then for any type of HVAC systems, you and make sure that you would be incorporating efficiency units and if you're doing a project, the size, it is a definite benefit to the business owner.

If the applicant is leasing space they essentially would have to just get permission to make those improvements as well too if it's not identified in their lease and any... if you're utilizing you know, a contractor that has more employees and will be informative action requirements and essentially just a form the contractor would have to fill out and provide to us for the application. Next Slide

So the essential requirements around these two grants and additional products that may be created. If there's any type of grant it has to have the wage requirements that have been identified, so it would have to be employees with the paid greater than \$15 an hour or 120% of minimum wage, except if it's a tipped employees just the hundred and 20% and the wage. EDA would monitor this annually and collect the necessary information to prove that and then also. The Green building standards would be applicable as well, so as I've highlighted in the improvement grant for any project over 50,000 would have to demonstrate that they adhere to these building standards through a form that will be having part of the application process as well, very similar to the affirmative action. Also with the least grant you would have to commit to the facility for at least five years and staying in compliance with that. For the small business improvement grant for any grants less than 25,000 you would have to commit to remaining in the facility and then also the wage requirements for at least two years if your grant is over 25,000 you would have to remain into the facility and the wheat requirements for at least four years. And this would be all identified in the grant agreement as well.

We will also have the ability to do some future pilot programs as well too. So we have a micro business loan program that we could look to offer some attractive capital out there, up to 50,000 provide loans to micro businesses. The wage requirements would not be applicable, because these are lending products, but would still have to be in good standing with the state. But we have very attractive products to be able to offer So if you don't fit into the grant per se there's potential to have access to capital through these programs as well to. We would also look to leverage our micro business lenders, as highlighted before, and so we would look to

provide them resources and provide potential grant and access to capital as well, so, then we can look to them to lend out to our micro businesses to support them throughout the state too. Some type of technical assistance that they could potentially provide is really around providing it to the micro business to in order to access the capital so if they need credit repair services for help with a business plan or doing projections or financial statements they could offer those through these products as well too.

And I think that's it.

I will kick it back over to patience.

Patience Purdy: Thanks Christina that was great and so we're going to move into the public comment portion of our Program. And so, just a few reminders if you do want to go online and find out some more information and spend some more time looking at this, these slides, as well as in depth information is available on the website to provide written feedback on the main street program you can go to NJEDA.com/program/specific/feedback and you can find all of the programs within the Economic Recovery Act on our website as well. And as far as public comment we're going to start with those who have their hands raised and i'll call on you, we will unmute your MIC and then you'll have the opportunity to. Provide your feedback Andrew Parker we're going to start with you, you should be unmuted and ready to go.

Andrew you may have to click on mute on your own as well once we've given you that authority.

Andrew Parker: Okay, can you guys hear me.

Patience Purdy: We can thank you.

Andrew Parker: All right, thank you I'm going to be honest, I... I hit the button by mistake so I'm going to make up a question here. I have the microphone.

I know that part of the program as I was listening is to make sure that there's accountability when how this these monies are dispersed and who's receiving the monies. And I was just you know wondering, we can go into a little bit more detail and how that's gonna work in terms of from the state, bringing it down to the county economic development, down to the local economic development commissions in our municipalities. To be able to help the businesses in our area.

Christina Fuentes: Okay, so it's Christina, there's going to be a whole separate part of this, this is really just going over the ranks and the rules about the products and then be able to be offering you know sessions to be able to teach people the application part of this. So we would definitely would look to our partners to be able to help educate them about how to access these programs and then what the actual application process would essentially be that's to

come, though I have to essentially do the regs get them on board approved create the products, and then we move forward with that.

Andrew Parker: Gotcha thank you.

Patience Purdy: Christina there's a there's a question in the chat that I think is worth it, addressing here, and I think it's a good one, the set aside for businesses located and designated opportunity zones.

Is that specific to the opportunity zones or is it for the census tracts that were eligible to be designated as opportunities happens.

Christina Fuentes: it's the eligible census tracts, which is the larger number Thank you yeah.

Patience Purdy: So I lost my participant list can you just a second.

Tai Cooper: While you're looking at that patient somebody also asked us is ty if the slides will be available in Spanish as well that's an easy one to fans there, while we're waiting for your participant list.

Tai Cooper: So the answer for that will be yes.

Patience Purdy: And so the next person his hand is raised is Anna Perry, Anna.

Patience Purdy: You should be able to unmute your MIC and provide your comment.

Ana Perry: Yes, Sir, can you hear me now yes Okay, I have a question you mentioned, there will be like a training on how to apply and to fill out the application. How will you get funding information about that, and when these the school to take place in time where.

Christina Fuentes: I'm so we still have to get this approved by our board the actual programs, and then, from that point forward so I don't really want to put a time on when this would actually be out there, but I'm guessing likes right like late fall, maybe. But just like we announced this and we push it out to the public, you would definitely know you know we would provide the resources to you as well to.

Ana Perry: Ok thank you and one more thing, ...becomes sole proprietor Am I eligible.

Christina Fuentes: Yes, yeah there's no restriction it's there's certain business type restrictions, but soul props are not like I mean we have certain around nonprofits. But for the most part, pretty much everyone would be eligible for this it's just lobbying and church restrictions typically so but, sole props would not be disqualified.

Ana Perry: Excellent Thank you very much in, as you mentioned, we will get the information about it in autumn, it will be a by email to the main email, I mean how how this information will be distributed to us.

Christina Fuentes: So I always recommend to people to go to NJEDA.com and you scroll to the bottom, and you can sign up for our newsletters where all of our information that goes when it's approved at board is.

Patience Purdy: Essentially, put up.

Christina Fuentes: The public, from that point so if you haven't done that, yet I would highly recommend you do that's because it's a good tool. And then we would also have designated information on our direct website and G D comments well about these products and programs and how to pursue them.

Ana Perry: Thank you very much appreciate it.

Patience Purdy: Thanks Christina so just for anyone that is there and not feeling like raising their hand and asking a question, please keep in mind that you can present your feedback online at NJEDA.com/program/specific/feedback and as well on the ERA looking at more information on the economic recovery, act as a whole is available at NJEDA.com/economicrecoveryact we will be doing other sessions and listening session so tell your friends, where our next session is tomorrow at... don't have it right in front of me.

Christina Fuentes: 2

Patience Purdy: Are going to in a second tomorrow at two o'clock and then we'll have another one on Thursday.

Christina Fuentes: 10am

Patience Purdy: And at 10am Thank you. Had those up in front of me I apologize so. Tell your friends tell your neighbors join us on one of those if you couldn't join us today or, if you could join us today and you're looking to get some more information, we welcome you back and everybody have a really nice evening thanks for thanks for coming and listening.

Christina Fuentes: Thank you.