



**MEMORANDUM**

**TO:** Members of the Authority

**FROM:** Tim Sullivan  
Chief Executive Officer

**DATE:** July 25, 2018

**SUBJECT:** Agenda for Board Meeting of the Authority July 25, 2018

**Notice of Public Meeting**

**Roll Call**

**Authority Matters**

**Bond Projects**

**Public Comment**

**Adjournment**

**AUTHORITY MATTERS**



**MEMORANDUM**

**TO:** Members of the Authority  
**FROM:** Tim Sullivan  
**DATE:** July 25, 2018  
**RE:** Incubator and Collaborative Workspace Rent Initiative

**Summary**

The members of the Board are requested to approve a \$500,000 pilot grant program called the Incubator and Collaborative Workspace Rent Initiative (ICWRI). The program will provide 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. The pilot program will be capitalized through the Economic Recovery Fund (ERF).

The program is structured as a public-private partnership, where the EDA provides funding to the incubator or collaborative workspace to support the first months of a technology or life science company's rent at the New Jersey workspace; and the workspace is required to provide additional rent support for a total grant of 3-9 months. The incubator or collaborative workspace can only utilize the grant funding for technology and life science companies that agree to continue renting space at the facility for an additional 3-9 months (matching the number of grant-funded months). To participate in the grant program, the partnering incubator or collaborative workspace must also commit to hosting at least 10 ecosystem/community building events each year (e.g., meet-ups, resident professional service office hours, education sessions, supplier or customer match-making events, etc.). See below and exhibits A for additional program details.

The ICWRI has three objectives, all of which help grow the innovation economy:

1. Provide support to New Jersey's 45+ incubators and collaborative workspaces (and encourage the creation of new facilities) by increasing the number of young company tenants
2. Reduce the financial burdens for young technology and life science companies to enter incubators and collaborative workspaces, thereby increasing participation rates and improving the State's innovation ecosystem
3. Further, improve the State's innovation ecosystem by incentivizing more incubator and collaborative workspace-based events

It is well documented that young companies have a higher chance of success when they work in an incubator, accelerator or other collaborative workspaces. These spaces foster community engagement, provide needed support and encourage accountability among entrepreneurs. Connecting into these communities helps young companies navigate early challenges that can stall rapid company

growth. Similarly, increasing the number of companies in these spaces helps increase the density and visibility of the State's innovation ecosystem. Ultimately, a stronger innovation ecosystem leads to more successful companies that go on to scale and create high-quality jobs for the State.

While the benefits of working in a collaborative workspace are clear for young-startups, these companies are often capital constrained and must choose between paying rent, investing in product improvements or hiring additional talent. The ICWRI helps address this barrier while simultaneously enhancing demand for the State's incubators, accelerators, and co-working spaces.

This program aligns with EDA's and the Administration's efforts to support the innovation economy and fills a gap in EDA's current portfolio of support for very early-stage companies. Existing EDA programs for very early-stage companies currently focus on match-making and ecosystem building. For example, the NJ Founders & Funders program facilitates introductions between emerging New Jersey technology and life sciences companies and angel/institutional investors. The ICWRI will allow EDA to also provide financial support to these companies.

As these start-up companies mature, they can take advantage of EDA's other Innovation Economy support programs such as: direct investments through the NJ CoVest Fund, Edison Innovation Angel Growth Fund, and Edison Innovation VC Fund; monetization of tax and R&D credits through the Technology Business Tax Certificate Transfer Program (commonly known as the NOL program); investment attraction through the Angel Investor Tax Credit Program; and mentorship and lab/office space through one of EDA's Biotech Incubator and Research Park facilities.

### **Background**

Incubators, accelerators and other collaborative working facilities bundle office/lab space for young companies with educational events and mentorship support. The benefits of entrepreneurs participating in these types of collaborative work spaces are well documented, including increased productivity and motivation, easier access to information, faster setup timelines, and increased brand exposure – all which contribute to a higher likelihood of success.

These types of collaborative workspace communities have grown throughout the United States. EDA staff have identified 45+ collaborative sites in New Jersey (31 co-working facilities, 7 incubators, and 8 accelerators). However, the State lags other innovation-oriented states such as New York, California, and Massachusetts in collaborative workspaces per capita. One way to incentivize the expansion and creation of new collaborative working spaces is by providing rent support to help attract new tenants. This support can be especially effective for newly established collaborative workspaces that are looking to build up their internal innovation community.

Many NJ startups in their early development stage choose to not move into a collaborative workspace because of the cost. They do not have enough capital to support growing their business while paying rent. Further, many of the most desirable NJ sites have upgraded their spaces with premium features including conference facilities with state-of-the-art video capabilities, on-trend open layouts, career development events, and 24/7 access – all of which have driven up monthly rental prices. For this reason, numerous startups have chosen to continue working remotely or move into standard office spaces that do not offer a collaborative working environment.

**ICWRI commitment structure and length**

To address the above opportunities, EDA staff is proposing the creation of a \$500,000 grant pilot program to finance 2, 4 or 6 months of a technology or life science company’s rent at a New Jersey Incubator, accelerator or other collaborative facility. EDA will provide the grant funding to an approved workspace to fund the rent of a technology or life science company. EDA will only make a grant if the approved ICWRI partner has agreed to match the grant on a 1:2 basis. Also, the ICWRI host may only use the grant funding to support tenant companies that commit to continuing to work at the facility for the same length of time as the total sponsored period – EDA grant plus the host site grant.

For example, a grant that covers 2 months of rent from EDA must be matched by a 1 month of rent from the ICWRI partner and an additional 3-month stay by the company at the space (see details in the chart below).

<b>Program Commitment Structure</b>			
<b>A. EDA Support</b>	<b>B. Space Support</b>	<b>C. Tenant Commitment <i>1 x (A+B)</i></b>	<b>Total Commitment A+B+C</b>
2	1	3	6
4	2	6	12
6	3	9	18
<i>*all numbers represent months</i>			

To further assist the growth of incubators and collaborative workspaces, EDA will provide an additional month of grant funding for each of the following three bonus categories:

- i) Located in a designated *Opportunity Zone* census tract
- ii) Affiliated with a hospital system or a New Jersey university
- iii) Been open less than 90 days from day of application and cannot be in the same location as an existing facility.

All three categories can be utilized or “stacked,” however, the per tenant cap remains at \$15,000. These additional “bonus” months from EDA do not have to be matched by either the workspace or the tenant.

**ICWRI qualification criteria and process**

To qualify as an approved ICWRI partner site, an incubator or collaborative workspace must certify (citing specific, verifiable details as appropriate) that they have or have had a minimum of 5 unique paying tenants within the last 2 years (tenants must have an arms-length relationship with the ICWRI partner), have a cost of operating their facility (e.g., rent, mortgage, or company charge-back), offer hot desks, dedicated desk or private offices space, and will host at least 10 innovation ecosystem building events (e.g., meet-ups, resident professional service office hours, education sessions, supplier or customer match-making events, etc.) each year they participate in the program. ICWRI interested applicants formed less than 90 days before the approval request may qualify for the program, if they have at least 3 signed prospective lease agreements and meet all other program requirements.

The ICWRI partner must also certify that the rent charged to program participating tenants is the same or comparable to the rates charged to other community members. They must submit a

satisfactory NJ tax clearance and a registration certificate to conduct business in NJ. The Authority will reserve the right to conduct site visits and/or audit to confirm any statement made in the collaborative workspace's certification. In instances where statements made in the workspace certification are found to be inaccurate, EDA may remove the Incubator and Collaborative workspace from program participation.

Once a workplace is approved, they are eligible to apply for a ICWRI grant. To apply, a workspace must reach an agreement with a prospective tenant on the length of the workspace's rent grant (1, 2, or 3 months). EDA's grant will be for 2x the collaborative workplace's commitment. The ICWRI partner must submit a grant application for this real estate partnership to EDA for approval. This grant application will include a certification (citing specific, verifiable details as appropriate) from the tenant company. This tenant certification will confirm that the company is: a technology or life sciences company that is less than 3 years from earliest formation, has less than 10 employees (1099, W2, or common law employees), has less than \$1,000,000 in trailing twelve months gross sales, has a minimum of one full time NJ employee (i.e., works more than 35 hours per week for the company) that will be working in the facility, and has not previously utilized a collaborative workspace in NJ (use of out-of-state collaborative workspaces does not disqualify the tenant).

The application must also append the tenant's registration certificate to conduct business in NJ, a 2-page company executive summary, and a lease or membership agreement with the approved collaborative workspace facility for a period no less than the total occupancy required by the grant. The lease or membership agreement may be contingent on the award of the grant and must be signed and finalized within +/- 30 days of the date of submission of the grant application (pending timely approval by EDA). Incubator and Collaborative workspace memberships that include access by the NJ tenant company to sites outside of the State are not permissible under this program.

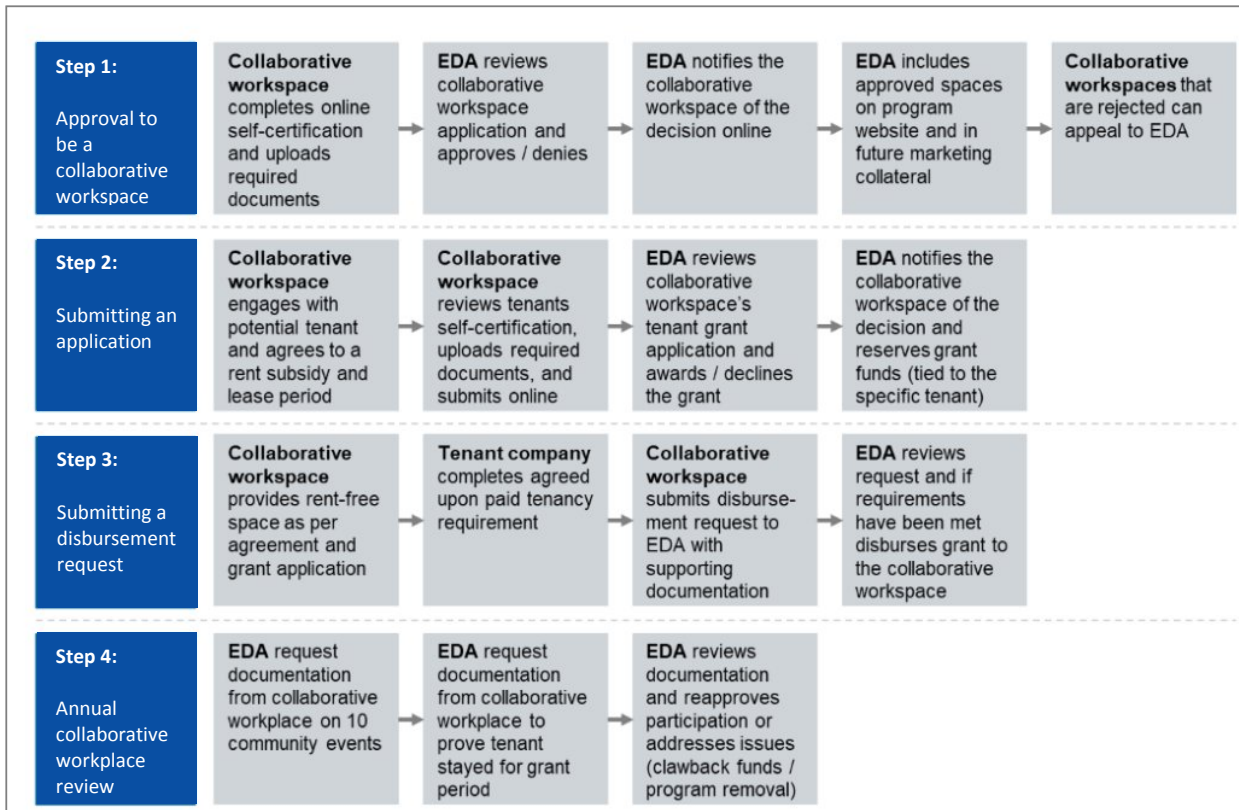
As part of the self-certification, the tenant must agree to allow the Authority to conduct site visits and/or audit the tenant to confirm any statement made in the tenant's certification. In instances where statements made in the tenant certification are found to be inaccurate, EDA may retract the grant and the ICWRI partner must return all unused portions of the funding.

To trigger the disbursement of the EDA grant, the ICWRI partner must have met its grant-supported rent commitment, and the tenant company must have remained at the facility for the additional tenancy period. The host will then submit a funding disbursement request with documentation that confirms both requirements have been met. EDA will review the documentation and pending any questions; the grant will be disbursed directly to the collaborative working space.

As part of this pilot program's requirements, the Incubator or Collaborative Workspace host will be required to hold a minimum number of 10 innovation ecosystem-building community events each year, including professional office hours (e.g., domiciled experienced attorney, accountant, investor). During a yearly collaborative workplace review, the ICWRI host partner will need to provide evidence that it hosted the 10 events. If there is no evidence that events were held, the facility will be removed from the approved ICWRI program list and not be able to participate in the program moving forward, but existing grants for tenant companies will not be revoked. In such cases, EDA will help the tenant companies source access to community events at another collaborative workspace. As part of the same annual review, EDA will request documentation that rent grants were fully utilized for the tenant companies for which each grant was awarded. If a company did not stay for the entire grant period, the ICWRI partner must refund EDA for the portion of the grant that was not used. For

example, if EDA provided a 6-month rent grant, but a tenant company left the workspace after 2 months, the ICWRI partner must refund EDA the remaining four months of rent.

Following are the steps for the grant process as detailed herein.



**Additional ICWRI consideration and definitions**

To make the program flexible to market demand and differing workspace operating strategies, each ICWRI partner will utilize its decision-making criteria when determining which tenants and for how long it would like to co-invest. For example, an accelerator program that already has high occupancy may choose to use the program selectively and only offer a maximum of 1-month rent grant on private office space, whereas a brand new co-working space might offer 2-months supported rent on its hot-desk, dedicated desks, and private offices to all companies that are trying a New Jersey-based incubator or collaborative workspace for the first time.

The maximum lifetime grant amount that can be provided to a workspace for use toward the rent of the same company under this program is \$15,000. The maximum amount of EDA grants that a workspace can match during the pilot is \$150,000

This program is designed to influence the behavior of incubators and other collaborative spaces along with the behavior of early stage companies that are less mature and face greater resource constraints than many of EDA's traditional loan, bond, or incentive applicants. Also, this program is designed to be highly scalable while still providing rapid application response times. Given these considerations, EDA is purposefully utilizing self-certifications for collaborative workspace approvals and tenant grant applications that reduce administrative burdens on applicants. This

reduced burden is meant to encourage broader program participation; however, we acknowledge that it also increases EDA's potential risk exposure. As the average level of support offered through the ICWRI is much smaller than many of EDA's other programs, EDA believes this tradeoff is appropriate and will yield a net positive benefit for the State's innovation economy.

The EDA staff estimates that pilot funding can support between 50 and 100 companies over an anticipated 6-12-month disbursement period. The EDA staff will revisit the opportunity after the first 6 months of disbursement and will report back to the Authority's Board on program metrics and pre-defined pilot success criteria.

For purposes of the ICWRI, technology and life sciences, as broadly defined, shall include advanced computing, advanced materials, biotechnology, electronic device technology, information technology, food technology, life sciences, medical device technology, health care technology, logistics technology, mobile communications technology, agriculture technology, and renewable energy. The EDA staff will provide any suggested changes to this definition at the end of the pilot program.

Additional guidelines and requirements are listed in attached Exhibit A. The launch of the new program is anticipated no later than the end of the third quarter of 2018.

**Delegated authority**

Beginning in July 2003 the Members of the Authority have been asked to delegate signing authority to staff on certain financing and incentive transactions, to create efficiencies for our customers and provide fluidity to our business. As the approvals anticipated in the ICWRI are anticipated to be routine in nature with very limited Authority exposure, and a shortened response time is critical to the success of the startup business, staff is requesting delegation from the Board to approve these ICWRI grants [Level 4: Vice President of TLS and recommending officer] when all program criteria outlined herein are satisfactorily met. This request is similar to other EDA programs of similar scope and size. All applications that staff recommends for declination, whether of entities seeking to participate in the program as collaborative workspace or of grants, will be presented to the Board. If program expands beyond the pilot stage, these delegation levels are to be revisited by the Board.

**Recommendation**

The Members are requested to approve the creation and implementation of the ICWRI pilot utilizing \$500,000 in ERF funding resources as substantially described in the attached Exhibit A.



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Tim Sullivan, Chief Executive Officer  
July 23, 2018

Prepared by: Rachel McCauley

Attachment:

- Exhibit A – ICWRI Specifications



**Exhibit A – Incubator and Collaborative Workspace Rent Initiative  
Proposed Program Specifications**

<b>Funding Source</b>	Total funding for Incubator and Collaborative Workspace Rent Initiative (“ICWRI”) will be \$500,000 using eligible Authority funds from the Economic Recovery Fund (ERF).
<b>Program Expiration</b>	Program to operate on a pilot basis-funds will be committed within an estimated 6-12 months from acceptance of the first application or until such time that the funds are depleted.
<b>Administrating Agency</b>	New Jersey Economic Development Authority (the “EDA”)
<b>Program Purpose</b>	The purpose of the program is to further improve the innovation ecosystem within NJ by: i) increasing the number of young companies working in collaborative spaces thereby supporting collaborative working space ecosystems and incenting development of additional collaborative working spaces; ii) reducing the financial barriers for smaller cash-constrained start-ups to work in the collaborative spaces; and iii) encourage new and existing collaborative working spaces to provide more ecosystem support for their tenants.
<b>Collaborative Work Space Eligibility Requirements</b>	<p>To be accepted as an ICWRI facility, the collaborative workspace, needs to sign a verification form that certifies (citing specific, verifiable details as appropriate) that they meet the following requirements:</p> <ul style="list-style-type: none"> <li>• Located in New Jersey</li> <li>• Has a minimum of 5 unique paying tenants over the last 2 years (tenants must have an arms-length relationship with the collaborative workspaces owners and operators); collaborative workspaces formed less than 90 days prior to the approval request may qualify for the program if they have at least 3 signed prospective lease agreements and meet other requirements</li> <li>• Has a cost of operating the facility (e.g., rent or mortgage or internal corporate charge-back)</li> <li>• Offer at least one variety of work space - private office space, hot-desks or dedicated desks</li> <li>• Will host at least 10 innovation ecosystem building events a year (examples of events include: meet-ups, speaker series, office hours for lawyers/ accountants/ consultants/ investors)</li> <li>• Will charge rent to tenants and confirm that the rent charged to the startup and being funded by the EDA is the same or comparable to the rates charged to other community members.</li> <li>• Will provide free rent to the startup company as defined in the program parameters outlined herein.</li> <li>• Qualifications for a “New” facility             <ul style="list-style-type: none"> <li>○ Must be less than 90 days old from application date</li> <li>○ Cannot be an expansion of an existing facility (i.e., adding additional square feet in the current building)</li> </ul> </li> </ul> <p>In addition to the verification form, the collaborative workspace must provide the following supporting documentation:</p> <ul style="list-style-type: none"> <li>• Satisfactory NJ tax clearance</li> <li>• Registration certificate to conduct business in NJ</li> </ul>

<p><b>Eligibility Requirements for Tenants Companies partnering with the Collaborative Workspaces</b></p>	<p>The collaborative workspace should ensure the tenant company signs a verification form that certifies (citing specific, verifiable details as appropriate) the company meets the following requirements:</p> <ul style="list-style-type: none"> <li>• Is less than 3 years from the date of earliest formation</li> <li>• Has less than 10 employees (1099 and/or W2)</li> <li>• Has less than \$1,000,000 in trailing twelve months gross sales from application submission</li> <li>• Has a minimum of one full time (i.e., works more than 35 hours per week for the company) NJ employee that will be working in the facility (1099, W2, and common law employees are eligible)</li> <li>• Has not previously utilized a collaborative workspace in NJ (use of out-of-state collaborative workspaces does not disqualify the tenant)</li> <li>• Is a technology or life science firm (see definition above)</li> </ul> <p>The company must support its verification form with the following documents:</p> <ul style="list-style-type: none"> <li>• Registration certificate to conduct business in NJ</li> <li>• 2-page executive summary</li> <li>• Satisfactory signed lease or membership agreement with an approved collaborative workspace facility for a period of time no less than the total occupancy required by the grant</li> <li>• The lease must be for the facility in NJ, not a universal membership</li> </ul> <p><i>The tenant must agree to allow the Authority to conduct site visits and/or audit the tenant to confirm any stamen made in the tenant’s certification.</i></p>
<p><b>Grant amount</b></p>	<ul style="list-style-type: none"> <li>• Determined based on application request for number of months at the standard rent rates charged to all other applicant companies at the specified community for similar space</li> <li>• Maximum base reimbursement of 6 months’ rent, when first matched with 3 free months from the collaborative workspace and 3 paid months by the tenant</li> <li>• Grants are eligible for up to three 1-month bonus months of EDA provided rent support, which do not need to be matched by the collaborative workspace or the tenant. One bonus month of rent support is provided for each of the following three categories: i) the collaborative workspace is in an <i>Opportunity Zone</i>; ii) the collaborative workspace is affiliated with a NJ university or healthcare facility; iii) the collaborative workspace has opened within the last 90 days</li> <li>• Maximum amount per tenant company: \$15,000 (including bonuses)</li> <li>• Maximum amount per facility for pilot program: \$150,000</li> <li>• Amount of grants that are not utilized for rent for the tenant company identified in the application will be clawed back by EDA during annual collaborative working space reviews</li> </ul>
<p><b>Funding Disbursement</b></p>	<ul style="list-style-type: none"> <li>• Full amount of the grant will be disbursed after the collaborative workspace has met its months of commitment in the space and the tenant company has remained for the additional months, from either 2, 4 or 6-month EDA funded amount as per ICWRI requirements - all disbursement will be made directly to the collaborative workspace for the benefit of the rent expense of the tenant company.</li> </ul>

<p><b>Application and Approval Process</b></p>	<ul style="list-style-type: none"> <li>• All NJ based collaborative workspaces must apply for participation into the ICWRI as detailed herein.</li> <li>• The collaborative workspace will apply for a grant to the EDA once it has partnered with a tenant company (e.g., signed a lease or a lease contingent on grant funding to start within 30 days +/- from grant application submission date).</li> <li>• Funds will be reserved for approved applicants while awaiting achievement of disbursement milestones.</li> <li>• The EDA is responsible for reviewing and approving the applications by ensuring that they submitted the necessary required documentation.</li> <li>• Applications will be reviewed on a rolling basis until all funds are committed, or program sunsets.</li> </ul>
<p><b>Fees</b></p>	<p>None</p>
<p><b>Commitment to NJ</b></p>	<p><u>Incubator and collaborative workspace participation:</u></p> <ul style="list-style-type: none"> <li>• Invest in a NJ early-stage technology or life sciences company by providing 1, 2, or 3 months of free rent.</li> <li>• The facility will need to make a commitment to holding 10 community events per year (e.g., host meetups, office hours for accountants/lawyers/investors/consultants, panels). Failure to perform the above may result in removal from the program and negatively impact the ability of the collaborative workspace to qualify for future EDA programs.</li> </ul> <p><u>Grant:</u></p> <ul style="list-style-type: none"> <li>• The workspace must confirm that the tenant company tied to the grant remained at the facility for at minimum the entire program commitment period. The program period includes the workspace grant rent period, tenancy period that is 1x the total grant funding, and EDA grant funded period. If the tenant company leaves the space before the full program period, the Collaborative Space will be required to refund the portion of the grant that was not utilized for the specific tenant rent.</li> </ul>



## MEMORANDUM

**TO:** Members of the Authority

**FROM:** Tim Sullivan  
Chief Executive Officer

**DATE:** July 23, 2018

**RE:** Economic Development Strategic Planning Consulting Services for the State of New Jersey

### Request

The Members of the Board are requested to approve entering into a contract with McKinsey & Co. to provide services to the New Jersey Economic Development Authority (“Authority”) to assist in developing a state-wide economic plan that will help shape New Jersey’s path forward and restore its place as a global economic leader.

As the Authority is committed to creating a stronger, dynamic economy that provides opportunity for all, the Authority solicited proposals to develop an economic plan and to develop strategies in three “deep-dive” areas for the Authority and its partner agencies, in coordination with the Governor’s Office. The solicitation asked proposers to develop a sequential approach to reach short-term and long-term goals, including but not limited to the following initiatives:

Phase I – proposed timeframe 1-3 months

1. Development of a state-wide economic development plan.
2. Assessment of other states’ incentives, investment programs and proposal of a set of incentive programs to support the above state-wide economic development plan.

Phase II – proposed timeframe 4-6 months

3. Analysis of clean energy financing tools that New Jersey could utilize, including an assessment of the potential for a Green Bank.
4. Development of an overseas investment and business attraction strategy and operational plan.

The contract award is not to exceed \$1.895 million (\$1,895,000). The contract provides for an initial two (2) year term. The Authority may possibly request additional strategic planning or other future, unspecified related services from the Vendor during the two-year term on a

requirement basis but is under no obligation to solicit a proposal and/or retain the Vendor to provide such additional services. Compensation for additional services shall be based on a time and materials fee, in accordance with the Vendor's proposed rates as specified in the Fee schedule. The Authority will request such additional services using project task orders and will directly negotiate the scope and duration of such task orders with the awardee based upon the same prices, terms, and conditions as stated in this RFQ, the Contract, and the awardee's proposal. The Authority will come back to Members of the Board at that time for recommendation.

### **Background**

As a State Independent Authority authorized to contract independently, the Authority is permitted to utilize the Federal Supply Schedules of the General Services Administration and other federal supply schedules, promulgated by the Director of the Division of Purchase and Property, without publicly advertising for bids/proposals.

The vendors who receiving proposals were selected from GSA e-Library, per GSA Schedule SIN Category 874-1 Integrated Consulting Services. There were 1,680 Contractors who held GSA Schedules under this SIN Category on May 22, 2018. Eight (8) GSA Contractors were identified to receive proposals, who were all classified as Large Consulting firms on their GSA contract Schedules. Three proposals were received by the due date of July 9, 2018.

An evaluation committee ("the Committee") comprised of the Senior Vice President of Operations; the Senior Vice President of Finance and Development; the Chief of Staff; the Managing Director of Audit, Compliance, and HUD services; and the Director of Policy, Planning, and Research reviewed and scored the three responsive proposals.

As part of its review and evaluation of the proposals, the Committee considered a group of pre-established evaluation criteria, published in the Request for Quote (RFQ), which included multiple factors that were established in the RFQ, including documented experience with contracts of similar size and scope, and experience of personnel assigned to the proposal, among other factors.

Based on a review of proposals, the Committee recommends the selection of McKinsey & Co. This company demonstrated the necessary experience to undertake the services related to the Scope of Work. Based on a scoring of "1" through "5" with "1" representing "Poor" and "5" representing "Excellent," McKinsey received an overall score of 3.95. Boston Consulting Group, Inc. received a total score of 2.54 and PriceWaterhouseCoopers Public Sector received a total score of 2.92. These companies did not meet the required score of three (3) or higher to be considered for award. The Evaluation Committee Summary matrix form is attached.

### **Process and Payment**

The consulting firm will submit invoices to the Authority upon completion of each phase of the process, as outlined in the RFQ, once the authorized, completed work is approved by the

Director of Policy, Planning, and Research, who will be responsible for the contract management.

The Authority, in its sole discretion, has the right to require additional information, documentation and/or justification upon receipt of an invoice for payment and prior to approving such invoice for payment.

Authority staff were asked to obtain a Best and Final Offer (BAFO) from McKinsey & Co from their "Lower" Weekly costs. Revised pricing was submitted representing a negotiated cost savings of: \$100,000.

**Recommendation:**

The Members' approval is requested to enter into a two (2) year contract. The contract award is not to exceed \$1.895 million (\$1,895,000). The final contract will be subject to the approval of the Authority's Chief Executive Officer and the Attorney General's Office.

A handwritten signature in black ink, appearing to read 'T. Sullivan', with a long horizontal flourish extending to the right.

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Tim Sullivan, Chief Executive Officer



**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY**

**EVALUATION SCORE SUMMARY**

<b>RFQ/P / BID #:</b>		<b>2018-GSA RFQ-080 (7/9/18)</b>						
<b>RFQ/P TITLE:</b>		<b>Strategic Plan Consulting Services</b>						
<b>REQUESTOR:</b>		<b>Allison Kopicki</b>						
<b>DEPARTMENT:</b>		<b>Policy &amp; Planning</b>						
ITEM #	EVALUATION CRITERIA	% WEIGHT	BOSTON CONSULTING GROUP (BCG)		McKINSEY & CO		PRICEWATERHOUSE COOPERS (PWC)	
			TOTAL SCORE	WEIGHTED SCORE	TOTAL SCORE	WEIGHTED SCORE	TOTAL SCORE	WEIGHTED SCORE
1	<b>Personnel:</b> The qualifications and experience of the Proposers management, supervisory, and key personnel assigned to the contract, including the candidates recommended for each of the positions/roles required, as evidenced by: RFQ/P Section 4.4.4 Organizational Personnel & Experience - Incl. Sections: 4.4.4.1 to 4.4.4.5	20.0%	2.75	0.55	4.20	0.84	2.50	0.50
2	<b>Experience:</b> The Proposers documented experience in successfully completing contracts of a similar size and scope in relation to the work required by this RFP, as evidenced by: RFQ/P Sections 4.4.4 Organizational Personnel & Experience; including Sections 4.4.4.6 & 4.4.4.7	20.0%	2.85	0.57	4.05	0.81	2.60	0.52
3	<b>Technical Proposal:</b> The Proposers demonstration that the Proposer understands the requirements of the Scope of Work and presents an approach that would permit successful performance of the technical requirements of the contract, as evidenced by: RFQ/P-Section 4.4.3 Technical Proposal - Incl. Sections 4.4.3.1 to 4.4.3.4; and Section 4.4.6 Reporting	40.0%	3.05	1.22	4.25	1.70	2.25	0.90
4	<b>Pricing:</b> Per RFQ/P, Section 4.4.5 Fee Schedule & 6.7.2 Evaluation Criteria for Fee Schedule and Memorandum #1, 2 & 3. There are TWO (2) different Fee Schedules provided. A. Fee Schedule A (BLUE) is for GSA Team/Weekly pricing, per Proposer's SIN 874-1 Schedule; B. Fee Schedule B (GREEN) is for GSA Hourly Rate pricing, per Proposer's SIN 874-1 Schedule. <b>AWARD CRITERIA:</b> Fee Schedule A or B for Phase 1, Sections 1 & 2 and Phase 2, Sections 3 & 4's TOTAL Costs will be used for evaluation purposes. Cost increases for each extension year will not be included in the TOTAL COST, because there is no guarantee this will be funded beyond the initial contract term. <b>SCORING:</b> TOTAL COST will be ranked from lowest TOTAL cost = (Score of 5) to the highest TOTAL cost = (Score of 1). Scores between the lowest and highest TOTAL cost will be given a (Score of 3).	20.0%	1.00	0.20	3.00	0.60	5.00	1.00
<b>TOTAL WEIGHTED SCORE</b>		100.0%		2.54		3.95		2.92
<b>ON A SCALE OF 1-5, EVALUATE AND SCORE THE ABOVE PROPOSAL AS FOLLOWS:</b> 1 - POOR    2 - FAIR    3 - GOOD    4 - VERY GOOD    5 - EXCELLENT								

## **SCOPE OF WORK**

The Authority is committed to creating a stronger, dynamic economy that provides opportunity for all of our communities and our residents. New Jersey's numerous assets—including its public transportation system; walkable, vibrant communities; diverse, educated workforce; and advantageous location—have not been capitalized on or developed to their fullest potential in recent years.

The RFQ is soliciting proposals for the phased development of a state-wide economic development strategic plan that will help shape New Jersey's path forward and restore its place as a global economic leader and also solicits support for three additional "deep-dive" areas for which EDA and its partners are interested in developing a clear path forward.

### **3.1 PROJECT MANAGEMENT & TIMELINE DELIVERABLES**

The successful Proposer will need to suggest a phased approach to cover all four tasks, while also providing early insights that will allow EDA and other state agencies and stakeholders to start taking action quickly. The deliverables required for the Scope of Work, include, but are not limited to the following tasks:

Phase I – proposed timeframe 1-3 months

1. Development of a state-wide strategic economic development plan.
2. Assessment of other states' incentives, investment programs and proposal of a set of incentive programs to support the above state-wide economic development plan.

Phase II – proposed timeframe 4-6 months

3. Analysis of clean energy financing tools that New Jersey could utilize, including an assessment of the potential for a Green Bank.
4. Development of an overseas investment and business attraction strategy and operational plan.

The Authority is anticipating that the successful Proposer will complete Phase I, Section One (1) and Section Two (2) deliverables within a three (3) month timeframe from date of contract execution. However, the Authority may or may not simultaneously execute Phase II, Section Three (3) and/or Section Four (4) deliverables due to proposed costs for services; available funds; and performance or execution of Phase I deliverables.

The Authority is seeking proposals from qualified firms for a multi-phased approach to economic growth. Below are the various Phases and timelines the Authority requires that include, but would not be limited to the following deliverables:

1. **PHASE I: Section 1 - Economic Development Strategic Plan for New Jersey**  
**Proposed Timeline for Completion: Months - One (1) to Three (3)**

The Economic Development Strategic Plan should articulate a multi-faceted and comprehensive vision for dynamic and inclusive economic growth for the state of New Jersey. The plan should include the following elements:



- a. An articulation and alignment with key government stakeholders on an overall economic development aspiration, vision, and high-level roadmap (including alignment on current baseline levels).
- b. A survey of best practices and successful development strategies employed by other states, municipalities, or countries that could be successfully implemented in New Jersey.
- c. A detailed 5-10 year economic development strategy for the State of New Jersey, including initiative roadmaps for critical industries, major cross-cutting topics (such as: urban development, workforce development, attracting and growing small and medium sized companies, methods to address entrenched barriers to employment and business ownership, and where needed, geographic specific strategies).
- d. A prioritization of roadmap initiatives including time to impact, cost, and expected impact on roadmap aspirations.
- e. Action plans including metrics, timelines, and implementation steps, for initiatives which can start being implemented during the project period and within the following 9 months.
- f. Materials and support for the efficient collection of stakeholder input (private sector, labor unions, government partners, higher education leadership).
- g. A plan for ensuring the fiscal sustainability of EDA as an independent state Authority while implementing the strategy.
- h. A plan for how critical state agencies and other stakeholders will work together to ensure successful implementation of the plan's strategies and tracking of results. Agencies to consider should include: Business Action Center (BAC), Choose New Jersey, Governor's Office, Labor and Workforce Development (LWD), Department of Community Affairs (DCA), Board of Public Utilities (BPU), NJ Transit and Department of Transportation (DOT).

**Deliverable: Strategic plan for EDA and partner agencies including:**

- Communication plan for EDA and Governor's Office.
- Detailed timelines to achieve short-term goals and long-term objectives.
- Industry or sector specific approaches and marketing tools.
- Geographic strategies.
- Proposed steps for EDA to work with partner agencies to execute plan and facilitation of interagency collaboration.
- Plans for identifying metrics, collecting data and monitoring performance.

**2. PHASE I: Section 2 - Review of other states' incentive, investment and workforce strategies**

**Proposed Timeline for Completion: Months - One (1) to Three (3)**

Incentives are a critical tool for states to attract businesses and encourage them to expand. The Economic Opportunity Act of 2013 created the Grow New Jersey Assistance Program (GROW) and the Economic Redevelopment and Growth Grant Program (ERG), which sunset in July of 2019. As New Jersey leaders look to continue to support state businesses, promote an innovation economy, and stimulate inclusive economic growth, an assessment of effective incentive programs is in order. A comprehensive review should provide a detailed analysis

of how other peer states (as well as municipalities and other countries) are effectively employing incentives, financing, investment support to attract, grow, and retain businesses.

The review should accomplish the following:

- a. A rapid assessment of the efficacy of NJ's current incentive programs, building off existing auditor, internal, academic, and legislative reports, for the purposes of building and agreeing on a baseline on which NJ can be compared to other states.
- b. A survey of innovative and effective incentive, financing, and investment support programs, tools, and strategies utilized by other states, municipalities, and countries that could be effectively implemented in New Jersey.
- c. Best practices for operationalizing and periodically reviewing incentive programs to ensure transparency and that the desired economic impact is being achieved (including what aspects of the program are most important for the implementing agency to have discretion to adjust over time and best-practice threshold levels).
- d. Proposal for a suite of new incentives that would best support the Economic Strategic plan over the next 5-10 years.

**Deliverable: Comprehensive review of other economic development incentive programs, including:**

- Comparison to New Jersey incentive performance.
- Best practices for transparency and modeling net benefits of state investments.
- Key metrics used by other states to measure economic development performance.
- Policy proposal for the next embodiment of a state incentive plan.

**3. PHASE II: Section 3 - Clean Energy Financing and Green Bank Analysis  
Proposed Timeline for Completion: Months - Four (4) to Six (6)**

The analysis shall consider the NJEDA's role in supporting the administration's goals of meeting 100 percent clean energy by 2050, including 3,500 MW of offshore wind capacity by 2030. The analysis should accomplish the following:

- a. A rapid assessment of NJ's current clean energy financing and incentive programs, building off existing reports, and a synthesis of lessons learned from previous programs.
- b. A survey of innovative and effective clean energy financing, and investment support programs, tools, and strategies utilized by other states, municipalities, and countries that could be effectively implemented in New Jersey.
- c. A deep-dive on the potential benefits of a Green Bank and green bonds.
- d. A proposal for which clean energy programs or financing mechanisms NJ should pursue (including assessment for how to leverage limited funds and ensure self-sustaining impact) to achieve its aspiration of using 100% clean energy by 2050.

- e. Action plans for EDA and partner organization to implement the highest priority programs (partner agencies include: Department of Environmental Protection, Board of Public Utilities, Governor's Office).

**Deliverable: Comprehensive analysis for financing New Jersey's clean energy goals, including:**

- Rapid review of New Jersey's and peer state programs.
- Recommendations for leveraging public funds and attracting private capital into clean energy.
- Facilitation of collaborative partnerships among stakeholder entities
- Outline of steps necessary for a Green Bank.
- Plans for identifying metrics, collecting data and monitoring performance.

**4. PHASE II: Section 4 - International / overseas strategic marketing and recruiting plan**  
**Proposed Timeline for Completion: Months - Four (4) to Six (6)**

An external assessment to validate that the state's international economic development processes are currently fragmented and duplicative and how best to fix it, followed by an assessment of target countries and sectors where the state's strengths would be best leveraged. Plan should include:

- a. A rapid assessment of the current landscape on how the State handles foreign trade and investment and determine whether the existing framework, where three agencies cooperate (EDA, BAC, and Choose NJ), either works well or does not serve the administration's priorities for economic growth.
- b. Proposal for a new agency/partner operating model, delineating clear areas of responsibility for each entity (EDA, BAC and Choose NJ), including areas of responsibility for each, a communication model to ensure effective partnership between organizations and strategic alignment toward shared goals. Action plan to ensure transition to new operating model and implementation support as needed including creation of new work tools / routines.
- c. Review of best practices for working with 501c3 economic development organizations.
- d. Assessment and prioritization of potential target countries where the state should target foreign direct investment FDI attraction resources.
- e. A list of target companies from the prioritized target countries that align with the overall State Economic Development Plan.
- f. An assessment of what tools, facilities, and skill sets EDA, BAC, and Choose NJ need to efficiently execute the company targeting (including an assessment of whether the state should open promotion centers in certain regions or foreign capitals and if so how should it be staffed. (Analysis should include comparisons of other states' strategies and identification of cost-effective and successful models.)

**Deliverable: Action Plan formulating international trade strategy and marketing plan, including**

- Concrete actions for leveraging and coordinating EDA, BAC, and Choose NJ.
- Facilitation of collaborative partnerships among stakeholder entities.

**BOND PROJECTS**

**BOND RESOLUTIONS**

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY  
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM**

**APPLICANT:** The Atlantic City Sewerage Company P44952  
**PROJECT USER(S):** Same as applicant \* - indicates relation to applicant  
**PROJECT LOCATION:** Block Various, Lot Various Atlantic City (T) Atlantic  
**GOVERNOR'S INITIATIVES:** (X) Urban ( ) Edison ( ) Core ( ) Clean Energy

**APPLICANT BACKGROUND:**

The Atlantic City Sewerage Company is an investor-owned public utility company that manages and operates a wastewater collection and pumping system servicing the franchised area of and within the city boundaries of Atlantic City. The actual sewerage treatment is provided by the Atlantic County Utilities Authority. The Company was founded in 1888 and presently has approximately 100 miles of sewers and seven pumping stations with a combined capacity of 40 million gallons a day and serves 7,500 customers.

The Authority has previously approved various tax-exempt bonds for the Applicant to upgrade the infrastructure of Atlantic City: P03861 for \$3,400,000 closed August, 1983; P06044 for \$5,500,000 closed December, 1991; P09976 for \$6,000,000 closed November, 1998; P14147 for \$3,655,000 closed June, 2002; P14146 for \$2,040,000 closed June, 2002; P22952 for \$6,000,000 closed December, 2008; P32290 for \$8,000,000 closed December, 2010; and P39369 for \$6,000,000 closed December, 2014. The bonds are in compliance.

This project qualifies as an Exempt Public Facility- Sewage project under Section 142(a)(5) of the IRS Code and therefore is exempt from the \$20 million capital expenditure limitation under Section 144 of the Code.

**APPROVAL REQUEST:**

Authority assistance will enable the Applicant to finance the construction, rehabilitation, remediation, upgrade and expansion of various sections and components of the Applicant's sanitary sewer system and property located in Atlantic City and acquire a Geographic Information System Mapping / Computerized Maintenance Management System. Proceeds of the bond will also pay the cost of issuance. Also for consideration is the \$3,000,000 Tax-Exempt Bond P44950 to be used for refunding the outstanding balance of the 1998 bond issue.

The bond financing will utilize 2015 Carryforward allocation.

**FINANCING SUMMARY:**

**BOND PURCHASER:** TD Bank (Direct Purchase)  
**AMOUNT OF BOND:** \$5,000,000 Tax-Exempt Bond.  
**TERMS OF BOND:** 19 years, 11 months; Variable interest rate equal to 1 month LIBOR plus 115 basis points. The Applicant may enter into a swap to a fixed rate for 10 years. The estimated rate for the 10 year swap is 3.42%, as of June 14, 2018. Subject to a call option in 10 years. Initial rate at closing 2.626%.  
**ENHANCEMENT:** N/A

**PROJECT COSTS:**

Construction of roads, utilities, etc.	\$2,120,000
Environ Investigation & Remediation Costs	\$950,000
Renovation of existing building	\$730,000
Renovation of existing equipment & machi	\$350,000

**APPLICANT: The Atlantic City Sewerage Company**

**P44952**

**Page 2**

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Technology & Networking	\$300,000
Engineering & architectural fees	\$292,000
Purchase of equipment & machinery	\$250,000
Interest during construction	\$155,000
Finance fees	\$100,000
Legal fees	\$50,000
<b>TOTAL COSTS</b>	<b>\$5,297,000</b>

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**JOBS:** At Application                      38 Within 2 years                      1 Maintained                      0 Construction                      23

**PUBLIC HEARING:** 07/12/18 (Published 06/28/18)    **BOND COUNSEL:** Chiesa, Shahinian & Giantomasi,

**DEVELOPMENT OFFICER:** J. Balsama                      **APPROVAL OFFICER:** S. Novak



**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY  
PROJECT SUMMARY - REFUNDING BOND PROGRAM**

**APPLICANT:** The Atlantic City Sewerage Company P44950  
**PROJECT USER(S):** Same as applicant \* - indicates relation to applicant  
**PROJECT LOCATION:** Block Various, Lot Various Atlantic City (T) Atlantic  
**GOVERNOR'S INITIATIVES:** (X) Urban ( ) Edison ( ) Core ( ) Clean Energy

**APPLICANT BACKGROUND:**

The Atlantic City Sewerage Company is an investor-owned public utility company that manages and operates a wastewater collection and pumping system servicing the franchised area of and within the city boundaries of Atlantic City. The actual sewerage treatment is provided by the Atlantic County Utilities Authority. The Company was founded in 1888 and presently has approximately 100 miles of sewers and seven pumping stations with a combined capacity of 40 million gallons a day and serves 7,500 customers.

The Authority has previously approved various tax-exempt bonds for the Applicant to upgrade the infrastructure of Atlantic City: P03861 for \$3,400,000 closed August, 1983; P06044 for \$5,500,000 closed December, 1991; P09976 for \$6,000,000 closed November, 1998; P14147 for \$3,655,000 closed June, 2002; P14146 for \$2,040,000 closed June, 2002; P22952 for \$6,000,000 closed December, 2008; P32290 for \$8,000,000 closed December, 2010; and P39369 for \$6,000,000 closed December, 2014. The bonds are in compliance.

This project qualifies as an Exempt Public Facility- Sewage project under Section 142(a)(5) of the IRS Code and therefore is exempt from the \$20 million capital expenditure limitation under Section 144 of the Code.

**REFUNDING REQUEST:**

Authority assistance will enable the Applicant to reduce its interest expense by refunding the outstanding balance of the 1998 bond issue. Proceeds of the bond will also pay the cost of issuance. Also for consideration is the \$5,000,000 Tax-Exempt Bond P44952 to be used to finance the construction, rehabilitation, remediation, upgrade and expansion of various sections and components of the Applicant's sanitary sewer system and property located in Atlantic City and acquire a Geographic Information System Mapping / Computerized Maintenance Management System.

**FINANCING SUMMARY:**

**BOND PURCHASER:** TD Bank (Direct Purchase)  
**AMOUNT OF BOND:** \$3,000,000 Tax-Exempt Bond.  
**TERMS OF BOND:** 19 years, 11 months; Variable interest rate equal to 1 month LIBOR plus 115 basis points. The Applicant may enter into a swap to a fixed rate for 10 years. The estimated rate for the 10 year swap is 3.42%, as of June 14, 2018. Subject to a call option in 10 years. Initial rate at closing 2.626%.  
**ENHANCEMENT:** N/A

**PROJECT COSTS:**

Principal amount of bond(s) to be refund	\$3,000,000
Legal fees	\$50,000
Finance fees	\$19,500
<b>TOTAL COSTS</b>	<b>\$3,069,500</b>

**PUBLIC HEARING:** 07/12/18 (Published 06/28/18) **BOND COUNSEL:** Chiesa, Shahinian & Giantomasi,  
**DEVELOPMENT OFFICER:** J. Balsama **APPROVAL OFFICER:** S. Novak

**COMBINATION PRELIMINARY AND BOND RESOLUTIONS**

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY  
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM**

**APPLICANT:** Dakota Properties, Inc. P45063  
**PROJECT USER(S):** Oaks Integrated Care, Inc. \* \* - indicates relation to applicant  
**PROJECT LOCATION:** Various properties Statewide ( ) Multi Count  
**GOVERNOR'S INITIATIVES:** ( ) Urban ( ) Edison (X) Core ( ) Clean Energy

**APPLICANT BACKGROUND:**

Dakota Properties, Inc. ("Dakota") was established to support Oaks Integrated Care, Inc., formerly Twin Oaks Community Services. Its main function is to acquire, lease, maintain and manage properties. Dakota is also responsible for soliciting and receiving gifts of money, securities and other property, as well as maintaining the property donation program whereby properties are sold to generate funds for the benefit of Oaks Integrated Care, Inc.

The Authority has provided prior financing for Dakota through P37676 which closed 2/26/13 in the amount of \$3,020,000 for 20 years via a direct purchase by TD Bank, P39293 closed 3/19/15 in the amount of \$2,224,800 for 20 years, also via a direct purchase from TD Bank and P44038 closed 5/3/17 for 20 years, in the amount of \$4,122,240.

The applicant is a not-for-profit, 501(c)(3) entity for which the Authority may issue tax-exempt bonds as permitted under Section 103 and Section 145 of the 1986 Internal Revenue Code as amended, and is not subject to the State Volume Cap limitation, pursuant to Section 146(g) of the Code.

**APPROVAL REQUEST:**

Authority assistance will enable the applicant to refinance existing conventional debt and pay for the costs of issuance.

Dakota will use the funds from the bond to refinance the existing debt for a group home servicing its developmentally disabled consumers, supportive housing for a population with serious mental illnesses that is at risk of homelessness, one office building for its Crisis program, and for its partial care programs.

**FINANCING SUMMARY:**

**BOND PURCHASER:** Fulton Bank of New Jersey (Direct Purchase)  
**AMOUNT OF BOND:** \$1,130,400 Tax-Exempt Bond  
**TERMS OF BOND:** 20-year amortization with a call option after 10-years; The applicant may select a 10-year Tax-Exempt fixed rate with a 10-year rate reset. As of 7/17/18, the indicative rate is 4.04%.  
**ENHANCEMENT:** N/A

**PROJECT COSTS:**

<b>Refinancing</b>	\$1,130,400
<b>TOTAL COSTS</b>	\$1,130,400

**JOBS:** At Application

12 Within 2 years

2 Maintained

0 Construction

0

**PUBLIC HEARING:** 07/12/18 (Published 06/28/18) **BOND COUNSEL:** Chiesa, Shahinian & Giantomasi,

**DEVELOPMENT OFFICER:** K. Durand

**APPROVAL OFFICER:** M. Chierici

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY  
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM**

**APPLICANT:** Oaks Integrated Care, Inc. P45064  
**PROJECT USER(S):** Same as applicant \* - indicates relation to applicant  
**PROJECT LOCATION:** Various Statewide ( ) Multi Count  
**GOVERNOR'S INITIATIVES:** ( ) Urban ( ) Edison (X) Core ( ) Clean Energy

**APPLICANT BACKGROUND:**

Oaks Integrated Care, Inc. ("Oaks") previously called Twin Oaks Community Services, a private, nonprofit community agency, provides behavioral health and wellness services to adults, children and families in nine counties throughout southern and central New Jersey.

Prior assistance from the EDA has been issued in the following amounts and years: P07368 for \$1,600,000 in 1994, P25363 for \$2,871,232 and P25802 for \$411,768 both in 2009, P31723 for \$4,391,732.50 and P28860 for \$125,122 both in 2010, P37675 in 2013 for \$2,285,000, P39344 in 2015 for \$2,416,000, and most recently P44027 in 2017 for \$604,000.

The applicant is a not-for-profit, 501(c)(3) entity for which the Authority may issue tax-exempt bonds as permitted under Section 103 and Section 145 of the 1986 Internal Revenue Code as amended, and is not subject to the State Volume Cap limitation, pursuant to Section 146(g) of the Code.

**APPROVAL REQUEST:**

Authority assistance will enable the applicant to refinance existing conventional debt and pay for costs of issuance, thereby reducing monthly debt service.

Oaks is requesting assistance from the Authority to refinance the cost of the acquisition and improvement of two office buildings for its outpatient programs, and to refinance existing debt for its case management and partial care programs.

**FINANCING SUMMARY:**

**BOND PURCHASER:** Fulton Bank of New Jersey (Direct Purchase)  
**AMOUNT OF BOND:** \$1,765,498 Tax-Exempt Bond  
**TERMS OF BOND:** 20-year amortization with a call option after 10-years; The applicant may select a 10-year Tax-Exempt fixed rate with a 10-year rate reset. As of 7/17/18, the indicative rate is 4.04%.  
**ENHANCEMENT:** N/A

**PROJECT COSTS:**

Refinancing	\$1,765,498
<b>TOTAL COSTS</b>	\$1,765,498

**JOBS:** At Application 1,850 Within 2 years 15 Maintained 0 Construction 0

**PUBLIC HEARING:** 07/12/18 (Published 06/28/18) **BOND COUNSEL:** Chiesa, Shahinian & Giantomasi,  
**DEVELOPMENT OFFICER:** K. Durand **APPROVAL OFFICER:** M. Chierici

**PRELIMINARY BOND RESOLUTIONS**

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY  
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM - (PREMIER LENDER)**

**APPLICANT:** The Friends of TEAM Charter Schools, Inc.

P45075

**PROJECT USER(S):** TEAM Academy Charter School, Inc. \*

\* - indicates relation to applicant

**PROJECT LOCATION:** Various

Newark City (T/UA)

Essex

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

**APPLICANT BACKGROUND:**

The Friends of TEAM Charter Schools, Inc. is a real estate holding company formed for the benefit of assisting TEAM Academy Charter Schools, a network of charter schools in Newark, New Jersey ("TEAM"). The TEAM Charter Schools are an independent organization and part of the KIPP Foundation charter school network based in California. The KIPP Foundation is a private foundation that supports charter schools with over 1,500 teachers serving more than 27,000 kids in schools across the country. TEAM currently serves 4,038 students in grades K-12 in Newark.

In 2014, TEAM's management formed KIPP New Jersey, a not-for-profit charter management organization to continue managing TEAM Charter Schools in Newark and expanding to manage schools in Camden (KIPP Cooper Norcross Academy). Gary DeBode is the President of The Friends of TEAM Charter Schools.

For the benefit of TEAM, Kingston Educational Holdings 1, Inc. closed on several related bond financings with the Authority. In 2011 and 2012, the Authority issued \$25,535,000 of Qualified Zone Academy Bonds (QZAB) (Appl. P37036), \$17,465,000 QZAB (Appl. P37793) and \$14,635,000 Qualified School Construction Bond (QSCB) (Appl. P37793) to fund various capital projects for several schools in Newark. In 2011, NCA Facility, Inc. closed on a \$6,675,017 QSCB (Appl. P34894) for benefit of Newark Collegiate Academy, proceeds of which were used to finance a portion of the costs to acquire a high school located on Norfolk Street, Newark.

In related bond financings, for the benefit of KIPP Cooper Norcross Academy in Camden, KIPP Cooper Norcross Inc. closed on a \$60,000,000 QSCB in 2014 to acquire the Lanning Square School located on Clinton Street, Camden for an elementary and middle school. In 2017, proceeds of a \$29,833,634 QSCB (Appl. P42944) were used to acquire the Whittier School, located on Chestnut St., Camden and total of \$15,508,000 in QZABs (Appl. P44726) were used to acquire the Charles Sumner School, located on South 8th St., Camden.

The project will be occupied by one or more TEAM Academy Charter Schools, all 501(c)(3) not-for-profit entities for which the Authority may issue tax-exempt bonds as permitted under Section 103 and Section 145 of the 1986 Internal Revenue Code as amended, and is not subject to the State Volume Cap limitation, pursuant to Section 146(g) of the Code.



**APPROVAL REQUEST:**

Authority assistance will enable the Applicant to (i) acquire and renovate an existing school building at 300 N. 13th Street, Newark from the Essex County Vocational Board of Education. The building of approximately 194,000 sq. ft. consisting of over 65 classrooms, a kitchen, an auditorium, a gymnasium and offices on approximately 2 acres, will ultimately be used for an elementary and middle school; (ii) make renovations to KIPP Newark Collegiate Academy ("NCA") located at 129 Littleton Avenue, Newark to fit-out roughly 20,000 sq. ft. of unfinished floor space to accommodate 16 full size classrooms, bathrooms, conference rooms and offices; as well as technology and electrical upgrades; (iii) make renovations to the student and staff bathrooms at KIPP Life Academy located at 103 Bragaw Avenue (owned by Newark Public Schools); (iv) refinance a conventional loan used to purchase property adjacent to the NCA Academy on Littleton Avenue; (v) fund a debt service reserve fund and (vi) pay a portion of the costs of issuance.

**FINANCING SUMMARY:**

**BOND PURCHASER:**

**AMOUNT OF BOND:**

**TERMS OF BOND:**

**ENHANCEMENT:** N/A

**PROJECT COSTS:**

Acquisition of existing building	\$6,000,000
Renovation of existing building	\$4,050,000
Debt service reserve fund	\$770,000
Contingency	\$725,000
Engineering & architectural fees	\$450,000
Refinancing	\$260,000
Finance fees	\$145,000
Legal fees	\$100,000
<b>TOTAL COSTS</b>	<b>\$12,500,000</b>

**JOBS:** At Application      159 Within 2 years      112 Maintained      0 Construction      31

**PUBLIC HEARING:**

**BOND COUNSEL:** Chiesa, Shahinian & Giantomasi,

**DEVELOPMENT OFFICER:** M. Athwal

**APPROVAL OFFICER:** T. Wells