



MEMORANDUM

TO: Members of the Authority
FROM: Timothy Sullivan
Chief Executive Officer
DATE: September 29, 2021
SUBJECT: Agenda for Special Board Meeting of the Authority September 29, 2021

Notice of Public Meeting

Roll Call

Incentives

Public Comment

Adjournment

INCENTIVE PROGRAMS

EMERGE PROGRAM



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: September 29, 2021

SUBJECT: Fiserv Solutions, LLC Emerge Tax Credit Program Application

REQUESTS:

The Members of the Authority are asked to:

- 1) Adopt the recommended finding by staff that the existing jobs in the application are at-risk of being located outside New Jersey.
- 2) Approve the proposed Emerge New Jersey tax credit award, for \$15,604,255 per year over seven years, in total \$109,229,575, to induce Fiserv Solutions to site the project in New Jersey. The recommended tax credit award is subject to conditions subsequent to receive and maintain the award, including submission of certifications and evidence that the company has met the eligibility criteria. Staff is authorized to lower the award amount and the term to reflect the award amount that corresponds to the actual employment and capital investment in the project completion certification provided that neither the application information nor the project has materially changed and no analysis, such as the net positive economic benefit analysis, must be re-evaluated.

ABOUT THE EMERGE PROGRAM

The Emerge Program encourages economic development in the State's priority sectors by providing per-job tax credits for up to seven years (the "eligibility period"). To be eligible for Emerge Program support, a project must meet various eligibility criteria at application and at project certification, including locating in a qualified incentive area, creating a minimum number of new jobs or retaining a significant number of at-risk jobs, and meeting minimum capital investment requirements. In addition, the project must comply with certain standards during a commitment period, which is set at 1.5 times the eligibility period rounded up to the next whole year. Upon approval and demonstration of site control and financing, the business must execute a commitment agreement. Full description of the program and the current version of the program's rules can be found at <https://www.njeda.com/emerge>.

The project must yield a minimum net positive economic benefit to the State. For most projects and most areas of the State, this minimum level is at least 400 percent of the awarded tax credit. However, projects in certain target areas or that meet certain requirements are subject to lower net economic positive benefit thresholds (300 or 200 percent).

Projects must also demonstrate that the award of the tax credit is a “material factor” in the applicant’s decision to create and/or retain the number of new and retained full-time jobs in New Jersey as specified in the business’s application. To qualify as a position eligible for a tax credit, the employee filling the position must spend at least 80 percent of the employee’s work time in New Jersey. The business must also ensure that not less than 80 percent of the withholdings of new or retained full-time jobs are subject to the ‘New Jersey Gross Income Tax Act’. The location of the project (the “Qualified Business Facility”) must be able to accommodate at least 50 percent of the incented new and retained jobs.

To be awarded Emerge tax credits, the applicant must be in good standing with the NJ Department of Labor and Workforce Development, NJ Department of Treasury, and the NJ Department of Environmental Protection (as determined by each Department). All projects that receive Emerge support must also meet minimum environmental standards, pay prevailing wages to construction workers and building service workers, and offer health benefits.

Applicants with projects that have a total project cost exceeding or equaling \$10 million must also enter into a Community Benefits Agreement with NJEDA and the county or municipality in which the project is located, unless the municipality certifies the approval letter or a redevelopment agreement for the Qualified Business Facility with provisions that meet or exceed the statutory standards for the Community Benefits Agreement.

Upon completion of the project, the applicant must submit an independently prepared CPA cost and job certifications and other documents evidencing completion of the approved project and satisfaction of the eligibility criteria. Once the tax credits are issued, the Emerge credits are certified for use annually and proportionally based on actual job performance (that is, number of new and retained jobs) during that year and an applicant is subject to reduction, forfeiture, and recapture based on various actions, such as job reduction, certain unapproved relocations or Qualified Business Facility property dispositions, and failure to report annually.

APPLICANT:

Fiserv Solutions LLC (Fiserv Solutions)

PROJECT LOCATION:

100 Connell Drive, Berkeley Heights, NJ 07922
Block 4301, Lot 1.02

APPLICANT BACKGROUND:

Fiserv Solutions, LLC is a Wisconsin limited liability company. It is a wholly owned subsidiary of Fiserv, Inc. and is the operating entity under which the majority of the Fiserv, Inc. U.S. employees are employed. Fiserv, Inc., a publicly traded company (Nasdaq: FISV), together with its subsidiaries, provides leading global payments and financial services technology solutions worldwide. The company was incorporated in 1984 and is headquartered in Brookfield, Wisconsin.

On January 16, 2019, Fiserv, Inc., announced that it had entered into a definitive merger agreement to acquire First Data, a global commerce-enabling technology and solutions for merchants, financial institutions, and card issuers.

Fiserv, Inc., serves over 12,000 clients around the globe, including banks, credit unions, other financial institutions, corporate clients and merchants. With over 44,000 employees worldwide, the company had an

estimated revenue of \$14.9 billion as of December 31, 2020. Fiserv Solutions has three major segments (i.e., internal business units) associated with its proposed New Jersey Project:

- The Acceptance segment provides point-of-sale merchant acquiring and digital commerce services; mobile payment services; security and fraud protection products; Carat, an omnichannel commerce solution; and Clover POS, a cloud-based point-of-sale solution. This segment distributes through various channels, including direct sales teams, strategic partnerships with agent sales forces, independent software vendors, financial institutions, and other strategic partners.
- The Fintech segment offers customer deposit and loan accounts. The segment also manages institutional clients' general ledger and central information files. This segment also provides digital banking, financial and risk management, cash management, professional services and consulting, item processing and source capture, and other products and services.
- The Payments segment offers card transactions, such as debit, credit, and prepaid card processing and services; security and fraud protection products; card production; print services; and various network services, as well as non-card digital payment software and services, including bill payment, account-to-account transfers, person-to-person payments, and electronic billing products. It serves businesses, banks, credit unions, other financial institutions, merchants, and corporate clients.

PROJECT BACKGROUND:

After acquiring First Data, a recipient of previous Grow NJ Program awards (see the below section for more details), Fiserv Inc., started conducting an all-encompassing evaluation of its national real estate footprint. It is adopting a new location strategy that consolidates its offices (with approximately 100 offices in the United States having been closed or in the process of closing as part of this initiative). Fiserv Inc., is looking to concentrate its presence in approximately seven cities or "hubs" across the U.S. Accordingly, Fiserv Solutions is evaluating its remaining locations to determine whether it is most appropriate to consolidate, expand, or exit a given geography. Fiserv Solutions has indicated that this hub strategy will allow the company to better serve its customers, bring employees together, encourage collaboration, attract talent, improve productivity, leverage synergies and drive cost efficiencies.

As part of its real estate strategy, and subject to receipt of an Emerge award, Fiserv Solutions would maintain 1,119 New Jersey jobs, with approximately 1,063 of those jobs being at-risk of being located outside the State in the absence of an Emerge Program award for the proposed New Jersey hub location (the project site). Of the 1,063 at-risk retained jobs, only 839 are eligible for Emerge incentives as 224 jobs were previously included in an incentive award across three projects under the Grow NJ Program to First Data (a Fiserv Solutions, LLC related entity). In addition, this project would create approximately 1,927 new jobs at the New Jersey hub.

The anticipated (and thus, maximum) eligible capital investment in the proposed Qualified Business Facility by Fiserv Solutions is \$105.6M. Fiserv Solutions would lease the entire 412,000 sq. ft. building located at 100 Connell Drive, Berkeley Heights, New Jersey, which Fiserv Solutions indicated will have a seated workstation capacity of 3,103 office. Staff reviewed and confirmed that the number of seats is reasonable based on the standard amount of space for an office workstation seat. The initial lease term of said premises is proposed to be approximately twenty (20) years. While the proposed lease would also include options to expand into additional buildings on campus, this memorandum does not address any such expansion. If Fiserv Solutions seeks to expand the Qualified Business Facility, Fiserv Solutions will be required to submit a modification application and any decision to approve the expanded Qualified Business Facility will be presented to the Board to review based on the requirements in the statute and rules for relocated or expanded facilities. Any additional capital

investment at and employees at or associated with the additional building cannot be the subject of any future Emerge application, based on the commitment to the site and current plans for such expansion.

The alternative location for this project is in Alpharetta, Georgia and includes two office buildings. The applicant already has a significant presence in the alternative location city. The two office buildings included in the application as alternative sites are approximately 19% smaller than the proposed New Jersey Qualified Business Facility. The applicant has indicated that this size difference in Georgia would be accommodated by locating some employees at existing facilities. To ensure an equitable comparison across sites, all Georgia costs in comparisons between the two sites were scaled up to the New Jersey site's leasable square footage.

Fiserv Solutions LLC along with proposed affiliates will be contributing eligible positions and capital investment at the Qualified Business Facility.

Based on an underwriting review of the applicant's financial information, staff concludes that the applicant and the proposed Emerge project are financially feasible.

Additional details on the project can be found in Appendix 1: Project Summary.

ADDITIONAL INFORMATION ON THE PROJECT SITE AND REAL ESTATE TRANSACTIONS

Fiserv Solutions, LLC's original Emerge program pre-application was submitted to the Authority on June 10th, 2021 and identified 185 Tabor Rd, Morris Plains, New Jersey 07950, as their original project location. This project included the lease of a 223,000 sq. ft. free standing building at the site. In addition, the company's initial pre-application included 700 new full-time jobs and 1,063 at-risk of leaving the State. The proposed capital investment was estimated at \$57,000,000.

As part of its broader real estate consolidation, the applicant entered into a temporary six (6) months lease that started in June 2021 for 10,895 sq. ft. at 200 Connell Drive, Berkeley, NJ. This space is a shared site and is currently being used by senior staff for meetings or as needed office work while the company builds a new executive office in New York City. This leased space has the ability to terminate or renew each month after the initial six months.

After submitting its original pre-application and entering into the temporary lease for the space at 200 Connell Drive, the applicant became aware that a larger space was available at 100 Connell Dr, Berkeley Heights, NJ. This larger site would allow the applicant to increase the number of proposed new jobs from 700 to 1,927, making the commitment to New Jersey a much larger project.

This existence of the temporary leased space was disclosed to the Authority as part of the applicant's Emerge Program full application dated June 20, 2021. In addition, the applicant provided to the Authority a draft lease for 100 Connell Drive, Berkeley Heights, NJ as part of the Authority's internal project analysis process.

The Emerge program's statute requires that applicants enter into a non-binding letter of intent with the Authority, prior to the Board considering a potential award of tax credits for a project. After completing its internal project analysis Authority staff sent an incentive award offer letter and non-binding Letter of Intent to the applicant on September 16, 2021.

On September 17, 2021 Fiserv Solutions, LLC executed a lease for 100 Connell Dr, Berkeley Heights, NJ that includes a penalty free contingency based upon approval by the Board of an Emerge program tax credit award. The company sent the Authority a copy of the executed lease on Tuesday, September 21st, 2021.

Authority staff have since reviewed the executed lease as compared to the draft lease originally provided by the applicant, confirmed that the contingency language meets the Authority's material factor requirements, and incorporated the updated capital expenditure and rent information into the relevant analyses below.

Authority staff subsequently issued an updated incentive award offer letter and non-binding Letter of Intent to the applicant on September 24, 2021, reflecting the updated information provided in the executed contingent lease.

PREVIOUSLY AWARDED INCENTIVES

As noted above, only 839 of a possible 1,063 at-risk retained jobs are eligible for Emerge incentives. The other 224 jobs have previously been awarded incentives through three First Data Grow Program projects (First Data is a Fiserv Solutions, LLC related entity). One of the three First Data Grow projects never received tax credit payments and was previously terminated. The other two awards were certified and approved to date for the use of a combined total of approximately \$3.4M in tax credits. Fiserv Solutions has already closed the qualified business facilities associated with these two Grow awards and paid back to the State the approximately \$3.4M in previously awarded tax credits.

TARGETED INDUSTRY

Based on the facts and information provided by the company and to which the company CEO or equivalent officer has certified, staff concludes that Fiserv Solutions meets the "Targeted Industry" definition of the "finance and insurance industry." Specifically, Fiserv Solutions is in the finance technology or "fintech" sub-industry which is called out in the Board approved industry definition as noted below.

"The finance and insurance industry may include technology driven financial innovations generally referred to as fintech, research and development activities that advance finance and insurance industry practices, including executing financial transactions."

MATERIAL FACTOR:

Staff concludes that, based upon the facts and information provided by the company and to which the company CEO or equivalent officer has certified, the award of incentives is a material factor in the applicant's decision to locate the project in New Jersey. Staff does not find that the incentive award is the only factor driving the applicant's decision.

The project has a significant cost gap between the alternative site and the New Jersey site of approximately \$505.5M over the 11-year commitment period. But in respect to the full project size of \$4.0B over 11 years, this gap represents a 13% cost differential between the New Jersey location and the alternative location. This gap does not factor in the \$92,780,807 incentive offer made by state and local officials in Georgia.

Due to the large gap compared to the proposed award size, Staff requested confirmation from the applicant. The applicant re-affirmed and certified that, based on their past experience running their operations from offices in the alternative location and that the alternative location is offering a significant incentive package, receiving an Emerge Award is a material factor in their decision-making process.

In addition, as part of the application, the applicant was required to list the top five factors driving their decision and provide relative weighting. Fiserv Solutions listed the following factors:

<u>Factor</u>	<u>Weight</u>
Diverse Talent Pool	30
Cost to Operate	15
Culture & Quality of Life	15
Proximity to Financial Industry	15
Super Hub to create Collaborative Environment	25
Total: 100	

Based upon this set of decision factors, staff reviewed the relative advantages and disadvantages of New Jersey compared to the Atlanta-metro region in Georgia.

In terms of access to talent, both New Jersey and the metro-Atlanta region have viable diverse talent pools for this project. However, New Jersey holds an advantage on this decision factor for the applicant because the applicant has already committed to host another major hub facility in Georgia and therefore is already accessing that talent market.

In terms of cost to operate, staff assessed the drivers of the cost gap between the New Jersey and the alternative site. Approximately 95% of the cost gap is driven by ongoing costs (as opposed to onetime costs like construction). Eighty percent of the ongoing cost differential is driven by the salary expense differences between New Jersey and Georgia. Staff has determined that this cost gap is reasonable given the historical wage rates provided by the applicant for both New Jersey and Georgia and through an independent review of federal government published wage rates for the two relevant metro-areas. This supports the viability of the alternative site.

In terms of proximity to the financial industry, the business operations for this project could reasonably be executed out of the Atlanta region, where the applicant has current operations. While there are some benefits to New Jersey's proximity to New York City's financial markets, the company is locating an executive campus in New York City regardless of the decision on the New Jersey Hub. Therefore, staff does not find this to be a determinative aspect of the analysis.

In terms of the third (Culture & Quality of Life) and the fifth factors (ability to create a large office that supports a collaborative environment), both locations offer viable alternatives.

Overall, staff conclude that the applicant's decision factors and decision-making process are consistent with the award of an Emerge incentive being a material factor in their decision making.

Additional factors supporting the finding that the Emerge award is a material factor include:

- The applicant is a major financial institution with many locations across the country, indicating that they have a choice in where to locate this project.
- The applicant has already terminated its New Jersey-based leases and its related entity's Grow New Jersey Program award to provide the flexibility to move jobs out of the Northeast if necessary.
- The applicant has operations near the alternative proposed location, so it is a viable talent and business market.
- The applicant has received a similarly large incentive offer from the alternative state, which the company has provided the Authority a copy of the incentive offering totaling \$89,543,100 in Georgia State tax credits. In addition, the Georgia incentive also offered a local tax abatement for over 10 years valued at \$3,237,707.

Staff recognizes that applicant's NJ-based real estate transaction is further advanced (including having a signed contingent lease) than the applicant's alternative Georgia-based transaction. However, while conceding that New Jersey is its first choice, applicant has confirmed that they have done enough due diligence to quickly pivot to their alternative location. Staff further reviewed the suitability and viability of the alternative site. Staff independently determined that the alternative site was in fact currently available and on the market using CoStar, a third-party commercial real estate solution, as well as a search on Google. Staff also received verification via emails, evidencing agendas and correspondences from the applicant that senior business leaders from the company have toured the alternative location multiple times and met with local real estate and economic development officials.

MEGA PROJECT DESIGNATION:

Staff are recommending that this project be awarded as a Mega Project, per the Emerge Program's statute and rules.

To be designated a Mega Project, a project must create 500 or more new full-time jobs, have an eligible capital investment of at least \$50,000,000 in a targeted industry, and provide an opportunity for New Jersey to leverage leadership in a high-priority targeted industry.

With commitments for 1,927 new jobs and \$105,609,491 in capital investment, and determination by staff that the applicant is in the finance and insurance industry, the project will exceed the minimum job as well as capital investment thresholds to be designated as a mega project.

Staff conducted a separate analysis, which will similarly be utilized for other potential Mega Projects, to determine whether the project has the potential for New Jersey to leverage leadership in a high-priority targeted industry. As stated in the regulations, the factors that must be considered are that the project is "being undertaken by a business that is making an industry leading investment in a new technology or high-growth sub-industry level or catalyzing a new sub-industry or industry-cluster within the State." For this project, Staff assessed factors such as the applicant's industry, its leadership position in that industry, the ability of the project to create or support an industry cluster, and the scope of the project including the types of jobs and work associated with the project, and the specific commitments the applicant is making to locate major business units or centers of excellence in New Jersey.

Staff have determined that, given the facts and information provided by the company and to which the company CEO or equivalent officer has certified, this project offers the opportunity for New Jersey to establish a stronger leadership position in the fintech industry. The fintech industry was called out in the Board approved targeted industry list for the Emerge Program and has been identified by staff as a significant, high-growth sub-industry with the broader finance and insurance industry. Fiserv, Inc. is among the global leaders in the fintech global payments sub-industry. They are currently ranked at 205 in the Fortune 500 and have made significant investments to grow their presence in the space over the last five years (e.g., the acquisition of First Data).

The company has indicated that the proposed New Jersey site would be a flagship strategic technology hub (one of only two in the United States) for Fiserv Solutions. New Jersey would be a core site where Fiserv Solutions would actively advance the fintech industry and develop leading technologies. Due to the evolving nature of the fintech industry, the specific research or innovation areas that would be located at the New Jersey hub may vary over the entire 11 year project, however, Fiserv Solutions provided the following examples of core technology efforts and businesses that could be located at the proposed hub:

- Next Generation Open Banking Platforms: Building the future backbone for the modern banking ecosystem, enabling future products and solutions to be developed and delivered in rapid time

- **AI-Enabled Payments & Fintech Solutions:** Integrating the latest artificial intelligence and machine learning technologies into commerce and fintech solutions to enable clients with next generation capabilities and revolutionize the daily experience for consumers
- **Advanced Security & Fraud Technologies:** Continuing to provide trusted commerce and banking solutions and staying ahead of a rapidly evolving cyber threat landscape
- **Omnichannel Payments Platforms:** Creating new platforms and technologies that will continue to support the evolving digital expectations of consumers
- **Next Generation Business Solutions Platforms:** Continuing the evolution of Clover as the premier business solutions experience for small and medium sized businesses

This project represents a major fintech hub for both Fiserv Solutions as a company and for New Jersey. The company has indicated that corporate and administrative jobs would be approximately 45% of the total full-time jobs at the site (~30% corporate functions and 15% administrative function). The balance of the jobs, 55% are anticipated to be business unit functions. Of the 55%, the applicant has indicated that at least 35% of the jobs at the proposed New Jersey hub would be business unit-based technology-related roles (for example, but not limited to, Software Engineering, Business Analysis, Client Support, Infrastructure Services, Technical OPS, IT Architecture, IT Security, Database Administrator, Data Architect and Cybersecurity Analyst). To satisfy the criteria of providing opportunities to leverage leadership as part of the Mega Project definition, the company will certify that at least 35% of the full-time jobs at the site are core technology jobs at project completion certification and each year of the commitment period in the annual review process.

In addition, the company has indicated that subject to receipt of an Emerge award and evolving business strategies, its Card Services business (part of the Payments segment) would have a flagship presence at the New Jersey site. The company will commit that at least 20% of the full-time employees of this business unit (or equivalent business unit if the Card Services business becomes less relevant over time or otherwise must be replaced) will operate from this location for the commitment period. The company noted that its Digital and Data business and Payments business will also have a meaningful presence at the New Jersey hub.

In addition, as a way of demonstrating its commitment to making the New Jersey project a major fintech technology hub, the company will have an ATM Lab center of excellence, one of two flagship strategic technology development locations in the US, at the New Jersey site. The ATM Lab will be a demonstration lab where customers will come from various locations to see and test new ATM technology. According to the company, the ATM Lab would specifically be used for R&D projects, testing new fraud and security features for ATMs, and innovating to improve client experiences with ATMs and their evolving technologies. The company will commit to keeping the ATM Lab (or equivalent technology center of excellence if ATM's become less relevant over time or otherwise must be replaced) in New Jersey for the commitment period.

AWARD GRANT CALCULATION:

Based on the project's characteristics, including number of new jobs, number of retained jobs, bonuses, location, and designation as a Mega Project, staff are recommending an award of \$15,604,255 per year of tax credits. The applicant has requested a seven-year eligibility period, corresponding to an 11-year commitment period. Over the course of the seven-year eligibility period, the total recommended award of tax credits for this project is: \$109,229,575.

In accordance with the statute, the 839 at-risk retained jobs which would be eligible for the tax incentive qualify for 50% of the award compared to equivalent new full-time jobs. The previous Grow New Jersey incentive jobs of 224 are at-risk full-time positions but according to the program regulations, they are ineligible for the Emerge incentive since they were previously awarded tax credits.

As these 224 jobs and 45 not-at-risk jobs will be located at the Qualified Business Facility, the company will be required to maintain those jobs (totaling 269) before counting the first full-time employee towards their award. As required under the regulations, the company will also be required to maintain all the 839 incented at-risk jobs before counting a full-time employee as a new full-time job.

As stated in the program regulations, project full-time employees that will primarily work (that is, at least 50% of the employee's time for employees assigned to a single location) at the Qualified Business Facility are calculated at the full base and bonus award, up to the capped amount.

Any full-time employees that are associated with the project but not primarily working at the Qualified Business Facility are calculated at the lower base amount of \$500 (the base for an "other eligible area") with limited bonuses that are not attributed to the facility. This project according to the applicant will have all of their full-time jobs primarily working at the Qualified Business Facility. The 11 jobs that are statewide, but not at-risk and not at or associated with the Qualified Business Facility, are not being incentivized through the Emerge program although they are counted in the Statewide baseline count. To maintain the tax credit amount, all incented jobs must continue to primarily work at the Qualified Business Facility during the commitment period.

The capped amount in a Mega Project with bonuses is \$8,000 per job, per year. The project award amount is below the cap amount. The total eligible award is calculated at \$6,650 per job, per year for new full-time jobs.

A summary of the per job award calculation is included in the following table.

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Award Summary

Location/Project Type		Amount	
Annual Base Award Per Job:	Mega Project	\$	4,000.00
Applicable Bonuses:			
Targeted Industry	<i>Finance and Insurance</i>	\$	500.00
*Large Number of New Jobs	<i>Over 1000</i>	\$	1,500.00
**Excess of Median Salary	<i>Union County Median</i>	\$	400.00
LEED Bonus	<i>Gold</i>	\$	250.00
Total Applicable Bonuses		\$	2,650.00
Total Max Award (Base + Bonuses)		\$	6,650.00

**New Job Bonus based on large number above 1,000*

***Excess of Median Salary receives \$200 for each increment of 35% above the county median*

****Project award is capped at maximum award per job, per year of \$8,000*

	Total Number	Award Amount Per Job	Award Amount Per Year
New Jobs	1927	\$ 6,650.00	\$ 12,814,550.00
*Retained Jobs	839	\$ 3,325.00	\$ 2,789,675.00
Total Estimated Award Per Year			\$ 15,604,225.00

Total Estimated Award for 7 years	\$ 109,229,575.00
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**In the statute, the at-risk retained jobs which would be eligible for the tax incentive qualify for 50% of the award compared to equivalent new full-time jobs*

NET BENEFIT:

The amount of net positive economic benefit to the State for a Mega Project is 200% of the award.

In evaluating the net benefit for this project, staff need to select appropriate inputs into the Board approved IMPLAN economic model. IMPLAN's model allows for users to group NAICS industry codes together to generate results which are a hybrid of different industries and therefore better reflect the complexity of some projects.

The NAICS code provided by Fiserv Solutions in its program application was 518210 (Data Processing, Hosting, and Related Services). Based on the specific scope of the proposed project, including the types of activities, business units, and job functions disclosed as part of the application, staff determined that this single NAICS codes did not accurately reflect the full scope of the project. Therefore, based upon the policy described in the net benefit analysis memo also under the Board's consideration this month, staff also identified NAICS code 522320 (Financial Transactions Processing, Reserve, and Clearinghouse Activities) as applicable (this is the NAICS code often associated with First Data, Fiserv Solutions related entity that is contributing significant at-risk jobs to this project). Additionally, given the technology focus and the system design undertaken by

Fiserv Solutions, LLC on behalf of clients to deploy technology solutions for the purpose of payment processing and related activities, staff determined that codes related to computer programming (541511 – Custom Computer programming services), computer systems design (541512 – Computer Systems Design Services), and other computer services (541519 – Other Computer related services) were also appropriate for inclusion.

As additional inputs into the model, staff used the total number of new jobs (1,927) plus all at-risk job (1,063: including both incentivized and non-incentivized jobs). In total, 2,990 jobs were included in the calculation. The cumulative wages for these jobs, based on the median wage of \$107,459, was also a key input. Finally, hard renovation construction costs of \$ \$75,330,871 was included in the calculation for this project.

Based on the Program's statute and regulations, the net positive economic benefits calculated for all projects must be evaluated by the Authority on a present value basis with the requested tax credit allocation amount discounted to present value at the same discount rate as the benefits. Using the discount rate approved by the Board, the present value of the \$109,229,575 total award amount is \$81,241,370. The present value of the \$332,274,001 calculated net positive economic benefit is \$254,551,542. This yields a 313% net positive economic benefit coverage ratio, which is above the required statutory hurdle rate of 200% for this project.

NBT Summary	
One-time benefit to State from construction	\$3,285,583
Ongoing annual benefit to the State	\$29,908,038
NPV of one-time and ongoing benefits (11 years with 2% inflation and discounted at 8%)	\$254,551,542
Total Emerge Award	\$109,229,575
Annual Emerge Award	\$15,604,225
NPV of award (7 years discounted at 8%)	\$81,241,370
Coverage ratio of award	313%
Statutory minimum coverage ratio of award	200%

AVAILABLE PROGRAM CAP:

The Emerge Program is capped with NJ Aspire program at \$1.1B per year over 6 years with the option to roll-over unused program cap to a seventh year. If the Board approves this project being presented today, the Programs will have an available balance of \$980,770,425 for State Fiscal Year 2022.

APPLICABLE DEADLINES:

Fiserv Solution, LLC shall have 6 months after the date of Board approval to enter into a community benefits agreement with Berkeley Heights or, if requested by the Berkeley Heights mayor, Union County. The executed community benefits agreement is a condition to entering into a commitment agreement.

Within the earlier of 12 months of the date of the Board's approval or six months after the date of execution of the approval letter, the company will submit progress information indicating that the business has site plan approval (if applicable), committed financing (if applicable) for, and site control of the qualified business facility.

Applicant shall have three years to complete the project and submit the certifications and evidence of project completion and satisfaction of program eligibility criteria.

CONDITIONS OF APPROVAL:

Staff recommend that the award include the following conditions of approval:

1. Applicant has not executed a letter of intent, lease, or purchase agreement or any other site control document except for the lease dated September 17, 2021 and provided to the Authority on September 21, 2021.
2. If in the project completion certifications, the number of new and at-risk full-time employees, median salary, or eligible capital investment to be included in the net benefit analysis is reduced by more than 10% from the amounts contained herein, the net benefit to the state will be recalculated under the then current net benefit model and the size of the tax credits may be reduced accordingly.
3. The company will be required to maintain the 45 not-at-risk jobs and the 224 at-risk positions that were previously subject to a Grow New Jersey incentive award (collectively, “Existing Positions”) that will be at or associated with the Qualified Business Facility. For purposes of the project completion certifications and the annual reports, any full-time employees will be included as an Existing Position before counting as a new or retained full-time job towards their award.
4. The company will be required to certify at project completion and then annually for the duration of the commitment period for their Mega Project status that the company has maintained the number of required new full-time jobs and capital investment for a Mega Project, and that:
 - a. 35% of the full-time employees at or associated with the proposed New Jersey hub (Qualified Business Facility) are core business unit technology or technology-related roles (for example, but not limited to, Software Engineering, Business Analysis, Client Support, Infrastructure Services, Technical OPS, IT Architecture, IT Security, Database Administrator, Data Architect and Cybersecurity Analyst) and
 - b. Fiserv Solution’s Card Services business (or equivalent major business unit if Card Services becomes less relevant over time or otherwise must be replace) has a flagship presence at the Qualified Business Facility and that at least 20% of the full-time employees in that business unit will be at or associated with the Qualified Business Facility; and
 - c. Fiserv Solutions has maintained its “ATM Lab” (or equivalent technology center of excellence if ATM’s become less relevant over time or otherwise must be replaced) at the Qualified Business Facility. The ATM Lab is used for R&D projects, testing new fraud and security features for ATMs, and innovating to improve client experiences with ATMs and their evolving technologies.
5. The company will not be eligible for a new Emerge award for any additional capital investment at or any additional employees at or associated with any additional building on the same campus as the Qualified Business Facility.

The Members of the Authority are asked to:

- 1) Adopt the recommended finding by staff that the existing jobs in the application are at-risk of being located outside New Jersey.
- 2) Approve the proposed Emerge New Jersey tax credit award, for \$15,604,255 per year over seven years, in total \$109,229,575, to induce Fiserv Solutions to site the project in New Jersey. The recommended

tax credit award is subject to conditions subsequent to receive and maintain the award, including submission of certifications and evidence that the company has met the eligibility criteria. Staff is authorized to lower the award amount and the term to reflect the award amount that corresponds to the actual employment and capital investment in the project completion certification provided that neither the application information nor the project has materially changed and no analysis, such as the net positive economic benefit analysis, must be re-evaluated.

PRODUCT OFFICER: Mathew Abraham

APPROVAL OFFICER: Brian Sabina

INCLUDED ANALYSES:

Appendix 1: Project Summary

A handwritten signature in blue ink, appearing to read 'T. Sullivan', is positioned above a horizontal line.

Tim Sullivan, CEO

Appendix 1: Project Summary

Basic Applicant Information		Basic Project Information		Basic Award Size Information	
Applicant	Fiserv Solutions, LLC	Targeted Industry	Finance and Insurance	Incentive Area Type	Employment and Investment Corridor
Application Date	7/20/2021	Mega-Project	Yes	Net Benefit Requirement	200%
Applicant Headquarters State	Wisconsin	Small Business	No	Net Benefit Estimate	313%
Total Global Locations for Applicant and Affiliates	54	Eligibility Period (years)	7	Maximum Award Size	\$ 109,229,575
Total NJ Locations for Applicant and Affiliates	8	Commitment Period (years)	11	Net Benefit Constrained Award Size	\$ 109,229,575
		Material Factor - Risk Assessment	Medium - no additional due diligence needed	Inducement Constrained Award Size	\$ 109,229,575
		Material Factor - Activities to date	No issues	Award size per new full-time job	\$ 6,650
				Award size per at-risk Retained Incented jobs	\$ 3,325

Existing NJ Jobs Summary		New Jobs Summary		Total Jobs Summary			
Total FT Employees Statewide	1,119	Total New Jobs	1,927	Total New Jobs at QBF	1,927	In State	1,927
Total jobs at-risk jobs in NJ	1,063	Average New Job Salary	\$ 99,248	Total At-Risk Jobs at QBF	1,063		1,063
Average at-risk job salary	\$ 172,257	Median salary	\$ 107,271	Total Not-At-Risk, Full-time Jobs	45	11	56
Median at-risk job salary	\$ 120,049	Total New Job Salary	\$ 191,251,265	Total At-Risk Part-time Jobs	8	-	8
Total annual salary at risk	\$ 183,108,790						
Median Salary including New Jobs and at-risk jobs salary			\$ 107,271	Total Full-Time Jobs Associated with the New Jersey project			
					3,046		

Project Location Summary			
	NJ Location	Alternative Location	Difference
Address	100 Connell Drive	4005 & 4125 Windward Ave.	
Town	Berkeley Heights	Alpharetta	
State	New Jersey	Georgia	
Proposed ownership status	Lease	Lease	
Proposed project Real Estate Status	Negotiating Lease - Received blacklined draft	In early negotiations	
Class	Class A	Class A	
Proposed lease term	21 years	Not available yet, still in discussions	
Sqft total	412,000	335,000	77,000
Sqft leasable	412,000	335,000	77,000
Minimum Capital Investment for Mega	\$ 50,000,000	*Company currently has additional space in their existing GA location to accommodate the difference of the 77,000sf.	

Project Cost Comparison Summary			
	NJ Location Cost	Alternative Location Cost	Cost Difference
One-Time Project Cost estimate	\$ 196,775,512	\$ 193,963,764	\$ 2,811,748
Hard construction costs	\$ 75,330,871	\$ 42,105,818	\$ 33,225,053
Total Eligible Capital Investment	\$ 105,609,491	\$ 64,577,910	\$ 41,031,581
	\$ 416,671,930	\$ 361,693,052	\$ 54,978,878
Annual Ongoing Project Cost estimate			
Discounted Ongoing Project Cost Estimate over Commitment Period	\$ 3,809,488,538	\$ 3,306,835,518	\$ 502,653,020
	\$ 4,006,264,049	\$ 3,500,799,282	\$ 505,464,767
Total Project Comparison Costs			
Total Percentage Differential Between New Jersey and the Alternative Location			-13%

Application Review Status	
Initial Review Done	Yes
Cost Comparison Done	Yes
Net Benefit Done	Yes
Other Business Analysis Done	Yes
Underwriting Done	Yes
Sister Agency Review Done	Yes
Board Memo Done	Yes
LOI Done	Yes