

## CIRCULAR LETTERS INDEX

Circular No.	Heading	Approval Date	Effective Date	Superseded
98-01	20% Municipal Cash Matching Funds	March 11, 1998	July 1, 1999 (Amended)	
98-02	Purchase of Ambulances	March 11, 1998	July 1, 1998	
98-03	Security Projects	March 11, 1998	July 1, 1998	
98-08	Project Consent Agenda	March 11, 1998	July 1, 1998	
98-11	Five Year Plans	March 11, 1998	July 1, 1998	
03-01	Operating Funding for SID's, BID's, TID's, DID's, Main Street Programs, etc.	August 13, 2003	September 1, 2003	<b>98-07</b>
03-02	Use of ZAF for Billboards	October 8, 2003	November 1, 2003	
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09-03	Disclosure of Principals with 20% Ownership Equal to or Greater Than Applying for UEZ Grants/Loans	April 8, 2009	April 8, 2009	
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10-03	Use of UEZ Funds for Property Acquisition	June 9, 2010	July 1, 2010	
11-01	Sanitation Projects	September 8, 2010	October 1, 2010	<b>99-01</b>
11-02	Second Generation, Administration, Procedures, Recordkeeping, Reporting & Monitoring Procedures	February 9, 2011	July 1, 2011	

# UEZ POLICY CIRCULAR

STATE OF NEW JERSEY

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF NJ URBAN ENTERPRISE ZONES

NO.: 98-01	EFFECTIVE DATE: July 1, 1998	SUPERSEDES:	PAGE 1 OF 1
SUBJECT: 20% Municipal Cash Matching Funds		DATE: March 11, 1998	
		 UEZ Chairman Designate	

Previous projects allowed the use of in-kind services, such as a captain, lieutenant, or sergeant as a municipal match for salaries.

A twenty percent (20%) cash match is required by the municipality for all police, fire, or sanitation salary projects, and for all police, fire, and sanitation equipment purchases made through the Urban Enterprise Zone Assistance Fund.

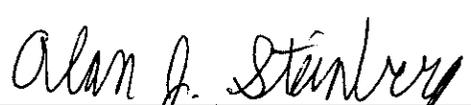
Included in this policy are any off-duty police projects, professional services security projects and professional services sanitation projects.

# UEZ POLICY CIRCULAR

STATE OF NEW JERSEY

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF NJ URBAN ENTERPRISE ZONES

NO.: 98-02	EFFECTIVE DATE: July 1, 1998	SUPERSEDES:	PAGE 1 OF 1
SUBJECT: Zone Assistance Fund Purchase of Ambulances		DATE: March 11, 1998	
		 UEZ Chairman Designate	
<p>No longer allows purchase of ambulance as Zone Assistance Fund equipment project. Ambulance purchase is a permissible municipal service project and requires a 20% municipal cash match.</p>			

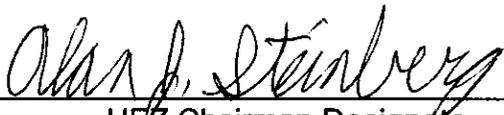
NJCED 11/97

# UEZ POLICY CIRCULAR

STATE OF NEW JERSEY

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF NJ URBAN ENTERPRISE ZONES

NO.: 98-03	EFFECTIVE DATE: July 1, 1998	SUPERSEDES:	PAGE 1 OF 1
SUBJECT: Security projects including but not limited to: extra-duty police for Urban Enterprise Zones, SID's, etc.		DATE: March 11, 1998	 UEZ Chairman Designate
No longer allows funding for security projects as a permissible Zone Assistance Fund project. All security projects are to be funded as a municipal service with 20% municipal cash match.			

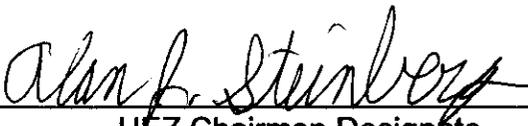
NJCED 11/97

# UEZ POLICY CIRCULAR

STATE OF NEW JERSEY

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF NJ URBAN ENTERPRISE ZONES

NO.: 98-08	EFFECTIVE DATE: July 1, 1998	SUPERSEDES:	PAGE 1 OF 1
SUBJECT: Urban Enterprise Zone Assistance Fund Project Consent Agenda		DATE: March 11, 1998   UEZ Chairman Designate	
<p>Projects requiring funding of \$50,000 or less will be reviewed by UEZA Executive Director and placed on the UEZA consent agenda for approval/denial by the Urban Enterprise Zone Authority at a scheduled public meeting without discussion /presentation. Authority members may request public discussion of any project on the consent list.</p>			

NJCED 11/97

# UEZ POLICY CIRCULAR

STATE OF NEW JERSEY

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF NJ URBAN ENTERPRISE ZONES

NO.: 98-11	EFFECTIVE DATE: July 1, 1998	SUPERSEDES:	PAGE 1 OF 1
SUBJECT: Urban Enterprise Zone Five Year Plan		DATE: March 11, 1998	
		 UEZ Chairman Designate	
<p>(a) Every zone must have a Five Year Zone Development Plan approved by Municipal Resolution.</p> <p>(b) Project proposals submitted by Urban Enterprise Zones may be denied approval for non-adherence to the Zone's Five Year Development Plan.</p> <p>(c) Project proposals submitted by Urban Enterprise Zones without an approved Five Year Development Plan may be denied.</p>			

NJCED 11/97

# UEZ POLICY CIRCULAR

STATE OF NEW JERSEY

NEW JERSEY COMMERCE & ECONOMIC GROWTH COMMISSION

DIVISION OF NJ URBAN ENTERPRISE ZONES

NO.: 03-01	Effective Date: September 1, 2003	Supersedes: 98-07	PAGE 1 OF 1
SUBJECT: Operating Funding for SID's, BID's, TID's, DID's, Main Street Programs, etc.		DATE: August 13, 2003	
		_____ UEZ Chairman Designate	
<p>Effective September 1, 2003, all funding of SID's, BID's, TID's, DID's, Main Street Programs, etc., may not exceed a 1 to 1 match with Zone Assistance Funds. Zone Assistance Funds provided by the NJUEZA may not exceed 50% of the total funds provided to the SID.</p> <p>Urban Enterprise Zone Authority Projects concerning the funding of SID's, BID's, TID's, DID's, Main Street Programs, etc. approved prior to the effective date of this policy circular, shall be governed by Policy Circular 98-07 for the first five years of funding. Effective year six, these projects may not exceed the 1 to 1 match as prescribed in this policy circular.</p>			

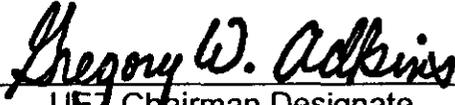
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# UEZ POLICY CIRCULAR

STATE OF NEW JERSEY

NEW JERSEY COMMERCE & ECONOMIC GROWTH COMMISSION

DIVISION OF NJ URBAN ENTERPRISE ZONES

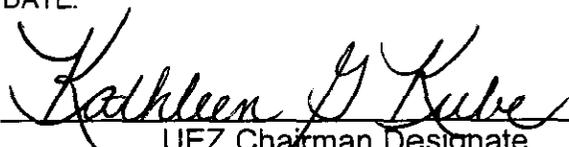
NO.: 03-02	Effective Date: November 1, 2003	Supersedes:	PAGE 1 OF 1
SUBJECT: Use of ZAF for Billboards		DATE: October 8, 2003	
		 UEZ Chairman Designate	
<p>In accordance with Executive Order No. 59 (2003) and Executive Order No. 66 (2003), which creates the Billboard Policy and Procedure Review Task Force and imposes a moratorium on the approval of any permit application or contract for the design, construction or erection of any new billboards on State-owned property or property of any State department, agency, or independent authority, effective November 1, 2003, the use of Zone Assistance Funds for the costs associated with billboards on State-owned property or property of any State department, agency, or independent authority in Urban Enterprise Zone-designated municipalities is prohibited in accordance with Executive Order No. 66, which continues the moratorium until there is appropriate legislation enacted.</p>			

# UEZ POLICY CIRCULAR

STATE OF NEW JERSEY

NJ COMMERCE ECONOMIC GROWTH AND TOURISM COMMISSION

NJ URBAN ENTERPRISE ZONE AUTHORITY

NO.: 05-01	EFFECTIVE DATE <b>June 8, 2005</b>	SUPERSEDES:	PAGE 1 OF 1
SUBJECT: Advertising		DATE:  UEZ Chairman Designate	
Any Advertising items or services, including charges for third party contracts for promotional or advertising services, media advertising and/or brochures, publications or promotional items related to UEZ projects, which have been paid for in whole or in part with funds approved for such use by the New Jersey Urban Enterprise Zone Authority, shall be clearly identified as having been paid for, in whole or in part, under the Urban Enterprise Zone Program.			

NJCED 11/97

# UEZ POLICY CIRCULAR

STATE OF NEW JERSEY

NJ COMMERCE ECONOMIC GROWTH AND TOURISM COMMISSION

NJ URBAN ENTERPRISE ZONE AUTHORITY

NO.: 06-01	EFFECTIVE DATE <b>July 1, 2005</b>	SUPERSEDES:	PAGE 1 OF 1
SUBJECT: Reimbursement of Allowable Costs		DATE: <i>Kathleen G Kube 08/17/05</i> UEZ Chairman Designate	
<p>All requests for reimbursement of Allowable Costs from the Urban Enterprise Zone Program Fund established pursuant to <u>N.J.S.A. 52:27H-88</u>, relating to any Municipal Services and/or Project Contracts and/or any Administrative Budget Contracts, received by the Authority on or after July 1, 2005, shall be reviewed and approved in accordance with the procedures and criteria established by the State of New Jersey, Office of Management and Budget, including, but not limited to Circulars 06-02-OMB ("Travel Regulations") and 05-15-OMB ("Entertainment").</p>			

# UEZ POLICY CIRCULAR

STATE OF NEW JERSEY  
NJ COMMERCE ECONOMIC GROWTH AND TOURISM COMMISSION  
NJ URBAN ENTERPRISE ZONE AUTHORITY

NO.: <b>06-02</b>	EFFECTIVE DATE <b>November 9, 2005</b>	SUPERSEDES:	PAGE 1 OF 1
SUBJECT: STANDARDIZATION OF OPERATIONS		DATE: <i>Kathleen G. Kube 11/9/05</i> UEZ Chairman Designate	
The attached standardized procedures are adopted. Local Urban Enterprise Zone offices are required to comply with these procedures and are subject to an annual evaluation by UEZ Field Representatives for adherence.			

NJCED 11/97

## **PHASE I-Standardization of Local Zone Operations**

The goal of the Standardization Policy is to achieve and maintain program benchmarks for continuity and efficiency. It is imperative that a guideline directive be implemented and issued as a Policy Circular by the NJUEZA. Adherence to proposed standardization requirements will be included as part of the annual evaluation process conducted by the Field Representatives Zone Monitoring Evaluation. (Please see attached)

The proposed UEZ standardization process includes:

1. Validity of eligibility for business to participate in program.
2. Required file documents.
3. Record keeping procedures.

### **PROCESS FOR STANDARDIZATION OF LOCAL ZONE OPERATIONS**

- The UEZ standardization process will cover certificate of occupancies, deeds or leases; maps and boundary verifications; certifications, re-certifications and inactive files; Zone Assistance Fund Projects; financial reports and reimbursement requests; staffing and reclusion files.

### **CERTIFICATE OF OCCUPANCY, LEASE OR DEED**

- The Coordinator is responsible for verification that any business making an application to the Urban Enterprise Zone program is physically located at the address cited on the certification form and within the designated zone area. Proper documentation includes a Certificate of Occupancy, lease and/or deed.

### **MAPS, BOUNDARY VERIFICATION AND BOUNDARY EXPANSION**

- The Coordinators are responsible to review UEZ designated maps for accuracy and content. A thorough review of the zone boundaries, streets that encompass the municipality's UEZ should be identified in this process. An accurate count of all businesses shall be maintained.

## **UEZ BUSINESS FILES**

- Business file folders should be identified by legal and trade name, UEZ file number and should include the following documentation in a designated secured file cabinet. All business files should be categorized by current status (e.g. applying, active or inactive).
  1. Copies of the application;
  2. Copies of all correspondence relating to the business;
  3. Copies of deeds, lease and other required documents;
  4. Copies of NJ Business Registration form (NJ-REG) and UZ-1;
  5. If any of the above documents are not available, a list of said documents should be included in the business file; and
  6. Activity log sheet

## **FUNDAMENTAL CERTIFICATION PROCESS**

This process will be done when a business contacts the local UEZ office to determine their eligibility. The following steps should be implemented:

- UEZ Coordinator/staff gathers relevant information:
  1. Legal Name of Business
  2. Business Address
  3. Contact Person
  4. Contact person's telephone number
- UEZ Coordinator verifies eligibility of business UEZ location. This will be done by reviewing:
  1. Zone boundary map
  2. Zone street listings
- UEZ Coordinator/staff verifies whether the business is a legal entity, verify local address, this can be done by requesting:
  1. A Certificate of Occupancy, and
  2. A Certificate of Authority
  3. A site visit as required
- Business is mailed the following documents:
  1. Certification application and instructions
  2. NJ-REG
  3. UZ-1

## **FUNDAMENTAL RECERTIFICATION PROCESS**

The following procedures will be conducted at the yearly re-certification:

- Re-certification process should start at least two to three months prior to recertification date.
- Zone staff mails out all required re-certification instructions and application.
- Zone should have a tracking system for all out going and incoming re-certifications.
- If a business is not open at the time of re-certification, a site visit is required to determine eligibility.
- In the event a business does not re-certify before their program expiration date the zone is required to send them a certified Notice of Ineligibility.
- All NJUEZ re-certification standards must be met (e.g., Policy Circular and guidelines).

## **INACTIVE FILES**

- Inactive business files with the required information as listed above should be maintained in a file cabinet separate from active business files for qualified business application.

## **RECORD RETENTION**

Records must be retained in accordance with the following schedule:

- Accepted Applications - 20 years or the full duration of the agreement
- Rejected Applications - 3 years

## **ETHICS**

- All staff members are subject to Ethical Standards and Guidelines. An individual whose position is funded with UEZ funds or who works with the municipality's UEZ office must provide a signed letter excluding him/her in any decision process where that individual has a personal interest. This letter should be filed in the business folder and his/her personnel file.

## **PROJECTS**

Zone Assistance Fund contract files should contain the following information:

1. An executed contract,
2. Incoming and outgoing correspondence regarding the project;
3. Copies of reimbursement requests and backup documentation;
4. Copies of cancelled checks issued by the municipality pertaining to the project;
5. Copies of State of New Jersey reimbursement checks issued by the Treasurer;
6. Any other pertinent copies or documents pertaining to the project should be included.

## **FINANCIAL STATUS REPORTS**

- The following status reports for each active project should be forwarded to the State Urban Enterprise Zone office quarterly (March 31, June 30, September 30, and December 31) and copies should be filed with the specific Zone Assistance Fund contract:
  1. Progress Reports (Attachment I)
  2. Financial Reports (Attachment J)

Copies of all quarterly Fixed Asset Reports and Second Generation Reports should be forwarded to the State Urban Enterprise Zone office and filed accordingly using the above schedule.

## **Record Retention**

Project and Financial records must be retained in accordance with the following schedule:

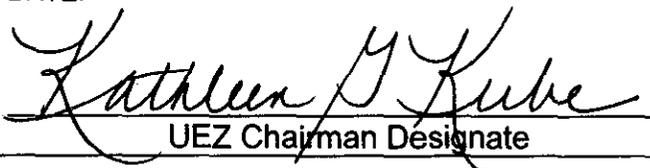
- All Zone Assistance Fund Project files, Reimbursement Requests and Financial Reports - 20 years or the full duration of the agreement.

# UEZ POLICY CIRCULAR

STATE OF NEW JERSEY

NJ COMMERCE ECONOMIC GROWTH AND TOURISM COMMISSION

NJ URBAN ENTERPRISE ZONE AUTHORITY

NO.: 06-03	EFFECTIVE DATE: <b>June 1, 2006</b>	SUPERSEDES:	PAGE 1 OF 1
SUBJECT: Second Generation Funds		DATE:  UEZ Chairman Designate	
<p>Effective <b>June 1, 2006</b>, the use of Urban Enterprise Zone Second Generation Funds for any purpose must be submitted to the New Jersey Urban Enterprise Zone Authority for approval. This submission must be in a form similar to projects and shall be considered by the Authority at the regular scheduled monthly meetings in due course. The use of Second Generation Funds for municipal services shall not be eligible.</p>			

# UEZ POLICY CIRCULAR

STATE OF NEW JERSEY  
NJ COMMERCE AND ECONOMIC GROWTH COMMISSION  
NJ URBAN ENTERPRISE ZONE AUTHORITY

NO.: 07-01	EFFECTIVE DATE: OCTOBER 11, 2006	SUPERSEDES:	PAGE 1 OF 1
SUBJECT: UEZ ETHICS COMPLIANCE PROCEDURE – DOCUMENTATION OF FILING OF FINANCIAL DISCLOSURES STATEMENT		DATE: <i>Kathleen G. Kube</i> 10/12/06 UEZ Chairman Designate	

This UEZ Policy Circular is issued to ensure compliance with P.L.2006, c34, approved July 8, 2006, amending NJSA C.52:27H-88 Section 29.a., requiring that:

Any individual, including an individual who is not directly employed by a municipality, with the authority to administer, allocate or approve the use of zone assistance funds is subject to the "Local Government Ethics Law," P.L.1991, c.29 (C.40A:9-22.1 et seq.), unless the individual is a State employee or a special State officer.

Any and all individuals subject to the foregoing provision (hereinafter the "Ethics Law") shall, to the extent said individuals currently have not done so already, file on or before December 1, 2006 a financial disclosure statement ("FDS") in the manner and form required by NJSA C.40A-9-22.6 (see attached). Any individual employed or otherwise engaged by a UEZ subsequent to October 11, 2006 and subject to the Ethics Law shall file a FDS within thirty (30) days of hire or engagement. All individuals subject to the provisions of the Ethics Law shall thereafter follow the regular annual cycle for re-filing of the FDS as required by C.40A:9-22.6.

On or before December 31, 2006, each UEZ coordinator shall provide to the Director, Office of Urban Programs, proof of compliance with the foregoing as to those currently employed or otherwise engaged which proof shall consist of a certified statement listing all UEZ related personnel required to file a FDS, their position titles or job descriptions and the date and status of their respective filings. The UEZ shall, further, identify for the Director any individual who has failed to timely file the FDS or who has any ethics filings pending or resolved against them as well as any potential conflicts of interest that may be present on account of any individual's participation in the UEZ program. As to any individual hired or engaged subsequent to October 11, 2006, each UEZ coordinator shall be obligated to provide the foregoing information to the Director as to each subsequent hire within 45 days of said hire or engagement. Each UEZ coordinator shall thereafter provide proof of compliance on an annual basis for each individual subject to the Ethics Law.

g. No local government officer or employee shall use, or allow to be used, his public office or employment, or any information, not generally available to the members of the public, which he receives or acquires in the course of and by reason of his office or employment, for the purpose of securing financial gain for himself, any member of his immediate family, or any business organization with which he is associated;

h. No local government officer or employee or business organization in which he has an interest shall represent any person or party other than the local government in connection with any cause, proceeding, application or other matter pending before any agency in the local government in which he serves. This provision shall not be deemed to prohibit one local government employee from representing another local government employee where the local government agency is the employer and the representation is within the context of official labor union or similar representational responsibilities;

i. No local government officer shall be deemed in conflict with these provisions if, by reason of his participation in the enactment of any ordinance, resolution or other matter required to be voted upon or which is subject to executive approval or veto, no material or monetary gain accrues to him as a member of any business, profession, occupation or group, to any greater extent than any gain could reasonably be expected to accrue to any other member of such business, profession, occupation or group;

j. No elected local government officer shall be prohibited from making an inquiry for information on behalf of a constituent, if no fee, reward or other thing of value is promised to, given to or accepted by the officer or a member of his immediate family, whether directly or indirectly, in return therefor; and

k. Nothing shall prohibit any local government officer or employee, or members of his immediate family, from representing himself, or themselves, in negotiations or proceedings concerning his, or their, own interests.

L.1991,c.29,s.5.

#### 40A:9-22.6 Annual financial disclosure statement

a. Local government officers shall annually file a financial disclosure statement. All financial disclosure statements filed pursuant to this act shall include the following information which shall specify, where applicable, the name and address of each source and the local government officer's job title:

- (1) Each source of income, earned or unearned, exceeding \$2,000 received by the local government officer or a member of his immediate family during the preceding calendar year. Individual client fees, customer receipts or commissions on transactions received through a business organization need not be separately reported as sources of income. If a publicly traded security is the source of income, the security need not be reported unless the local government officer or member of his immediate family has an interest in the business organization;

- (2) Each source of fees and honorariums having an aggregate amount exceeding \$250 from any single source for personal appearances, speeches or writings received by the local government officer or a member of his immediate family during the preceding calendar year;
- (3) Each source of gifts, reimbursements or prepaid expenses having an aggregate value exceeding \$400 from any single source, excluding relatives, received by the local government officer or a member of his immediate family during the preceding calendar year;
- (4) The name and address of all business organizations in which the local government officer or a member of his immediate family had an interest during the preceding calendar year; and
- (5) The address and brief description of all real property in the State in which the local government officer or a member of his immediate family held an interest during the preceding calendar year.

b. The Local Finance Board shall prescribe a financial disclosure statement form for filing purposes. For counties and municipalities which have not established ethics boards, the board shall transmit sufficient copies of the forms to the municipal clerk in each municipality and the county clerk in each county for filing in accordance with this act. The municipal clerk shall make the forms available to the local government officers serving the municipality. The county clerk shall make the forms available to the local government officers serving the county.

For counties and municipalities which have established ethics boards, the Local Finance Board shall transmit sufficient copies of the forms to the ethics boards for filing in accordance with this act. The ethics boards shall make the forms available to the local government officers within their jurisdiction.

For local government officers serving the municipality, the original statement shall be filed with the municipal clerk in the municipality in which the local government officer serves. For local government officers serving the county, the original statement shall be filed with the county clerk in the county in which the local government officer serves. A copy of the statement shall be filed with the board. In counties or municipalities which have established ethics boards a copy of the statement shall also be filed with the ethics board having jurisdiction over the local government officer. Local government officers shall file the initial financial disclosure statement within 90 days following the effective date of this act. Thereafter, statements shall be filed on or before April 30th each year.

c. All financial disclosure statements filed shall be public records.

L.1991,c.29,s.6.

#### 40A:9-22.7 Powers of Local Finance Board

With respect to its responsibilities for the implementation of the provisions of this act, the Local Finance Board shall have the following powers:

# UEZ POLICY CIRCULAR

STATE OF NEW JERSEY  
NJ COMMERCE COMMISSION  
NJ URBAN ENTERPRISE ZONE AUTHORITY

NO.: <b>08-01</b>	EFFECTIVE DATE <b>November 14, 2007</b>	SUPERSEDES:	PAGE 1 OF 1
SUBJECT: Funding Policy: Loans and Grants		DATE: 11/14/07 	UEZA Chairman

WHEREAS, the Authority acknowledges that, from time-to-time, an individual affiliated with a local Urban Enterprise Zone Authority, e.g., as a member of the voting board, advisory board or otherwise, or an individual related to a person or persons having such an affiliation, may hold the position of or be related to a principal of a qualified business as defined in the Urban Enterprise Zone Act (the UEZ Act); and

WHEREAS, the Authority further acknowledges that there are circumstances under which such a qualified business may seek to avail itself of the benefits of the UEZ Act, specifically, N.J.S.A. 52:27H-88.c, including, but not limited to, loan or grant programs established by the zone to encourage private investment and job creation; and

WHEREAS, the Authority desires to avoid the existence of favoritism, improvidence, corruption and/or the appearance thereof.

NOW THEREFORE, the Authority hereby adopts the following Policy which shall be implemented and applied to all project applications it considers, **effective immediately**, requesting the use of zone assistance funds for the purpose of providing loans or grants to qualified businesses:

All proposals seeking the use of zone assistance funds for the purpose of providing a loan or grant to a qualified business pursuant to N.J.S.A. 52:27H-88.c shall be accompanied by a Certification signed and sworn to by the applicant's zone coordinator stating that the affiant has conducted an investigation regarding the ownership of the loan or grant recipient and has determined that:

(1) each and every principal of said qualified business, or any person(s) related thereto, does not hold a position on any board or other entity affiliated with the local urban enterprise zone; or,

(2) in the event any principal of a qualified business seeking loan or grant assistance, or any person(s) related thereto, has such a relationship or affiliation, said Certification shall state, to the satisfaction of the Authority:

(a) the nature of the relationship and the individual(s) involved;

(b) that the program pursuant to which the benefit is being offered is generally available to all qualified businesses in the zone, for example, façade grant and revolving loan programs;

( c ) that all qualified businesses have been put on notice as to the availability of any such program; and

(d) that the provisions of the Local Government Ethics Law, N.J.S.A. 40A:9-22.1 et seq., have not and shall not be violated in the context of the subject application.

In determining whether a program or project is "generally available" to all qualified businesses in the zone, the Authority may consider how long the program has been in place, whether other businesses have benefited from the program in the past, the likelihood that other businesses will receive similar treatment in the future, and whether the proposal is so unique or specialized that it is unlikely that other businesses will present similar proposals in the future.

# UEZ POLICY CIRCULAR

STATE OF NEW JERSEY  
NJ COMMERCE COMMISSION  
NJ URBAN ENTERPRISE ZONE AUTHORITY

NO.: <b>08-02</b>	EFFECTIVE DATE <b>November 14, 2007</b>	SUPERSEDES:	PAGE 1 OF 1
SUBJECT: Funding Policy: Property Acquisition		DATE: 11/14/07 <i>Kei Drum</i> UEZA Chairman	

WHEREAS, the Authority desires to avoid the existence of favoritism, improvidence, corruption and/or the appearance thereof.

NOW THEREFORE, the Authority hereby adopts the following Policy **immediately** which shall be implemented and applied to all project applications requesting the use of zone assistance funds for the purpose of purchasing, leasing or otherwise acquiring land or other property, or an interest therein, shall:

(1) state that the proposed project is consistent with the Zone Development Plan adopted by the governing body of the municipality for the subject zone, and explain how the proposed project was part of an ongoing open process of purchasing, leasing or otherwise acquiring land or other property, or an interest therein including, but not limited to, the process by which the subject property was identified, the availability of alternative property in the zone and the negotiations culminating in the proposed sale, lease or other acquisition; and

(2) be accompanied by a Certification signed and sworn to by the applicant's zone coordinator stating that the affiant has conducted an investigation regarding the ownership of the seller of the subject property and has determined that:

(a) each and every principal of the seller, or any person(s) related thereto, does not hold a position on any board or other entity affiliated with the local urban enterprise zone; or,

(b) in the event any principal of the seller, or any person(s) related thereto, has such a relationship or affiliation, said relationship shall be disclosed with specificity by the affiant and the Certification shall state to the satisfaction of the Authority that the provisions of the Local Government Ethics Law, N.J.S.A. 40A:9-22.1 et seq., have not and shall not be violated in the context of the subject application and shall include all relevant facts considered by the affiant in reaching said conclusion.

# UEZ POLICY CIRCULAR

STATE OF NEW JERSEY  
NJ URBAN ENTERPRISE ZONE AUTHORITY

NO.: <b>09-03</b>	EFFECTIVE DATE April 8, 2009	SUPERSEDES:	PAGE 1 OF 1
SUBJECT: <b>Disclosure of Principals with 20% Ownership Equal to or Greater Than Applying for UEZ Grants/Loans</b>		DATE: <i>Kathleen G. Kube</i> 5/6/09 UEZA Chairman	
<p>Whereas, the Authority wishes to reduce the potential for conflicts of interest which may exist in connection with businesses seeking loans or grants to private entities under N.J.S.A.52:27H-88c: and</p> <p>Whereas, the Authority has determined that the identification of the names of principals having significant business interests in said business entities and the disclosure of the nature of said interests shall reduce the likelihood of conflict of interest in connection with the approval of loans and grants to qualified businesses from zone assistance funds,</p> <p>NOW, THEREFORE, BE IT RESOLVED that any and all applications seeking the use of zone assistance funds for loans or grants to qualified businesses under N.J.S.A. 52:27H-88c shall disclose the names of all principals holding an ownership interest equal to or greater than 20% in the qualified business seeking such assistance.</p>			

# UEZ POLICY CIRCULAR

STATE OF NEW JERSEY  
NJ URBAN ENTERPRISE ZONE AUTHORITY

NO: <b>10-01</b>	EFFECTIVE DATE <b>August 12, 2009</b>	SUPERSEDES:	PAGE 1 OF 1
SUBJECT: <b>Closed Circuit Surveillance or Related Systems</b>		DATE: <i>Kathleen G. Kube</i> 9/2/09 UEZA Chairman	
<p>Effective immediately, the following shall apply to all project proposals seeking use of Urban Enterprise Zone Assistance Funds ("ZAFs") for closed circuit surveillance or related systems ("CCTV") under N.J.S.A. 52:27H-88c:</p> <ol style="list-style-type: none"><li>1. ZAFs may be used to fund one hundred (100%) per cent of the cost to purchase and install CCTV equipment for use in an Urban Enterprise Zone.</li><li>2. All ongoing operating costs for personnel shall require a twenty (20%) per cent municipal match.</li><li>3. All CCTV projects must include the following:<ul style="list-style-type: none"><li>• the capital cost of acquisition of the CCTV system;</li><li>• the anticipated cost of future maintenance of the CCTV system, together with a copy of any relevant maintenance contract(s) associated with the system;</li><li>• the anticipated cost of personnel needed to monitor the system, together with justification for the number and type of personnel to be retained;</li><li>• a "Surveillance Plan" indicating the public safety priorities to be achieved, benchmarks and criteria for measuring the success of the project and, with respect to ongoing CCTV projects, a summary of achievements to date.</li></ul></li></ol>			

# UEZ POLICY CIRCULAR

STATE OF NEW JERSEY  
NJ URBAN ENTERPRISE ZONE AUTHORITY

NO.: <b>10-02</b>	EFFECTIVE DATE: April 26, 2010	SUPERSEDES: <b>98-10</b>	PAGE 1 OF 1
SUBJECT: Urban Enterprise Zone Assistance Fund Project Contract Amendments – Increases and/or Scope		DATE: <i>Kathleen S. Kube</i> 5/18/10 UEZA Chairman	
<p>(a) Contract amendments requiring a change in scope and/or greater than a 10% increase in funding shall, at the Authority's discretion, be presented to the Board at a scheduled public meeting or submitted as a new project.</p> <p>(b) Contract amendments requesting an increase of less than 10% additional funding shall, at the Authority's discretion, be placed on the Authority's Consent Agenda for approval/denial at a scheduled public Authority meeting.</p> <p>(c) No contract amendment shall exceed a request for additional funds in excess of 20%.</p>			

# UEZ POLICY CIRCULAR

STATE OF NEW JERSEY  
NJ URBAN ENTERPRISE ZONE AUTHORITY

NO.: <b>10-03</b>	EFFECTIVE DATE <b>July 1, 2010</b>	SUPERSEDES:	PAGE 1 OF 1
SUBJECT: <b>Use of UEZ Funds for Property Acquisition</b>		DATE: <i>Kathleen S. Kube</i> 7/8/10 UEZA Chairman	
<p>Effective immediately, no Urban Enterprise Zone Assistance Funds shall be approved and/or utilized for the acquisition of real property by a zone development corporation or a UEZ municipality unless:</p> <ol style="list-style-type: none"><li>(1) a recent appraisal is submitted to the Authority with the pending proposal to support the purchase price; and</li><li>(2) except as set forth below, the request for funding does not exceed the appraised value plus reasonable costs related to the acquisition such as title, legal and appraisal fees. In the event of two or more competing appraisals, a review appraisal shall be submitted and used as the maximum purchase price.</li></ol> <p>In the event the zone, as buyer, is unable to negotiate an agreement of sale for the appraised value or less, it must submit detailed information to the Authority concerning (a) the negotiations between buyer and seller; (b) any mitigating factors that may support payment of greater than the appraised price; and (c) any viable alternative to purchase in the open market, e.g., condemnation, including the cost(s) thereof. In such cases, it shall be within the discretion of the Authority whether to approve funding for the subject acquisition.</p>			

# UEZ POLICY CIRCULAR

STATE OF NEW JERSEY  
NJ URBAN ENTERPRISE ZONE AUTHORITY

NO.: <b>11-01</b>	EFFECTIVE DATE <b>October 1, 2010</b>	SUPERSEDES: <b>99-01</b>	PAGE 1 OF 1
SUBJECT: <b>Sanitation Projects</b>		DATE:  <b>UEZA Chairman</b> 9/28/10	
<p>No longer allows sanitation projects as a permissible Zone Assistance Fund project. Sanitation projects including salary/fringe and equipment must be submitted as a municipal service project with statement of direct and immediate health emergency need and require a 20% municipal cash match.</p> <p>Sanitation will also count towards the 35% cap allowable for Eligible Municipal Service Projects.</p> <p>The provisions of this policy may be waived at the sole discretion of the Authority upon a showing of extreme hardship. In no event shall combined fire and police municipal projects exceed the 35% cap mandated by N.J.S.A. 52:27H-88(d)(2).</p>			

# UEZ POLICY CIRCULAR

STATE OF NEW JERSEY  
NJ URBAN ENTERPRISE ZONE AUTHORITY

NO: <b>1-02</b>	EFFECTIVE DATE <b>July 1, 2011</b>	SUPERSEDES:	PAGE 1 OF 1
SUBJECT: Second Generation, Administration, Procedures, Recordkeeping, Reporting and Monitoring Procedures		DATE:  <b>EXEC. DIR. UEZA Chairman</b>	3/1/2011

Effective July 1, 2011 the following shall apply to administration, procedures, recordkeeping, and reporting for Second Generation Funds, their use and the loans and projects issued there from. The UEZA, working in conjunction with the Office of the State Treasurer, is preparing more comprehensive regulations, including regulations concerning Second Generation Funds, pursuant to N.J.S.A. 52:27H-81, and Policy Circular #06-03.

In compliance with the recommendations of the State Auditor in their report dated April 15, 2010, the UEZA has undertaken a number of efforts to ensure that Second Generation Funds are accounted for clearly and completely in accordance with the Act. To realize both transparency and timeliness of actionable information, a set of Second Generation Principles and Procedures has been developed, as follows:

1. All Urban Enterprise Zones are to fully account for Second Generation activities on a quarterly basis, including all cash and invested balances, all loan activities, and all other uses and proceeds regarding Second Generation Funds. Second Generation Funds shall not be used for payroll or any other operating expenses contemplated by the Administrative Budget except when expressly authorized by the UEZA Board.
2. All Second Generation Accounts shall be clearly identified as such, with standardized account titles clearly including the words "Second Generation Account."
3. All zones with Second Generation Fund Balances shall enter into annual operating agreements with the UEZA assuring compliance with this Policy Circular and the attached Guidelines for the Administration, Procedures, Recordkeeping, and Reporting for Second Generation Funds, their use and the Loans and Projects issued there from.
4. A full and self-balancing report shall be compiled, and certified by the Coordinator and the fiscal officer, for the four quarters ended March 31, June 30, September 30 and December 31 and submitted to the UEZA staff not later than forty-five (45) days after the last day of each quarter. The following is a partial list of key items to be included:
  - A complete set of Bank Statements for each account maintained (checking, Money Market, CD, investment, or otherwise) for all periods within the quarter, with all transactions clearly shown;
  - All loans outstanding during the quarter shall be listed, including their terms, payment status (whether it is current or in any manner classified, principal and interest payments, etc.), reference to the UEZA approved project number under which the loan is authorized;
  - A clear discussion of actions taken and anticipated for loans that are not current in their payments;

The attached "Guidelines For The Administration, Procedures, Recordkeeping, and Reporting for Second Generation Funds" are fully incorporated into this Policy Circular and are to be followed.

January 3, 2011

## 2. ADMINISTRATION AND REPORTING GUIDELINES AND POLICY DIRECTIVE FOR SECOND GENERATION FUNDS

**Scope:** These principles and procedures describe the accountability of Urban Enterprise Zones for the administration of and reporting for "Second Generation Funds," including:

- I. Urban Enterprise Zones shall establish separate bank accounts for First Generation zone funds and Second Generation zone funds. The bank accounts shall contain these designations in their titles such that they appear on all bank statements, notices and all other correspondence from the banking institution;
- II. Procedures are specified for the reporting and monitoring of Second Generation Funds (as defined below);
- III. The authorization process for the use of Second Generation Funds by the Zone; and,
- IV. Within ninety (90) days from adoption of these guidelines and policy directives, zones shall enter into Second Generation Fund operating agreements assuring compliance with these guidelines and directives.
- V. The consequences for deviation from this Policy Directive.

### **Definitions:**

"First-generation funds" refers to funds credited to the enterprise zone account of each municipality from the enterprise zone assistance fund.

"Second Generation Funds" refers to funds generated from the repayments of loans and grants to individuals and businesses from the enterprise zone accounts, both First Generation and Second Generation, of each municipality and the proceeds from the sale, lease or other disposition in any form of properties, equipment or other resources acquired through the enterprise zone program.

Unless otherwise directed by statute, adopted regulation, Executive Order, policy determination or other resolution of the Urban Enterprise Zone Authority Board, **Second Generation Funds shall not be used to supplement or supplant a cost chargeable to a Zone's Administrative Budget; nor for otherwise "eligible municipal services" for projects proposed since June 1, 2006.**

The term "loan" as listed herein shall to the maximum extent include both loans and grants which grants shall be recoverable under certain circumstances which shall be disclosed.

## **I. Separate bank accounts required for First Generation Funds and Second Generation Funds**

(a) Pursuant to NJSA 52:27H-88, Zones shall establish by March 1, 2011 separate bank accounts for First Generation Funds and Second Generation Funds if they have not done so already.

1. Zone Coordinators shall ensure compliance with this requirement and shall notify the Executive Director of the Urban Enterprise Zone Authority (hereinafter, "UEZA") of all such funds and accounts within forty-five (45) days of the effective date of these Second Generation Guidelines, stating the institutions, account numbers, opening and maturity dates, and other terms and conditions of each of the accounts.
2. Second Generation Fund bank accounts shall include checking accounts, time deposits, certificates of deposit and other insured accounts, the interest earned and fees charged being applied to the Second Generation Funds.

## **II. REPORTING AND MONITORING REQUIREMENTS REGARDING SECOND GENERATION FUNDS**

### **A. Reporting Requirements**

Zones shall submit quarterly reports to the UEZA in a format determined by the UEZA staff (with end-dates of March 31, June 30, September 30 and December 31), within forty-five (45) days of the end of the quarter, detailing the activities in their Second Generation Funds, which reports shall account for all assets and claims against their Second Generation Funds, including but not limited to the following information:

1. The bank account balance(s) of the zone's Second Generation Funds and reconciliation analysis for each account, with sufficient identifying information for the account; and,
2. A list of all disbursements and expenditures that were charged against, and all cash, interest or other consideration received for the benefit of, Second Generation Funds.
  - i. The Zone shall appoint a loan committee consisting of at least three members, experienced in the successful operation of business entities, one of whom shall possess experience reviewing and approving commercial, real estate and small business loans for a bank or financial institution. The committee shall be named in the operating agreement with the UEZA. The committee shall review all loan applications and make recommendations to the Zone and the proposal shall be submitted to the UEZA as set forth below in paragraph III.3 below.

- ii. The Zone Coordinator shall account for all money received from the sale or other disposition of property, equipment or other assets or resources, which includes but is not limited to, land, buildings, machinery and equipment, and staff services, which were purchased with First Generation Funds or through the Administrative Budget. The account shall include a report on how the valuation of any property, sold, traded or disposed of was determined, along with copies of appraisals, sales contracts, closing statements, bills of sales and any other applicable documents determining value at settlement and closing.
  - iii. The Zone Coordinator shall provide information on loans and/or repayable grants made with Second Generation Funds, which shall include a summary of the transactions during the quarter for all outstanding loans; and for each loan:
    - (a) The loan recipient, with a specific identifier to the UEZA Board authorization of the loan or the revolving loan program.
    - (b) The maturity date of the loan as well as the dates of approval and disbursements, and a summary of the terms of the loan.
    - (c) Money received from interest, fees, principal payments, and other sources on the loan.
    - (d) An itemization of all fees and charges collected in facilitating, closing or settling the transaction.
    - (e) Loan delinquencies, defaults, work-outs, rescheduling and other special handling, and all actions taken thereon, including but not limited to specific efforts to recapture funds, collateral, etc.
    - (f) Changes in loan agreement(s).
    - (g) UEZA approved project that funded the loan; and,
3. All loan documents drafted by the zones to facilitate and close Second Generation projects shall conform to customary commercial loan documentation practices followed by commercial banks licensed by the State of New Jersey. The zone shall issue standard financing documents which shall include but are not limited to the following: Commitment Letter, Note, Mortgage or other Security Instrument, Affidavit of Title, Guarantee, Personal Guarantee, Assignment or Pledge of Accounts Receivables, Closing Instructions and Condition Precedent to Closing. The standard documents shall be prepared by an attorney licensed to practice law in the State of New Jersey experienced in commercial financial transactions. The documents shall be approved by the Loan Committee and forwarded to the UEZA for review. The documents may be negotiated and modified by the zone attorney as appropriate for each project.

4. Real estate based loans shall be secured by recorded first and second mortgages backed by mortgage title insurance policies naming the zone as the insured mortgagee. Other collateral financed, including equipment, and/or the pledge of rents and/or receivables shall be secured through the filing of Uniform Commercial Code Financing Statements securing the loans. Personal guarantees shall be obtained where underwriting indicates same is prudent to protect the Second Generation fund.
5. Supporting documentation such as receipts and copies of checks, title documents, all loan documents and related securities, mortgages, notes, personal guarantees, etc. shall conform to commercial banking loan standards and practices, shall be provided to the UEZA as determined necessary by UEZA staff and/or its auditors; and,
6. All notices of default shall be served upon the borrower and project guarantors as identified, and within five (5) business days of completion thereof, confirmation of service shall be served upon UEZA; and,
7. A summary Sources and Applications statement for the quarter and fiscal year-to-date must be part of the quarterly report, as well as the balance in the loan portfolio and other assets or claims attributable to Second Generation Funds. If the details are not apparent from the report, the UEZA staff may request and the Zone shall provide such additional information; and,
8. Within 30 days following adoption of this Policy circular, UEZA staff shall provide an initial draft format for the quarterly report which may be further revised given the information submitted by the zones and the specifications and capabilities of software program(s) yet to be determined.

**B. Monitoring Second Generation Funds**

The Second Generation Funds quarterly report shall be submitted to UEZA office within forty-five (45) days of the end of the quarter. UEZA accounting staff shall review the Second Generation Funds quarterly report submitted by each zone within forty-five (45) days of receiving it.

1. Staff shall ascertain whether all required information is included and request from the Zones any additional or missing information and further:
  - (a) UEZA accounting staff shall report the results of their review to the Executive Director.
  - (b) If the review of the quarterly report indicates a possible violation of statutory or regulatory requirements or UEZA policy, or if the Zone fails to provide necessary information, upon authorization by the Executive Director, staff may initiate an investigation, a brief progress

report on which shall be reported to the Executive Director on a monthly basis.

- (c) Second Generation Fund accounts and associated matters are subject to examination by the UEZA accounting staff, state auditors, the municipal auditor, and/or an independent Certified Public Accountant, as determined by the Executive Director.
- (d) In conjunction with the audit of Zone accounts, and/or a general municipal audit that includes the Zone office, the audit shall also specifically include the Second Generation Fund accounts. The UEZA shall be copied on all interim and final audit reports.
- (e) Financial records and supporting documentation for Second Generation Funds shall be retained for twenty (20) years from closing of each loan made using Second Generation Funds.
- (f) In the event an independent audit discloses that Second Generation Fund accounts and records are not maintained in accordance with these Guidelines and generally acceptable accounting practices, any costs incurred by the UEZA in retaining accountants and auditors to reconstitute the accounts in accordance with generally acceptable accounting practices shall be chargeable to the Zone.

### **III. Use of Second Generation Funds:**

Second Generation Funds may be used for the following purposes after being approved in the manner provided below:

1. Effective **June 1, 2006**, the use of Urban Enterprise Zone Second Generation Funds for any allowable purpose and in any amount must be submitted to the UEZA Board for approval. This submission must be in a form similar to projects and shall be considered by the Authority at the regular scheduled monthly meetings in due course.
2. Municipal Services and Zone operating expenses shall **not** be an eligible use of Second Generation Funds unless otherwise directed by statute, adopted regulation, Executive Order, policy determination or other resolution of the Urban Enterprise Zone Authority Board.
3. Second Generation Funds which are to be applied to provide loans or grants, whether for a single party or as a revolving loan or grant fund program, must be submitted to the UEZA Board for authorization. However, before a proposal may be considered by the UEZA Board, the Zone Coordinator must first submit the details of its loan review and approval process, including: who will perform the loan application review and analysis; how will they act upon the application, and how will they be compensated if not being performed by zone staff; how will the

interest rate be determined; and, what guidelines will be used for collateralization and coverage ratios to the zone loan committee.

4. After an applicant is confirmed to be a participating business and has received tax clearance, a loan authorized by the UEZA Board shall be distributed only to the party (ies) listed and in the manner and amounts described in the Second Generation Loan proposal to the UEZA. If an applicant declines an approved loan, the Zone Coordinator shall return those funds to the Second Generation Loan Fund and notify the UEZA within three (3) business days. Under no circumstances is a Zone Coordinator permitted to disburse the loan funds to another applicant without first obtaining the approval of the UEZA Board.
5. The loans authorized hereunder shall be cross-referenced to the resolution of the UEZA Board which authorized said loan(s).

**IV. CONSEQUENCES FOR NOT COMPLYING WITH THESE PROCEDURES: It is central to the review and compliance process that procedures be established and followed consistently. To that end, there shall be the following consequences for non-compliance, subject to appeal only to the Board of the UEZA:**

1. Failure to submit a quarterly report – if the Zone does not submit a quarterly report as specified above, and after due follow-up by UEZA staff, has failed to submit the report by the end date of the next quarter, no Second Generation Funds projects shall be considered by the UEZA Board until the missing report(s) are received and reviewed.
2. If there is the appearance from a quarterly report or otherwise of an improper use of Second Generation Funds, then no Second Generation Funds projects shall be considered by the UEZA Board until the matter is resolved.
3. If the matter under either 1) or 2) above remains unresolved for six (6) months from the date that UEZA staff begins its compliance efforts, then no projects (First Generation and Second Generation) may be considered by the UEZA Board and no reimbursement requests shall be accepted until such date as the matter is resolved and the Zone returns the funds at issue to the Second Generation Fund accounts.
4. If Second Generation Funds have been disbursed without prior approval as provided herein or as provided in procedures adopted hereunder, the Zone Coordinator is to take all appropriate legal measures to recover the funds and shall provide the UEZA with such proofs thereof on a concurrent basis.
5. The UEZA reserves the right to order the return of all Second Generation Funds to the UEZA, or appoint a financial institution licensed to do business in the State of New Jersey to administer the program on behalf of the zone and the UEZA, for failure to comply with applicable law, regulation, executive order, policy guideline or circular in the operation of the Second Generation Program.

The forgoing notwithstanding, if the Executive Director determines the apparent or actual actions in question warrant investigation by other State agencies (including but not limited to Treasury, Community Affairs, the Attorney General, the Office of Legislative Services, State Ethics Commission, etc.) with jurisdiction over such matters, a referral shall be made.

**OTHER PROCEDURES TO BE ADOPTED:**

We are attaching a format for the Sources and Uses document to be followed substantially. There are built in formulae to assist zones and UEZA staff in ensuring that the reports are in balance.

The UEZA may develop and implement additional procedures or means to facilitate the processes described in these procedures. We are looking into available resources for electronic submission and compilation, including use of shared or common software.

UEZA Board and staff will be working with the Treasurer's staff to further develop regulations if required by law, regulation or executive order.