May 13, 2013

Vincent Prieto, Chairman
Assembly Budget Committee
c/o David J. Rosen, Legislative Budget and Finance Officer
Office of Legislative Services
State House Annex
P.O. Box 068
Trenton, New Jersey 08625-0068

Dear Chairman Prieto:

On behalf of the New Jersey Economic Development Authority (EDA), I thank you for the opportunity to appear before your committee as part of the FY 2014 State Budget review. In response to your letter dated April 24, 2013, the following addresses questions raised by members of the committee:

Assemblyman Prieto:

• Please provide copies of the EDA's budgets, delineated by major spending category, for calendar years 2009, 2010, 2011, 2012, and 2013.

See attached Fiscal Plan documents for calendar year 2009 through 2013.

Assemblmen Prieto and Schaer:

• Please provide the FY 2014 Core Missions Summary metrics that are unspecified on pages D-372 and D-373 of the Governor's FY 2014 Budget. Please also share the performance metrics included in the EDA's strategic plan for calendar year 2013.

The following Performance Targets for fiscal year 2014 are Performance Targets for calendar year 2013 which are estimated to be approximately the same as for fiscal year 2013 (calendar year 2012). Also, attached is a copy of the NJEDA Strategic Plan for 2013.

Advancing Job Creation and Retention Incentives to Grow Businesses in New Jersey Appropriations ($000s)

| State Funds | $185,075 |

**Key Performance Indicators**

- Amount of assistance provided through approved applications (in millions).... $420.00
- Public/private investment leveraged (in billions)................................. $1.25
Providing Financing to Small and Mid-Sized Businesses and Not-for-Profits

Appropriations (000s)
Non-State Funds................................................................. $49,000

Key Performance Indicators
Amount of assistance provided through approved applications (in millions)........................................................................ $60
Public/private investment leveraged (in billions)........................................ $450.00

Supporting Redevelopment Projects that Revitalize Communities and Stimulate the Economy

Appropriations ($000s)
State Funds.................................................................................. $18,449

Key Performance Indicators
New jobs on Fort Monmouth property by end of calendar 2012................. 150

Providing Entrepreneurial Development through Training and Mentoring Programs

Appropriations ($000s)
Non-State Funds............................................................................ $300

Key Performance Indicators
Number of clients counseled through partners......................................... 4,500

(a) The NJEDA operates on a calendar year, rather than on the State’s fiscal year. As a result, actual fiscal year 2012 numbers shown are actuals for calendar year 2012. Performance Targets for fiscal year 2013 are Performance Targets for calendar year 2012.

Assemblyman Coutinho:

- Please indicate the number of construction projects incentivized by the EDA that are projected to commence in calendar year 2013, the number of construction jobs these projects are expected to create, and the anticipated amount of capital investments these projects represent.

Under the Business Employment Incentive Program (BEIP), Business Retention and Relocation Assistance Grant (BRRAG) Program, Economic Redevelopment and Grant (ERG) Program, Urban Transit Hub Tax Credit (UTHTC) Program and Grow New Jersey (Grow NJ) Assistance Program, the EDA has supported 30 significant construction projects that have or are expected to commence in calendar year 2013. These projects involve the estimated creation of 11,680 construction jobs and capital investment estimated to total over $2.7 billion.

Assemblyman Schaefer:
• Please explain the projected $3,264,000 decline in the FY 2014 State Funds appropriation for "Supporting Redevelopment Projects that Revitalize Communities and Stimulate the Economy" from $21,713,000 in FY 2013 to $18,449,000 in FY 2014 (Core Missions Summary, page D-373 of the Governor's FY 2014 Budget).

The decline is due to the reduction in carry forward funds under the Brownfields Reimbursement Program which were utilized in the previous budget cycle.

• Please calculate New Jersey's unemployment rate taking into account the adult population that is currently not actively looking for work.

The unemployment rate in New Jersey is calculated, as in all states, by the federal Bureau of Labor Statistics (BLS) using monthly surveys to issue preliminary monthly estimates that are benchmarked annually when more detailed and accurate information becomes available. The annual benchmarking for each year is announced within the first three months of the following year. The most recent benchmarking of the preliminary monthly unemployment rates released in 2012 showed that the unemployment rates were revised downward for the last half of 2012 while New Jersey's labor participation rate remained much higher than the national average and neighboring states. The latest preliminary monthly employment report for March 2013 that was issued earlier this month by the BLS for New Jersey calculated the preliminary unemployment figure in New Jersey to be 9.0 percent, representing a .3 drop from the previous month. If the preliminary data holds, that would represent the largest monthly drop in the unemployment rate in New Jersey since 1978. The EDA and the Department of Labor and Workforce Development do not calculate the monthly or annual unemployment rates, and therefore neither would be in a position to properly recalculate BLS data using the formula you suggested.

Assemblywoman Watson-Coleman:

• Please provide a description of each incentive program offered by the EDA, including each program's funding level and eligibility criteria.

See attached document entitled New Jersey Economic Development Authority (EDA) Products.

• Please list and describe all the agreements the EDA has with community development financial institutions to provide assistance primarily to small and minority- and women owned businesses. For each community development financial institution with which the EDA has an agreement, please specify the geographical areas served, the type of assistance provided, the level of funding made available by the EDA, the number of businesses benefitting from the agreements, and the amount of benefits disbursed to entrepreneurs.

The EDA, through the Loans to Lenders component of the Fund for Community Economic Development, makes capital available to financial intermediary organizations which can effectively reach small businesses in local markets, including micro-lenders and Community Development Financial Institutions (CDFIs). These organizations, listed below, have the ability
to offer technical assistance, term loans and lines of credit to micro-enterprises and small businesses that may not qualify for traditional bank financing.

**UCEDC**
The UCEDC helps start-ups and established businesses to position themselves for success with sound business practices. A statewide non-profit economic development corporation, the UCEDA helps New Jersey’s businesses start, grow and thrive through innovative procurement, technical assistance and lending programs, with an emphasis on benefiting under-served people and communities. Under a $300,000 contract with EDA, UCEDC provides an array of training and technical assistance services available to New Jersey entrepreneurs and small businesses. As a result of EDA support, UCEDC has mentored 450 pre-existing/start-ups businesses and 300 existing/growing businesses; and has responded to 1,418 inquiries and provided 62 workshops for a total of 1,256 attendees. In addition, UCEDC has closed 21 loans for a total of $928,000. Also, EDA has approved and closed a $500,000 loan to UCEDC. In 2012, the UCEDC-EDA partnership assisted 15 clients with loans to help grow existing companies or to launch new businesses in New Jersey. These projects, which received $505,000 in assistance, helped to create 35 new jobs in the State.

**Greater Newark Enterprises Corporation (GNEC)** – GNEC provides financial assistance and training to small businesses, businesses owned by women, low-income individuals, and minorities for the purpose of encouraging entrepreneurship in and around the city of Newark. The EDA has approved a $500,000 loan for GNEC with almost $166,670 disbursed in September 2012.

**Millville Urban Redevelopment Corporation (MURC)** – The Millville Urban Redevelopment Corporation is a nonprofit corporation that includes the coordination and management of the Urban Enterprise Zone program in the city of Millville, Cumberland County. In January 2013, EDA closed a $200,000 loan to MURC; there have been no disbursements to date.

**New Jersey Community Capital (NJCC)** – NJCC is a 501(c)(3) nonprofit CDFI that provides innovative financing and technical assistance to organizations that support housing and sustainable community development ventures that increase jobs, improve education and strengthen neighborhoods. The EDA has provided $500,000 to support NJCC’s REBUILD New Jersey loan fund, which was created to aid recovery for small businesses in areas most severely impacted by Superstorm Sandy. To date, NJCC has approved 1 loan for a total of $50,000 utilizing EDA funds. Additionally, EDA has provided NJCC with $750,000 to support businesses and community based organizations to increase jobs, improve education and revitalize neighborhoods through flexible financing.

**Cooperative Business Assistance Corporation (CBAC)** – CBAC is a non-profit, public-private partnership created in 1987. Established to encourage the growth and stability of the small business sector, CBAC facilitates opportunities for banks to make business loans in the City of Camden, New Jersey, Philadelphia, Pennsylvania, and the six counties located in Southern New Jersey. CBAC offer loans to businesses for as little as $1,000 to as much as $2,000,000 through various loan and guaranty programs. The EDA has approved $1 million to CBAC of which
approximately $760,000 is currently outstanding. EDA has also approved $500,000 to CBAC for Superstorm Sandy business recovery which has not yet closed.

**Latin American Economic Development Association, Inc. (LAEDA) –** LAEDA provides economic development, job creation, entrepreneurial training, redevelopment of commercial real estate, commercial district revitalization initiatives and business counseling and technical assistance in the City of Camden and greater Camden County. The EDA has provided $25,000 to LAEDA which has enabled mentoring services to 709 pre-existing/start-ups businesses and 75 existing/growing businesses, as well as responding to 232 inquiries and conducting 25 workshops. LAEDA does not lend directly, but with assistance from EDA, has helped two businesses attain $26,000 in financing from other sources.

**Rising Tide Capital –** Rising Tide provides basic business management training, guidance and support designed for the needs of struggling entrepreneurs in distressed areas in Jersey City and greater Hudson County. With $25,000 from the EDA, Rising Tide has mentored 325 pre-existing/start-ups businesses and 109 existing/growing businesses, responded to 1,172 inquiries and provided 27 workshops. Rising Tide also does not lend directly, but helps businesses attain financing from other sources. Last year, LAEDA assisted a recipient of $10,000 from the Start Something Smart Challenge and also assisted in preparing and reviewing 13 loan packages for referral to other funding sources.

**The Reinvestment Fund (TRF) –** In 2009, the EDA partnered with TRF to create the New Jersey Food Access Initiative (NJFAI). The EDA made a $3 million investment in TRF, which provides low cost loans and grants to supermarket operators and developers of supermarkets statewide, with an emphasis on serving ten priority cities, including Atlantic City, Camden, East Orange, Elizabeth, Jersey City, Newark, New Brunswick, Paterson, Trenton and Vineland. High start-up costs or limited access to credit often prevent local grocery owners from opening new outlets in underserved communities, making buying fresh and healthy foods a daunting proposition. The financing can be used to fund costs associated with land acquisition, predevelopment, construction or renovation, leasehold improvement, equipment and permanent financing. Funds can be used for capital projects to build new supermarkets, expand existing facilities, and purchase and install new equipment. In 2012, $750,000 of a total $1,000,000 has been disbursed for Seabra in Newark; and, of a second $3,000,000 loan, $570,000 has been disbursed for improvements to two (2) Save-A-Lot Supermarkets located in Millville and Rio Grande.

**Assemblywoman Watson-Coleman and Assemblyman Singleton:**

- Please indicate for each of the last five calendar years the average salary of jobs the EDA has incentivized. Please provide a comparison of the salaries and benefits of jobs the EDA incentivized before and after the recession of 2008.

In reviewing the average salaries annually for each year from 2007-2012, for new hires the average salaries (eliminating the highest year (2008 – $103,000) and lowest year (2012 – $75,000) was approximately $85,000 each year, with literally no disparity in average salaries for
new jobs before versus after the recession. This is based on salary info provided by applicants at application. Also, the high year, 2008, follows 2007 which reported $81,000 in salaries therefore 2007 is probably an aberration or includes bonuses. 2012 ($75,000) is lower than the average, which may be likely due to fewer BEIPs approved/closed than in the other years, resulting in a smaller sample size more affected by highs/lows within the range.

Assemblyman Wimberly:

- On March 5, 2013, the EDA announced the availability of $125 million in Qualified School Construction Bonds (QSCBs) to support the construction, expansion, and enhancement of charter schools. The Chief Executive Officer of the EDA testified that the Authority received 13 responses to the competitive solicitation. Please list the 13 schools.

The NJEDA received 16 applications in total from 12 schools (North Star submitted 4 applications for separate projects); and, an application from the 13th school was deemed ineligible as it was received after the April 3, 2013 deadline.

Ashland School (Newark)
Charter Tech (Somers Point)
D.U.E Season (Camden)
Elysian (Hoboken)
Gray (Newark)
Great Oaks (Newark)
LEAP Academy (Camden)
Marion P Thomas (Newark)
North Star – 15th Ave (Newark)
North Star – 2 Washington Place (Newark)
North Star – 24 Hazelwood (Newark)
North Star – S 9th Street (Newark)
St Philips (Newark)
University Heights (Newark)
Visions Academy (Newark)

If you have any questions or require additional information, please contact me at your convenience. I thank you, again, for the opportunity to discuss budget issues pertaining to EDA, and look forward to our collective efforts to grow New Jersey’s economy and advance the State’s recovery and rebuilding efforts.

Sincerely,

Michele Brown
EDA CEO
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<td>13,000</td>
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<td><strong>Total Operating Revenue</strong></td>
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<td>-9.5%</td>
<td>22,285,700</td>
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| Non Operating Revenue:                 |                  |                      |                     |            |                  |
| Interest from Investments              | 20,501,300       | 15,530,000           | (4,971,300)         |            | 10,184,200       |
| Service Fees/Surcharges                | 1,820,500        | 1,656,000            | (164,500)           |            | 1,680,000        |
| **Total Non Operating Revenue**        | 22,321,800       | 17,186,000           | (5,135,800)         | -23.0%     | 11,864,200       |

**Total Revenue**                       | 43,734,500       | 36,571,400           | (7,163,100)         | -16.4%     | 34,119,900       |

| Administrative Expenses                |                  |                      |                     |            |                  |
| Personnel and Benefits                 | 16,928,500       | 15,741,000           | (1,187,500)         |            | 16,675,000       |
| General and Administrative             | 3,612,500        | 3,631,000            | 18,500              |            | 4,748,000        |
| **Total Administrative Expenses**      | 20,541,000       | 19,372,000           | (1,169,000)         | -5.7%      | 21,423,000       |

| Costs & Losses                         |                  |                      |                     |            |                  |
| Interest                               | 1,723,000        | 1,474,200            | (248,800)           |            | 1,277,500        |
| Program                                | 8,595,300        | 6,839,600            | (1,755,700)         |            | 7,827,500        |
| **Total Costs**                        | 10,324,300       | 8,313,800            | (2,010,500)         | -19.3%     | 9,055,000        |

**Total Expenses & Costs**             | 30,865,300       | 27,705,800           | (3,159,500)         | -10.2%     | 30,528,900       |

**Net Operating Earnings**             | $12,860,200      | $8,839,600           | ($4,020,600)        | -31.2%     | $3,591,900       |

**Credit Loss Provisions**             |                  |                      |                     |            | $8,728,600       |

**Sale of Assets**                     | $2,500,000       | $2,500,000           |                     |            | $8,746,200       |
# NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

## 2010 FISCAL PLAN

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<td><strong>Operating Revenue:</strong></td>
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<td>Financing Fees</td>
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<td>Late Fees and Other</td>
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<td><strong>Total Operating Revenue</strong></td>
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<td>20,757,100</td>
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<td><strong>Non Operating Revenue:</strong></td>
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<td><strong>Total Revenue</strong></td>
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<tr>
<td>Personnel and Benefits</td>
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<td>16,121,600</td>
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<td><strong>Total Costs</strong></td>
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<td>8,617,900</td>
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<td><strong>Total Expenses &amp; Costs</strong></td>
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<td><strong>Net Operating Earnings</strong></td>
<td>$1,903,400</td>
<td>$508,700</td>
<td>($1,394,700)</td>
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NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

2011 FISCAL PLAN

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<td>Operating Revenue:</td>
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<td>Late Fees and Other</td>
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<td>6,935,000</td>
<td>(2,086,900)</td>
<td>-23.1%</td>
<td>7,009,400</td>
</tr>
<tr>
<td><strong>Total Expenses &amp; Costs</strong></td>
<td>30,622,900</td>
<td>26,724,000</td>
<td>(3,898,900)</td>
<td>-12.7%</td>
<td>27,789,000</td>
</tr>
<tr>
<td>Net Operating Earnings</td>
<td>$1,324,100</td>
<td>$2,452,400</td>
<td>$1,128,300</td>
<td>85.2%</td>
<td>$1,858,400</td>
</tr>
</tbody>
</table>
### NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

#### 2012 FISCAL PLAN

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Operating Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financing Fees</td>
<td>$6,504,000</td>
<td>$6,028,600</td>
<td>($475,400)</td>
<td></td>
<td>$7,413,000</td>
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<tr>
<td>Lease Revenue</td>
<td>4,861,000</td>
<td>5,122,000</td>
<td>261,000</td>
<td></td>
<td>4,791,000</td>
</tr>
<tr>
<td>Interest from Notes</td>
<td>8,048,700</td>
<td>6,880,000</td>
<td>(1,168,700)</td>
<td></td>
<td>7,318,000</td>
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<tr>
<td>Agency Fees</td>
<td>2,769,500</td>
<td>2,533,100</td>
<td>(236,400)</td>
<td></td>
<td>3,065,600</td>
</tr>
<tr>
<td>Program Services</td>
<td>835,200</td>
<td>1,208,500</td>
<td>373,300</td>
<td></td>
<td>1,314,500</td>
</tr>
<tr>
<td>Real Estate Development Fees</td>
<td>1,569,000</td>
<td>330,000</td>
<td>(1,239,000)</td>
<td></td>
<td>1,360,500</td>
</tr>
<tr>
<td>Loss recoveries</td>
<td>50,000</td>
<td>305,000</td>
<td>255,000</td>
<td></td>
<td>50,000</td>
</tr>
<tr>
<td>Late Fees and Other</td>
<td>50,000</td>
<td>50,600</td>
<td></td>
<td></td>
<td>50,000</td>
</tr>
<tr>
<td><strong>Total Operating Revenue</strong></td>
<td>24,687,400</td>
<td>22,457,200</td>
<td>(2,230,200)</td>
<td>-9.0%</td>
<td>25,362,600</td>
</tr>
</tbody>
</table>

| **Non Operating Revenue:** | 4,600,000 | 4,522,400 | (177,600) | 3,400,000 |
| Interest from Cash Investments | 300,000 | 225,400 | (74,600) | 3,400,000 |
| **Total Non Operating Revenue** | 4,900,000 | 4,747,800 | (212,200) | -4.3% |

| **Total Revenue** | 29,587,400 | 27,195,000 | (2,392,400) | -8.2% | 28,762,600 |

| **Administrative Expenses** | 17,402,000 | 16,138,200 | (1,263,800) | 17,448,000 |
| Personnel and Benefits | 3,386,600 | 3,142,600 | (244,000) | 3,379,100 |
| **Total Administrative Expenses** | 20,788,600 | 19,280,800 | (1,507,800) | -7.3% | 20,827,100 |

| **Costs & Losses** | 675,400 | 670,000 | (5,400) | 418,000 |
| Program | 6,325,000 | 6,132,600 | (192,400) | 6,875,500 |
| **Total Costs** | 7,000,400 | 6,822,600 | (177,800) | -2.5% | 7,293,500 |

| **Total Expenses & Costs** | 27,789,000 | 26,103,400 | (1,685,600) | -6.1% | 28,120,600 |

| **Net Operating Earnings** | $1,858,400 | $1,101,600 | ($756,800) | -40.7% | $ 642,000 |
### NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

#### 2013 FISCAL PLAN

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>Operating Revenue:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financing Fees</td>
<td>$7,413,000</td>
<td>$7,261,700</td>
<td>($251,300)</td>
<td>$8,784,000</td>
</tr>
<tr>
<td>Lease Revenue</td>
<td>4,791,000</td>
<td>4,611,200</td>
<td>142,200</td>
<td>4,794,000</td>
</tr>
<tr>
<td>Interest from Notes</td>
<td>7,818,000</td>
<td>5,485,300</td>
<td>(1,314,300)</td>
<td>5,398,000</td>
</tr>
<tr>
<td>Agency Fees</td>
<td>1,516,000</td>
<td>1,490,700</td>
<td>24,700</td>
<td>1,834,000</td>
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<tr>
<td>Program Services</td>
<td>764,500</td>
<td>860,500</td>
<td>96,000</td>
<td>1,844,000</td>
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<tr>
<td>Venture Fund Distributions/Warrants</td>
<td>550,000</td>
<td>711,500</td>
<td>161,500</td>
<td>650,000</td>
</tr>
<tr>
<td>Real Estate Development Fees</td>
<td>1,360,500</td>
<td>858,400</td>
<td>(538,600)</td>
<td>1,755,500</td>
</tr>
<tr>
<td>Sale of Assets</td>
<td>1,275,000</td>
<td>40,000</td>
<td>(25,000)</td>
<td>150,000</td>
</tr>
<tr>
<td>Late Fees and Other</td>
<td>100,000</td>
<td>41,000</td>
<td>(55,000)</td>
<td>50,000</td>
</tr>
<tr>
<td><strong>Total Operating Revenue</strong></td>
<td><strong>23,813,000</strong></td>
<td><strong>22,418,400</strong></td>
<td>(1,394,600)</td>
<td><strong>25,591,000</strong></td>
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<tr>
<td>Non-Operating Revenue:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest from Cash Investments</td>
<td>3,000,000</td>
<td>3,250,000</td>
<td>(250,000)</td>
<td>3,300,000</td>
</tr>
<tr>
<td><strong>Total Non-Operating Revenue</strong></td>
<td><strong>3,000,000</strong></td>
<td><strong>3,250,000</strong></td>
<td>(250,000)</td>
<td><strong>3,500,000</strong></td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>26,813,000</strong></td>
<td><strong>25,668,400</strong></td>
<td>(1,144,600)</td>
<td><strong>29,091,000</strong></td>
</tr>
<tr>
<td>Administrative Expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel and Benefits</td>
<td>15,899,400</td>
<td>14,651,000</td>
<td>(1,248,400)</td>
<td>16,887,000</td>
</tr>
<tr>
<td>General and Administrative</td>
<td>3,403,100</td>
<td>2,254,500</td>
<td>(1,148,600)</td>
<td>2,509,400</td>
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<tr>
<td><strong>Total Administrative Expenses</strong></td>
<td><strong>19,302,500</strong></td>
<td><strong>16,905,500</strong></td>
<td>(2,397,000)</td>
<td><strong>19,396,400</strong></td>
</tr>
<tr>
<td>Costs &amp; Losses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>416,000</td>
<td>416,500</td>
<td>(7,500)</td>
<td>241,000</td>
</tr>
<tr>
<td>Cost of Assets Sold</td>
<td>6,101,500</td>
<td>5,771,900</td>
<td>329,600</td>
<td>6,399,000</td>
</tr>
<tr>
<td><strong>Total Costs</strong></td>
<td><strong>6,517,500</strong></td>
<td><strong>6,188,400</strong></td>
<td><strong>339,100</strong></td>
<td><strong>6,609,400</strong></td>
</tr>
<tr>
<td><strong>Total Expenses &amp; Costs</strong></td>
<td><strong>27,329,500</strong></td>
<td><strong>26,856,800</strong></td>
<td><strong>(462,700)</strong></td>
<td><strong>29,291,400</strong></td>
</tr>
<tr>
<td><strong>Net Operating Earnings</strong></td>
<td>$1,483,500</td>
<td>$1,811,600</td>
<td>$228,100</td>
<td>17.0%</td>
</tr>
</tbody>
</table>

### CASH TRANSACTIONAL ITEMS

**Operating Revenue:**
- FMERO Staff Reimbursement: $1,549,600
- Loss Recoveries: 508,000
- Other (Due/Swap): 260,500
- **Total Operating Revenue:** 1,549,600

**Administrative Expenses:**
- FMERO Personnel & Benefits: 1,549,600
- **Total Administrative Expenses:** 1,549,600

**Program Costs:**
- FMERO Deputy AG Fees: 150,000
- Fort Monmouth Tech Centre: 250,000
- Technical Assistance: 350,000
- **Total Program Costs:** 750,000

**Net Cash Transactional Items:**
- $1,549,600

**Net Cash Transactional Items:**
- ($750,000)
- $41,200
- $121,500
- ($925,000)
2013 NJEDA STRATEGIC PLAN

Strategic Imperative 1:
Advance a Financially Sustainable Business Platform

Goal 1: Maintain and enhance liquidity
- Retain Financial Advisor to review strategies that maximize return and long term growth
- Implement the sale of non mission critical Authority owned real estate assets
- Maintain sustainable revolving loan fund, by ensuring that production meets the level of run off
  - Measure: Execute an Agreement of Sale for an identified asset monetization parcel
  - Measure: Maintain the revolving loan portfolio of $150 million in assets
  - Measure: Unwind NJCDE1 in order to release currently restricted funds
  - Measure: Secure second tranche SSBCI funding

Goal 2: Generate increased operating revenues while outpacing increases in expenses
- Leverage partnerships with other State agencies to manage funds and to support redevelopment efforts in targeted areas
- Ensure fee structure addresses actual costs of administration
- Review satellite offices to identify cost savings
  - Measure: Generate a minimum of $500,000 in net operating earnings
  - Measure: Fees support 70% of administrative expenses
  - Measure: Minimize the increase to asset management costs to 3.5% through Authority initiatives

Goal 3: Establish a financially self-sufficient model for FMERA
- Generate Phase 1 lease/sales proceeds to reduce reliance on public funds
  - Measure: Receive Board approval of developers/users for an additional six Phase 1 parcels by mid-year
  - Measure: Execute sale agreements for least three Phase 1 parcels by year-end 2013
  - Measure: Close on Parcel E with CommVault by the first quarter of 2013 and close on the Clinic Parcel with AcuteCare in the first half of 2013. (FMERA will split the
Strategic Imperative 2:
Optimize workforce effectiveness to ultimately improve and strengthen the customer experience

Goal 1: Increase use of knowledge management tools in order to ensure business continuity and to pursue process improvements

- Reconstitute stakeholders group to guide process for SharePoint and knowledge management initiative to guide utilization of future use and maintain traction.
- Create and improve processes within SharePoint to maximize the advantages of the SharePoint framework and increase usage

  > Measure: Increased content on SharePoint through increased user participation
  > Measure: Create two documented SharePoint only workflows (i.e. monthly report process)

Goal 2: Advance work done in 2012 to plan the Information Technology and Business Operations Process Evaluation and Loan Management System replacement, in order to improve the customer interface and internal processes

- Build the Information Technology and Business Operations Process Evaluation Project Management and Development Team using State Contract resources
- Work with the Project Manager on a Phase One Study by facilitating the review of existing processes and procedures and identifying requirements

  > Measure: Build the Project Management and Development Team by end of the first quarter 2013
  > Measure: Phase One Study completed by end of the second quarter 2013.
Strategic Imperative 3:  
Grow NJ’s economy through financial assistance, facilitation and partnerships

Goal 1: Provide financial and technical assistance to businesses and municipalities to encourage economic growth

- Encourage entrepreneurship through the delivery of technical assistance (TA) provided by UCEDC and SBDC’s and encourage and assist UCEDC in collaboration efforts with other CDFIs to provide TA in the most southern parts of NJ and achieve established deliverables.

- Continue to expand EDA’s commitment to Accelerators, by launching a healthcare accelerator at CCIT.

- Expand the reach of the Edison Innovation VC Fund by researching and implementing tactics that would attract strategic investors.

- Maintain focus on activities in Camden through collaboration with CRA, CFP and the City on proposed development projects.

- Expand methods to facilitate community scale redevelopment projects in targeted areas with identified local partners.

  > **Measure**: Meet targets from Authority’s Production Plan
  > **Measure**: Initiate Camden Prison site redevelopment
  > **Measure**: Develop model for equity investments in real estate development projects
  > **Measure**: Increase tenancy in tech space by 20,000 square feet of new leases.
Goal 2: Innovate product/refine existing programs and enhance means of communication with our applicant base in order to reach and serve the greatest number of businesses throughout the State

- Implementation of new incentive program recommendations
- Evaluate opportunities to refine existing loan programs to increase interest income and address market demand
  
  > Measure: Launch pilot subordinate guarantee program with Premier Lender
  > Measure: Promulgate rule proposal for new incentive programs within three months of legislation
  > Measure: Create marketing and communications plan to expand awareness of new offerings

Goal 3: Create an operational framework for FERA to facilitate land transfers and private enterprise, which will create jobs and invest in the host communities

- Facilitate the State Working Group’s efforts to establish and implement an action plan to attract a world-class applied science university to the Fort, and obtain Army buy-in to the selection and land transfer process, as necessary
- Increase the frequency and depth of communications among BAC, Choose NJ, EDA Business Development, FERA and FERA’s real estate broker (Cushman & Wakefield)
  
  > Measure: Receive Board approval for Phase 2 EDC Agreement by July 1, 2013
  > Measure: Hold 12 meetings/conference call with BAC, Choose NJ, EDA Business Development, FERA and FERA’s real estate broker.
New Jersey Economic Development Authority (EDA) Products

Business Incentives

Business Employment Incentive Program (BEIP)
The Business Employment Incentive Program (BEIP) is a powerful incentive for encouraging businesses to locate and expand in New Jersey. Under BEIP, approved businesses receive annual cash grants based on the number of new jobs they have created.

Assistance Amount:
Up to 60% of the total amount of employees’ state income taxes withheld by the company during the calendar year from the new employees hired, awarded for up to 10 years, to a maximum of $50,000 per employee over the course of the grant.

Eligibility Criteria:
In order to qualify for a BEIP grant, businesses must create at least 25 new jobs within a 2-year period; emerging high technology and biotech companies’ eligibility threshold is 10 new jobs. A business must also demonstrate that the BEIP grant is a “material” factor in moving the job expansion or relocation forward in New Jersey, and that it is economically viable.

The standard BEIP incentive is limited at 50% of the employees’ state income taxes withheld on the newly created jobs; however, companies that meet certain Smart Growth objectives can have their grant boosted to 80%. Qualifying businesses may be eligible for up to 10 years worth of grants, though they must maintain the project and the jobs in New Jersey for at least 1.5 times the number of years the grant is in effect. Greater consideration is given to positions that average 1.5 times the minimum wage during the grant agreement.

Business Retention and Relocation Assistance Grant (BRRAG)
The Business Retention and Relocation Assistance Grant (BRRAG) Program helps companies preserve jobs, expand operations, and reinvest in the State of New Jersey. BRRAG provides grants of corporate business tax credits to eligible businesses relocating operations within New Jersey and retaining jobs, or maintaining jobs at a current location and making a qualified capital investment.

Assistance Amount:
- Up to $2,250 per year for up to six years, per job retained in the State.
- Award amount is dependent on application of “bonus credits”, which may be available for the relocation of jobs to urban centers, and/or for a capital investment at least twice that of the value of the awarded credits.
- The number of times the yearly tax credit amount is awarded is dependent on the number of retained jobs.

Eligibility Criteria:
In order to qualify for consideration for BRRAG, a company must:
- Retain a minimum of 50 full-time jobs.
- Commit to remain in the State for the tax credit term and an additional five years. For leased project locations, the business must sign a written lease for a period of no less than the commitment duration or eight years, whichever is greater.
- Offer its employees healthcare benefits.
- Demonstrate that the grant is a “material factor” in moving the relocation project forward in New Jersey. Applicants must not have signed a lease, entered into a purchase contract, or otherwise committed to a site in New Jersey that will host the relocation project prior to receiving EDA Board Approval. For companies relocating 1,500 or more employees from outside a designated urban...
center to one or more new locations within a designated urban center, the "material factor" does not apply if application is received within six months of the company signing its lease or purchase agreement.

- Demonstrate that the capital investment and job retention resulting from a proposed project would yield a net positive benefit to the State.
- Enter into any construction contracts associated with the project using "prevailing wage" labor rates and affirmative action requirements.
- Have operated continuously in New Jersey in whole or in part, in its current form or as a predecessor entity, for at least 10 years. Point-of-purchase retail facilities are excluded, as are warehouse facilities that supply a point-of-purchase retail facility exclusively. For projects that consist of both point-of-purchase retail and non-retail facilities, the non-retail portion shall be eligible. Catalog distribution facilities are considered eligible.

In addition:

- The total amount of credits that can be applied against a single company's tax liability in a fiscal year may not exceed $10 million.
- Applicants can designate different companies to receive the tax credit; however, the recipients must be part of the applicant's "controlled group" approved by the EDA. "Controlled group" is defined pursuant to section 1563 of the Federal Internal Revenue Code of 1986, 26 U.S.C.A. § 1563.
- BRRAG recipients with unused amounts of BRRAG tax credits may sell the unused portion to affiliated or unaffiliated businesses under the BRRAG Tax Credit Certificate Transfer Program.

**Business Retention and Relocation Assistance Grant (BRRAG) Tax Credit Certificate Transfer Program**

The BRRAG Tax Credit Certificate Transfer Program is available to New Jersey-based businesses with unused amounts of BRRAG tax credits. Under the program, businesses may raise cash by selling unused BRRAG tax credits to affiliated or unaffiliated New Jersey businesses for at least 80% of their value.

**Eligibility Criteria:**
A BRRAG tax credit may be applied against liability arising in the tax period for which the tax credit is issued. Therefore, eligibility for this program will require the selling business to certify that to the best of its knowledge, it cannot use the tax credits originally issued for the tax period in which the credits are allowable.

A business may apply to the program if it:

- Entered into a BRRAG project agreement and is not in default of that project agreement;
- Has unused amounts of BRRAG tax credits issued and otherwise allowable; and
- Certifies that it cannot use the BRRAG tax credits originally issued for the tax period in which the credits are allowable.

**Grow New Jersey Assistance Program**
The Grow New Jersey (Grow NJ) Assistance Program helps companies preserve and create jobs, expand operations, and reinvest in the State of New Jersey. The Grow NJ Program provides grants of corporate business tax credits to businesses creating or retaining jobs in New Jersey and making a qualified capital investment at a qualified business facility.

**Assistance Amount:**

- Up to $8,000* per each new or retained full time job per year up to 10 years.
- *Qualified eligible businesses may receive tax credits of $5,000 per year for a period of ten years for each new or retained full-time job to be located at the qualified business facility as long as the number of full-time jobs meets or exceeds the minimum requirement. In addition, a bonus award of up to $3,000 per job per year for a period of ten years may be awarded for each new or retained full-time job if the qualified eligible business meets additional criteria, such as:
• If the business is in a desirable industry. This definition will be the same as the definition of desirable industries used for eligibility for new job creation. These industries include Advanced Manufacturing, Transportation, Logistics and Distribution, Life Sciences, Technology, Health, and Finance.

• If the business locates or relocates to a location within a qualified incentive area adjacent to or within one-half a mile or short-distance-shuttle service of a public transit facility

• If the business creates jobs using full-time employees in eligible positions whose annual salaries, according to the Department of Labor and Workforce Development, are greater than the average full-time salary in NJ; and

• Is locating to a project site that is or has been negatively impacted by the approval of a qualified business facility under the Urban Transit Hub Tax Credit Program.

Applicants will be eligible for a $1,000 bonus for each criterion met up to the maximum of $3,000 per job.

Eligibility Criteria:
In order to qualify for consideration for Grow NJ, a company must:

• Make capital investments of at least $20 million at a qualified business facility at which it will employ at least 100 full-time employees in retained full-time jobs, or create at least 100 new full-time jobs in an industry deemed by the EDA to have significant impact on the State economy.

• Locate the project in a Qualified Incentive Area which is currently defined as:
  ▪ Planning Area 1 (Metropolitan), Planning Area 2 (Suburban), and any urban, regional, or town designated center locations under the State Development and Redevelopment Plan;
  ▪ Former military bases closed under the federal Base Closure and Realignment Act;
  ▪ Vacant commercial office, laboratory, or industrial properties having over 400,000 square feet for at least one year or impacted by Urban Transit Hub Tax Credit Program approval; or
  ▪ Areas “targeted for development” in the New Jersey Meadowlands, Highlands, and Pinelands, as specified in the acts establishing these areas.

• Demonstrate that the award of the tax credit is a “material factor” in the company's decision to create or retain the minimum number of full-time jobs. Applicants must not have signed a lease, entered into a purchase contract, or otherwise committed to a site in New Jersey that will host the relocation project prior to receiving EDA Board Approval.

• Demonstrate that the capital investment and the resultant creation of eligible positions will yield a net positive benefit of at least 110 percent of the requested tax credit amount

• Within six months following the date of application approval by the EDA, each approved business must submit progress information indicating that the business has site plan approval, committed financing for and site control of the qualified business facility. Unless otherwise determined by EDA in its sole discretion, EDA’s approval of the tax credits shall expire if the progress information is not received within six months of the date of application approval.

• Enter into any construction contracts associated with the project using "prevailing wage" labor rates and affirmative action requirements.

In addition, please note that the total amount of credits is limited to $40 million and cannot exceed the certified capital investment of the business. The credits that can be applied against a single company's tax liability in a fiscal year may not exceed $4 million.

Redevelopment Incentives

Urban Transit Hub Tax Credit Program
The Urban Transit Hub Tax Credit (UTHTC) is a powerful financial tool designed to spur private capital investment, business development and employment by providing tax credits for businesses planning a large expansion or relocating to a designated transit hub located within one of nine New Jersey urban municipalities. The UTHC Program is available to developers, owners, or tenants making a qualified capital investment within a designated Urban Transit Hub.

Assistance Amount:
Tax credits equal up to 100% of the qualified capital investments made within an eight year period. Taxpayers may apply 10% of the total credit amount per year over a ten year period against their corporate business tax, insurance premiums tax or gross income tax liability. Tax credits may be sold under the tax credit certificate transfer program of not less than 75% of the transferred credit amount. Total credits approved under this program are capped at $1.75 billion, with $250 million allocated towards residential projects which may receive up to a 35% credit.

Eligibility Criteria:
Developers, owners and tenants can qualify for the Urban Transit Hub Tax Credit Program if they meet the following eligibility criteria:
- Developers or owners must make a minimum $50 million capital investment in a single business facility located in one of the nine designated Urban Transit Hubs. In addition, at least 250 employees must work full-time at that facility.
- Tenants must occupy space in a qualified business facility that represents at least $17.5 million of the capital investment in the facility and employ at least 250 full-time employees in that facility. Up to three tenants may aggregate to meet the 250 employee requirement.
- Projects retaining 250 full-time jobs are eligible for tax credits of up to 80% of the qualified capital investment, while projects creating 200 or more jobs are qualified for up to 100% of the qualified capital investment.
- Mixed-use components are part of the "qualified residential project" definition.
- Applicants must demonstrate at the time of application that the state's financial support of the proposed capital investment in a qualified business facility will yield a net positive benefit to both the state and the eligible municipality.
- S corporations, limited liability corporations and partnerships are eligible; however, tax credits cannot be applied against an individual's New Jersey gross tax liability.

*Urban Transit Hubs are located within ½ mile of New Jersey Transit, PATH, PATCO, or light rail stations in Camden (expanded to one mile), East Orange, Elizabeth, Hoboken, Jersey City, Newark, New Brunswick, Paterson, and Trenton.

Eligibility is expanded to locations within these municipalities that have active freight adjacent or connected to the proposed building, and utilized by the occupant.

Businesses may apply for the tax credits within five years of the program's January 13, 2008 effective date and satisfy the capital investment and employment conditions within eight years of that date.

Economic Redevelopment and Growth (ERG) Program
The Economic Redevelopment and Growth (ERG) Program provides State incentive grants to certain developers to capture new State incremental taxes derived from a project's development to address a financing gap.

Assistance Amount:
- The annual percentage amount of reimbursement shall not exceed 75% of the annual incremental state revenues.
- The term of each approved state and local redevelopment incentive grant agreement may extend for up to 20 years; however, the combined amount of reimbursements cannot exceed 20% of the total cost of the project, exclusive of publically-owned infrastructure, and a developer seeking an incentive grant is required to make an equity participation for at least 20% of the project's total cost.
- The developer must submit satisfactory evidence of actual project costs, as certified by a certified public accountant and evidence of a permanent certificate of occupancy, prior to the first disbursement of funds under the agreement.

Eligibility Criteria:
- The redevelopment project must be located in a qualifying economic and redevelopment and grant incentive area.
• The developer must not have commenced any construction at the site of a proposed redevelopment project prior to submitting an application, except that if the EDA determines that the project would not be completed otherwise, or in the event the project is to be undertaken in phases, a developer may apply for phases for which construction has not yet commenced, subject to N.J.A.C. 19:31-4.5(a)2.

• For any project consisting of newly-constructed residential units, the developer shall be required, pursuant to section 40.b. of P.L. 2008, c. 346 (N.J.S.A. 52:27D-329.9) to reserve at least 20% of the residential units constructed for occupancy by low or moderate income households, as those terms are defined in section 4 of P.L. 1985, c. 222 (N.J.S.A. 52:27D-304), with affordability controls as required under the rules of the Council on Affordable Housing, unless the municipality in which the property is located has received substantive certification from the council and such a reservation is not required under the approved affordable housing plan, or the municipality has been given a judgment of repose or a judgment of compliance by the court, and such a reservation is not required under the approved affordable housing plan.

• A project financing gap must exist.

• Pursuant to a fiscal impact analysis, for a local grant, the overall public assistance provided to the project will result in net benefits to the municipality wherein the redevelopment project is located and for a state grant, the overall public assistance provided to the project will result in net benefits to the state.

Fund for Community Economic Development
The Fund for Community Economic Development Program provides financial assistance to community-based organizations and for-profit developers to encourage urban revitalization. The program is available to community economic development organizations or for-profit developers of real estate development projects in urban and Smart Growth locations.

Assistance Amount:
• Loans to lenders
  • Up to $750,000 in loans for urban-based community organizations with successful Loans to Lenders history with EDA who in turn offer term loans and lines of credit to micro-enterprises and small businesses not qualified for traditional bank financing.
  • Up to $500,000 in loans for newly applying urban-based community organizations who in turn offer term loans and lines of credit to micro-enterprises and small businesses not qualified for traditional financing.
• Predevelopment funding: Up to $50,000 in funds for feasibility studies and other predevelopment costs that will determine the viability of a real estate project.
• Real estate funding: Up to $1.25 million in loans to fill financing gaps in the development of community facilities and other real estate-based economic development projects, including associated environmental remediation costs.

Small Business Assistance

Main Street Business Assistance Program
The Main Street Business Assistance Program provides financial support to commercial banks in New Jersey to provide financial assistance to small and mid-sized businesses and not-for-profit organizations with projects in New Jersey.

Assistance Amount:
Under the program, direct loans, bank term loan participations and/or guarantees and line of credit guarantees are available to small or mid-sized businesses or not-for-profit organizations in operation in New Jersey for at least two years and need financing, as follows:
• Direct loans/Loan participations up to 25% of the total financing (not to exceed $1 million for fixed assets and $750,000 for working capital).
- **Loan guarantees** up to 50% of a bank loan (not to exceed $2 million for fixed assets and $1.5 million for working capital).
- **Line of credit guarantees** up to 50% of the line of credit amount, not to exceed $500,000.

The total EDA exposure under the Main Street program may not to exceed 50% up to a maximum of $2 million. **Authorized Uses:** Fixed assets, refinancing of debt, or working capital

**Eligibility/Other Criteria:**
- Originating bank must be an approved lender with the EDA for loan participations.
- Direct loans are available to supplement bank financing.
- Lines of credit guarantees are available through EDA Premier Lenders only.
- Company must be in good standing with EDA, Federal/State agencies, and requesting bank.
- Company must have no criminal history for owners, business, or guarantors.
- Minimal credit score of 680 for at least one of the guarantors.
- 1.1X Debt Service Coverage Ratio.
- Loan-to-value not to exceed 100%.
- Interest rate on EDA direct loans and loan participations under Main Street Business Assistance Program is 5 year US Treasury plus 300 basis points with a 3% floor, fixed at closing, with a maximum term of 5 years.

**Premier Lender Program**
The Premier Lender Program creates new, low-cost lending opportunities with faster turnaround. Under the program, EDA designated Premier Lenders may submit credit assistance requests and the EDA will make a decision on the applications in as early as three to five business days. A written commitment letter is issued within two days of approval, and upon notice, closing may occur within three business days. **Authorized Uses:** Fixed assets, working capital to meet operating needs, and the refinancing of other bank debt

**Assistance Amount:**
- Up to 50% of the bank loan amount for fixed asset loans; maximum EDA participation of $1,250,000; maximum EDA guarantee of $1,500,000
- Up to 50% of the bank loan amount for working capital loans; maximum EDA participation of $750,000; maximum EDA guarantee of $1,500,000

**Eligibility Criteria:**
Business applicants looking to qualify for a loan from a Premier Lender must:
- Be in operation for at least two full years
- Commit to creating one new job per $50,000 in EDA commitment (except for manufacturers, which must commit to maintain and/or create one job per $50,000)

**New Jersey Business Growth Fund (In Conjunction w/ PNC Bank)**
The New Jersey Business Growth Fund provides financing to creditworthy small or mid-sized companies that are creating or retaining jobs in New Jersey. A joint program of the EDA and PNC Bank, the New Jersey Business Growth Fund may be used for funding of real estate or equipment, under the following terms:
- Interest rate either fixed at the five-year U.S. Treasury Note Rate plus 2.5%, or variable at Prime minus .5%.
- Loan terms of up to five years for machinery and equipment (with up to 10-year amortization) and up to five years for owner-occupied real estate purchases (up to 20-year amortization).
- Preference is given to borrowers located in targeted geographies throughout the State of New Jersey, and in targeted industries such as manufacturing, business/personal services, technology drivers, transportation and wholesale trade.

**Assistance Amount:**
Up to a $3 million bank loan with a 25% or 50% EDA guarantee. The maximum EDA guarantee is $1.5 million.

**Eligibility Criteria:** The loan approval process involves both PNC Bank and the EDA, and both organizations will work together in making a credit decision on each loan application. Applicants under this program must meet specific eligibility requirements:

- Commit to create or maintain one full-time job in New Jersey for every $50,000 of guarantee provided by the EDA.
- Demonstrate creditworthiness that meets PNC Bank's and the EDA's existing standards for business loans.
- The primary business checking account must be maintained at PNC Bank.
- 1.1X Debt Service Coverage Ratio.
- 100% loan-to-value for real estate and 90% for equipment.

**New Jersey Global Growth Financing Program**
The New Jersey Global Growth Financing Program is available to New Jersey companies engaged in or seeking to engage in international trade. Also a joint program of the EDA and Citibank, the program provides funding of real estate or equipment and working capital lines of credit.

**Assistance Amount:**
Up to a $5 million bank term loan with a partial EDA guarantee up to 50% not to exceed $1.5 million; up to $5 million line of credit with partial EDA guarantees of up to 50% not to exceed $500,000.

Terms: For owner occupied commercial real estate, up to 10 year term and up to 25 year amortization; For equipment loans, up to 5 year term; For lines of credit, up to one year. Program pricing will be 50-75 basis points below conventional pricing.

**Eligibility Criteria:** The loan approval process involves both Citibank and the EDA, and both organizations will work together in making a credit decision on each loan application. Applicants under this program must meet specific eligibility requirements including:

- Applicant must have annual sales of approximately $5 - $50 million and be doing business in New Jersey.
- Applicant must be looking to engage/currently engaged in international trade.
- Applicant must commit to job creation/retention in the State of New Jersey (Manufacturing companies must agree to maintain jobs in New Jersey and are exempt from job creation requirements).
  - One job created for every $50,000 of Authority exposure
- Applicant must be in business at least two years
- Projects which include construction or renovations are not eligible for this program.
- All Applicants must submit to the Authority an Application for Tax Clearance and receive a Tax Clearance certificate from the New Jersey Division of Taxation prior to closing.
- Applicant must meet program credit requirements.

**TD Bank New Jersey Advantage Program**
The TD Bank New Jersey Advantage Program is a partnership between the EDA and TD Bank.

**Assistance Amount:**
Through the program, TD Bank will provide up to $20 million in financing to companies in 2013, which will be backed by up to $10 million in partial, subordinate EDA guarantees.

**Eligibility Criteria:**
The use of funds and eligibility requirements are consistent with EDA's other lending programs.

**Small Business Fund**
The EDA’s Small Business Fund provides financial assistance to qualified businesses through direct loans or guarantees, with the choice of a variable or fixed interest rate. The Fund is available to creditworthy small, minority-owned or women-owned businesses in New Jersey in operation for at least one full year or not-for-profit corporations in operation for at least three full years. Authorized Uses: Fixed assets and working capital.

**Assistance Amount:**
Small Businesses - Up to $300,000 for credit scores greater than or equal to 700; Up to $125,000 for credit scores greater than or equal to 650. Not-for-Profits: Up to $300,000 with 1.1X historical debt service coverage.

**Bond Financing**
The EDA issues bonds to provide long-term financing generally, with a lower cost, through a fixed or variable interest rate. Through a federally authorized program, the EDA issues conduit tax-exempt private activity bonds, the proceeds of which are used to provide financing. Tax-exempt bonds for eligible for-profit companies can be used to finance capital improvements and expansions, including real estate acquisitions, new equipment, machinery, building construction, and renovations. Tax-exempt bonds for not-for-profit organizations seeking capital to expand community services can be used to finance land and building acquisitions, new construction and renovations, equipment purchases, debt refinancing and working capital. Government tax-exempt bonds can be used for projects that are owned and operated for the benefit of local, county and state government bodies. Finally, taxable bonds may be used for working capital and debt refinancing, and are permitted only under certain circumstances for tax-exempt financing for not-for-profit borrowers.

Taxable bonds are also available for a wide variety of businesses, such as manufacturing, commercial, warehouse, and distribution, etc. Taxable bonds offer similar flexibility in structuring rates and terms but are not subject to the restrictions placed on tax-exempt financing under the IRC.

Bonds are sold via direct purchase or public offering. A financial intermediary, typically a bank, will directly purchase bonds from the EDA once it has performed a credit review on the applicant’s project. The bank sets the interest rate, terms and other financial details. In a public offering, bonds are purchased by an underwriter and sold to private investors in the public marketplace and may be structured with a bank’s commitment to provide a letter of credit (LOC) or a municipal bond insurance policy. Market conditions will determine the interest rate, while the bond’s terms and other financial details are set by the LOC provider.

**Assistance Amount:**
$500,000 to $10 million in tax-exempt bonds for for-profit companies with either a fixed or variable interest rate and terms up to 20 years for real estate and 10 years for equipment; and $500,000 with no dollar limit in tax-exempt bonds for qualified not-for-profit organizations.

**Eligibility Criteria:**
Borrowers must meet the eligibility requirements outlined in the Internal Revenue Code (IRC) in order to qualify for tax-exempt bond financing, including:

- Manufacturing/processing facilities
- Governmentally owned public airports, docks, wharves
- Facilities that furnish water, electric, and gas; sewer facilities; and solid waste disposal, including certain recycling facilities
- Commercial and industrial projects in federal Empowerment Zones or Enterprise Communities
- Certain facilities for governmental bodies, which qualify as tax-exempt governmental obligations
- Certain not-for-profit 501(c)(3) entities, including service organizations, educational institutions and health care facilities
- Certain assisted living facilities, which qualify as residential rental projects.
Technology

Edison Innovation Angel Growth Fund
The Edison Innovation Angel Growth Fund leverages private angel investors in support of early-stage, emerging technology businesses in a less dilutive manner than equity. The fund offers growth capital to angel supported New Jersey-based technology companies with minimum trailing 12 month commercial revenues of $500,000 derived from core business activities, such as the sale of technology products.

Assistance Amount:
Up to $250,000 for key hires, product rollout, product enhancement, and marketing/sales.
Hybrid instrument in the form of subordinated convertible debt with warrants.
- **Subordination** – the EDA will subordinate its lien position to any current senior bank debt, file a UCC 1 filing statement on the assets of the company, and require a negative pledge and a “springing lien” on the intellectual property for the duration of the loan. In addition, the EDA will allow future automatic subordination of 25% of the commitment amount for new senior debt. Any amounts above this 25% require the prior written consent of the EDA.
- **Convertible** - the EDA will have the right to convert its debt to equity, in a future financing round under the same terms as any other investor in the round.
- **Warrants** – the EDA will receive warrants in consideration for the financing. The warrants will have a 10-year life and be on the EDA’s standard warrant form. The amount of warrant coverage is based upon the risk profile of the company and determined at the time of commitment. The strike price on the warrants is the same per share price of the angel match funding.

*Note* – there are no personal guarantees required as part of this financing.

Under the Fund, the interest rate is fixed for a five-year term, based on risk profile and location of the company, ranging from 4-10%; and, repayment is customized, based upon the stage of the company and the proforma financials, with the ability to defer principal and/or interest up to two years, with a back-end full payout of principal plus interest by maturity in year five.

Eligibility Criteria:
- Company must be structured as a C-Corporation.
- Company must employ 75% of its W-2 employees in New Jersey or commit to growing 10 high-paying jobs over two years (minimum salary of $75k).
- Company must have minimum trailing 12 month commercial revenues of $500,000 derived from the core technology business revenues
- Company must be a developer/owner of protected proprietary technology.
- Company must have a full-time management team with domain experience.
- Company's founders/management team must have equity in the company (sweat equity not considered).
- Company must occupy physical commercial office space.
- 2:1 fresh matching funds from angel or angel group must be received within 90 days prior to application.

Edison Innovation Growth Stars Fund
The Edison Innovation Growth Stars Fund leverages institutional venture backed investments and/or private angel investments in a less dilutive manner than equity to support the best performing Edison Innovation Fund portfolio companies. The Fund is available to angel supported and/or venture capital (VC) supported New Jersey-based technology companies with minimum trailing 12 month commercial revenues of $2,000,000 that has previously received assistance under the Edison Innovation Fund.
Assistance Amount:
Up to $500,000 for key hires, product rollout, product enhancement, and marketing/sales. Hybrid instrument in the form of subordinated convertible debt with warrants.

- **Subordination** – the EDA will subordinate its lien position to any current senior bank debt, file a UCC 1 filing statement on the assets of the company, and require a negative pledge and a “springing lien” on the intellectual property for the duration of the loan. In addition, the EDA will allow future automatic subordination of 25% of the commitment amount for new senior debt. Any amounts above this 25% require the prior written consent of the EDA.

- **Convertible** – the EDA will have the right to convert its debt to equity, in a future financing round under the same terms as any other investor in the round.

- **Warrants** – the EDA will receive warrants in consideration for the financing. The warrants will have a 10-year life and be on the EDA’s standard warrant form. The amount of warrant coverage is based upon the risk profile of the company and determined at the time of commitment. The strike price on the warrants is the same per share price of the VC/angel match funding.

*Note – there are no personal guarantees required as part of this financing.*

Under the Fund, the interest rate is fixed for a five-year term, based on risk profile and location of the company, ranging from 4-10%; and repayment is customized, based upon the stage of the company and the proforma financials, with the ability to defer principal and/or interest up to two years, with a back-end full payout of principal plus interest by maturity in year five.

**Eligibility Criteria:**
- Company must be structured as a C-Corporation.
- Company must employ 75% of its W-2 employees in New Jersey or commit to growing 10 high-paying jobs over two years (minimum salary of $75K).
- Company must have minimum trailing 12 month commercial revenues of $2,000,000 derived from the core business activities, such as the sale of technology products.
- Company must be a developer/owner of protected proprietary technology.
- Company must have a full-time management team with domain experience.
- Company’s founders/management team must have equity in the company (sweat equity not considered).
- Company must occupy physical commercial office space.
- Company must be in good standing on previous or current loan(s), and must have waited a period of at least 12 months since last closing.
- Company must demonstrate ability to service current debt on a more rigid repayment schedule.
- 1:1 fresh matching funds from angel/venture capital firm must be received within 90 days prior to application.

**Edison Innovation VC Growth Fund**
The Edison Innovation VC Growth Fund leverages institutional venture backed investments in support of early-stage, emerging technology businesses in a less dilutive manner than equity. The Fund is available to venture capital (VC) supported New Jersey-based technology companies with minimum trailing 12 month commercial revenues of $500,000 derived from core business activities, such as the sale of technology products.

**Assistance Amount:**
Up to $500,000 for key hires, product rollout, product enhancement, and marketing/sales. Hybrid instrument in the form of subordinated convertible debt with warrants.

- **Subordination** – the EDA will subordinate its lien position to any current senior bank debt, file a UCC 1 filing statement on the assets of the company, and require a negative pledge and a “springing lien” on the intellectual property for the duration of the loan. In addition, the EDA will allow future
automatic subordination of 25% of the commitment amount for new senior debt. Any amounts above this 25% require the prior written consent of the EDA.

- **Convertible** - the EDA will have the right to convert its debt to equity, in a future financing round under the same terms as any other investor in the round.
- **Warrants** – the EDA will receive warrants in consideration for the financing. The warrants will have a 10-year life and be on the EDA's standard warrant form. The amount of warrant coverage is based upon the risk profile of the company and determined at the time of commitment. The strike price on the warrants is the same per share price of the VC match funding.

*Note – there are no personal guarantees required as part of this financing.*

Under the Fund, the interest rate is fixed for a five-year term, based on risk profile and location of the company, ranging from 4-10%; and, repayment is customized, based upon the stage of the company and the proforma financials, with the ability to defer principal and/or interest up to two years, with a back-end full payout of principal plus interest by maturity in year five.

**Eligibility Criteria:**

- Company must be structured as a C-Corporation.
- Company must employ 75% of its W-2 employees in New Jersey or commit to growing 10 high-paying jobs over two years (minimum salary of $75k).
- Company must have minimum trailing 12 month commercial revenues of $500,000 derived from the core technology business revenues
- Company must be a developer/owner of protected proprietary technology.
- Company must have a full-time management team with domain experience.
- Company's founders/management team must have equity in the company (sweat equity not considered).
- Company must occupy physical commercial office space.
- 1:1 fresh matching funds from venture capital firm received within 90 days prior to application.

**New Jersey Digital Media Tax Credit Program**

Under the New Jersey Digital Media Tax Credit Program, qualified digital media content production expenses include, but are not limited to, expenses incurred in New Jersey for wages and salaries of individuals employed in the production of digital media content, costs of computer hardware and software, data procession, visualization technologies, sound synchronization, editing, and the rental of facilities and equipment.

**Assistance Amount:**

Corporation business tax credit of 20% for qualified digital media content production expenses.

**Eligibility Criteria:**

- At least $2 million of total digital media content production expenditures, including 50% of such expenses being associated with digital media salaries of full-time employees in New Jersey.
- Create and maintain a minimum of 10 new full-time digital media jobs in New Jersey with a minimum salary of $55,000 per year. All remaining qualifying full-time digital media employees included must be paid at least $36,000 per year.
- Employees included in BEIP/BRRAG calculations are not eligible to be included in the Digital Media calculation.
- "New full-time employee" shall not include any person who works as an independent contractor, on a consulting basis for the taxpayer, or be a current or former BEIP/BRRAG employee.
- Program funding is subject to availability.

**Technology Business Tax Certificate Transfer Program**

The Technology Business Tax Certificate Transfer Program enables technology and biotechnology companies that have promise but are not currently realizing a profit to turn net operating losses and R&D
tax credits into capital. The program is available to unprofitable New Jersey-based technology or biotechnology companies with fewer than 225 U.S. employees (including parent company and all subsidiaries). The program enable eligible companies to sell net operating losses and research and development (R&D) tax credits to unrelated profitable corporations to support growth and operations, either as working capital or to fund research.

**Assistance Amount:**
- Up to $60 million is available annually, with $10 million set aside for businesses located in Innovation Zones (any unused balance of the $10 million set-aside is reverted to the general program pool)
- Net operating losses and R&D tax credits may be sold for at least 80% of their value, up to a maximum lifetime benefit of $15 million per business

**Eligibility Criteria:**
- Only technology and biotechnology companies whose primary business involves the provision of a scientific process, product or service are eligible
- An eligible company must own, have filed for, or have a license to use protected, proprietary intellectual property (defined as a patent or a registered copyright)
- An eligible company cannot have had positive net operating income on either of its last two full-year income statements. In addition, an eligible company cannot have a parent company with positive net operating income, or be part of a consolidated group of affiliates for federal income tax purposes with positive net operating income
- An eligible company must have at least one full-time employee working in New Jersey if incorporated less than three years, five full-time employees in New Jersey if incorporated more than three years but less than five years, or 10 full-time employees in New Jersey if incorporated more than five years
- An eligible company must have financial statements for the three most recent full years of operation compiled, reviewed or audited by an independent CPA firm.

### Clean Energy

**Clean Energy Solutions Large Scale CHP – Fuel Cells Program**
The Clean Energy Solutions Large Scale CHP – Fuel Cells Program provide project-based grants to New Jersey-based Government, (Federal, State, or Local), Commercial, Institutional or Industrial entities (including 501 c (3) with a Combined Heat and Power (CHP) or Fuel Cell (FC) project with electric generating capacity of greater than one megawatt. Under the program, funding may be used for project-specific, fixed asset purchases for new installations and expansions of existing facilities with new equipment.

**Assistance Amount:**
The grant award will be a function of the system size and amount of electricity that the CHP-Fuel Cells project generates. Total Clean Energy Solutions LSCHP-FC Program awards cannot exceed $3 million per project with maximum percent of project cost capped at 30% for CHP and 45% for Fuel Cell Projects.

*Note - funds may not be used for program soft costs (other than those specified within the Solicitation), equipment purchases, research and development, or demonstration project activities for technologies that are not commercially available.*

The EDA will execute disbursements for committed funds as invoices are submitted and validated by the New Jersey Board of Public Utilities (BPU). Payments will be based on meeting mutually agreed upon milestones, which may include equipment orders, equipment delivery, system installation and/or commencement of operation. There are three main disbursements, as follows:

1. At time company makes non-refundable deposit on equipment (up to 30% of amount awarded)
2. Upon equipment delivery (up to 70% of amount awarded, not to exceed 90% of total amount awarded when combined with the prior disbursement).
3. Upon system installation (award remainder)

Eligibility Criteria:
The Clean Energy Solutions LSCHP-FC Program is an open grant program. Applications will be reviewed on a first-come, first-serve basis.
- The CHP or Fuel Cell system must be greater than 1MW and must be installed in New Jersey.
- CHP systems with waste heat utilization must achieve annual system efficiency of at least 65% (LHV) and fuel cells without heat recovery must achieve annual system efficiency of at least 45% (HHV).
- Only stationary CHP or Fuel Cell equipment installed on the customer side of the meter is eligible. This is inclusive of prepackaged generating systems.
- Equipment must be new, commercially available and permanently installed.
- Must have CHP or Fuel Cell system warranty all-inclusive for at least ten years.
- Companies must be in compliance with all applicable laws and permits.

There is a two-part application process. Technical applications must be submitted and approved followed by EDAs online application. (The Solicitation details full application requirements).

Technical Application
- Technical Eligibility Review: BPU staff will review applications based on the Project Technical Eligibility Criteria. The technical section of the application must be signed and sealed by a New Jersey Professional Engineer.
- Evaluation Committee Review and Ranking: Evaluators will review applications based on the following criteria:
  - The project’s readiness to proceed / efficiency (25%)
  - The ability to create or maintain jobs (10%)
  - Potential reduction in greenhouse gas emissions, criteria pollutants (30%)
  - Total energy to be created or saved (35%)

EDA Online Application
- Financial Review: Project financial due diligence review in accordance with EDA’s standard procedures.
- Authorization for Funding Assistance: Those projects recommended for funding by the Evaluation Committee will undergo financial and business due diligence. Upon satisfactory review by EDA Underwriting, candidates will be recommended for BPU Board consideration. The EDA will administer the financial review, closing, and disbursement of funds to the Awardees.

Edison Innovation Clean Energy Manufacturing Fund (CEMF)
The Edison Innovation Clean Energy Manufacturing Fund (CEMF) provides any qualified manufacturer of Class I renewable energy or energy efficiency systems, products or technologies with funding for project assessment and design and project construction and operation, associated with a new manufacturing line or the material expansion of an existing line of a New Jersey manufacturing facility.

Assistance Amount:
- Up to $3.3 million in grants and loans through the Edison Innovation Clean Energy Manufacturing Fund (CEMF) program.
- Funding is available under two separate components:
  - Project Assessment and Design Grant – Up to $300,000, not to exceed 10% of total CEMF project funds requested, is available as a grant to assist with the manufacturing site identification and procurement, design, and permits. Twenty percent of the grant is available up front as seed funds at closing.
  - Project Construction and Operation Loan – Up to $3 million is available as a 10-year, 2% interest loan with repayments to start at the beginning of the fourth year, to support site improvements, equipment purchases, and facility construction and completion. One-third of the
loan, not to exceed $1 million, may convert to a performance grant if business and technology-based milestones specific to each company are met during the first three years. No more than one-half of the funds may be advanced prior to commercial production on the manufacturing line.

- Businesses expanding or relocating to New Jersey and creating at least 25 new jobs within two years (or at least 10 jobs for those in high technology including clean technology) may be eligible for grants through the Business Employment Incentive Program (BEIP). Grants may be up to 80% of the total amount of employees' state income taxes withheld by the company during the calendar year from the new employees hired, awarded for up to 10 years, to a maximum of $50,000 per employee over the course of the grant. Note that those companies that have already signed a lease or committed to New Jersey are ineligible for this grant.

Eligibility Criteria:

- The energy efficiency products proposed for manufacturing are limited to those which conserve the end use of gas or electricity. Energy efficiency equipment and technology that reduce electric or natural gas consumption, such as furnaces, boilers, and air conditioning systems with higher efficiencies than adopted New Jersey building energy codes or federal or New Jersey appliance standards, as well as lighting systems, including LED lights and energy monitoring and control systems would qualify. Products that improve the efficiency of electricity or gas generation, transmission or distribution are not eligible.
- Products manufactured for Class I renewable energy, such as photovoltaic, solar, wind energy, renewably fueled fuel cells, wave, tidal, renewably generated hydrogen, sustainable harvested biomass, and methane gas from landfills.
- Other manufactured technologies or equipment that can demonstrate their integral nature to the development of Class I renewable energy and energy efficiency technologies, including "balance of system" technologies that produce or support the production of renewable or clean electricity generation.

*Note that power plant projects, including those that use biodiesel and ethanol as fuels, are not eligible under this solicitation nor are proposals that produce fuels or feedstocks. CEMF is not intended to finance facilities that will produce renewable electricity from these technologies in any form, such as the installation of solar photovoltaic panels at a facility.*

- Products manufactured contribute to the cost-competitiveness of renewable energy and energy efficiency in New Jersey, and other tangible ratepayer benefits, such as economic development and environmental benefits, from either the production or the direct use of the company's products.
- Preference will be given to those projects that demonstrate a greater percentage of the project being designed, manufactured, processed, assembled or made ready for commercial sale at the company's project facility within New Jersey.
- Company must be a for-profit entity and may include corporate joint ventures.
- Company must plan to manufacture eligible products in New Jersey and be entering or expanding within the manufacturing stage of commercial (not prototype) development.
- The loan is subordinate in collateral position to the company's existing senior debt. A subordinate mortgage may be required to secure the CEMF financing if the applicant or related party is the owner of the real property housing the manufacturing financed.
- Applicant must have a full-time management team who works only at the applicant company and consists of W-2 employees. The full-time W-2 management team must include at least one individual with applicable manufacturing industry operating experience (to be detailed in supplied business plan).
- A minimum 1:1 cash match of total project costs from non-state grants, loans, or equity, is required for both CEMF components. Company may apply prior to receipt of other funding commitments. If the required matching funds are not reported on the applicant's balance sheet at the time of application, a written letter of interest (LOI) must be provided for the 1:1 cash match. In order to be acceptable, the LOI must contain the basic terms of the proposed financing including form (equity, debt, or grant), repayment (if applicable), and proposed collateral (if applicable). The LOI must be
converted to a funded commitment for the transaction closing and evidenced by bank statement or
other applicable documentation.

- Must comply with financial reporting and annual audit requirements (see FAQs document for further
details).
- Construction projects will be subject to prevailing wage requirements pursuant to P.L. 2009, c. 203,
which amends P.L. 2009, c. 89, as well as the prevailing wage regulations promulgated by the New
Jersey Department of Labor and Workforce Development pursuant to P.L. 1963 c. 150 as amended,
and N.J.A.C. 17:27 and Affirmative Action rules.
- Interested parties are required to contact a Business Development Officer at the EDA prior to
submitting an eligibility intake form for preliminary technical review. Should the EDA notify the
applicant that it has met its pre-screening criteria, the applicant will be asked to submit a full
application. Applicants that submit a complete application package and meet the evaluation criteria,
as stated within Section 4F of the Solicitation, will be asked to make a project presentation to a Clean
Technology Advisory Committee comprised of EDA, BPU, and representatives from other
government entities and industry volunteers with energy efficiency and/or renewable energy and
business technology subject matter expertise. The Clean Technology Advisory Committee will review
and advise based upon the applicant's presentation and ability to meet the evaluation criteria within
Section 4F of the Solicitation. The EDA will administer the underwriting, closing and disbursement of
funds to the Awardees.

Edison Innovation Green Growth Fund (EIGGF)
The Edison Innovation Green Growth Fund (EIGGF) supports technology companies with Class I
renewable energy or energy efficiency products or systems that have achieved "proof of concept" and
successful independent beta results, have begun generating commercial revenues, and will receive 1:1
match funding by time of loan closing. The Fund offers growth capital to advance newly discovered
energy efficient, renewable energy or supply chain products that will assist Class I renewable energy or
energy efficient technologies in becoming competitive with traditional sources of electric generation.

Assistance Amount:

- Loans up to $2 million with a performance grant component.
- The interest rate for this program will be fixed at 2% for a five-year term. A 50% loan conversion to a
performance grant may occur at the end of year five based on the borrower’s successful completion
of specific business milestones.

Eligibility Criteria:

- Limited to:
  - **Energy Efficiency Products:** Limited to those which conserve the end use of gas or
electricity. Energy efficiency equipment and technology that reduce electric or natural gas
consumption, such as furnaces, boilers, and air conditioning systems with higher efficiencies
than adopted New Jersey building energy codes or federal or New Jersey appliance
standards, as well as lighting systems, including LED lights and energy monitoring and
control systems would qualify. Products which improve the efficiency of electricity or gas
generation, transmission or distribution are not eligible.
  - **Class I Renewable Energy:** Photovoltaic, solar, wind energy, renewably fueled fuel cells,
wave, tidal, sustainable harvested biomass, and methane gas from landfills qualify, as well as
other technologies or equipment that can demonstrate their integral nature to the
development of Class I renewable energy technologies, including technologies that produce
or support the production of renewable or clean electricity generation.
  - Must employ 75% of W-2 employees in New Jersey, or commit to growing 10 high-paying jobs
(minimum salary of $75k) over two years
  - Must have strong intellectual property position and/or satisfactorily available collateral and cash flow
  - Must have a full-time management team (working only at that company) with domain experience
  - Founders/management team must have equity in the company (sweat equity not considered)