Discussion Points

1. Established in accordance with P.L.1974, c.80, the New Jersey Economic Development Authority (EDA) is an independent public authority located "in, but not of," the Department of the Treasury. Its primary mission is to assist in the creation of employment opportunities through the provision of financial assistance to for-profit and not-for-profit enterprises. To that end the authority runs a myriad of financial assistance programs that it pays for out of its own financial resources. But the EDA also administers several economic development incentive programs that rely on the State's general financial resources as their funding mechanism. For example, the authority operates the Economic Redevelopment and Growth grant program under which developers receive multi-year grant payments from the State in support of qualifying projects. Other EDA-administered programs, such as the Grow New Jersey Assistance Program, reduce State revenue collections by granting incentive tax credits to eligible enterprises.

Comprehensive, aggregated information on the **accrued liabilities of EDA-administered incentive programs that rely on general State resources** does not appear to be published in any official State document; which, if true, would complicate the formulation of effective budgetary and fiscal policies. Disclosure, however, may soon be mandated. In October 2014, the Governmental Accounting Standards Board (GASB) issued for public comment by January 30, 2015 a draft of its proposed Statement, Tax Abatement Disclosures. The statement would require state and local governments to disclose information about economic development tax abatement agreements in financial statements for fiscal years beginning after December 15, 2015. In the meantime, in reply to EDA Discussion Point #1 in the OLS FY 2014-2015 Department of the Treasury Budget Analysis, the EDA provided the aggregated information presented in the table below on EDA-administered economic development programs that are financed with general State resources.

EDA-Administered Programs with Projected Obligations by Fiscal Year (2015-2019)
(in thousands of dollars)

Program	Award Amount	Capital Investment	New / Retained Jobs	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Grow NJ (New)	$298,399	$253,619	2,898/2,587	$0	$171,764	$188,940	$207,834	$228,618
Grow NJ (Legacy)	$541,731	$810,757	2,723/6,685	$12,359	$36,004	$50,846	$54,182	$54,182
ERG (New)	$79,690	$308,518	393/0	$0	$32,000	$35,200	$38,720	$42,592
ERG (Legacy)	$856,546	$4,646,417	15,898	$13,791	$17,755	$22,632	$28,258	$33,779
UTHTC (Legacy)	$1,352,720	$3,262,661	3,720/2,935	$117,157	$135,968	$135,968	$135,968	$135,968
BEIP (Legacy)	$1,567,957	$12,472,875	84,409	$175,000	$175,000	$175,000	$175,000	$175,000
BRRAG (Legacy)	$123,946	$2,069,632	31,162	$20,000	$20,000	$20,000	$20,000	$20,000
Brownfields	$277,000	$378,000	N/A	$10,000	$77,000	$20,000	$20,000	$20,000
NOL	$773,000	N/A	N/A	$60,000	$60,000	$60,000	$60,000	$60,000
Film/Digital Media	$7,920	N/A	N/A	$10,000	$0	$0	$0	$0
Angel Investor	$1,529	N/A	N/A	$25,000	$25,000	$25,000	$25,000	$25,000
TOTAL	**$5,880,438**	**$24,202,479**	**153,410**	**$443,307**	**$750,491**	**$733,586**	**$764,962**	**$795,139**

Grow NJ = Grow New Jersey Assistance Program;
ERG = Economic Redevelopment and Growth Program (commercial projects);
UTHTC = Urban Transit Hub Tax Credit Program;

Discussion Points (Cont'd)

BEIP = Business Employment Incentive Program;
BRRAG = Business Retention and Relocation Assistance Grant Program;
Brownfields = Brownfields and Contaminated Site Remediation Program;
NOL = Technology Business Tax Certificate Transfer Program;
Film/Digital Media = Film and Digital Media Tax Credit Program; and
Angel Investor = Angel Investor Tax Credit Program.

- ***Questions:*** **Please delineate, by program, the current dollar amount of all accrued liabilities under EDA-administered economic development programs that are financed with general State resources, as opposed to the EDA's own financial resources. What dollar amount of the total represents: a) outstanding, unpaid liabilities that have accrued in the past; and b) liabilities that will become payable in the future under concluded agreements? For fiscal years 2016 through 2020, please project each program's payable obligations. Please detail, by program, the size of capital investments and the number of jobs the incentive agreements support.**

The EDA administers various programs that are financed with general State resources, including grants and tax credits funded respectively through annual appropriations and reimbursement of State revenues generated by eligible projects. Specifically, the EDA administers three (3) programs which are funded through annual appropriations, the Business Employment Incentive Program (BEIP), Economic Redevelopment and Growth (ERG) Program (commercial projects) and, the Brownfields and Contaminated Site Remediation Program. In addition, the following programs provide tax credits to eligible projects which are financed through reimbursement of State revenues: the Grow New Jersey Assistance (Grow NJ) Program, residential projects under the new ERG, the Urban Transit Hub Tax Credit (UTHTC) Program, Business Retention and Relocation Assistance Grant (BRRAG) Program, Technology Business Tax Certificate Transfer (NOL) Program, Film and Digital Media Tax Credit Program, and Angel Investor Tax Credit Program. The following provides a summary of the award amounts from program inception through April 2015, related estimated capital investment and new and retained jobs, as well as projected obligations for each program:

EDA-Administered Programs w/ Projected Obligations by Fiscal Year (2016-2020)
(thousands of dollars)

Program	Award Amount	Capital Investment	New / Retained Jobs	FY 2016	FY 2017	FY 2018	FY 2019	FY2020
Grow NJ (New)	$1,892,354	$1,512,616	12,483/ 13,831	$167,818	$179,575	$179,575	$179,575	$179,575
Grow NJ (Legacy)	$489,731	$734,857	2,523/ 5,624	$36,326	$50,437	$52,982	$52,982	$52,982
ERG (New)	$465,079	$2,023,508	5,089/N/A	$4,890	$7,881	$8,437	$34,971	$46,302

Discussion Points (Cont'd)

ERG (Legacy)	$842,389	$4,575,632	22,725/ N/A	$9,780	$12,549	$14,705	$27,127	27,595
UTHTC (Legacy)	$1,352,720	$3,263,661	3720/2935	$99,976	$113,464	$144,812	$144,812	$144,812
BEIP (Legacy)	$1,567,957	$12,472,875	84409	$0	$117,491	$156,173	$183,323	$193,745
BRRAG (Legacy)	$123,946	$2,069,632	31162	$14,700	$13,100	$11,000	$8,800	$6,800
Brownfields	$277,000	$378,000	N/A	$7,700	$20,000	$20,000	$20,000	$20,000
NOL	$773,000	N/A	N/A	$60,000	$60,000	$60,000	$60,000	$60,000
Film/Digital Media	$7,920	N/A	N/A	$0	$0	$0	$0	$0
Angel Investor	$1,529	N/A	N/A	$25,000	$25,000	$25,000	$25,000	$25,000

2. P.L.2013, c.161, the "New Jersey Economic Opportunity Act of 2013," lowered the eligibility thresholds and expanded the geographic reach of the EDA-administered Economic Redevelopment and Growth Grant (ERG) and Grow New Jersey Assistance (GROW NJ) programs. P.L.2014, c.63, the "Economic Opportunity Act of 2014, Part 3" further adjusted the programs' eligibility and award calculation parameters and pushed back application and project completion deadlines under the ERG tax credit program for residential redevelopment projects. In the programs' first full year of operation, calendar year 2014, the EDA approved $1.99 billion in ERG and GROW NJ incentive awards to 93 projects ($416.5 million in ERG grants and tax credits for 17 projects and $1.57 billion in GROW NJ tax credits for 76 projects).

N.J.S.A.52:27D-489c et seq. provides the statutory authority for the **ERG program**. The tax-increment financing mechanism for redevelopment projects in eligible geographic areas has a State and a municipal component. State ERG reimbursements are available for **commercial redevelopment projects** that meet two financial criteria. First, the financial assistance must close a project financing gap that otherwise would prevent a project's realization. Second, the project must yield fiscal benefits to the State over a period of up to 20 years that equal or exceed 110 percent of the tax credit amount. There are no capital investment and job creation or retention thresholds. State ERG awards: a) equal up to 75 percent of the annual incremental State tax revenue attributable to a project (or up to 85 percent in a Garden State Growth Zone, a designation comprising the cities of Atlantic City, Camden, Passaic, Paterson, and Trenton); b) cannot exceed 30 percent of total project cost in conjunction with any municipal ERG award (or 40 percent in a Garden State Growth Zone municipality); and c) are paid in up to 20 annual installments. Aggregate State ERG reimbursement payments for commercial redevelopment projects are uncapped, but the EDA may only consider applications received prior to July 1, 2019. All ERG recipients obtain their reimbursements only after project completion. Through January 13, 2015, the EDA awarded $241.8 million in ERG grants to five commercial redevelopment projects under the terms of the "New Jersey Economic Opportunity Act of 2013."

A separate $600 million State ERG tax credit program applies to **residential redevelopment projects** in eligible geographic areas. Because these projects do not tend to create or retain permanent full-time jobs, they are unlikely to generate fiscal benefits to the State at a level that

Discussion Points (Cont'd)

would allow ERG reimbursements to close project financing gaps. Thus this separate tax credit program waived the requirement that residential redevelopment projects must generate fiscal benefits to the State in excess of the incentive amount. Under the program, projects may receive State ERG tax credits if they meet two financial conditions. First, the financial assistance must close a project financing gap that otherwise would be likely to prevent a project's realization. Second, the project must have minimum project costs ranging from $5.0 million to $17.5 million, depending on its specific location. Tax credit awards are authorized for taxpayer use in up to ten annual installments following project completion and cannot exceed 30 percent of total project cost in conjunction with any municipal ERG award (or 40 percent in a Garden State Growth Zone municipality). The application deadline for residential redevelopment projects is July 1, 2016 and projects must obtain temporary certificates of occupancy by July 28, 2018. Through January 13, 2015, the EDA awarded $179.5 million in ERG tax credits under the terms of the "New Jersey Economic Opportunity Act of 2013" to 13 residential redevelopment projects. All approved ERG awards under the program's "New Jersey Economic Opportunity Act of 2013" configuration are listed at http://www.njeda.com/web/pdf/Approved_ERG_EOA.pdf.

N.J.S.A.34:1B-243 et seq. establishes the statutory authority for the **GROW NJ tax credit program**, which is intended to encourage job creation and retention. There is no cap on the aggregate dollar amount of tax credit awards, but the EDA may only consider applications submitted prior to July 1, 2019. GROW NJ tax credits are available for eligible projects located in certain geographic areas that meet two financial conditions. First, the financial assistance must be a material factor in a project's realization. Second, the project must yield fiscal benefits to the State over a period of up to 20 years (or up to 30 years in the case of a "mega project" or a project in a Garden State Growth Zone, or up to 35 years if a project is located in the city of Camden) that equal or exceed 110 percent of the tax credit amount (or 100 percent in the case of the city of Camden). Minimum capital investment and full-time employment requirements vary depending on project characteristics. The EDA may grant individual tax credits for up to ten years in amounts ranging from $500 to $15,000 per year for each job created, depending on project attributes. Credit amounts for retained jobs are generally the lesser of 50 percent of those for new jobs or one-tenth of the capital investment divided by the number of retained and new full-time jobs (except that certain limited projects earn job retention tax credits equal to the 100-percent rate of new full-time positions). Tax credit recipients must maintain the project and related employment for 1.5 times the period in which they receive tax credits. Businesses forfeit outstanding tax credit amounts if their full-time workforce falls below certain thresholds. Tax credits are certified for taxpayer use only after project completion. Through January 21, 2015, the EDA awarded $1.72 billion in GROW NJ tax credits under the terms of the "New Jersey Economic Opportunity Act of 2013" to the following 88 projects: http://www.njeda.com/web/pdf/Approved_GrowNJ_EOA.pdf.

- ***Questions:*** **Please project the total dollar amount of Economic Redevelopment and Growth Grant (ERG) and Grow New Jersey Assistance (GROW NJ) incentive awards that the EDA anticipates approving in each of calendar year 2015 and 2016. Does the EDA expect to match or exceed the $1.99 billion in ERG and GROW NJ**

Discussion Points (Cont'd)

incentive awards it approved in calendar year 2014? Is it the EDA's sense that the calendar year 2014 total was a one-off outlier because businesses had held back submitting applications in anticipation of the passage of "New Jersey Economic Opportunity Act of 2013?" Please convey the number of projects and the cumulative dollar amount for which businesses have submitted ERG and GROW NJ applications that the EDA is currently evaluating. How many ERG and GROW NJ award applications for what cumulative dollar amount did the EDA reject in calendar year 2014 and for what reason(s)? Considering the applications and inquiries the EDA has received to date, does the authority project that the $600 million cap on aggregate ERG tax credit awards for residential redevelopment projects will suffice to meet demand?

The EDA maintains a constant working relationship with the business community to identify potentially-eligible projects as quickly as possible, and as such it is difficult to project the amount of projects that may arise and advance to application in the remainder of 2015 and in 2016.

Under the ERG Program in 2015, to date through March, $31.8 million has been approved. Under the Grow NJ Program in 2015, to date through March 2015, $117.6 million has been approved. Based on these totals, the Authority does believe that 2014 represented a one-year outlier, and does not expect to match or exceed the $1.99 billion in ERG and Grow NJ awards approved in 2014 following the initial considerable interest in the newly-established incentives under the "New Jersey Economic Opportunity Act of 2013."

Currently, the EDA is evaluating applications for 24 projects for approximately $236 million in tax reimbursements under the ERG Program and 13 projects for approximately $293 million in tax credits under the Grow NJ Program.

- **Please provide the following data for each of the ERG and GROW NJ programs under their pre-P.L.2013, c.161 permutations: a) the number and nominal dollar value of incentive awards approved; b) the number and nominal dollar value of incentive awards finalized; c) the nominal dollar value of incentive awards that taxpayers have used to date; and d) the nominal dollar value of approved and finalized incentive awards that taxpayers have not yet used. Have ERG appropriations to date sufficed to meet all ERG grant payment obligations? Please specify the size of any ERG payment backlog and the number of businesses concerned.**

The EDA has processed all applications under the ERG and Grow NJ programs under pre-P.L. 2013, c. 161 (Legacy) program specifications, as follows:

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ERG Program

Project	Municipality	County	Award Amount
Newport Office Center VI LLC	Jersey City	Hudson	$ 14,600,000
Jersey Gardens Lodging Assoc. LLP	Elizabeth	Union	$ 7,961,200
Saker ShopRites	Somerville	Somerset	$ 5,000,000
810 Broad LLC	Newark	Essex	$ 4,700,238
RBH-TRB Newark Holdings, LLC	Newark	Essex	$ 20,548,344
TDAF I Pru Hotel	Newark	Essex	$ 6,583,637
Revel Entertainment Group LLC	Atlantic City	Atlantic	$261,364,000
Port Imperial South LLC	Weehawken	Hudson	$ 8,893,049
Eatontown Monmouth Mall LLC	Eatontown	Monmouth	$ 4,109,172
Harrison Hotel 1, LLC	Harrison	Hudson	$ 7,250,987
Fountains Applied LWAG, LLC	Long Branch	Monmouth	$ 8,401,459
MSST Fidelco Properties, LLC	Newark	Essex	$ 5,640,161
Buffalo Pike Associates or Affiliate	Hamilton	Atlantic	$ 11,432,283
Mt. Laurel Development, LLC	Mt. Laurel	Burlington	$ 10,792,039
Lacey Plaza LLC	Lacey	Ocean	$ 3,365,004
Catellus Teterboro Urban Renewal	Teterboro	Bergen	$ 18,771,345
Williamstown Sq. Urban Renewal	Williamstown	Gloucester	$ 11,968,365
DGMB Casino, LLC	Atlantic City	Atlantic	$ 5,055,556
Amercam LLC (American Dream)	East Rutherford	Bergen	$390,000,000
VNO Wayne Town Center, LLC	Wayne	Passaic	$ 13,513,000
Harrah's Atlantic City Holding Inc.	Atlantic City	Atlantic	$ 24,128,000
Hanover Ridgedale LLC	Cedar Knolls	Morris	$ 4,109,734
TDAF I Springfield Ave	Newark	Essex	$ 8,358,889

Grow NJ Program

Project	Municipality	County	Award Amount
Lockheed Martin Corporation	Moorestown	Burlington	$ 40,000,000
Royal Wine Corporation	Bayonne	Hudson	$ 22,890,000
Ascena/Dress Barn Inc.	Mahwah	Bergen	$ 32,400,000
Soundview Paper LLC	Elmwood Park	Bergen	$ 25,450,000
Burlington Coat Factory	Florence	Burlington	$ 40,000,000
151 Foods LLC	Bellmawr	Camden	$ 20,700,000
Flight Safety International, Inc.	Moonachie	Bergen	$ 6,780,000
Automatic Switch Company	Florham Park	Morris	$ 24,500,000
Imperial Bag & Paper Co., LLC	Jersey City	Hudson	$ 29,120,000
Memorial Sloan Kettering	Middletown	Monmouth	$ 7,910,000
Deep Foods Incorporated	Union Twp	Union	$ 26,907,293
Siemens Healthcare Diagnostics	Mount Olive	Morris	$ 36,654,000

Discussion Points (Cont'd)

Honeywell International Inc.	Morris Plains	Morris	$ 40,000,000
NRG Energy Inc.	West Windsor	Mercer	$ 37,520,000
Medco Health Solutions	Florence	Burlington	$ 40,000,000
Destination Maternity Corp.	Florence	Burlington	$ 40,000,000
Maplewood Beverage Packers Inc.	Woodbridge	Middlesex	$ 18,900,000
Mastertaste Inc.	Clark	Union	$ 12,000,000
United Parcel Service	Parsippany-Troy Hills	Morris	$ 40,000,000

Of the ERG Legacy projects listed above, three (3) projects have been finalized for a total of $2,571,199 – DGMB (Margaritaville) $1,253,964, Port Imperial $275,951, and Saker $1,041,284; and of the Legacy Grow NJ projects listed above, one (1) project has been finalized for approximately $4 million – Burlington Coat Factory $4,000,000.

Appropriations to date have been sufficient to meet all grant payment obligations and there is no backlog of payments under the ERG Program.

- **Please share the number of GROW NJ tax credit applications that the EDA has rejected under the program's P.L.2013, c.161 permutation because the EDA deemed the requested tax credit awards not a "material factor" in the applicant's decision to create or retain the minimum number of full-time jobs in New Jersey. Please also share the number of ERG grant and tax credit applications for commercial and residential redevelopment projects that the EDA has rejected under the program's P.L.2013, c.161 permutation because the EDA deemed no project financing gap to exist.**

Due to the extensive level of discussions that businesses have with representatives from Choose NJ, the Business Action Center and EDA regarding the eligibility requirements for incentive programs, typically only potentially eligible applications are submitted. To date, two (2) projects have not proceeded to application for having no material factor under the Grow NJ Program.

In terms of the ERG Program, EDA business development staff conducts a comprehensive review of applications prior to submission, specifically to determine the required finance gap exists. If a gap cannot be identified, the applicant is notified prior to the submission of an application. As a result of this practice, the EDA has not formally declined projects due to a lack of financing gap.

3. P.L.2013, c.161 declared the cities of Camden, Passaic, Paterson, and Trenton blighted areas in need of rehabilitation and designated them as New Jersey's first **Garden State Growth Zones (GSGZ)**. A year later, P.L.2014, c.63 added the city of Atlantic City to the list. The GSGZ designation provides businesses that invest in the five municipalities with reduced eligibility requirements and higher incentive payments under the EDA-administered Economic Redevelopment and Growth Grant (ERG) and Grow New Jersey Assistance (GROW NJ) programs.

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For example, under the GROW NJ job creation and retention tax credit program, companies' minimum capital investment requirements are one-third lower and minimum full-time employment requirements one-fourth lower in GSGZs than in other eligible areas. Under ERG, for example, the maximum amount of any redevelopment incentive grant in GSGZs is 40 percent of total project costs instead of 30 percent in other eligible areas.

Furthermore, P.L.2013, c.161 authorized the original four GSGZ municipalities to opt into a property tax exemption program within 90 days of September 18, 2013 (N.J.S.A.52:27D-489s). A participating municipality may confer a 20-year property tax abatement on any new construction, improvement, and substantial rehabilitation of structures on real property that is undertaken by redevelopers qualifying as Garden State Growth Zone Development Entities (subsection b. of N.J.S.A.52:27D-489s). The exemption equals 100 percent of the value of the improvement for the first ten years after the issuance of a certificate of occupancy. Over the next ten years the exemption percentage declines gradually. Anyone who does not qualify as a Garden State Growth Zone Development Entity can still receive a five-year property tax exemption equal to 100 percent of the value of any new construction, improvement, and substantial rehabilitation of structures on real property (subsection e. of N.J.S.A.52:27D-489s). In answering EDA Discussion Point #3 in the OLS FY 2014-2015 Department of the Treasury Budget Analysis, the EDA reported that three of the four original GSGZ municipalities opted into the property tax exemption program: the cities of Camden, Paterson, and Trenton. Moreover, the EDA stated that it could not provide the aggregate value of all real property improvements that have obtained GSGZ property tax abatements and the ensuing property tax savings to the taxpayers owning those improvements.

It appears uncertain in which GSGZ municipalities property owners, other than Garden State Growth Zone Development Entities, can receive a five-year property tax exemption equal to 100 percent of the value of any new construction, improvement, and substantial rehabilitation of structures on real property (subsection e. of N.J.S.A.52:27D-489s). Some contend that the law mandates the exemption in all five GSGZs and that the municipal opt-in provision applies only to the property tax abatement program for Garden State Growth Zone Development Entities (subsection b. of N.J.S.A.52:27D-489s). Others hold that both exemptions require an affirmative vote by GSGZ municipalities. The EDA's websites on the five GSGZ municipalities suggest that the authority interprets the exemption for non-Garden State Growth Zone Development Entities under subsection e. to be binding on all GSGZs. If so, this would have the effect that Garden State Growth Zone Development Entities are the only parties that are ineligible for any tax abatement under N.J.S.A.52:27D-489s in Passaic (which chose not to opt into the program) and Atlantic City (which was not yet a GSGZ when the opt-in window was open). The cities of Camden, Paterson, and Trenton, however, seemed to have interpreted the law in such a manner that both exemptions require affirmative municipal action. Their opt-in ordinances all explicitly authorize the two abatements, which would be superfluous in the case of the exemption for non-Garden State Growth Zone Development Entities if subsection e. were a State mandate.

Discussion Points (Cont'd)

- *Questions:* **Please confirm that Atlantic City cannot and Passaic did not and can no longer opt into the property tax abatement programs that subsections b. and e. of N.J.S.A.52:27D-489s authorized for real estate improvements in Garden State Growth Zone (GSGZ) municipalities. Is it the EDA's interpretation that subsection e., which grants any property owner other than Garden State Growth Zone Development Entities a five-year property tax exemption equal to 100 percent of the value of any real estate improvement, is a State-mandated property tax exemption in all GSGZ municipalities that is available whether or not GSGZ municipalities have opted into the program? If so, is it correct that only property owners that are not Garden State Growth Zone Development Entities can receive property tax abatements under P.L.2013, c.161 in Atlantic City and Passaic?**

Atlantic City's designation as a Garden State Growth Zone (GSGZ) did not authorize the referenced property tax programs, and Passaic did not opt into the program within the timeframe mandated by the statute.

- **Does any State agency collect information on the aggregate value of all real property improvements that have obtained property tax abatements pursuant to P.L.2013, c.161 and the ensuing property tax savings to the taxpayers owning those improvements?**

The EDA is not aware whether any State agency collects information on the aggregate value of all real property improvements that have obtained property tax abatements pursuant to P.L. 2013, c. 161.

- **Please list any incentive awards the EDA has made in accordance with P.L.2013, c.161 and P.L.2014, c.63 under the Economic Redevelopment and Growth Grant and Grow New Jersey Assistance programs to businesses investing in the five GSGZ municipalities. Would any of the projects not have qualified for the incentives under the programs' standard terms? Did any of the projects also secure property tax abatements pursuant to N.J.S.A.52:27D-489s? How many applications for incentive awards under the GSGZ designation is the EDA currently evaluating?**

The following incentive awards have been approved in accordance with P.L. 2013, c. 161 and P.L. 2014, c. 63 under the ERG and Grow NJ programs:

ERG Program:

Atlantic City:

Tropicana Atlantic City Corporation	$ 4,849,075
ATCH Partners, LP	$ 6,917,954

Discussion Points (Cont'd)

Camden:	
Broadway Associates 2010, LLC	$ 13,491,661
Broadway Housing Partners, LLC	$ 2,671,862
Broadway Housing Partners, LLC	$ 3,448,028
Paterson Commons II Urban Renewal Associates, LLC	$ 7,833,944
Trenton:	
GTLC Partners 2014 LLC–TrentEast	$ 4,740,220
GTLC Partners 2014 LLC–TrentWest	$ 6,384,259

Grow NJ Program:

Camden:	
Webimax,	$ 12,078,500
Philadelphia 76ers	$ 82,040,507
Holtec	$260,000,000
Plastics Consulting & Mfg	$ 3,920,000
DioGenix	$ 7,455,000
Lockheed Martin	$107,000,000
Subaru of America	$117,832,868
Cooper Health System	$ 39,990,000
Plastics Consulting and Manufacturing Company, Inc.	$ 3,920,000
Volunteers of America Delaware Valley, Inc.	$ 6,337,500
Trenton:	
LMT Mercer Group, Inc.	$ 15,540,000
Passaic:	
Patella Construction	$ 10,325,000
Paterson:	
Accurate Box Company	$ 39,875,955
MGP Manufacturing	$ 3,797,500

Although the projects approved would have likely qualified for awards under standard terms, the awards available in non-GSGZ municipalities may not have been significant enough in benefit for developers to advance with the project (ERG) or relocate to/or remain in New Jersey (Grow NJ). In addition, the EDA is not informed of the number of projects that have secured tax abatements pursuant to N.J.S.A. 52:27D-489s. Finally, the EDA is currently evaluating eight (8) applications for incentive awards with GSGZ designation, six (6) residential and two (2) commercial, under the ERG Program; and 10 applications tax credits with GSGZ designation under the Grow NJ Program.

Discussion Points (Cont'd)

4. P.L.2013, c.161 made significant revisions to the EDA-administered **Grow New Jersey Assistance (GROW NJ) program** effective as of September 18, 2013. One of the revisions created a **"mega project"** category that allows for enhanced tax credit amounts. Notably, along with projects in the Garden State Growth Zone municipalities of Atlantic City, Camden, Passaic, Paterson, and Trenton; "mega projects" qualify for the program's largest annual tax credit amounts of up to $15,000 per new full-time job for a period of up to ten years. Depending on project type, all other projects may earn maximum credits ranging from $2,000 to $12,000 per new full-time position for a period of up to ten years. In addition, full-time jobs retained at a project site are typically eligible for the lesser of 50 percent of the tax credit amount for new full-time positions or one-tenth of the capital investment divided by the number of retained and new full-time jobs. However, retained full-time positions qualify for 100 percent of the new full-time position tax credit amount if they are part of a "mega project" in a Garden State Growth Zone municipality or of a "mega project" involving the United States headquarters of an automobile manufacturer located in a priority area. (Full-time jobs retained at a new facility that replaces a facility that has been substantially damaged in a federally-declared disaster also qualify for the 100-percent rate). Lastly, "mega projects" also benefit from relaxed net benefit test requirements. Specifically, to qualify for a GROW NJ tax credit, a project must typically yield fiscal benefits to the State over a period of up to 20 years that equal or exceed 110 percent of the tax credit amount. For "mega projects," however, the calculation considers 30 years of benefits. (The only other easing of the net benefit test concerns projects in Garden State Growth Zones, for which the EDA shall also consider 30 years of fiscal benefits, and projects in the City of Camden for which the EDA shall consider 35 years of fiscal benefits against a lower threshold of at least 100 percent of the tax credit amount).

A business must apply for a GROW NJ tax credit by September 18, 2017 to attain "mega project" status. A "mega project" is an eligible business facility project located in an "urban transit hub" whose capital investment exceeds $50 million and whose count of new and retained full-time positions exceeds 250. In addition, "mega projects" are eligible business facility projects whose count of new and retained full-time positions exceeds 1,000, or whose capital investment exceeds $20 million and whose count of new and retained full-time positions exceeds 250 if the business facility is located in either: a) a port district and houses a business in the logistics, manufacturing, energy, defense or maritime industries; or b) an aviation district and houses a business in the aviation industry; or c) a Garden State Growth Zone; or d) a priority area and houses the United States headquarters and related facilities of an automobile manufacturer. P.L.2014, c.63 subsequently added to the "mega project" classification projects representing eligible capital investments of at least $20 million in a business facility located in an area designated in need of redevelopment in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean or Salem counties that will create or retain more than 150 full-time positions. The table on the following page lists the three GROW NJ tax credits the EDA has approved to "mega projects" through January 21, 2015.

Discussion Points (Cont'd)

GROW NJ Program: Tax Credit Approvals for "Mega Projects"				
Project	**Municipality**	**Approved Tax Credit**	**Eligible Capital Investment**	**New and Retained Jobs**
JPMorgan Chase Bank, N.A.	Jersey City, Hudson County	$224,835,000	$76,906,632	3,612
Metropolitan Foods, Inc.	Wayne, Passaic County	$18,487,500	$67,600,000	354
Barrette Outdoor Living. Inc.	Galloway Township, Atlantic County	$29,810,000	$26,236,368	271
	TOTAL	**$273,132,500**	**$170,743,000**	**4,237**

- ***Questions:*** **In addition to the projects delineated in the table above, please list all GROW NJ tax credit awards the EDA has approved in accordance with P.L.2013, c.161 and P.L.2014, c.63 to: a) "mega projects" and b) projects whose retained jobs have earned 100 percent, instead of the standard 50 percent, of the new full-time position tax credit amount. How many GROW NJ applications is the EDA currently evaluating for: a) "mega project" status; and b) tax credits for retained full-time positions that equal the 100-percent rate for new full-time positions? Has the EDA received a GROW NJ tax credit application for a "mega project" involving the United States headquarters of an automobile manufacturer located in a priority area?**

<u>Mega Projects – P.L. 2013, c. 161</u>

Project	**Municipality**	**County**
JP Morgan Chase Bank, N.A.	Jersey City	Hudson County
Metropolitan Foods, Inc.	Wayne	Passaic County
Barrette Outdoor Living, Inc.	Galloway Township	Atlantic County

<u>Retained Jobs at 100% Rate for New Full Time Positions – P.L. 2013, c. 161</u>

Project	**Municipality**	**County**
Webimax	Camden	Camden County
Holtec	Camden	Camden County
Accurate Box	Paterson	Passaic County
Plastics Consulting	Camden	Camden County
Lockheed Martin	Camden	Camden County
Cooper Health	Camden	Camden County
Subaru	Camden	Camden County

<u>Grow NJ Applications – Mega Project Status – None</u>

<u>Grow NJ Applications – Retained Jobs at 100% Rate for New Full Time Positions</u>

Project	**Municipality**	**County**
Webimax	Camden	Camden County
Accurate Box	Camden	Camden County

Discussion Points (Cont'd)

Grow NJ Application for Mega Project – U.S. HQ of Automobile Manufacturer

Project	**Municipality**	**County**
Subaru	Camden	Camden County

5. Having failed to turn a profit since opening on April 2, 2012, the **Revel Casino in Atlantic City** closed on September 2, 2014. The casino's owners had filed for Chapter 11 bankruptcy protection with the United States Bankruptcy Court for the District of New Jersey on June 19, 2014, which marked the second bankruptcy proceeding in less than 18 months. (The first Chapter 11 filing had concluded with a court-approved reorganization plan.) Since the casino's closure two attempts to sell the property have failed. Brookfield US Holdings LLC's $110 million bid won an October 1, 2014 bankruptcy court auction. But the company terminated the deal in November 2014. This led to the initiation of sales proceedings with the backup bidder, Polo North Country Club, Inc., that had submitted a $95.4 million offer at the auction. These turned out equally futile so that the bankruptcy court consented on February 19, 2015 to the casino owners' request to terminate the sales agreement.

New Jersey made a financial commitment to the project, which cost $2.4 billion to build. On February 1, 2011, the EDA approved an Economic Redevelopment and Growth Grant (ERG) of up to $261.4 million to support the completion of the construction of the then-unfinished casino. Under the performance-based tax-increment financing program, the final grant amount would have equaled 75 percent of certain State tax collections the casino *actually* would have generated over 20 years. The State, however, has not made any grant payment because the casino did not generate sufficient revenues to qualify therefor, as the EDA related in reply to EDA Discussion Point #5 in the OLS FY 2014-2015 Department of the Treasury Budget Analysis. The authority attributed the casino's falling short of the anticipated economic performance to numerous factors, including the lingering national recession, increased gaming competition from other states, and the devastation resulting from Superstorm Sandy.

It is not clear whether the ERG award will be transferrable to any future purchaser of the Revel Casino. The current wording of subsection g. of N.J.S.A.52:27D-489i authorizes ERG grant recipients to "pledge, assign, transfer, or sell any or all of its right, title and interest in and to such agreements and in the incentive grants payable thereunder," subject to the approval of the EDA and the State Treasurer. But at the time of Revel's ERG grant award approval that section of law only allowed grant recipients to "pledge and assign as security or support for any loan or bond, any or all of its right, title and interest in and to such agreements and in the incentive grants payable thereunder," subject to the approval of the EDA and the State Treasurer.

The EDA approved the Revel grant under the terms of the ERG program as it existed prior to the revisions of P.L.2013, c.161, the "New Jersey Economic Opportunity Act of 2013." P.L.2009, c.90

Discussion Points (Cont'd)

created the program as a tax-increment financing mechanism with a State and a municipal component (N.J.S.A.52:27D-489a et seq.). The law authorized, but did not require, the awarding of State ERG payments for eligible redevelopment projects in certain areas of New Jersey that would yield fiscal net benefits to the State and that would not occur absent the financial assistance. State ERG payments could equal up to 75 percent of the annual incremental State tax revenue attributable to a project and could be authorized for up to 20 years. But the combined amount of State and municipal ERG grant payments could not exceed 20 percent of a project's total cost. Disbursements commence after a project's completion. All approved State ERG grants under the legacy program are listed at http://www.njeda.com/web/pdf/Approved_ERG_Legacy.pdf.

- **Questions: Please confirm that the State has not made any Economic Redevelopment and Growth Grant (ERG) reimbursement to the owners of the Revel Casino. Please indicate whether the casino's ERG award agreement is potentially transferrable to any future purchaser of the property. If so, would the ability to receive ERG payments depend on the property's future use as a casino? If the current casino owners are unable to transfer the ERG award to any purchaser of the property, will the EDA cancel the agreement upon any property sale? Would any future property owner be eligible for any EDA-administered economic development incentives?**

There have been no disbursements made to the owners of the Revel Casino and the recent sale of the property did not transfer the ERG award to the new owner, so the former approval is no longer valid. A new owner may apply for incentives, but would need to meet the eligibility requirements of those programs to the recommended for any future awards.

6. P.L.2014, c.63 established a new five-year EDA-administered **tax incentive program for redevelopers that donate to a governmental entity public infrastructure** with a minimum $5 million fair market value or open space without improvements with a minimum $1 million fair market value (N.J.S.A.34:1B-251). Redevelopers may apply for a corporation business tax credit equal to the cost of providing the public infrastructure, but not more than $5 million. To qualify for the credit the public infrastructure must be: a) donated or built and donated after January 1, 2013; b) part of a new capital investment of more than $10 million in a building or complex of buildings, which shall be completed within two years following tax credit approval; and c) part of a redevelopment project that has not received a Grow New Jersey Assistance (GROW NJ) tax credit or an Economic Redevelopment and Growth Grant (ERG) tax credit or grant. Incentive awards are available statewide and are not contingent upon the incentives being vital to the execution of a redevelopment project or its public infrastructure components. Moreover, redevelopment projects and their attendant public infrastructure components are not required to generate indirect fiscal benefits to the State in excess of the cost of the tax incentive. The EDA may award no more than $25 million in total tax credit awards over the program's five-year

Discussion Points (Cont'd)

lifespan and redevelopers may apply for tax credits between October 24, 2014 and December 31, 2019.

- ***Questions:*** **Please provide a status update on the tax credit program for redevelopers that donate public infrastructure to governmental entities. Is the program operational? If not, by what date does the EDA expect the program to be operational? How many tax credit applications and for what dollar amount has the EDA received to date and what is the applications' current state in the evaluation process? Please list all approved tax credit awards, including a description of the donated public infrastructure or open space. Considering the applications and inquiries the EDA has received to date, does the authority project that the $25 million cap on aggregate tax credit awards will suffice to meet demand?**

The EDA has approved three (3) applications filed by Wood-Ridge Development, LLC under the Public Infrastructure Project Tax Credit Program to support elements of the Westmont Station Redevelopment Plan. The projects represent phases in the amended redevelopment agreement between Wood-Ridge Development, LLC and the Borough of Wood-Ridge. The plan consists of the construction of a train station and school, residential and commercial space, and recreational improvements to the site. Specifically, applications approved include:

- Wood-Ridge Development, LLC, Wood-Ridge/Bergen County - Approved for up to a $5 million tax credit. The Public Infrastructure Project is the development of a new school at 1 Passaic Street. Tax credits would support the construction of a 64,000-square-foot middle school which will cost approximately $11,586,883. The ownership of the school will be transferred to the Borough upon completion. EDA estimates the fair market value of the school to exceed $5 million, based on the cost of the facility. Wood-Ridge has adopted a resolution and filed it with the Authority consenting to the award of the tax credits. On January 16, 2014, Wood-Ridge issued $15 million of redevelopment area bonds to finance the construction of the train station and construction of a new school. The bonds have a 15-year term with semi-annual debt service payments which commenced on September 15, 2014, thus meeting the requirement under the Act that the first payment of debt service occurs after January 1, 2013. The applicant has represented that the proceeds of the sale of the tax credits will be used to pay debt service of the redevelopment area bonds for years 6 through 11. The applicant has represented that at least $10 million of new capital investment will be developed at the site within two years of the March 2015 approval.

- Wood-Ridge Development, LLC, Wood-Ridge/Bergen County – Approved for up to a $5 million tax credit. The Public Infrastructure Project is the development of a recreational facility and recreational trails located at 1 Passaic Street. The applicant proposes approximately $16,852,500 of recreational improvements to the site, including a new complex that will consist of two baseball diamonds, one football and soccer field with

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synthetic turf, an eight-lane running track, stadium seating for 1,000 people a concession stand and a track and field event pit. The ownership of the parks and recreational space will be transferred to the Borough upon completion. EDA estimates the fair market value of the recreational complex to exceed $5 million, based on the cost of the improvements. Wood-Ridge has adopted a resolution and filed it with the Authority consenting to the award of the tax credits. The applicant has stated no costs have been incurred yet for recreational improvements, meeting the requirements under the Act that the construction commences after January 1, 2013. The applicant has represented that at least $10 million of new capital investment will be developed at the site within two years of the March 2015 approval.

- Wood-Ridge Development, LLC, Wood-Ridge/Bergen County – Approved for up to a $5 million tax credit. The Public Infrastructure Project is the construction of a train station at the site. The Westmont station will be the borough's second train station and will be located on the NJ Transit Bergen Line. The total cost of the train station will be approximately $43,042,655. Construction of the train station started in March 2014 with completion anticipated in the fall of 2015. The ownership of the train station will be transferred to the borough upon completion. EDA estimates the fair market value of the train station to exceed $5 million, based on the cost of the facility. Wood-Ridge has adopted a resolution and filed it with the Authority consenting to the award of the tax credits. On January 16, 2014, Wood-Ridge issued $15 million of redevelopment area bonds to finance the construction of the train station and construction of a new school. The bonds have a 15-year term with semi-annual debt service payments which commenced on September 15, 2014, thus meeting the requirement under the Act that the first payment of debt service occurs after January 1, 2013. The applicant has represented that the proceeds of the sale of the tax credits will be used to pay debt service of the redevelopment area bonds for years 1 through 5. The applicant has represented that at least $10 million of new capital investment will be developed at the site within two years of the March 2015 approval.

Finally, the EDA projects that the $25 million cap on aggregate tax credit awards will suffice to meet demand.

7. P.L.2013, c.161 closed the EDA-administered **Business Employment Incentive Program (BEIP)** to new applicants effective on September 18, 2013, but did not cancel the future disbursement of any approved BEIP grant payment. In reply to EDA Discussion Point #6 in the OLS FY 2014-2015 Department of the Treasury Budget Analysis, the EDA related that owing to grant award terms of up to ten years it expected incurring additional BEIP payment obligations for ten to twelve more years.

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The FY 2015 Appropriations Act included no funding for the payment of BEIP grants. The FY 2016 Governor's Budget proposal does not do so either (page D-376). But instead the Administration recommends the enactment of legislation that would permit BEIP grant recipients to voluntarily convert outstanding BEIP payment liabilities into refundable tax credits (page D-363). In addressing last year's EDA Discussion Point #6, the authority reported that the State had approximately $650.0 million in outstanding BEIP grant payment obligations owed to roughly 400 businesses that had submitted expenses for payment. While some payable invoices dated as far back as FY 2008 for various reasons, the majority of obligations for FY 2011 and beyond still remained outstanding. The OLS notes that the amount of outstanding BEIP payment obligations does not include required future debt service payments on $200.8 million in bonds the EDA issued in 2004 and 2005 to finance FY 2005 and FY 2006 BEIP grant payments. According to the State of New Jersey Fiscal Year 2014 Debt Report, as of June 30, 2014, some $45.7 million in debt service payments remained outstanding on the bonds through final maturity on November 1, 2015.

N.J.S.A.34:1B-124 et seq. established the statutory authority for the BEIP program under which the EDA provided grants to businesses that create jobs in New Jersey. BEIP grants could be awarded for up to ten years and could equal between 10% and 80% of the total amount of State income taxes withheld by the grant receiving business from wages of new employees subject to the grant agreement. To qualify for a grant, an applicant had to certify that receipt of the grant was a "material factor" in the business' decision to invest in New Jersey. In total, the EDA executed 483 BEIP grant agreements with a cumulative grant amount of $1.56 billion since the program's inception in 1996. In all, executed BEIP grants covered 115,305 new jobs and capital investments totaling $12.3 billion. All executed BEIP agreements are listed at: http://www.njeda.com/web/pdf/BEIP_Activity_Alphabetical.pdf.

- ***Questions:*** **Please specify: a) the cumulative dollar amount of outstanding BEIP payment obligations that have become payable in the past; b) the number of businesses that are owed BEIP payments that have become payable in the past; c) whether all FY 2008, 2009, 2010, 2011, and 2012 obligations have been paid; d) the dollar value of all BEIP payment obligations that have become newly payable in FY 2015 and are projected to become newly payable in FY 2016; e) the dollar amount of all projected future BEIP payment obligations; and f) the year in which the EDA projects the last BEIP payment to come due.**

Currently, BEIP obligations are estimated to be approximately $635 million for approximately 270 businesses, with payments due as follows: FY 2008 - $754,000; FY 2009 - $21.5 million; FY 2010 - $87.7 million; 2011 - $188.2 million; and 2012 - $179.1 million. In FY 2015, $158.2 million in BEIP payment obligations (for FY 2013) have become newly payable and $149.3 million (for FY 2014) and an estimated $140 million (for FY 2015) are projected to become newly payable in FY 2016. The EDA estimates that future BEIP obligations for fiscal years 2017-2030 are expected to be approximately $1.267 billion which includes the unpaid backlog obligations of $635 million (2008-

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2013), 2014 obligations of $149.3 million and $482.7 million (2015 – 2030). Finally, the EDA anticipates that the last BEIP payment will be due in 2030.

8. P.L.2013, c.161 closed the EDA-administered **Business Retention and Relocation Assistance Grant (BRRAG)** tax credit program to new applicants effective on September 18, 2013, but did not cancel any approved but not yet used BRRAG tax credit awards. In reply to EDA Discussion Point #7 in the OLS FY 2014-2015 Department of the Treasury Budget Analysis, the EDA detailed its projected schedule of taxpayers' future use of $97.1 million in total estimated BRRAG tax credits from calendar year 2014 through calendar year 2021.

The BRRAG program had a $20 million aggregate cap on the total dollar value of tax credits that taxpayers may apply against tax liabilities in a given tax period with a requirement that tax credits may only be used in the tax periods for which they are issued. Tax credits were available under the corporation business and insurance premiums taxes to businesses that relocated operations within New Jersey and retained jobs or that maintained jobs at a current location and made a qualified capital investment (N.J.S.A.34:1B-112 et seq.). The per-employee tax credit ranged from $1,500 to $9,000 depending on the number of full-time positions retained. Businesses earned a tax credit bonus of 50 percent of the base amount if they relocated at least 2,000 jobs from a location in New Jersey into a designated urban area. They could earn another 50 percent bonus if their capital investment was at least twice the amount of tax credits granted prior to the application of a bonus. In addition to the receipt of the tax credit being a material factor in the business' decision to retain full-time positions in New Jersey, an applicant business had to demonstrate that the tax credit would yield a net fiscal benefit to the State. Tax credit awards were only certified for use upon project completion. Since inception in 2005, the EDA executed BRRAG agreements totaling an estimated $125.1 million in tax credits for 85 projects representing an estimated $2.08 billion in capital investments and 31,654 in retained jobs. The EDA lists all BRRAG agreements at http://www.njeda.com/web/pdf/BRRAG_activity.pdf.

- **Questions: Please provide an updated estimate of the BRRAG tax credit amounts that taxpayers will use in tax period 2015 and every tax period thereafter. What was the total amount of approved BRRAG tax credits in tax period 2014? Did taxpayers use the full amount thereof? If not, what amount of approved tax period 2014 tax credits was forfeited and what amount did the EDA authorize for carryover to future tax periods?**

The following is an estimate of BRRAG tax credit amounts for 2015 through 2020:

2015	$15.7 million
2016	$14.7 million
2017	$13.1 million
2018	$11.0 million

Discussion Points (Cont'd)

2019	$ 8.8 million
2020	$ 6.8 million

In 2014, the EDA certified $7,647,080 in BRRAG tax credits however, the Authority does not monitor usage of tax credits, and there is no carry forward provision under the program.

9. P.L.2013, c.161 closed the EDA-administered **Urban Transit Hub Tax Credit program** to new applicants effective on September 18, 2013. The law, however, honors any approved but not yet used tax credit awards. In reply to EDA Discussion Point #8 in the OLS FY 2014-2015 Department of the Treasury Budget Analysis, the EDA specified that it had awarded $1.32 billion in tax credits: $834 million for commercial construction projects and $486 million for residential construction projects. In FY 2015, the EDA anticipated certifying about $131.3 million in tax credits for taxpayer use with the vast majority of approved tax credit awards continuing to represent future contractual State liabilities. The EDA lists all approved Urban Transit Hub Tax Credit agreements at: http://www.njeda.com/web/pdf/HUB_Activity.pdf.

P.L.2007, c.346 originally established the Urban Transit Hub Tax Credit program (N.J.S.A.34:1B-207 et seq.), under which the EDA was authorized to award tax credits to taxpayers who invested at least $50 million in real property situated in urban transit hubs. Subject to certain qualifying criteria, capital investments in business facilities that were to house at least 250 full-time positions could earn tax credits of 100 percent of the capital investment if at least 200 of the full-time positions were new to the State or of 80 percent of the investment if fewer than 200 of the full-time positions were new to the State. Residential investments, in turn, could earn tax credits of up to 35 percent of the investment and mixed use projects either of up to 35 percent for the entire investment or of up to 35 percent for the project's residential component if it represented at least a $17.5 million capital investment and of up to 100 percent for the project's business facility component if it represented at least a $17.5 million capital investment. Taxpayers receive their finalized tax credit awards in ten equal annual installments beginning after project completion. Urban transit hubs were the area within a one-half mile radius around a rail or light rail station in Camden, East Orange, Elizabeth, Hoboken, Jersey City, Newark, New Brunswick, Paterson, and Trenton, with the Camden urban transit hub covering the area within a one-mile radius around a rail or light rail station. In addition, there was an urban transit hub in the area within a one-mile radius of a rail or light rail station that was subject to a Choice Neighborhoods Transformation Plan. (The only New Jersey Choice Neighborhood was in Jersey City at the McGinley Square – Montgomery Corridor.) Acute care medical facilities and closed hospitals located within a one-mile radius of a rail or light rail station also qualified for tax credits.

Furthermore, the law includes several recapture provisions intended to ensure that tax credit recipients follow through on the commitments they made in their tax credit agreements. Specifically, the EDA is to reduce or void outstanding tax credit award use authorizations as follows for years in which a business fails to maintain certain employment levels:

Discussion Points (Cont'd)

Employment Level Change	Recapture Impact on Tax Credit Award
1) Fewer than 200 new full-time positions to the State housed at qualified facility	Tax credit reduced by 20 percent for years in which condition applies
2) Fewer than 250 full-time employees work at qualified facility	Forfeiture of tax credit installment for years in which condition applies
3) Business' statewide workforce drops by more than 20 percent below level in last tax accounting period prior to tax credit approval	Forfeiture of tax credit installment for years in which condition applies
4) Business' workforce at any of its facilities in State other than the qualified facility drops by more than 20 percent, exclusive of positions transferred to qualified facility, below level in last tax accounting period prior to tax credit amount approval	Forfeiture of tax credit installment for years in which condition applies
5) Business sells prior to expiration of ten-year tax credit authorization period facility for which it received tax credit award	Forfeiture of remaining tax credit installments

- ***Questions:*** **Please indicate, by tax period, the number and dollar value of Urban Transit Hub Tax Credit awards the EDA has authorized for taxpayer use through calendar year 2014. What amount of that total, if any, have taxpayers carried over to future tax periods? Please project the dollar value of tax credit awards that taxpayers will be entitled to apply against tax liabilities in tax period 2015 and every tax period thereafter.**

The EDA reports the issuance of Urban Transit Hub Tax Credit (UTHTC) on a fiscal year basis. The following credits were issued for FY 2014:

Project	**Municipality**	**County**	**Award Amount**
Daily News, L.P.	Jersey City	Hudson	$ 4,165,000
Panasonic Corporation	Newark	Essex	$ 8,192,645
Transit Village	New Brunswick	Middlesex	$ 7,660,000

In addition, the following UTHTC awards have been authorized to be applied against tax liabilities in FY 2015:

Project	**Municipality**	**County**	**Amount/Liabilities**
Boraie Development LLC	New Brunswick	Middlesex	$ 2,381,036
Daily News, L.P.	Jersey City	Hudson	$ 4,165,000
Transit Village	New Brunswick	Middlesex	$ 7,660,000
Wakefern Food Corp.	Elizabeth	Union	$ 5,800,000

Discussion Points (Cont'd)

Finally, the following UTHTC awards are projected for issuance of tax certificates for tax period 2015 by June 30, 2015 (FY 2015:

Project	**Municipality**	**County**	**Amount/Liabilities**
Panasonic Corporation	Newark	Essex	$ 8,192,645
Pennrose Properties, LLC	Trenton	Mercer	$ 1,771,671

- **Please comment on the prevalence of events that trigger the cancellation or reduction of previously approved Urban Transit Hub Tax Credit awards. Please list: a) any previously approved projects that have either been abandoned or modified to such an extent in their implementation that they have become tax credit-ineligible; and b) any projects whose previously approved tax credit awards the EDA has voided or reduced in accordance with the enabling law's recapture provisions. Based on its prior experience in managing economic development tax incentive awards, does the EDA project that a certain percentage of the dollar amount of approved Urban Transit Hub Tax Credit awards will not result in forgone State revenue?**

Under the UTHTC Program, awards may be cancelled (forfeited) annually if a commercial applicant does not meet the annual job certification requirements for its project, i.e., the applicant must certify that it has met the HUB site and statewide job requirements) or if a residential applicant has not certified that its project has demonstrated continued residential use at the calendar year end preceding its annual award. In addition, awards may be cancelled entirely if the commercial project moves out of state or the residential project converts to a non-residential use. A reduction of award to 80 percent may also occur for commercial projects if the applicant fails one of its job requirement tests.

To date, one (1) business with a project underway has withdrawn from the UTHTC Program (Beacon Redevelopment LLC); one (1) award has been reduced from 100 to 80 percent for its annual compliance (Panasonic Corporation) as it met its statewide base employment test and its 250 employee at the project site test, but did not meet its new job creation test also required for its award; and five (5) businesses, which met the employment threshold of 250 full-time jobs with all retained jobs which already existed at the site (Daily News, L.P., Newark Farmers Market, LLC, Wakefern Food Corp., Campbell Soup Company, and CSC TKR, LLC), were approved at 80 percent of the eligible tax credit amount.

Because applicants can forfeit their awards if the annual compliance tests are not met, it is not currently anticipated that there will be forgone State revenue with this program. As more data becomes available over time, EDA will continue to review this program to evaluate whether there are impacts to revenue over time.

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10. The EDA-administered Grow New Jersey Assistance (GROW NJ) program and Economic Redevelopment and Growth Grant (ERG) program for commercial—but not residential—redevelopment projects require that proposed projects pass the EDA's econometric net benefit test for tax incentive approval. Generally, the test seeks to ensure that a project's capital investment and employment creation or retention will yield additional State revenue equal to at least 110 percent of the requested State subsidy amount over a 20-year analysis horizon. Laxer standards apply to Camden-based commercial projects and so-called "mega projects" under the GROW NJ program only: the analysis period for both types of projects stretches over 30 years and the projected additional State revenue collections from Camden-based projects must only equal or exceed the tax credit amount.

The **net benefit test's treatment of economic substitution effects** is unclear. Substitution effects occur whenever economic activity at a new project site replaces economic activity that otherwise would have taken place in other regional establishments. The fiscal net effect to the State of such economic activity shifts is neutral. But if a project's net benefit test were to include substituted economic activity among the proposed project's State benefits, it would overcount State net benefits in the calculation, resulting in an overinflated incentive award. In the past, the EDA has faced substitution effect challenges when it evaluated hotel, restaurant, and retail projects for incentive awards. (In general, point-of-final-purchase retail facilities are ineligible for GROW NJ tax credits, but may receive ERG grants.)

For example, in November 2013, the EDA awarded an ERG grant of up to $390 million for distribution over 20 years following project completion under the program's previous configuration for the "American Dream Meadowlands" retail and entertainment redevelopment project in East Rutherford. The 3.3 million gross square foot project includes 2.1 million gross square feet of leasable retail and restaurant space. Its developers estimate the project to cost $2.6 billion and create 11,650 new jobs. In the "Net Positive Benefit Analysis" section of the November 1, 2013 EDA Board Memo on the grant award, the EDA forecast the project to yield $487 million in net fiscal State benefits over a 20-year period on a present value basis. The calculation purposefully ignored the project's effects on State sales tax collections, as market assessments anticipated the finished site to draw substantial economic activity away from other establishments in the State. The analysis did, however, include 66 percent of anticipated corporation business tax and gross income tax revenue to be generated at the site.

Likewise, in December 2013, the EDA approved a $105.6 million commercial Urban Transit Hub Tax Credit for MMC-DB Group, LLC in support of the group's mixed use construction project on the campus of St. Joseph's Regional Medical Center in Paterson. The project has two components, namely the construction of a first tower that will house a medical teaching and office facility and of a second tower that will house a 153,200 square foot, 132-room Hilton Garden Inn hotel and conference center with a parking facility. The project's estimated capital investments total $138.6 million, of which the hotel tower accounts for $85.4 million, according to the December 10, 2013 EDA Board Memo on the tax credit award. The project is forecast to create 321 new jobs by April

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26, 2017, of which the hotel and conference center accounts for 140. The EDA projected the entire redevelopment to accrue $88 million in net fiscal State benefits over a 30-year period on a present value basis. State fiscal benefits included the project's anticipated corporation business tax, gross income tax, real estate tax, hotel tax, and sales tax collections. But the EDA Board Memo did not specify whether the EDA excluded from the analysis the State revenue the project will generate at the expense of hotels and conference centers in the project's wider region.

- ***Questions:*** **Please describe the manner in which the net benefit test generally treats economic activity that a proposed project would siphon away from other regional establishments. Does the calculation include projected State fiscal benefits from substituted economic activity? While the "American Dream Meadowlands" net benefit calculation excluded the project's anticipated sales tax collections on substitution effect grounds, did the EDA also adjust projected corporation business tax and gross income tax payments in recognition of profits that would be derived from regionally substituted economic activity? As to the mixed use construction project on the campus of St. Joseph's Regional Medical Center in Paterson, how did the EDA adjust the hotel and conference center's projected financial performance for economic activity the hotel and conference center will draw away from other regional hotels and conference centers?**

Under the EDA's rules implementing the Economic Redevelopment and Growth (ERG) Program at N.J.A.C. 19:31-4.6(d), for the calculation of new revenues in the net positive economic benefits analysis in predominantly retail projects, and particularly projects which qualify for eligibility under the statutory designation as a "tourism destination project," the following criteria is used:

For a project that is proximate to a neighboring state jurisdiction (that is, Pennsylvania, Delaware, New York) and can demonstrate substantial increased incremental tax revenue to the State of New Jersey from other jurisdictions through a marketing analysis provided by the developer, 100 percent of the projected incremental ongoing sales tax revenue will be factored in the analysis;

For a project that is a destination entertainment and retail facility (that is, a project which contains unique retail establishments, entertainment and/or sports venues) and can demonstrate substantial increased incremental tax revenue to the State of New Jersey from other jurisdictions through a marketing analysis provided by the developer, 100 percent of the projected incremental ongoing sales tax revenue will be factored in the analysis;

For all other projects which are significantly retail in nature, ongoing State sales tax revenue will be calculated at 0; one-time construction related taxes will be calculated at 100 percent value; and ongoing other tax revenues, for example, corporation business taxes and gross income taxes, will be calculated at 66 percent value.

Accordingly, this policy accounts for the "substitution effect" discussed above.

Discussion Points (Cont'd)

In terms of the net positive economic benefits calculation for "American Dream Meadowlands" and the mixed use construction project on the campus of St. Joseph's Regional Medical Center, the EDA included only 66 percent of the incremental annual corporate business tax revenue and 66 percent of the incremental gross income tax revenue.

- **Please provide a status update for the "American Dream Meadowlands" retail and entertainment redevelopment project and the mixed use construction project on the campus of St. Joseph's Regional Medical Center in Paterson. To the best of the EDA's knowledge, has construction begun on the two sites and what are the currently projected construction completion dates?**

The following status updates are based on information provided to EDA by representatives for the related projects:

"American Dream Meadowlands" – Significant site construction has commenced at both the existing retail site as well as the amusement park/water park site; completion is expected in fall of 2016.

St. Joseph's Regional Medical Center – Tower A (Hotel Conference Center): Finishing design work; ground breaking expected in June 2015; and completion by March 2017. Tower B (Medical Office): Drawings completed and contractor bids under review; City of Paterson financial agreement and NJ Transit parcel transfer both under negotiations; construction to begin in June 2015; and completion by December 2016.

11. The EDA and the Board of Public Utilities (BPU) jointly administer the **New Jersey Energy Resilience Bank**, a federally-funded program financing public energy resilience infrastructure projects in qualified municipalities. The agencies collaboratively designed the program, while the BPU performs the technical review of proposed projects and the EDA the financial and applicant due diligence reviews. Both agencies must approve projects for financial assistance.

The New Jersey Energy Resilience Bank received its initial $200 million endowment from the federal government under the federal Disaster Relief Appropriations Act of 2013 (Pub.L. 113-2). Specifically, the sum is a component of the $1.46 billion in additional Superstorm Sandy recovery aid New Jersey is to receive in the second allocation round of the federal Community Development Block Grant – Disaster Recovery Funds program. The New Jersey Department of Community Affairs outlined the planned use of the additional moneys in the "Superstorm Sandy Community Development Block Grant — Disaster Recovery Action Plan Amendment Number 7," which the United States Department of Housing and Urban Development approved on May 30, 2014.

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The EDA announced the New Jersey Energy Resilience Bank's launch on October 20, 2014. The program strives to keep critical facilities operational during power outages through the installation of distributed energy resource systems. The term refers to smaller, decentralized energy generation technologies installed at and serving local facilities that are interconnected with the electrical grid but capable of operating independently. Examples include combined heat and power (cogeneration) plants, fuel cells, and solar generation systems with energy storage technologies. Section 3.5.2. of the "Superstorm Sandy Community Development Block Grant — Disaster Recovery Action Plan Amendment Number 7" identifies potential beneficiaries of New Jersey Energy Resilience Bank financing: water and wastewater treatment plants, public housing, hospitals, emergency response facilities, municipal town centers, correctional facilities, transportation and transit networks, regional high schools that can function as emergency shelters, and private sector facilities performing critical emergency functions, such as liquid fuel refineries, distribution facilities, and pipelines. The New Jersey Energy Resilience Bank thus represents a second State incentive program for combined heat and power and fuel cell system projects, next to the BPU's existing Clean Energy Fund-supported incentive program for such projects (see BPU Discussion Point #7).

In a first funding round the EDA and BPU allocated up to $65 million in New Jersey Energy Resilience Bank financing capacity to the support of distributed energy resource systems at water and wastewater treatment facilities in 91 qualified municipalities that were impacted by Superstorm Sandy or another qualifying natural disaster. Of the $65 million, some $5 million is set aside for the purchase of electricity storage equipment. The application period opened on October 20, 2014 and will run until funding depletion with applications being reviewed on a rolling basis. There is no maximum award for individual projects, except for a $500,000 project maximum for electricity storage equipment. Financial assistance equals a project's unmet funding need and is composed to 40 percent of grants and forgivable loans and to 60 percent of low-interest, amortizing loans. Project equipment must be operational within two years of any loan or grant closing.

- **Questions: Please share: a) the number of applications the New Jersey Energy Resilience Bank program has received to date; b) the total amount of financial assistance sought; and c) the total generation capacity of all proposed combined heat and power generation installations. Please list the projects that have already secured an incentive award, including the generation capacity of any approved combined heat and power plants. Does the $65 million program budget satisfy all eligible project applications? If not, what method do the EDA and BPU employ to prioritize projects and do the agencies plan to up the program funding level? By what date do the EDA and BPU anticipate paying out the first incentive award? Are there any deficiencies in program operations and performance that must be addressed? What are the EDA's and BPU's plans for the unallocated $135 million program balance?**

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The Energy Resilience Bank (ERB) has been accepting intake forms for the first funding round for water and wastewater treatment facilities since October 20, 2014. The application process has two phases. The initial phase involves completion of an intake application intended to evaluate the applicant and the proposed project against certain preliminary eligibility criteria, many of which are governed by complex federal regulations. It includes a number of technical and multi-faceted questions. This ensures that an applicant does not invest the time and resources to complete a Full Application if the proposed project cannot proceed based on certain baseline eligibility criteria.

Once an applicant is deemed to have satisfied all components of the intake form, the second phase involves submitting a Full Application. A Sample Full Application has been available on EDA's website since December 2014 so that potential applicants could begin to prepare the information they need to submit a Full Application. The EDA expects that the actual Full Application will be available by the end of the month. The ERB needed to ensure that the Full Application effectively addresses the myriad federal regulatory requirements that apply to this program, including new HUD infrastructure requirements imposed for the first time in any disaster recovery. Notably, contemporaneous with preparing intake forms and Fully Applications, applicants are encouraged to engage the Department of Environmental Protection to begin working through permitting needs.

To date, for the water and wastewater product the ERB has seven (7) projects presently under consideration as well as a strong pipeline of potential additional projects. At this phase in the process, the ERB cannot respond regarding the total amount of financial assistance sought nor the projected total generation capacity. Additionally, no projects have yet been approved for any CDBG-DR funding. It is anticipated that the first application may be approved in 2015 and then closing documents executed and disbursement of funds in 2016.

In terms of the process for reviewing and prioritizing projects, that process is fully described in the Round 1 Program Guide for the Water and Wastewater Facilities product (the Guide) available on EDA's website. After significant market analysis, it was determined that applications will be accepted on a rolling basis and reviewed on first-received, first-ready basis. That said, in order to be considered projects each (i) must carry the threshold scoring requirement, which prioritizes based on cost-benefit, low- and moderate-income benefit, energy efficiency and other criteria, and (ii) satisfy a comprehensive credit underwriting analysis.

The ERB has been working on the development of additional market sector products. Specifically, given the federal deadline imposed on obligating CDBG-DR funds and time required to evaluate and obligate ERB projects, the ERB currently envisions using its remaining CDBG-DR funds for a product that would be open to multiple types of critical facilities – many of which are captured in the ERB Program Guide available on EDA's website – but would specifically include (i) an initial reserve of funds for hospitals and long-term care facilities, and (ii) a small reserve of funds (likely $10M) that would be reserved exclusively for "retrofit" projects, that is, projects where a facility

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already has the distributed energy resource equipment and seeks only to add resilience enhancements. At the same time, the ERB also would evaluate whether demand for the water/wastewater product exceeds the initial $65 million set aside for that sector. Importantly, the timing of rolling out the final funding product is driven by, among other things, securing necessary waivers and regulatory approvals from HUD that would allow the ERB to provide funds to these critical facilities.

12. On October 29, 2012, Superstorm Sandy made landfall in New Jersey. According to the preliminary damage assessment that the New Jersey Governor's Office released on November 28, 2012, the superstorm caused $29.4 billion in repair, response, and restoration expenses plus $7.4 billion in mitigation and prevention costs. Businesses in the 113 most impacted municipalities incurred an estimated $382 million in commercial property losses and $64 million in business interruption losses, as related in the "Community Development Block Grant Disaster Recovery Action Plan" published by the New Jersey Department of Community Affairs on March 12, 2013.

The federal Disaster Relief Appropriations Act of 2013 (Pub.L. 113-2) has supported the State's storm recovery efforts. In implementing the law, the United States Department of Housing and Urban Development (HUD) has allocated $4.2 billion in Community Development Block Grant – Disaster Recovery Funds (CDBG-DR Funds) to New Jersey in three stages. On April 29, 2013, it approved the Administration's "Community Development Block Grant Disaster Recovery Action Plan" for use of the first $1.8 billion. On May 30, 2014, it sanctioned the State's plan for a second $1.5 billion funding round (Action Plan Amendment Number 7 – Substantial Amendment for the Second Allocation of CDBG-DR Funds). Subsequently, HUD allocated another $882 million to New Jersey in a third funding round, but the agency still has to approve the State's fund use plan (Action Plan Amendment Number 12 – Substantial Amendment for the Third Allocation of CDBG-DR Funds: Rebuild by Design).

The State's action plan originally assigned $460 million to the EDA for the creation and administration of four **Superstorm Sandy-related relief programs for impacted businesses**. The amount has since been reduced to $300 million. The following paragraphs discuss the individual programs in greater detail.

1) **Stronger NJ Business Grant Program** ($100 Million; originally $260 Million): The program extends grants and forgivable loans of up to $50,000 to small businesses and non-profit organizations to alleviate storm damage costs they could not recover from other sources. The financial assistance may be used to pay for costs related to rehabilitation, new construction, equipment, inventory, and working capital, but not to recover financial losses from the storm. The application deadline was December 31, 2013. The Sandy Transparency Portal run by the New Jersey Office of the State Comptroller indicates that, as of December 1, 2014, the EDA had approved $55.5 million in financial assistance to 951 recipients and

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disbursed $46.5 million. The program's original allocation totaled $260 million but was later cut to $100 million in accordance with a subsequent EDA demand analysis. The freed-up $160 million was then transferred to non-business Sandy relief programs (Action Plan Amendment 4 – Substantial Amendment for the Transfer of Sandy CDBG-DR Funds).

2) **Stronger NJ Business Loan Program** ($100 Million): Creditworthy businesses and non-profit organizations may apply for no-cost loans of up to $5 million for a 24-month period to redress the uncompensated costs they incur in improving their storm-damaged properties and to expand existing and form new businesses in impacted areas. Loans can be used for renovation, new construction, equipment, and working capital. They may have a maturity period exceeding 24 months, but the EDA will charge interest after two years. The Sandy Transparency Portal indicates that, as of December 1, 2014, the EDA had approved $27.7 million in financial assistance to 39 applicants and disbursed $16.4 million. In reply to EDA Discussion Point #14 in the OLS FY 2014-2015 Department of the Treasury Budget Analysis, the authority noted that it had ceased to accept additional applications following the receipt of an unanticipatedly high volume of applications. The EDA expected to have its application review process substantially completed by the end of 2014 and funds fully disbursed by May 2015.

3) **Stronger NJ Neighborhood and Community Revitalization Program** ($75 Million): Three long-term economic revitalization programs support physical improvement projects in Sandy-affected communities and other activities that restore and strengthen local economies. A $62.5 million program provides grants and loans of up to $10 million for physical improvements that have commercial, mixed, recreational or cultural uses. Eligible projects must be public improvement projects or must benefit a diversity of occupants in the same location. Single business projects are ineligible. In response to last year's EDA Discussion Point #14, the authority noted that the program was oversubscribed with 80 applicants requesting $224.3 million, and that it had just approved a review and scoring process. Another program sets aside $10.0 million for grants to municipalities impacted by Superstorm Sandy for streetscape revitalization projects in established traditional business districts. Grants range from $125,000 to $1.5 million. The application deadline was January 21, 2014. In reply to last year's EDA Discussion Point #14, the authority reported that it had recommended ten projects for full, and one for partial, funding that would consume the entire $10 million program budget, but that all projects still needed to pass the New Jersey Department of Environmental Affairs' Environmental and Historic Review process. A third program allocates $2.5 million to Community Development Financial Institutions (CDFI) to fund loans to small businesses through currently existing lending programs. An individual CDFI may receive up to $500,000 in grant funds. In answering last year's EDA Discussion Point #14, the authority listed five CDFIs to

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which it had awarded $500,000 each. The Sandy Transparency Portal indicates that, as of December 1, 2014, the authority had approved and paid out only $3.4 million in financial assistance to four applicants under the three economic revitalization programs combined.

4) **Tourism Marketing Campaign** ($25 Million): The "Stronger than the Storm" tourism marketing campaign promoted the Jersey Shore in 2013. The "Going Strong" campaign did so in 2014. According to the Sandy Transparency Portal, the program budget has been fully spent. The State had allocated an additional $5 million from the second CDBG-DR funding round to expand the "Going Strong" campaign in 2014 (Action Plan Amendment Number 7 – Substantial Amendment for the Second Allocation of CDBG-DR Funds). But with HUD not having granted a needed waiver by the end of the 2014 summer tourism season, the State withdrew the waiver request and instead requested that HUD approve the transfer of the $5 million allocation to the Rehabilitation, Reconstruction, Elevation and Mitigation program (Action Plan Amendment Number 13 – Substantial Amendment for the Transfer of Sandy CDBG-DR Funds).

- **Questions: Please update the following information for each of the Stronger NJ Business Grant Program, Stronger NJ Business Loan Program, and the three subprograms of the Stronger NJ Neighborhood and Community Revitalization Program: a) the number of applicants approved for financial assistance; b) the dollar value of the approved financial assistance; c) the dollar value of the financial assistance that has already been disbursed; d) the number and dollar value of active applications that the EDA still has to process; and e) the expected approval process completion date.**

As of March 24, 2015:

Stronger NJ Business Grant Program – 1,054 grants approved for a total of $51,982,561 of which $47,403,026 has been disbursed. 114 applications are under review, for an estimated maximum total award of $5,700,000. EDA anticipates that the approval process will be complete by the end of 2015.

Stronger NJ Business Loan Program – 73 applications have passed financial review for a total of $64,793,076, of which $35,621,671 has been disbursed. 97 Loan applications are under review for an estimated award of EDA anticipates that the approval process will be complete by mid 2016.

Stronger NJ Neighborhood and Community Revitalization (NCR) Streetscape program – 14 projects have been conditionally approved for a total of $12,413,844 in assistance. 12 of the 14 conditionally approved projects have already received their Authority to Use Grant Funds (AUGF) from the United States Department of Housing and Urban Development (HUD), however program

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funds have not yet been disbursed at this time. EDA anticipates that all projects will be fully funded by 3rd Quarter 2016.

Stronger NJ Neighborhood and Community Revitalization (NCR) Development & Public Improvement Program – 19 projects have been conditionally approved for a total of $47,144,317. All applications have been processed and eligible applications are undergoing the required environmental and historic reviews prior to closing. EDA anticipates that all projects will be fully funded by 3rd Quarter 2016. The program has approved and fully funded grants to Seaside Heights and Seaside Park totaling $4.5 million given for the demolition of the Seaside Boardwalk.

- **Given that the Stronger NJ Business Grant Program had $55.5 million in approved financial aid disbursements through December 1, 2014 and that applications may still be pending EDA approval, does the $100 million program allocation permit the awarding of grants and forgivable loans to all eligible applicants? If not, what method does the EDA employ to prioritize applications? Does the EDA anticipate the availability of unused financial capacity? If so, please quantify the anticipated spare capacity and indicate any plans therefor.**

Given that the program has expended approximately $64,000,000 as of 3/24/15 and the pipeline of applications represents an additional $6,000,000, the EDA anticipates having the capacity to award grants or forgivable loans for all eligible applicants. Any spare capacity can be used to fund other Sandy Recovery programs.

- **Given that the Stronger NJ Business Loan Program had $27.7 million in approved financial aid disbursements through December 1, 2014 and that applications may still be pending EDA approval, does the $100 million program allocation permit the granting of loans to all eligible applicants? If not, what method does the EDA employ to prioritize applications? Does the EDA anticipate the availability of unused financial capacity? If so, please quantify the anticipated spare capacity and indicate any plans therefor. Has the EDA already received any loan repayment? How does the EDA intend to use any loan repayment proceeds?**

Due to the robust pipeline, the EDA does not anticipate spare capacity of funds for the Loan Program. To date, the EDA has not yet received any loan repayments, as there was an 18-month principal moratorium on the loans. Once received, the repayment proceeds will be considered program income and will be utilized within the specific program it has been received.

- **Please explain the reason(s) for the EDA only having approved and paid out a combined $3.4 million in financial assistance under the three subprograms of the Stronger NJ Neighborhood and Community Revitalization Program, as of December 1, 2014. By what date does the EDA anticipate the disbursement of additional aid amounts? Given that the Stronger NJ Neighborhood and Community Revitalization**

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> **Program has been oversubscribed, does the EDA anticipate increasing the program budget through the reallocation of amounts that may be overbudgeted in other Sandy relief program accounts or the receipt of additional moneys in another CDBG-DR funding round?**

All of the Stronger NJ Neighborhood and Community Revitalization projects are construction projects, and are required to undergo a HUD required, DEP led environmental review. As a result, EDA has not paid out for any NCR project, other than for Seaside Heights and Seaside Park boardwalk demolition. The deadline for funds to be disbursed has been extended until July 1, 2016. In compliance with HUD Requirements this deadline will be met. The Program is not considered to be oversubscribed. Therefore, the funding of all submitted eligible projects is feasible.

13. Power outages following Superstorm Sandy rendered fuel pumps and point-of-sale systems at many retail gas stations inoperable for days. Especially along evacuation routes such inoperability can impede the evacuation of endangered citizens and emergency operations. Under the Hazard Mitigation Grant Program, the Federal Emergency Management Agency therefore extended approximately $7 million to New Jersey for an initiative that would keep more gas stations running during future power outages. The EDA has been disbursing the federal funds through the nonpermanent **Retail Fuel Station – Energy Resiliency Program**.

In a January 5, 2015 press release, the EDA set forth statistics on the program's first funding round and announced the opening of a second round with expanded eligibility criteria. Under the first program iteration the EDA had awarded $3.0 million in grants to 62 gas stations, with 86 applications for a combined $1.6 million still pending review. Grant-eligible were applications for retail fuel stations located within one-quarter of a mile of evacuation routes that met the March 4, 2014 submission deadline. Grant awards could reach $65,000 for the permanent installation of back-up electric generator units at eligible stations with a gasoline fuel storage capacity greater than 35,000 gallons. In addition, grant awards of up to $15,000 were available for eligible stations with a gasoline fuel storage capacity ranging from 30,000 to 35,000 gallons for the permanent installation of back-up electric generators or the purchase of "quick connect" technology that allowed for the ready connection of a portable generator to a gas station's emergency electrical panel. "Quick connect" technology and permanent back-up electric generators could be acquired and installed only after the signing of a grant agreement with the EDA. Upon receipt of the grant agreement a gas station owner had three months to purchase and install the "quick connect" technology and six months to purchase and install a permanent back-up electric generator. If a station sustained verifiable physical damage as a result of Superstorm Sandy, the owner had 12 months to complete the work. The EDA lists approved grant recipients at: http://www.njeda.com/web/pdf/RFS_List_Approved_Stations.pdf.

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With $4.6 million of the $7.0 million program budget already expended or committed some $2.4 million in resources remain. Consequently, the EDA opened a second funding round with a March 31, 2015 application deadline. This time gas stations located anywhere in the state, not just within one-quarter of a mile of evacuation routes, can receive grants with priority assigned to stations that fuel county emergency vehicles or that are located at or near a bridge or tunnel. As before, grant awards of up to $65,000 are available for the permanent installation of back-up electric generator units at eligible retail fuel stations with a gasoline fuel storage capacity greater than 35,000 gallons. In addition, grant awards of up to $15,000 are available for eligible stations with a gasoline fuel storage capacity ranging from 18,000 to 35,000 gallons for the permanent installation of back-up electric generators or the purchase of "quick connect" technology that allows for the ready connection of a portable generator to a gas station's emergency electrical panel. The minimum gasoline capacity was 30,000 gallons in the first funding round.

- ***Questions:*** **For the first funding round of the Retail Fuel Station – Energy Resiliency Program, please update the total number and dollar amount of: a) grants the EDA has already approved, and b) grant applications that are still pending EDA review. How many grant applications has the EDA received for the second funding round? By what date does the EDA expect to complete its application review process? What total dollar amount of financial assistance has the EDA already awarded to date in the second funding round and to how many applicants? Does the $7 million program budget satisfy all eligible grant applications? If not, what method does the EDA employ to prioritize applications?**

The EDA approved 77 grants for a total of $3,255,000 from applications received within the first round of the Retail Fuel Station-Energy Resiliency Program (RFS). Currently, there are 42 applications for a total of $715,000 pending EDA review from the initial round; and, the EDA has received 185 applications for a total of $3,310,000 for the second round application period which has ended. The Authority anticipates completion of the application review process by July 2015, and at this time, no grants have been awarded within the second round of the RFS. The program is oversubscribed however, priority will be provided to stations located at or near a bridge or tunnel and those stations that fuel county emergency vehicles and EDA will reserve funding based on completed applications received with these stations receiving priority.

14. The federal Small Business Jobs Act of 2010, Pub.L. 111-240, created the $1.5 billion **State Small Business Credit Initiative**. Participating states must use the federal funds for programs that leverage private lending to help finance capital investments of creditworthy small businesses and manufacturers that have been denied access to the loans they need to expand and create jobs.

In September 2011, the United States Department of the Treasury issued a $33.8 million State Small Business Credit Initiative award to the State of New Jersey and released the first $11.1

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million thereof. A second $11.1 million tranche followed in April 2013. The third and final installment will be made once New Jersey will have expended or obligated 80 percent of its previously received funds. The EDA expected the receipt of the remaining federal grant money by the third quarter of 2014, according to its answer to EDA Discussion Point #17 in the OLS FY 2014-2015 Department of the Treasury Budget Analysis. Irrespective of the exact timing of the last installment's release, federal law requires that the State expend the full $33.8 million allocation by March 31, 2017. Any funds available after that date will revert to the federal government. As part of the allocation agreement, the State must also file annual reports on its fund usage with the United States Department of the Treasury. The latter's Office of Inspector General found in its February 2013 audit report that New Jersey had complied with all federal requirements in administering the first $2.9 million in program funds it had disbursed as of June 30, 2012. The office has not published any update since.

According to the allocation agreement, the EDA will use the federal moneys in support of four existing programs: a) $13.5 million for EDA's participation in small businesses' bank loans for investments in fixed assets and permanent working capital; b) $9.8 million for EDA's provision of direct loans to small business for investments in fixed assets and permanent working capital; c) $5.5 million for the EDA to guarantee up to 50 percent of bank loans of eligible small businesses for investments in fixed assets and permanent working capital; and d) $5.0 million for the New Jersey Venture Capital Fund Program under which the EDA would invest in early-stage New Jersey technology businesses with less than $3.0 million in annual revenue. In addressing last year's EDA Discussion Point #17 the authority indicated that it had used the $22.3 million it had already received from the federal government to that date to approve $15.3 million in project financing and that it anticipated this investment to create and retain a combined 411 full-time positions in New Jersey. Of the committed $15.3 million, the EDA had already disbursed $9.7 million.

- ***Questions:*** **Please report on the EDA's progress in using the federal $33.8 million State Small Business Credit Initiative award. Please identify the specific EDA programs receiving funding, and for each program delineate the amount allocated, the amount that has already been expended or committed, and any metrics on the expected economic benefits to New Jersey resulting from the investments receiving financial assistance. By what date does the EDA expect to receive the third tranche of its State Small Business Credit Initiative award?**

The State has received $22.3 million of the $33.8 million that was awarded. Due to the recycling of funds, to date $23.1 million has been obligated to support EDA loan, guaranty and venture fund programs. Allocation has been used as follows: Venture Fund Investment Program ($6.8 million), Premier Lender Program ($12.5 million), Main Street Business Assistance Program (2.8 million) and Loans to Lenders Program ($1 million). Of the aggregate $23.1 million obligated, $20.7 million has closed to date: Venture Fund Program ($6.8 million), Premier Lender Program ($10.1 million), Main Street Business Assistance Program ($2.8 million) and Loans to Lenders ($1 million). The remaining $2.4 million has been committed as a funding source to existing approvals

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under the Premier Lender Program which have not yet closed. The expected economic benefit resulting from the $23.1 million of financial assistance is the creation/retention of 558 full-time jobs in New Jersey. The EDA expects to receive the third tranche of funding by third quarter of 2015. Since the EDA has received the first and second tranches of SSBCI funds, draw down requirements under the allocation agreement have been satisfied and there is no concern regarding forfeiture of the third tranche.

15. P.L.1997, c.278 created the Brownfield Site Reimbursement Fund whose balances finance the **Brownfields and Contaminated Site Remediation Program** (N.J.S.A.58:10B-30). The program reimburses qualified developers for up to 75 percent of the costs they incurred in remediating abandoned or underused, contaminated, commercial and industrial properties. To be eligible, a project must generate incremental State tax revenues in excess of the State reimbursement. Statutes require the deposit into the Brownfield Site Reimbursement Fund of State tax revenue generated by redeveloped sites. In actuality, however, the fund receives its resources from direct General Fund appropriations and, pursuant to budget language, from that portion of the constitutional dedication of four percent of annual corporation business tax collections for environmental purposes that supports the remediation of the discharges of hazardous substances. Annual budget language also authorizes the Office of Management and Budget to appropriate additional amounts to the fund if necessary to meet payment obligations.

Imperfect information has hampered annual budget projections for the Brownfields and Contaminated Site Remediation Program to the point that the EDA could not provide any estimate of required program disbursements for FY 2015, FY 2016, and FY 2017 in its answer to EDA Discussion Point #11 in the OLS FY 2014-2015 Department of the Treasury Budget Analysis. The EDA explained that a project's annual reimbursement amount was, in part, a function of the Department of Environmental Protection's assessment of eligible costs and the Division of Taxation's verification of State tax amounts the project generated. Both administrative partner agencies, however, did not project future eligible cost and reimbursement amounts for budgeting purposes. To gain a better understanding of the program's future budgetary needs, however, the EDA has implemented a new monitoring system for approved remediation and redevelopment projects. As of June 2013, EDA staff thus monitor projects and visit the 20 largest brownfields sites. According to the authority's reply a year earlier to EDA Discussion Point #10 in the OLS FY 2013-2014 Department of the Treasury Budget Analysis, the monitoring system's site visits and field reports would allow the EDA to better gauge each project's status, timeline, and finances; which, in turn, would enable the authority to determine required program disbursements in any given fiscal year. The EDA also expected the improved monitoring to result in the expungement from its records of long-standing, inactive projects which were once approved for financial assistance but have not reached completion. Doing so would reduce the program's total outstanding obligations.

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The FY 2016 program budget for payments to developers of brownfield sites is unclear. The Governor proposes a direct $7.5 million General Fund appropriation in FY 2016 for that purpose, some $700,000 less than is appropriated for the program in FY 2015 (page D-376). But this number may only reflect a portion of total expected FY 2016 program disbursements. Additional funding may materialize from unexpended account balances carried forward from prior fiscal years and amounts received from the constitutional dedication to environmental programs of four percent of annual corporation business tax collections. Through FY 2011 these alternative funding sources financed the entire program. Beginning in FY 2012, however, the State ceased to allocate collections from the constitutional dedication to the Brownfields and Contaminated Site Remediation Program and replaced them with annual General Fund appropriations. In general, in response to EDA Discussion Point #11 in the OLS FY 2014-2015 Department of the Treasury Budget, the EDA indicated that eight developers received $3.1 million in reimbursements in FY 2013 and 12 developers $3.3 million in FY 2014. No new reimbursement agreements were signed in FY 2014. Moreover, the authority noted that the State's aggregated program liability under memoranda of agreement with developers could reach $275 million over the next ten years.

- ***Questions:*** **For each of FY 2014 and FY 2015, please provide the number of projects that received or are anticipated to receive reimbursements under the Brownfields and Contaminated Site Remediation Program as well as the aggregated disbursement amount. What amount of each year's funding originated in direct General Fund appropriations, the constitutional dedication of four percent of annual corporation business tax collections for environmental purposes, and unexpended account balances carried forward from prior fiscal years? Has the State concluded any new reimbursement agreements in FY 2015? Have any long-standing program obligations been expunged in FY 2014 and FY 2015? What is the total outstanding program liability, as measured in reimbursement amounts that would eventually come due under memoranda of agreement that developers have signed with the State?**

In FY 2014, funding was disbursed for eighteen (18) projects in an aggregate amount of approximately $5.4 million. In FY 2015, funding has been disbursed to date (through March 31, 2015) of approximately $2.7 million to six (6) projects. Other disbursements for six (6) projects are pending for FY 2015 in an amount of approximately $2.8 million. FY 2014 and FY 2015 were funded solely through State appropriations and, no funding was used from the constitutional dedication for environmental purposes. FY 2014 had $10 million in carry forward from a prior year and FY 2015 carry forward was lapsed. Ten (10) new reimbursement agreements have concluded in FY 2014. One (1) new reimbursement agreement has concluded in FY 2015. No other reimbursement agreements are expected to conclude in FY 2015. While no long-standing program obligations were formally expunged in FY 2014, in FY2015, EDA and the Department of Environmental Protection (DEP) have continued to work to identify long-standing projects that are slow to advance to identify those that may expunge in the future. Finally, it is anticipated that the aggregate reimbursements under the program could reach $275 million over the next 10 years.

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- **How many brownfield remediation and redevelopment projects does the EDA anticipate will receive reimbursements in FY 2016 and what is the total FY 2016 program budget? What amount of the FY 2016 funding is anticipated to originate from each of the following: direct General Fund appropriations, the constitutional dedication of four percent of annual corporation business tax collections for environmental purposes, and unexpended account balances carried forward from prior fiscal years? Please explain the basis for the program's proposed $7.5 million FY 2016 appropriation, if, as the EDA explained last year, the Department of Environmental Protection and the Division of Taxation do not project eligible cost and reimbursement amounts for budgeting purposes. Has the EDA's new project monitoring system informed the formulation of the program's recommended FY 2016 appropriation and has the system allowed the EDA to better gauge the program's future budgetary demands generally? Does the State anticipate signing any new reimbursement agreements in FY 2016?**

The EDA estimates that approximately twenty (20) Brownfield remediation and redevelopment projects will receive reimbursements in FY 2016. The total FY 2016 program budget is approximately $7.5 million. Based on appropriation, the total amount of FY 2016 funding is anticipated to originate in direct General Fund appropriations. FY 2016 is not expected to include a carry forward from FY 2015.

Although the Department of Environmental Protection and the Division of Taxation do not project eligible cost and reimbursement amounts for budgeting purposes, EDA staff has worked with the two agencies as well as the current grantees to obtain the necessary information to shape the FY 2016 budget and project future budget demands. These efforts have assisted in identifying long standing, inactive projects. Although the Brownfields program is still accepting applications, there has been little interest in the program which is accentuated by the EDA receiving only one new application since 2010.

16. The EDA operates the **Edison Innovation Clean Energy Manufacturing Fund (CEMF)** and the **Edison Innovation Green Growth Fund (GGF)**. The CEMF provides up to $3.3 million in financial assistance to an eligible company that manufactures renewable energy and energy-efficiency products in New Jersey. Up to $300,000 is available as a grant to assist with manufacturing site identification and procurement, design, as well as permits; and up to $3 million as a low-interest loan to support equipment purchases and facility construction and improvements. The GGF, in turn, offers up to $2 million in low-interest loans as growth capital to emerging companies that seek to develop competitive renewable energy and energy-efficiency products in New Jersey. The two programs receive their funding from the dedicated, off-budget Clean Energy Program, which New Jersey ratepayers finance via the societal benefits charge included in their electric and natural gas bills. Authorized as part of the "Electric Discount and

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Energy Competition Act," P.L.1999, c.23 (N.J.S.A.48:3-49 et seq.), the Clean Energy Program seeks to promote increased energy efficiency and the use of renewable energy sources, including wind, geothermal, and sustainable biomass.

Participation in the two programs has not met initial expectations. In addressing EDA Discussion Point #12 in the OLS FY 2014-2015 Department of the Treasury Budget Analysis, the authority attributed the low pick-up rates to reductions in federal financial support and significant foreign competition that limited the anticipatable investment returns of renewable energy and energy efficiency manufacturing firms. This, in turn, had chilling effects on private capital markets, which companies must access to finance large capital investments. Consequently, although the EDA reported a slow, but steady increase in CEMF and GGF program interest, it did not expect a large participation uptick for FY 2015.

CEMF program statistics illustrate the relatively low demand. In reply to last year's EDA Discussion Point #12, the authority indicated that it had awarded $14.2 million in financial assistance to five companies since program inception, of which it had expended $10.9 million. The investments were expected to create or retain 137 jobs. For FY 2014, the Board of Public Utilities (BPU) allocated $9.3 million to the program; actual expenditures were $384,000. The FY 2015 program budget is $8.5 million with $2.7 million already committed, but not yet spent, as of June 30, 2014 (BPU Board Order dated December 17, 2014, Docket number QO14050489).

As to the GGF, in reply to last year's EDA Discussion Point #12, the authority indicated that it had awarded $4.5 million in financial assistance to three companies since program inception, of which it had expended $4.2 million. The investments were expected to create or retain 52 jobs. For FY 2014, the BPU adopted a $5.7 million program allocation, some $3.0 million more than the $2.7 million actually expended. For FY 2015, the BPU allocated $5.2 million to the program with $270,000 already committed, but not yet spent, as of June 30, 2014 (BPU Board Order dated December 17, 2014 Docket number QO14050489).

- **Questions: For each of the Clean Energy Manufacturing Fund (CEMF) and the Edison Innovation Green Growth Fund (GGF), please set forth the following cumulative statistics: a) the number of applicants; b) the number of businesses that received financial assistance awards; c) the total dollar amount of financial assistance awarded; d) the amount of financial assistance that has already been disbursed and is committed to be disbursed in the future; and e) the size of capital investments and the number of jobs the financial assistance is expected to create and retain in New Jersey. Please provide the same statistics for each of FY 2014 and FY 2015 to date.**

Edison Innovation Green Growth Fund (FY 2014)

Company	Location	Approval Date	Award Amount	Funded	Jobs
FieldView Solutions	Edison	July 31, 2012	$1,000,000	$1,000,000	23

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Locus Energy	Hoboken	Dec. 21, 2012	$1,454,000	$1,454,000	12
United Silicon Carbide	Monmouth Jct.	Aug. 2, 2013	$2,000,000	$2,000,000	17
Total			$4,454,000	$4,454,000	52

Clean Manufacturing Fund (CEMF) (FY 2014)

Company	Location	Approval Date	Award Amount	Funded	Jobs
MX Solar USA LLC[1]	Somerset	June 23, 2011	$3,300,000	$3,300,000	0
Princeton Power Systems	Lawrenceville	May 3, 2010	$3,300,000	$3,300,000	38
Fluitec Wind	Jersey City	Aug. 9, 2012	$3,300,000	$1,199,673	3
Noveda Technologies	Branchburg	March 5, 2010	$3,300,000	$2,527,517	13
Petra Systems	South Plainfield	Dec. 1, 2009	$3,300,000	$3,300,000	49
AppliCad	Farmingdale	May 25, 2010	$982,000	$982,000	36
Total			$17,482,000	$14,609,190	139

[1] MX Solar USA LLC – Out of Business

In addition, the following were approved in Q4 2014 with closing expected in FY 2015:

Program	Company	Location	Approval Date	Commitment
EIGGF	Locus Energy	Hoboken	12/17/2014	$546,000
CEMF	ENER-G Rudox	East Rutherford	10/22/2014	$3,300,000
CEMF	SIEL AMERICA	Parsippany	10/22/2014	$500,000

In total, for FY 2014 and FY 2015 awards under the Edison Innovation Green Growth Fund will be $5,000,000 and under the Clean Manufacturing Fund will be $21,282,000.

- **Please update the EDA's assessment of the prospects for growing New Jersey's clean energy manufacturing sector in general. Have economics improved for that industry to develop in New Jersey? Is the EDA considering more aggressive financial assistance programs than the CEMF and GGF to buoy the State's clean energy manufacturing sector?**

Consistent with the prior year's response, the EDA continues to see low to modest pick-up in these two clean technology/energy programs. Again, the absence of federal financial support and significant foreign competition that limited the anticipatable investment returns of renewable energy and energy efficiency manufacturing firms has negatively impacted the demand for the program due to the absence of match funding. There has been very modest support into these sectors from the private capital markets.

Of note however, the introduction of the Energy Resilience Bank (ERB), although early, is indicating a potential positive impact to the manufacturers and inventors of the state's clean energy technology, given the potential for increased demand from the projects being funded under the ERB. Initial introductory meetings between CEMF & EIGGF awardees and the ERB has

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increased awareness on both the product supply and project demand side of the potential transactions.

17. A former 1,126 acre federal military installation bordering the Monmouth County municipalities of Eatontown, Oceanport, and Tinton Falls, Fort Monmouth closed in September 2011. P.L.2010, c.51 established the **Fort Monmouth Economic Revitalization Authority (FMERA)** under EDA's supervision to implement the "Fort Monmouth Reuse and Redevelopment Plan," crafted by FMERA's predecessor authority, the Fort Monmouth Economic Revitalization Planning Authority. In redeveloping the fort for civilian use FMERA is to promote economic development, conserve natural resources, provide housing, and advance the overall quality of life in the affected communities and the State. FMERA expects to have the majority of the property conveyed to end-users within ten years, according to its reply to EDA Discussion Point #13 in the OLS FY 2013-2014 Department of the Treasury Budget Analysis.

A June 2012 Economic Development Conveyance agreement with the United States Army establishes a two-phased process to transfer the fort's premises to FMERA. The authority replied to EDA Discussion Point #13 in the OLS FY 2014-2015 Department of the Treasury Budget Analysis that the majority of the first 568-acre conveyance had been held up by the Army's environmental clearance process but that the entire first phase transfer was to be completed by mid-year 2014. Of the proceeds that would be realized over 20 years from selling and leasing those parcels to end-users, the Army would receive 60 percent and FMERA 40 percent. Negotiations on the modalities of transferring the remaining 558 acres to FMERA were ongoing but the authority anticipated the conclusion of a Phase 2 Economic Development Conveyance agreement by the second quarter of 2015, according to FMERA's December 2014 newsletter. Instead of a revenue-sharing model FMERA this time favored purchasing second-phase properties directly from the United States Army.

FMERA has already sold or leased several properties to end-users. In September 2012, it approved a purchase agreement with AcuteCare Health Systems, LLC for the fort's former Paterson Army Health Clinic. The company will refurbish the property and use it to provide medical services to the elderly, veterans, and other patients in need. According to the authority's answer to last year's EDA Discussion Point #13, the purchase agreement was executed in March 2014 and the renovation to begin by the end of 2014. FMERA's Discussion Point answer noted that it had also executed a purchase agreement in January 2013 with CommVault concerning a 55-acre parcel in Tinton Falls for the construction of a corporate campus. The company anticipated completing the construction of its headquarters, the first of three project phases, by the fourth quarter of 2014. In March 2012, the EDA had awarded the project a Business Employment Incentive Program grant of up to $7.2 million for creating 250 new jobs and a $1.35 million Business Retention and Relocation Assistance Grant for retaining 300 employees in New Jersey.

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FMERA's Discussion Point answer also noted additional progress over the prior year, for example: a) the conversion of the Van Deusen Library into professional and administrative office space to which FMERA relocated its offices; b) Monmouth County's August 2013 opening of the Fort Monmouth Recreation Center in Tinton Falls, which includes an outdoor swimming pool and a teen center; c) the entering into exclusive negotiation with Kiely Realty Group, LLC for the purchase of Russell Hall, an administrative building; d) the January 2014 execution of a purchase and redevelopment agreement with HovWest Land Acquisiton LLC for the demolition of the 486 vacant housing units and a general purpose building in the 64-acre Howard Commons Area and their replacement with 275 townhomes for sale, a retail development, and 20.4 acres of open space and public recreation amenities; and e) the February 2014 selection of Atlantic Golf Management for the continued operation of the Suneagles Golf Course. Moreover, FMERA reported that it had issued ten pending Requests for Offers to Purchase (RFOTPs). One of them was for the building of a veterans community on the ten-acre Parcel V-I that can accommodate up to 120 housing units with a focus on providing permanent housing and community lifestyle for homeless veterans.

Two recent events, however, have slowed down the implementation of the redevelopment plan. First, the Federal Emergency Management Agency made 115 housing units on the former military installation available through April 1, 2014 to residents displaced by Superstorm Sandy. Replying to EDA Discussion Point #13 in the OLS FY 2013-2014 Department of the Treasury Budget Analysis, FMERA stated that the temporary housing in Buildings #360 and #365 in the Main Post's lodging area in Oceanport did not affect redevelopment plans, as the structures were part of the prospective second-phase land transfer to FMERA. But the temporary housing on the Suneagles Golf Course took place on a phase-one property, which had led FMERA to postpone the expected release of RFOTPs for the golf course and the attendant Megill Housing by one year to the spring of 2014. A year later, in response to that year's EDA Discussion Point #13, the authority reported a four-month extension of emergency housing in Buildings #360 and #365 but not in the Megill Housing area. Remaining Megill households would relocate to the Main Post buildings or other locations in Monmouth County. At the time, the former military installation still provided emergency housing to 28 households, of which 10 families stayed in Megill housing. FMERA planned to issue an RFOTP for the golf course, including the Megill Housing area, in the weeks following its discussion point reply. The majority of the Megill Housing units were envisioned to be demolished and replaced by a 150-room conference hotel.

It appears, however, that the Ebola outbreak in Western Africa may have delayed the release of the Suneagles Golf Course RFOTP. According to early February 2015 media reports, FMERA had signed a six-month memorandum of understanding with the New Jersey Department of Human Services that designated a limited number of Megill Housing units as a back-up State **Ebola quarantining facility** for individuals who arrive in Newark from West Africa and whom State officials deem "at risk" of having contracted the virus. The facility would only house "at risk" individuals if the State's primary quarantine location at Hagedorn Psychiatric Hospital in

Discussion Points (Cont'd)

Hunterdon County hit capacity. Individuals showing Ebola-like symptoms, however, would not be sent to Fort Monmouth. The agreement reportedly will expire at the end of June 2015.

- ***Questions:*** **Please report on the progress of Fort Monmouth's repurposing since April 2014. Has the Fort Monmouth Economic Revitalization Authority (FMERA) taken possession of all Phase 1 properties? If not, by what date is FMERA scheduled to do so? Has FMERA sold, leased or issued Requests for Offers to Purchase (RFOTP) for all Phase 1 properties? What amount has FMERA collected to date from the sale or lease of Phase 1 properties? Has FMERA reached an agreement with the United States Army as to the conveyance of Phase 2 properties? If so, what is the transfer's current timetable and the distribution formula between the United States Army and FMERA for sale and lease proceeds to be realized from Phase 2 parcels? If the United States Army has agreed to structured payments for the Phase 2 parcels, please detail the payment schedule.**

The Fort Monmouth Economic Revitalization Authority (FMERA) received the deed for Phase 1 properties on May 29, 2014. This did not include specific parcels still under environmental review by the U.S. Army. The U.S. Army reviews these items on a case-by-case basis, and FMERA expects to take ownership of these properties in 2015 or later as environmental clearances are obtained from the Department of Environmental Protection (DEP).

The following is an outline of sales, leases and Requests for Offers to Purchase (RFOTPs) issued for Phase 1 properties:

- CommVault, located on Parcel E in Tinton Falls, closed in 2013 and completed construction of their first Phase in the 4th Quarter of 2014. Approximately 900 employees have already moved in. AcuteCare Health Systems, LLC, closed on the former Patterson Army Health Clinic in Oceanport in March 2014 and renovations of the building have proceeded rapidly. AcuteCare plans to open its doors to the public in the spring of 2015.

- FMERA is in negotiations with the leading proposers for the following Phase 1 properties in Tinton Falls: the Pistol Range, Satellite Drive Parcel, the former Fabrication Shops, Parcel C and Parcel C1. These parcels are expected to be under contract in the coming weeks, with closings occurring on the first three parcels by December 31, 2015.

- FMERA is in negotiations with the leading proposer for the Marina in Oceanport. FMERA also issued a Request for Proposals (RFP) for a Marina Operator during the 2014 boating season, and AP Development Partners opened the marina in July 2014. Negotiations with the leading proposer continue, pending receipt of the Finding of Suitability to Transfer (FOST) from the U.S. Army, an environmental clearance document required for property transfer. FMERA expects to close on the property in the 3rd Quarter of 2015.

Discussion Points (Cont'd)

- FMERA continues its lease with Monmouth County at the Fort Monmouth Recreation Center in Tinton Falls. The facility, located in the Fort's former Teen Center and Pool, opened in August 2013 and represented the first reuse of a Fort building for public recreation.

- FMERA currently has 6 pending RFOTPs of Phase 1 properties. In March of 2015, FMERA received one proposal for Parcel F-2, which is the new location for a veteran's project in Tinton Falls. FMERA is awaiting responses for RFOTPs issued for the following: Parcel F-3, a 3.5 acre parcel containing a former gas station and convenience store in Tinton Falls; Building 2525, a former office building used for administrative space by the U.S. Army, which sits on a 13.5 acre parcel in Tinton Falls; the Child Development Center, a former daycare center on a 7.4 acre parcel next to CommVault's headquarters in Tinton Falls; Howard Commons, the 64-acre site in Eatontown containing 486 townhomes planned for demolition, which was under contract by HovWest Land Acquisition until July 2014, when the developer exercised its right under the Purchase and Sale and Redevelopment Agreement (PSARA) to withdraw from the project; and Parcel B, also in Eatontown, the 55-acre parcel expanded to include an additional 12 acres of property located in the Phase 2 property FMERA will be acquiring from the U.S. Army.

- FMERA received no proposals for the RFOTP issued for Parcel F-1, which includes the Myer Center, in Tinton Falls. FMERA is optimistic that a research and development or an entertainment, retail, or related use will be developed, given the site's excellent Garden State Parkway access and the neighboring development projects.

Pursuant to the Phase 1 EDC agreement, FMERA and the U.S. Army will share the revenue from the sale of Phase 1 parcels. This equates to approximately 60 percent for the U.S. Army and 40 percent for FMERA over 20 years. As reported to the Office of Management and Budget (OMB) during the FY2014 Budget process, FMERA received $3,837,580 from CommVault upon the closing of Parcel E in January 2013. As reported to OMB during the FY2015 Budget process, the Authority received $797,024 from AcuteCare upon the closing of the Clinic Parcel in March 2014. In addition, the Authority received a total of $62,500 under the Professional Management and Maintenance Services agreement for operation of the Suneagles Golf Course which began April 1, 2014.

FMERA submitted the Economic Development Conveyance (EDC) Application on July 1, 2014 for the Phase 2 properties. A non-binding term sheet between FMERA and the U.S. Army was executed in June 2014, which includes the one-time buy-out of the U.S. Army's interests in the Phase 2 parcels. A draft Memorandum of Agreement (MOA) between FMERA and the U.S. Army is currently in negotiations, and a draft Finding of Suitability to Transfer (FOST) is also under review. FMERA has been in discussions with the Monmouth County Improvement Authority (MCIA) for a loan of the funds required to make the one-time payment to the U.S. Army, which would be repaid from the sale proceeds of Phase 2 property. FMERA expects to close on the Phase 2 property with the U.S. Army in the summer of 2015.

Discussion Points (Cont'd)

- **Please provide a status update for CommVault's corporate campus project and AcuteCare Health Systems' healthcare facility project. When are the capital projects forecast to be completed? What is the status of the RFOTP to build a veterans community on the ten-acre Parcel V-I with a focus on providing permanent housing and community lifestyle for homeless veterans? How many veterans is the facility expected to house?**

After closing on January 29, 2013, CommVault, one of the world's fastest growing data storage companies, began the first phase of the three-phase project on the 55-acre site in Tinton Falls. The first 265,000 sf facility was completed in October 2014, and approximately 900 employees moved in by the close of 2014. Plans are underway for construction of the second phase; and, total build-out of the project is anticipated to be 650,000 sf after 10 years, holding up to 2,500 employees.

On March 10, 2014, the Authority closed on the Clinic Parcel with AcuteCare, a long term health facilities operator that provides diagnostic, medical treatment, and rehabilitation services. AcuteCare has made more than $5 million in renovations to the 98,000-square-foot medical facility in Oceanport, and is creating 50 new jobs. AcuteCare is planning its grand opening in the spring of 2015.

An RFOTP was issued for a 10-acre parcel in Eatontown, Parcel V-1, in September 2013, for the purpose of establishing a Veterans Community. Due to the nominal consideration offered by the two respondents to the RFOTP, the FMERA Board voted to terminate the RFOTP. Another site, 15 acres located in Tinton Falls, was selected for a Veterans Community and an RFOTP was issued in December 2014. The developable land on the parcel, approximately 8.2 acres, was suitable for approximately 100 units of housing. One proposal was received in March 2015, and FMERA is reviewing the proposal in accordance with the Authority's Sales Rules.

- **Is temporary housing still provided to residents displaced by Superstorm Sandy? How many households, if any, still live in the temporary housing units today?**

The interim housing on the former Fort was a FEMA initiative, which involved retrofitting two buildings in the Main Post's Lodging Area in Oceanport to house families displaced by Superstorm Sandy, as well as additional housing units in the Megill Housing area in Eatontown. An extension for the Main Post housing was approved through September 2014, and the remaining families in the Megill Housing were moved to the Main Post. As of September 30, 2014, there are no longer any families living in temporary housing units on the Fort.

- **Please indicate the total number of Ebola quarantine cases at Fort Monmouth to date. Does FMERA expect an extension beyond June 2015 of the six-month agreement designating certain Megill Housing units as a State Ebola quarantine**

Discussion Points (Cont'd)

facility? Has the State Ebola quarantine facility designation delayed the issuance of an RFOTP for the Suneagles Golf Course and the attendant Megill Housing? By what date does FMERA envision issuing the RFOTP? Has FMERA observed that the State Ebola quarantine facility designation has caused apprehension among current and potential Fort Monmouth property owners and lessees? Please outline all instances of concrete adverse consequences.

The emergency housing on the former Fort was a Department of Human Services (DHS) initiative. There have been no quarantined individuals at Fort Monmouth to date. A Memorandum of Understanding (MOU) between FMERA and the DHS expires in June 2015, and any extension to the MOU would require a 30-day notice and agreement by both parties.

18. On August 5, 2014, the EDA signed a **Memorandum of Understanding with the Capital City Redevelopment Corporation (CCRC)** under which the EDA will provide the CCRC with staff, administrative support services, and conference rooms at the EDA's main or satellite offices for CCRC Board of Directors meetings and other official board business. The corporation will pay for some of the EDA's services, but not all. In any event, the CCRC Board of Directors will continue to function as the corporation's executive decision-making body and the Department of the Treasury will continue to provide accounting and financial reporting services to the CCRC.

Established pursuant to P.L.1987, c.58 (N.J.S.A.52:9Q-9 et seq.) and allocated "in but not of" the Department of the Treasury, the CCRC finances community and economic development projects in Trenton's Capital City District in accordance with the Capital City Renaissance Plan. The Capital City Redevelopment Loan and Grant Fund, a nonlapsing revolving fund, finances corporation activities out of moneys received from prior State appropriations and loan repayments. P.L.2009, c.252 changed the corporation's organizational structure and powers so as to transform it from a financing and regulatory agency to a municipal redevelopment agency. The corporation, now constituted as an independent, self-supporting authority, is newly able to add to its financial wherewithal through the sale of bonds, notes, and other obligations paid for from non-State sources.

The corporation, however, has had limited effectiveness in recent years on account of significant staffing and financial deficiencies. First, the Department of the Treasury noted in response to OLS Discussion Point #41 in the FY 2014-2015 Department of the Treasury Budget Analysis, that the CCRC lacked an Executive Director and full-time staff at the time, and that it only had the financial ability to fill one full-time position in FY 2015. Second, the Capital City Redevelopment Loan and Grant Fund, the corporation's sole reservoir of financial resources, was in need of recapitalization with no loans outstanding for repayment to the corporation. Although the CCRC had not yet used its power to issue debt instruments to replenish the fund it intended to do so "at some point."

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In its discussion point response, the Treasury listed the FY 2015 CCRC objectives: a) obtaining redevelopment authority designation for the Capital District from the City of Trenton; b) identifying opportunities to issue debt instruments with the assistance of the New Jersey Economic Development Authority; c) identifying funding alternatives to recapitalize the Capital City Redevelopment Loan and Grant Fund; d) assisting the City of Trenton in completing the Capital District lighting improvement plan; e) assisting Mercer County Community College with the expansion of its Capital Campus; f) collaborating with its Capital District partners to develop a business attraction, retention, and expansion strategy; and g) developing the Capital State Park. This priority list was identical to the one the Treasury supplied for FY 2014 in reply to OLS Discussion Point #38 in the FY 2013-2014 Department of the Treasury Budget Analysis. The corporation also still had several unattained FY 2013 objectives. The table below lists: a) several priorities and programming recommendations for FY 2013 that the CCRC had planned to present to the City of Trenton, Mercer County, and the Governor's Authorities Unit, according to its response to OLS Discussion Point #35 in the FY 2012-2013 Department of the Treasury Budget Analysis; and b) the project updates the CCRC provided in answering OLS Discussion Point #38 in the FY 2013-2014 Department of the Treasury Budget Analysis.

Initiative (April 2012)	Update (April 2013)
Craft economic development strategy inclusive of Downtown Master Plan	Ongoing
Locate funding to provide capital to small and emerging businesses in the Capital District	Unable to secure funding
Develop façade improvement programs for S. Broad Street, N. Broad Street, and State Street	On hold due to lack of funding
Devise a comprehensive redevelopment plan for the former Glen Cairn Arms apartment building on West State Street	The building is demolished and the property will serve as Thomas Edison State College's new nursing education center. The CCRC is involved in planning the development of adjacent properties.
Assist in carrying out first phase of lighting and streetscape improvement plan for the Capital District	Ongoing

- **Questions: Please describe the services the EDA has provided to the Capital City Redevelopment Corporation (CCRC) to date under the terms of the August 5, 2014 Memorandum of Understanding. Does the CCRC have any filled positions or has the EDA effectively become the CCRC's sole administrative agent, with the exception of Treasury providing accounting and financial reporting services? How many filled full-time positions is the CCRC projected to have in FY 2016? Will a CCRC Executive Director be one of them?**

Discussion Points (Cont'd)

As directed in the Memorandum of Understanding (MOU), the EDA has provided administrative and support services related to corporate governance, coordination with Treasury on financial reporting, coordination of project identification and development with the City's Office of Economic Development and other state agencies. The EDA's Community Development and Business Banking Division has assisted the City with the evaluation of responses for Request for Proposals related to two development sites, meets frequently with developers that are interested in EDA incentives and opportunities under the Garden State Growth Zone designation and interacts on a regular basis with City staff on project advancement. No staff has been hired for the Capital City Redevelopment Corporation (CCRC), nor are there plans to.

- **Please provide a copy of the CCRC's most current audited financial statement. Has the corporation been able in FY 2015 to replenish the Capital City Redevelopment Loan and Grant Fund? If not, does the CCRC have a recapitalization strategy it intends to implement in FY 2016? Has the CCRC issued any bonds, notes or other debt instruments? Does it intend to do so in FY 2016?**

At this time, the Capital City Redevelopment Loan and Grant Fund has not been replenished, there is not recapitalization strategy and no debt has been issued as the MOU envisions EDA to provide resources specific to individual development projects. The following is the most current audited financial statement for the CCRC:

CAPITAL CITY REDEVELOPMENT CORPORATION
FY15 FINANCIAL STATEMENT, as of March 31, 2015
(Prepared by Treasury Administration)

ACCOUNT AND DESCRIPTION	FY14 COSTS	FY15 BUDGET	FY15 YTD EXPENDED	FY15 PROJECTED REMAINING EXPENSES
Account 12-Salaries				
Salaries	12,418	0	0	0
Fringes	7,483	0	0	0
Sub-Total	**19,901**	**0**	**0**	**0**
Account 21-Printing and Office				
Copier Rental and Supplies	2,096	0	0	0
Sub-Total	**2,096**	**0**	**0**	**0**
Account 33-Insurance				
Property & Casualty - Hartford Insurance Co	2,003	2,080	2,080	0
Officers & Directors - ACE Insurance Co	3,177	2,505	2,505	0
Sub-Total	**5,180**	**4,585**	**4,585**	**0**
Account 36-Professional Services				
Auditing Services	3,315	3,415	0	3,415
Sub-Total	**3,315**	**3,415**	**0**	**3,415**
Account 38-Other Services				
Other	0	5,000	0	5,000

Discussion Points (Cont'd)

Computer Service & Maintenance Charges	4,593	0	0	0
Sub-Total	**4,593**	**5,000**	**0**	**5,000**
TOTAL	**35,085**	**13,000**	**4,585**	**8,415**

Resources:	
Balance in the State account, as of 3/31/15	136,043
Balance in CCRC Bank Account, as of 3/31/15	77,575
Total Resources	**213,618**

- **What objectives does the CCRC plan to pursue in FY 2016? Please provide an update on the corporation's activities in FY 2015 and comment on the state of the revitalization of Trenton's Capital City District. Has the City of Trenton designated the corporation as the redevelopment authority for the Capital District? Has the CCRC co-developed an economic development strategy inclusive of the Downtown Master Plan? If so, please detail the elements of the strategy. Has the corporation co-developed and implemented the envisioned façade improvement programs for S. Broad Street, N. Broad Street, and State Street? Has the CCRC co-developed a redevelopment plan for the properties adjacent to Thomas Edison State College's future Nursing Educational Facility on West State Street? If so, please detail the elements of the redevelopment plan. Has the corporation co-administered and completed the first phase of the lighting and streetscape improvement plan for the Capital District? Has the CCRC provided capital for small and emerging businesses in the Capital District? Has the corporation developed a business attraction, retention, and expansion strategy for the Capital District? Has the corporation assisted Mercer County Community College with the expansion of its Capital Campus? Has the CCRC advanced the development of the Capital State Park?**

Under the new administration of Mayor Eric Jackson, the City of Trenton has been actively engaged in revitalization efforts, taking the lead in establishing an economic development strategy through the development of a master redevelopment plan. CCRC is viewed as a partner in this effort. With administrative and technical support from the EDA, CCRC will provide insight, guidance and leverage to the City in the coming year as they create their community and economic development strategies. Meetings continue to take place to discuss key priority projects in the City.

Additionally, the New Jersey Economic Opportunity Act offers significant incentives to encourage investment in Trenton. To date, three residential projects in Trenton have been approved for up to $27.3 million in tax credits through the Economic Redevelopment and Growth (ERG) program. These projects involve the private investment of $86.7 million. Most recently, an ERG was approved to support the advancement of the Wire Rope Lofts project, which involves the redevelopment of an old Roebling Steel building into rental loft apartments. The $42 million project was approved for a residential ERG of up to $16.1 million over ten years. Future plans for

Discussion Points (Cont'd)

the complex include an additional building consisting of loft-style units and restaurant/retail space to be built from the ground up.

The EDA also just recently approved the first Grow New Jersey project in the City. LMT Mercer Group was approved for up to $15.5 million in tax credits over ten years to encourage the company to construct a 90,000-square-foot manufacturing facility in Trenton to accommodate its growth. The company, which manufactures accessories for the fence, deck and railing industries, would create 60 new jobs and retain 88 New Jersey jobs that are at risk of being relocated to a manufacturing facility in Ohio.

In addition, the EDA supports small businesses in Trenton by providing financing through its Loans to Lenders program, which provides capital to financial intermediary organizations who can offer term loans and lines of credit to micro-enterprises and small businesses not qualified for traditional bank financing. The EDA recently closed on a $500,000 loan to the Regional Business Assistance Corporation (RBAC), a Trenton-based organization that provides loan capital and business mentoring to small business owners. RBAC has provided $15.7 million in microloans to more than 560 small businesses, with an average loan size of $27,600; 40% of the companies supported by RBAC are start-ups, 35% are women-owned, and 40% are minority-owned.

Looking ahead, the EDA has entered into a Memorandum of Understanding with the New Jersey Department of Treasury, Division of Property Management & Construction, to advance preliminary studies to determine the condition, cost to rehabilitate, or demolish and construct replacement buildings for the Department of Agriculture and Health Administration Building, Health Lab, and Taxation Building in Trenton. The goal of the study is to further the State's efforts in space efficiency and cost savings, while also helping to revitalize the capital district.

19. The EDA administers the **Edison Innovation Angel Growth Fund** and the **Angel Investor Tax Credit Program**. Both incentive programs are intended to encourage high net worth individuals to make equity placements into high-risk start-up ventures in New Jersey, or "angel investments."

In August 2011, the EDA announced the creation of three programs that provide financing to emerging technology and life science companies that have attracted angel and venture capital investments: the Edison Innovation Angel Growth Fund, the Edison Innovation Venture Fund, and the Edison Innovation Growth Stars Fund. Their combined allocation approximated $13 million. Under the Edison Innovation Angel Growth Fund eligible companies can receive up to $250,000 in subordinated convertible loans at a fixed annual interest rate of four to ten percent for a five-year term. Put differently, the EDA's claim to loan repayment will be subordinate to any senior bank debt. In return, the EDA obtains the right to convert the debt into equity in a future financing round and ten-year warrants that allow the EDA to acquire company shares at a determined strike price. To qualify for a loan a C-corporation must: a) have annual commercial revenues of

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$500,000; b) employ 75 percent of its employees in New Jersey or commit to growing ten jobs over two years with a minimum salary of $75,000; c) develop or own protected proprietary technology; and d) have attracted twice the loan amount from angel investors within 90 days prior to its loan application. In addressing EDA Discussion Point #16 in the OLS FY 2014-2015 Department of the Treasury Budget Analysis, the EDA related that the Edison Innovation Angel Growth Fund had not yet received any applications for assistance. In explaining the program's lack of demand, the authority pointed to market feedback suggesting that the $500,000 annual commercial revenue requirement was too high and the $250,000 cap on subordinated convertible loans too low.

P.L.2013, c.14 created the Angel Investor Tax Credit Program under which the EDA grants corporation business and gross income tax credits for investing in New Jersey emerging technology businesses. Subject to certain limitations, the credits equal ten percent of a taxpayer's qualified investment in an emerging technology company with fewer than 225 employees, of whom at least 75 percent are filling a position in New Jersey. Purchase, production, and research agreements qualify as creditable investments. The permanent program is subject to a $25 million annual cap. In addition, tax credit recipients cannot claim tax credits for that part of an investment in a single company that exceeds $500,000. The EDA launched the program on July 1, 2013. In calendar year 2014, it approved over $6.0 million in tax credits for 181 investments totaling more than $60 million, according to an EDA press release from January 16, 2015. In its first, partial year of operation, calendar year 2013, the program had awarded $1.4 million in tax credits for 28 investments totaling $14.1 million, as the authority responded to last year's EDA Discussion Point #16. The EDA also noted in its response that market feedback for program enhancement had largely focused on increasing the allowable tax credit percentage above the current 10 percent of the amount invested, as neighboring states offered tax credit rates ranging from 25 percent to 100 percent. The EDA believed that the credit could rise to 35 percent of the amount invested while keeping the program's cost under the current annual $25 million cap.

- **Questions: Please update for the Edison Innovation Angel Growth Fund: a) the number of loan applications the EDA has received to date; b) the number of approved loans to date; c) the total dollar amount of the approved loans; and d) the percentage of loan payments that is late by 30 days or more. Is the EDA considering eliminating or revamping the program in light of the program's lack of demand? What is the unexpended and uncommitted portion of the roughly $13 million allocation to the Edison Innovation Angel Growth Fund, the Edison Innovation Venture Fund, and the Edison Innovation Growth Stars Fund combined? Are available balances sufficient to operate the Edison Innovation Angel Growth Fund in FY 2015 and FY 2016?**

The number of applications for the Edison Innovation loan programs continues to be sparse. It appears the primary challenge for the potential applicants is the need to secure outside matching

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funding. However, the trend for venture capital investments into NJ companies – which continues to decline steadily since 2014 – is fully-inconsistent with the national trends.

In response to the lack of private matching fund for these loan programs, the EDA created the NJ Founders & Funders event in 2014. This program, held semi-annually creates one-on-one matching of NJ technology entrepreneurs with angel and venture capital investors. The three events to date have facilitated introductions for almost 90 companies with approximately 60 investors. Furthermore the EDA made $6,800,000 of limited partnership investments into three venture capital funds using the U.S. Department of the Treasury State Small Business Credit Initiative (SSBCI) allocation. All applicants to the New Jersey Angel Investor Tax Credit Program are also made aware of the Edison Innovation Angel Growth Fund and are being monitored for when they would achieve the minimum trailing revenue threshold of $500,000. The EDA still believes this requirement for angel or venture capital matching funds is a prudent one, as it allows for a public private partnership, and the guidance and support of seasoned investors who have additional capacity for follow on funding.

Finally, the allocation to the Edison Innovation Angel Growth Fund, the Edison Innovation Venture Fund, and the Edison Innovation Growth Stars Fund – approved by the Joint Budget Oversight Committee (JBOC) – totaled $12,417,544 of which $450,000 was used to invest in the three NJ accelerator classes of TechLaunch. Direct match funding loans committed to companies through venture capital loans totaled $1,900,000. The remaining balance of available funds is $10,067,544, which is sufficient to fund the program for FY 2015 and FY 2016 given the current demand; however, any material changes to the use of funds would require approval by JBOC.

- **Please provide for the Angel Investor Tax Credit Program to date: a) the number of applicants; b) the number of tax credit awards; c) the number of businesses in which tax credit-earning investments have been made; d) the total dollar amount of the tax credit awards; and e) the size of capital investments and the number of jobs the capital investments support in New Jersey. Does the early tax credit pick-up rate meet EDA expectations and does the EDA project growth in the number and dollar value of tax credit awards for calendar years 2015 and 2016?**

On January 31, 2013, the New Jersey Angel Investor Tax Credit Act was signed into law with rules implementing the New Jersey Angel Investor Tax Credit Program approved by the members of the EDA Board in June 2013. The New Jersey Angel Investor Tax Credit Program authorizes credits against corporate business and gross income taxes in the amount of 10 percent of a qualified investment made into New Jersey emerging technology businesses.

As of calendar year end 2014, the EDA received 214 applications and approved 209 for total tax credits of $7,431,248 (Note: some applicants submitted applications for more than one investment). The 209 approvals represent the investment of $74,312,480 of private capital into 23

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emerging technology and life sciences companies. These companies employed a total of two hundred and thirty-five full-time New Jersey employees.

The New Jersey Angel Investor Tax Credit Program is growing as expected year over year; however, there remains significant room under the $25 million tax credit cap. In 2014, applications for the second half of the year increased by 133% as compared to the same time period of the prior year. Although the EDA anticipates that the program will continue to grow, as more investors and companies learn of and take advantage of the program, it is unlikely that the full-$25 million will be awarded given the current volume of NJ angel investments. The refundable feature for out-of-state investors has produced positive feedback and anecdotally has encouraged several international investors to support NJ technology companies. Participation in the program to date has been almost evenly split between in-state and out-of-state investors. It is highly unlikely that the full $25 million of credits will be awarded.

20. Replying to EDA Discussion Point #5 in the OLS FY 2012-2013 Department of the Treasury Budget Analysis, the EDA noted that it launched the first phase of the **Incentives Data Management System (iDMS) portal** in February 2012. After completion of the project's first phase Business Employment Incentive Program (BEIP) grant recipients would be able to securely file and validate required annual compliance documents online. This web-based tool would reduce the need for nearly 400 BEIP recipients to send paper copies to the EDA and increase EDA processing efficiencies by ensuring that all necessary documents have been received and are in order prior to EDA review. Future project phases would expand the portal to all other incentive programs; allow for the automated review of compliance documentation; and facilitate data collection, validation, and reporting.

According to the authority's response two years later to EDA Discussion Point #18 in the OLS FY 2014-2015 Department of the Treasury Budget Analysis, the iDMS' annual reporting module for BEIP was fully operational. Programming work continued on the reporting modules for the other major incentive programs (Grow New Jersey Assistance Program, Economic Redevelopment and Growth Program, Urban Transit Hub Tax Credit Program, and Business Retention and Relocation Assistance Grant Program). Moreover, the EDA reported that the project's actual costs have remained within its original $305,000 budget, but that an additional $60,000 may ultimately be required to finalize all programming features for the non-BEIP incentive programs.

- ***Questions:*** **Please provide an update on the status of the Incentives Data Management System portal. Has the project been completed? If not, at which development stage is the project currently and by which date does the EDA expect its completion? If the project has been completed, please comment on the EDA's experiences with the new technology. Has staff productivity improved? What problems has the EDA encountered with the new technology, if any, and what amount would have to be expended to correct the problems? What is the current**

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cost estimate or, if the project is already completed, its actual cost? If applicable, what factors account for any cost overrun?

The EDA's Incentives Data Management System (IDMS) portal is fully operational for BEIP and is in process of being programmed to enable applicants to certify costs and jobs under our other incentive programs (ERG, Grow NJ, UTHTC and BRRAG). The project is not complete, however programming is underway and it is anticipated to be complete by December 2015. To date, the annual reporting by customers for the BEIP program has improved reporting quality and provided an earlier tabulation of annual report submissions which is integral to EDA's reporting of the financial impact of the program to Treasury/OMB. Finally, the project has improved staff productivity and no problems have been encountered with the new technology.