

Edison Innovation Growth Stars Fund

For more
information on the
Edison Innovation
Growth Stars Fund,
visit
[www.njeda.com/
GrowthStarsFund](http://www.njeda.com/GrowthStarsFund)

*All fees are non-refundable.

If You Are:

An angel supported and/or venture capital (VC) supported New Jersey-based technology company with minimum trailing 12 month commercial revenues of \$2,000,000 that has previously received assistance under the Edison Innovation Fund.

You Can Apply For:

Follow-on funding through the Edison Innovation Growth Stars Fund.

In The Amount Of:

Up to \$500,000.

To Be Used For:

Key hires, product rollout, product enhancement, and marketing/sales.

Benefits:

The Edison Innovation Growth Stars Fund leverages institutional venture backed investments and/or private angel investments in a less dilutive manner than equity to support the best performing Edison Innovation Fund portfolio companies.

Financing Instruments:

Hybrid instrument in the form of subordinated convertible debt with warrants.

- **Subordination** - the EDA will subordinate its lien position to any current senior bank debt, file a UCC 1 filing statement on the assets of the company, and require a negative pledge and a "springing lien" on the Intellectual Property. In addition, the EDA will allow future automatic subordination of 25% of the commitment amount for new senior debt. Any amounts above this 25% require the prior written consent of the EDA.
- **Convertible** - the EDA will have the right to convert its debt to equity, in a future financing round under the same terms as any other investor in the round.
- **Warrants** - the EDA will receive warrants in consideration for the financing. The warrants will have a 10-year life and be on the EDA's standard warrant form. The amount of warrant coverage is based upon the risk profile of the company and determined at the time of commitment. The strike price on the warrants is the same per share price of the VC/angel match funding.

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

Interest Rate:

Fixed interest rate for a five-year term, based on risk profile and location of the company, ranging from 4-10%.

Repayment:

Customized, based upon the stage of the company and the proforma financials, with the ability to defer principal and/or interest up to two years, with a back ended full payout of principal plus interest by maturity in year five.

continued

Requirements:

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

Program Details:

- Funding under the Edison Innovation Growth Stars Fund is subject to an entity maximum of \$1,500,000 inclusive of the Edison Innovation Commercialization Fund, Edison Innovation Growth Fund, Springboard 1 or 2, Edison Innovation R&D Fund, Edison Innovation R&D Fund Wraparound, Technium, Edison Innovation Angel Growth Fund, and Edison Innovation VC Growth Fund.
- Financing under the Edison Innovation Growth Stars Fund is subject to available funding.

Fees:

- Application fee: \$2,500
- Commitment fee: 0.75% of loan amount
- Closing fee: 0.75% of loan amount
- Commitment extension fee: \$750
- Warrants for consideration in the financing. The warrants will have a 10-year life and coverage is based on the risk profile of the company and determined at the time of commitment.

Division of Taxation Tax Clearance Certificate required. Certificates may be requested through the State of New Jersey's Premier Business Services (PBS) portal online

Under the Tax & Revenue Center, select Tax Services, then select Business Incentive Tax Clearance.

If the applicant's account is in compliance with its tax obligations and no liabilities exist, the Business Incentive Tax Clearance can be printed directly through PBS.

Please note: It is the applicant/client's responsibility to maintain a current and clear tax clearance certificate. If a current and clear certificate is not evidenced to EDA at time of closing, EDA will not proceed with closing.

