



NEW JERSEY INNOVATION EVERGREEN FUND

Corporate Tax Credit Bidder
First Program Year Auction

NJ  **EDA**

**OPPORTUNITIES FOR GROWTH:
INVESTMENT-COLLABORATION-INNOVATION**

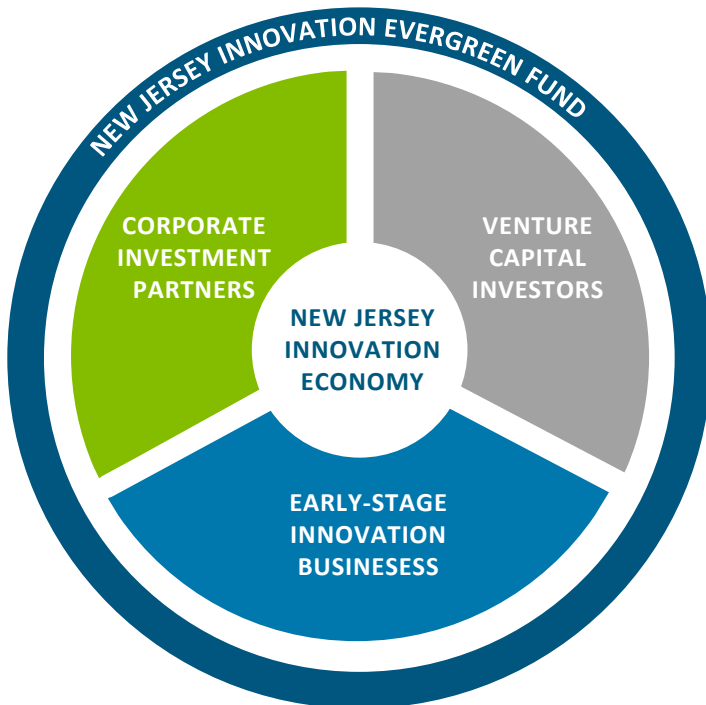
Corporate Tax Credit Bidder (TCB)

Evergreen Fund Strategic Bid examples

Innovation can occur anywhere, but it may have the greatest chance of success when born and fostered with the collaboration of interested partners. The New Jersey Innovation Evergreen Fund (NJIEF, Evergreen or the Program) connects New Jersey's large corporate citizens, early-stage businesses and qualified venture capital investors to support a symbiotic cycle of innovation in the State. Evergreen was created with the passage of the Economic Recovery Act of 2020. Evergreen is a unique incentive program because it asks corporate partners to bid on tax credits with their dollars and a strategic commitment to support New Jersey's innovation ecosystem.

EVERGREEN FUND WILL SERVE AS A PLATFORM TO CONNECT

The funds raised will create the Evergreen Fund to invest in New Jersey-based early- and expansion-stage companies operating within innovative industries. The Evergreen Fund will serve as the platform that connects early-stage businesses, their investors and large corporations as strategic partners.



A strategic bid for the Evergreen fund can take several different forms—a corporate partner (Purchaser) could choose to submit a bid focused on **PEOPLE** (develop talent), **ECOSYSTEM** (commit to holding start-up events and programs), or **INVESTMENT** (provide resources, access to customer channels or distribution networks, monetary support) and **MARKETING** (promotes Evergreen and provides public relations support around the support of innovation in New Jersey). The two prongs of a bid – the monetary and strategic – will equal the total bid score, leading to a successful tax credit purchase.

NJIEF authorizes the sale of up to \$60 million of tax credits annually for each of the next five years. Corporations with a New Jersey tax liability may purchase credits for use in each auction year or carry it forward. Bids must demonstrate a minimum price floor of 75% of face value for a minimum \$500,000.

To have a successful bid, a company needs to monetarily value their support for the innovation economy in conjunction with their priced bid. Strategic commitments will also be assessed qualitatively against a clear rubric to ascertain the significance of the bid to New Jersey's Innovation Economy. Adding the strategic commitment score to the financial bid will determine the winning bid scores. Below are examples of strategic commitments that a Corporate Tax Credit Bidder might submit. While this is a robust menu of options, partners are encouraged to be creative in their approach to submitting a bid.



INVESTING IN PEOPLE

»» Corporate Partner companies offer their employees as advisors or mentors to Startups

EXAMPLE:

Serve as mentors /advisors either through one-on-one mentoring, workshops or office hours

- Bid contingent on number X of employees participating and X time committed per year

»» TCB will contribute to New Jersey's talent pipeline

EXAMPLES:

- Provide X number of internships for university students
- Create X number of registered apprenticeships for high school/college graduates
- Create X number of pre-apprenticeships for K-12
- Provide X dollars of funding to Universities for equipment, training and internships



POTENTIAL BENEFITS TO CORPORATE PARTNERS

DISCOUNT on taxes with the purchase of discounted credits (up to 25% discount)

TAX DEDUCTION with strategic bid contribution, potentially (e.g. donation of internships, employee mentorship hours)

GOODWILL AND ALTRUISM from virtuous engagement with startups and community in NJ

ACCESS to innovative businesses and investors as a R&D pipeline.

EVENTS with the strategic buyers, VCs and entrepreneurs to build the ecosystem



ECOSYSTEM & SPACE

»» Start an incubator or accelerator in the TCB's industry with NJ businesses

EXAMPLES:

- Provide X amount of lab/office spaces with X amount of tenants per year
- Run X no-equity accelerator programs per year, for X number of years

»» Sponsor novel ecosystem building events

EXAMPLES:

TCB to sponsor an industry trade group event

- Bid contingent on X dollars of funding for NJ based events

Angel support events

- Informational sessions for executives and management on entrepreneurship and angel investing
 - Bid contingent on X session hosted per year
 - CIP matching angel investments made by employees

Sponsor hackathons/challenge competitions/intrapreneurship contests

- Startups work on solutions to existing issues of the TCBs
 - Bid contingent on X events hosted per year on unique data solution

Sponsor new and novel innovation focused opportunities with NJ trade groups

- Support the creation of a new internship model for NJ University graduates to work within their company
- Support an industry focused sector Hackathon
- Support an industry focused sector center of excellence

»» Support NJ-based industry events by TCB specifying event budget of any of the following per year:



EXAMPLES:

Fund a conference, host an event/meetup and/or provide expert speakers

- Bid is contingent on X dollars committed
- Bid is contingent on X events per year, of specified nature
- Bid is contingent on X number of speakers, for X # of attendees

WHY NJIEF?

The assembly of a tax auction, collaboration platform and co-investment program is a unique combination – NJIEF brings together established tools in a novel structure. The program leverages New Jersey's existing resources to spur growth in innovation throughout the State's economy.



INVESTMENT (Monetary or Time)

»»» Defined channel into CTCB product piloting:

EXAMPLES:

- Establish use cases/trials of portfolio company products
 - Spend X dollars or establish X # of pilots
- Sales partnerships to give portfolio startups access to clients
 - Commit to selling X amount of the Startup's products
 - Dedicate a specific percentage of time to each initiative
- Become a test customer
 - Beta with X number of Startups for X number of months



»»» Open sales channel, distribution channels to startups:

EXAMPLE:

- Facilitate potential customer interactions
 - Provide evidence (transactions/contracts/documentation) of Startups utilizing a sales/distribution channel introduction



»»» Allow Startups to access systems/resources that would not otherwise be as accessible to them:

EXAMPLES:

- Provide excess resources to Startups for free/discount. Example free access/use of an advanced scientific microscope or test bed.
 - Provide evidence/documentation of use of resources by Startup
- Donate intellectual property to the Startups
 - X number of patents donated to X number of Startups this year
- Help create a digital collaboration platform connecting TCBs and Startups
 - Bid contingent on X amount of dollars committed to the platform

INNOVATION CAN OCCUR ANYWHERE, BUT IT MAY HAVE THE GREATEST CHANCE OF SUCCESS WHEN BORN AND FOSTERED WITH THE COLLABORATION OF INTERESTED PARTNERS.

»» Setup a joint venture with the Startups:

EXAMPLE:

- Company management agrees to commit X amount of dollars and create X amount of jobs per year, contingent on bid

»» Invest in Startups directly:

EXAMPLE:

- Company management agrees to commit X amount to startup, contingent on bid



MARKETING

»» Large companies promote participation in the Evergreen Fund and building New Jersey's innovation economy through public relations channels

EXAMPLE:

- Provide evidence of marketing collaboration done per year through defined channels (e.g. social media, internal/external corporate events, trade shows), X # of posts, X press releases, events, contingent on bid

What is it worth?

When it comes time for evaluation, strategic bids will be evaluated qualitatively and quantitatively to assess and validate the value of the bid to the innovation ecosystem. Partners are required to provide an annual dollar value on their strategic bid and a timeline if the commitment runs beyond a year. This allows the NJEDA to reach a consensus score, before finalizing the tax credit transaction.

For example, if a corporate partner offers a strategic bid of up to 40 hours of mentorship per year from 10 members of senior leadership, this might be worth a week's salary for a C-suite executive in New Jersey (\$850,000/52) or around \$16,350; this multiplied out to 10 executives, is worth around \$163,500. This commitment, validated through supporting documentation, including mentor lists with brief bios and salaries, would be qualitatively evaluated on a weighted basis with the blended score combined with the corporation's financial bid to calculate final bid allocations.

For another example, if a corporation provides event space or runs an accelerator, the rent for that space, along with necessary event marketing promotion budget, would factor into the strategic bid value. The proposed budget, any previous budgets from running a similar event, company staff commitment, would all be required documentation to prove the value of commitment.

Strategic commitments will be documented in a TCB agreement before awarding the tax credit with a monitoring plan for ongoing reporting

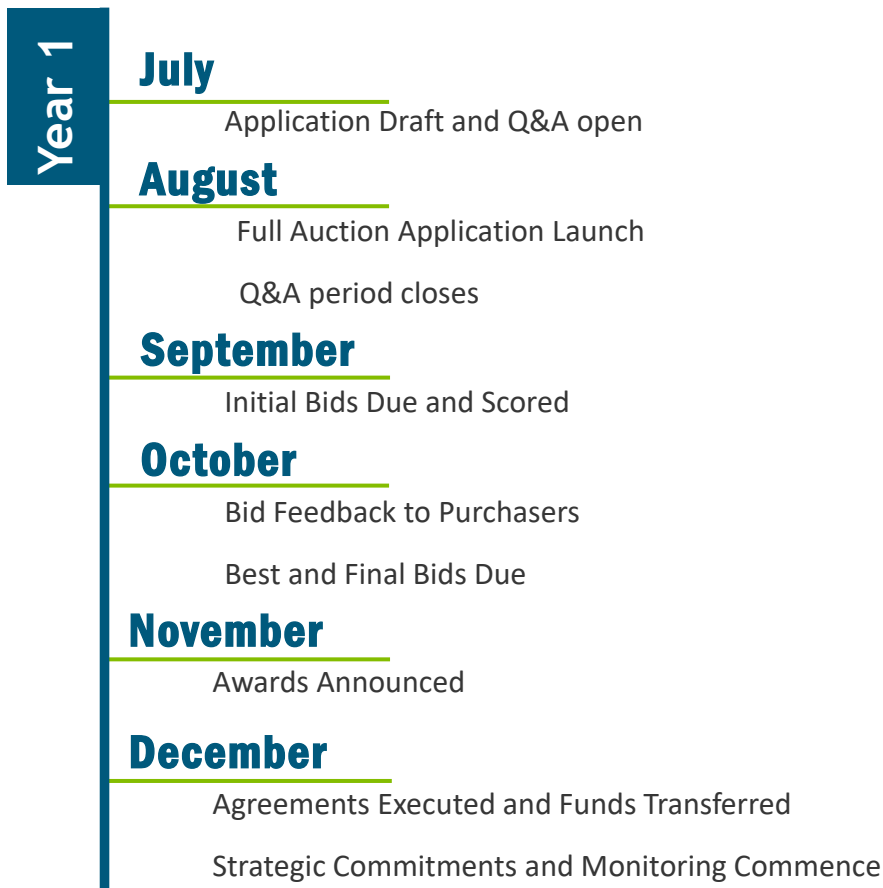
Competitive Auction Process & Timeline

What does the bidding process look like?

- 1** Corporations bid on tax credits and put forth a strategic investment into the state

Minimum bid: \$500K
Auction Floor: \$0.75
- 2** Once bids are submitted, they will be reviewed
- 3** Following review, you will have the chance to modify and submit your best and final offer
- 4** Awards will be allocated on availability based on value of the combined bid

What is the anticipated application timeline?





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Visit [www. NJEDA.com/Evergreen](http://www.NJEDA.com/Evergreen) for more information.



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