

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
Notice of Funding Availability
State Small Business Credit Initiative (“SSBCI”)
New Jersey Clean Energy Loans (“NJ CELs”) Application

The New Jersey Economic Development Authority (“NJEDA” or “Authority”) will begin accepting applications for the New Jersey Clean Energy Loans (“NJ CELs”) program on **Wednesday, April 19, 2023 at 10:00AM EST**. Applications will be accepted on a rolling basis. The application can be accessed at <https://www.njeda.com/njcel/>. A non-refundable application fee of \$1,000 is due at time of application.

Purpose

The purpose of NJ CELs is to unlock capital for small businesses and start-ups seeking financing for clean energy projects, and to catalyze the deployment of clean energy in New Jersey (“NJ”).

Overview

NJ CELs is a co-lending program that offers term loans to small businesses seeking to finance eligible clean energy projects in NJ. NJ CELs is utilizing \$80 million of NJ’s allocation of funds from the U.S. Department of the Treasury’s SSBCI. The Authority will either originate companion loans directly to borrowers in parallel with one or more financial institutions, or purchase participation in loans that financial institutions extend to borrowers. In all cases, the NJEDA will only finance up to 50% of the total loan amount requested for the clean energy project.

Program Details

The NJEDA’s loans will be between \$250,000 and \$10 million, for projects with a total principal amount of \$500,000 to \$20 million.

Eligible clean energy projects for NJ CELs include, but are not limited to, those involving the development, commercialization, manufacturing of products and services, and implementation of technologies that support renewable energy generation and distributed energy resources, grid modernization, energy efficiency and zero-carbon building development, and transport system

electrification.

Examples of clean energy technologies include solar power, onshore and offshore wind, electric battery storage, fuel-cell-based storage, carbon capture technologies, non-combustion waste-to-energy technologies, wave energy, water use minimization technologies, carbon-reducing materials, nuclear energy, heat pumps and geothermal, run of river hydroelectric, and other innovative recycling technologies and processes. This list also includes firms that manufacture either finished or interim advanced technologies or components.

Excluded from this list are distribution or transmission utilities, conventional landfill operations, combustion-based waste-to-energy projects, and natural gas projects.

Eligibility

In order to be eligible for NJ CELs, applicants must:

- Meet the eligibility criteria for the program, as defined below, and
- Score a minimum of 50 out of 100 points on the [scoring criteria](#).

To be eligible for NJ CELs, an applicant organization must:

- Have fewer than 750 full-time equivalent (“FTE”) employees¹;
- Be in good standing with the NJ Department of Labor and Workforce Development and NJ Department of Environmental Protection;
- Have a valid New Jersey tax clearance certificate no older than 180 days at time of approval for financing;
- Be located in New Jersey;
- Be seeking to finance a clean energy project (see “Program Details” above);
- Use a clean energy technology that has already been demonstrated² in the US or internationally;
- Be economically feasible; as demonstrated by a realistic and sustainable business model. A sustainable model will create and retain the new employees as long-term or permanent as forecasted, and the loan amount requested, together with the other debt and equity investment, cash incentives and other sources of funding, is adequate to achieve the stated purpose of the project;
- Requesting a total loan minimum of \$500,000 up to \$20 million maximum for the

¹ Full-time equivalent (FTE) definition: One full-time employee with a minimum of 40 hours of work per week, or a combined number of 40 part-time and seasonal employee hours per week.

A business’s total number of employees includes the business’s full-time equivalent employees (FTEs) as well as the FTEs of its affiliates, rounded to the nearest whole number.

² “Demonstrated” means that, at a minimum, a prototype has been verified in an operational environment, either in the U.S. or abroad.

project. This includes the NJEDA portion plus private financing portion;

- Be requesting 50% or less of the total loan amount from NJEDA (\$250,000-\$10 million); and
- Not be enrolled in any other SSBCI program.

Applicants must also provide a term sheet (or letter of intent, draft agreement, commitment letter, or similar document) from a financial institution that is:

- On the [NJEDA Premier Lender](#) list or NJEDA's CDFI Premier Lender list; or
- A private equity fund, bank, pension fund, insurance company, hedge fund, mezzanine fund, original equipment manufacturer (OEM), developer, family office, specialty finance company, or such other entity that has originated, maintained, and serviced more than \$5 million in clean energy loans over a three-year period.

NJ CELs scoring criteria includes:

- Direct jobs forecast to be created, relative to dollar amount of aggregate lending;
- Strength of management team and partnering entities;
- Benefits to NJ overburdened communities;
- Being a NJ Certified Minority-, Woman-, and/or Veteran-Owned Business;
- Current number of employees at the time of application;
- Aggregate principal amount of project; and
- Initial ratio of private financing to NJEDA funds for the proposed project.

The full scoring criteria and available points can be viewed here: https://www.njeda.com/wp-content/uploads/2023/03/Scoring-Criteria_3.6.2023.pdf

Loan proceeds may be used for business purposes only, including but not limited to start-up costs; working capital; acquisition of equipment, inventory, or services used in the production, manufacturing, or delivery of a business's goods or services; or the purchase, construction, renovation, or tenant improvements of an eligible place of business that is not for passive real estate investment purposes.

Any and all construction contracts awarded in NJ that require payment of prevailing wage must provide proof of valid Construction Contractor Registration Certification. Construction may be subject to Federal and/or State environmental requirements including but not limited to the National Environmental Protection Act and New Jersey Executive Order 215 (Kean).

Notwithstanding the above, funds may not be used to:

- With certain limited exceptions, acquire or hold passive investments in real estate such as when the proceeds of the loan are used to invest in real estate acquired and held primarily for sale, lease, or investment;

- Repay delinquent federal or state income taxes;
- Repay taxes held in trust or escrow (e.g., payroll or sales taxes);
- Reimburse funds owed to any owner, including any equity investment or investment of capital for the business's continuance;
- Purchase any portion of the ownership interest of any owner of the business, except for the purchase of an interest in an employee stock ownership plan qualifying under section 401 of Internal Revenue Code, worker cooperative, or related vehicle, provided that the transaction results in the employee stock ownership plan or other employee-owned entity holding a majority interest (on a fully diluted basis) in the business; or
- Support a business in an illegal activity, pyramid scheme, or any unethical business.

Loan Terms and Rates

The NJEDA will only finance up to 50% of the overall loan amount for a project. At least half of the total loan for the project must be financed by one or more financial institutions that meet the criteria listed above.

NJEDA loan terms:

- Between \$250,000 and \$10 million (for projects with a total loan amount of \$500,000-\$20 million)
- For terms between 1 and 25 years
- Interest rate: 3% below the financial institution's rate
- Secured, but subordinate to the private lender in collateral.

Special terms: Minority-, woman-, or veteran-owned businesses, as well as businesses whose projects are located in an overburdened community, are eligible for:

- Additional 1% interest rate reduction each; and
- 10% loan forgiveness, if the project results in at least 1 job being created per \$100,000 of aggregate lending for the project at the end of the loan term or after 5 years, whichever is sooner.

Application Process:

The NJ CELs application will open at **10:00 AM Eastern on Wednesday, April 19, 2023**. The application, once live, can be accessed at <https://www.njeda.com/njcels/>.

Complete applications will be reviewed by the Authority on a rolling basis. NJEDA staff will

verify basic eligibility criteria, including meeting the minimum SSBCI requirements, and conduct an overall evaluation using the standardized scoring criteria. NJEDA may also request the findings from the financial institution's underwriting, including ability-to-pay (credit) analysis. Applicants who submitted incomplete applications will be provided the opportunity to submit missing information within ten business days.

Fees:

NJEDA will charge applicants the following fees:

- Application fee: non-refundable \$1,000 fee for applying to NJ CELs
- Commitment fee: non-refundable fee of 0.875% of the loan amount paid prior to NJEDA issuing a commitment letter
- Closing fee of 0.875% of the loan amount (non-refundable) paid:
 - at closing in cases where NJEDA is originating a companion loan; or
 - at the time NJEDA purchases participation in a loan originated by a financial institution.

Additional Information:

Additional information on NJ CELs may be found at <https://www.njeda.com/njcels/>.

Questions concerning this Notice of Funding Availability should be submitted via email to njcels@njeda.com.