



MEMORANDUM

TO: Members of the Authority
FROM: Timothy Sullivan
Chief Executive Officer
DATE: August 13, 2019
SUBJECT: Agenda for Board Meeting of the Authority August 13, 2019

Notice of Public Meeting

Roll Call

Approval of Previous Month's Minutes

CEO's Report to the Board

Authority Matters

Office of Economic Transformation

Incentive Programs

Bond Projects

Loans/Grants/Guarantees

Office of Recovery

Board Memorandums

Executive Session

Public Comment

Adjournment

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

July 16, 2019

MINUTES OF THE MEETING

Members of the Authority present: Chairman Kevin Quinn, State Treasurer Elizabeth Muoio; Commissioner Marlene Caride of the Department of Banking and Insurance; Commissioner Robert Asaro - Angelo of Department of Labor and Workforce Development; Dan Ryan representing Commissioner Catherine McCabe of the Department of Environmental Protection, Public Members: Charles Sarlo, Vice Chairman; Fred Dumont, and Louis Goetting.

Members present via conference call: Public Members, William Layton, Thomas Scrivo, and John Lutz, Third Alternate Public Member.

Absent: Public Members Philip Alagia, and Massiel Medina Ferrara.

Also present: Timothy Sullivan, Chief Executive Officer of the Authority; Deputy Attorney General Ryan Brown; Adam Sternbach, Governor's Authorities' Unit; and staff.

Mr. Quinn called the meeting to order at 10:00 am.

Pursuant to the Internal Revenue Code of 1986, Mr. Sullivan announced that this was a public hearing and comments are invited on any Private Activity bond projects presented today.

In accordance with the Open Public Meetings Act, Mr. Sullivan announced that notice of this meeting has been sent to the *Star Ledger* and the *Trenton Times* at least 48 hours prior to the meeting, and that a meeting notice has been duly posted on the Secretary of State's bulletin board

MINUTES OF AUTHORITY MEETING

The next item of business was the approval of the June 11, 2019 meeting minutes. A motion was made to approve the minutes by Mr. Ryan, and seconded by Mr. Goetting, and was approved by the 7 voting members present.

State Treasurer Elizabeth Muoio abstained because she did not attend the meeting.

Chairman Quinn congratulated Executive Assistant Margaret Maurio on her upcoming retirement, after 31 years at the EDA.

FOR INFORMATION ONLY: The next item was the presentation of the Chief Executive Officer's Monthly Report to the Board.

Commissioner Marlene Caride entered the meeting at this time.

Commissioner Robert Asaro - Angelo entered the meeting at this time.

Mr. Layton joined the meeting via conference call at this time.

BOARD PRESENTATION

Update on Office of Economic Transformation.

AUTHORITY MATTERS

ITEM: Community Development Financial Institutions (CDFI) Initiative

REQUEST: Approve the creation of two pilot programs, utilization of NJEDA Economic Recovery Fund (ERF) funds, delegation to Authority staff to accept and approve applications.

MOTION TO APPROVE: Mr. Dumont **SECOND:** State Treasurer Muoio **AYES: 11**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

ITEM: NJ Golden Seeds Chapter

REQUEST: Approve the organization and formation of the New Jersey Golden Seeds chapter

MOTION TO APPROVE: Commissioner Caride **SECOND:** State Treasurer Muoio **AYES: 11**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

ITEM: Opportunity Zone Challenge Program

REQUEST: Approve the creation of the Opportunity Zone Challenge Program and utilization of NJEDA Economic Recovery Fund (ERF) funds.

MOTION TO APPROVE: Commissioner Angelo **SECOND:** State Treasurer Muoio **AYES: 11**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

INCENTIVE PROGRAMS

Legacy Grow New Jersey Assistance Program - Modifications

ITEM: Express Scripts Pharmacy, Inc., Accredo Health Group, Inc.

APPL.#38382

THIS ITEM WAS WITHHELD FROM CONSIDERATION

NJ Film and Digital Media Tax Credit Program

ITEM: To approve the following NJ Film and Digital Media Tax Credit Projects for allocations in Fiscal Year 2020:

MOTION TO APPROVE: Mr. Scrivo **SECOND:** Mr. Ryan **AYES: 11**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

PROJECT: Viacom International, Inc.

APPL.#45507

MAX AMOUNT OF TAX CREDITS: \$583,857

BOND PROJECTS

Amended Resolution

ITEM: NJEDA State Pension Funding

REQUEST: Approve the adoption of the Second Supplemental State Pension Funding Bond Resolution authorizing the de-listing of the Series 1997 A and B Bonds from the Luxembourg Stock Exchange and the execution and delivery of any documents in connection therewith.

MOTION TO APPROVE: Commissioner Caride **SECOND:** State Treasurer Muoio **AYES: 11**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

Bond Modifications

ITEM: The Gill St. Bernard's School

APPL.#40208 & 40211

REQUEST: Consent to extend the maturity, extend the direct purchase period, alter the interest rate calculation and alter the taxable interest rate.

MOTION TO APPROVE: Mr. Goetting **SECOND:** Commissioner Caride **AYES: 11**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

PUBLIC HEARING: Yes

PUBLIC COMMENT: None

ITEM: Oaks Integrated Care, Inc.

APPL.#25363 & 25802

REQUEST: Consent to new maturity date, convert to a fixed interest rate, alter the payment schedule and remove the call option.

MOTION TO APPROVE: Mr. Ryan **SECOND:** Mr. Layton **AYES: 11**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

PUBLIC HEARING: Yes

PUBLIC COMMENT: None

ITEM: New Jersey Natural Gas Company

APPL.#36797

REQUEST: Consent to change the interest rate modes, extend maturities of the bonds and modify certain covenants.

MOTION TO APPROVE: Mr. Dumont **SECOND:** Commissioner Caride **AYES: 11**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

PUBLIC HEARING: Yes

PUBLIC COMMENT: None

LOANS/GRANTS/GUARANTEES

Petroleum Underground Storage Tank (PUST)

ITEM: Summary of NJDEP Petroleum UST Remediation, Upgrade & Closure Fund Program projects approved by the Department of Environmental Protection.

MOTION TO APPROVE: Commissioner Angelo **SECOND:** Commissioner Caride **AYES: 11**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

PROJECT: John Reilly

APPL.#45597

LOCATION: Edison Township, Middlesex County

PROCEEDS FOR: Remediation

FINANCING: \$98,924

REAL ESTATE

ITEM: Higher Education PPP – New Jersey City University - West Campus

REQUEST: Approve the amended application for phase 2 of the NJCU and KKF University Enterprises LLC mixed-used development project

MOTION TO APPROVE: Mr. Dumont **SECOND:** Commissioner Caride **AYES: 10**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 10

Mr. Goetting recused himself because New Jersey City University is a client.

BOARD MEMORANDUMS

FOR INFORMATION ONLY: Credit Underwriting projects Approved Under Delegated Authority

Direct Loan Program:

PROJECT: Chestnut St. Realty LLC APPL.# 45774
LOCATION: Norwood Brough, Bergen County
PROCEEDS FOR: Refinance existing debt
FINANCING: \$1,000,000 direct loan in conjunction with a \$1,800,000 loan from Citizens Bank

Premier Lender Program:

PROJECT: 225 Liberty Street LLC APPL.#45743
LOCATION: Metuchen Borough, Middlesex County
PROCEEDS FOR: Property Acquisition
FINANCING: \$2,835,750 OceanFirst Bank loan with a \$1,044,750 EDA participation

PROJECT: 465 Industrial way West Owner, LLC APPL.#45747
LOCATION: Eatontown Borough, Monmouth County
PROCEEDS FOR: Property Acquisition
FINANCING: \$4,560,000 Provident Bank loan with a \$720,000 EDA participation

PROJECT: Federation Realty, LLC APPL.#45775
LOCATION: South Brunswick Township, Middlesex County
PROCEEDS FOR: Property Acquisition and Debt Consolidation
FINANCING: \$8,330,000 OceanFirst Bank loan with \$1,000,000 EDA participation

Small Business Fund Program:

PROJECT: 332 Haddon LLC APPL.#45773
LOCATION: Haddon Township, Camden County
PROCEEDS FOR: Property Acquisition
FINANCING: \$499,500 Fulton Bank loan with a \$200,000 EDA participation

PROJECT: Highstep Properties, LLC APPL.#45725
LOCATION: Fairfield Borough, Essex County
PROCEEDS FOR: Property Acquisition
FINANCING: \$73,8000 EDA direct loan

PROJECT: Kamela Kator APPL.#45733
LOCATION: Vineland City, Cumberland County
PROCEEDS FOR: Property Acquisition and Debt Consolidation
FINANCING: \$180,000 direct loan in conjunction with a \$630,000 loan from BB&T Bank

PROJECT: Property Partner Managers, LLC APPL.#45729
LOCATION: Westfield Town, Union County
PROCEEDS FOR: Property Acquisition and Debt Consolidation
FINANCING: \$612,750 Fulton Bank loan with a \$193,000 EDA participation

Small Business Fund Program – Modification:

PROJECT: Kamela Kator APPL.#45733
LOCATION: Vineland City, Cumberland County
REQUEST: Loan to Value Change

FOR INFORMATION ONLY: Real Estate Delegated Authority for Leases and Right of Entry/Licenses- 2nd Quarter 2019 approvals

FOR INFORMATION ONLY: Petroleum Underground Storage Tank Program Delegated Authority- 2nd Quarter 2019 approvals

FOR INFORMATION ONLY: Hazardous Discharge Site Delegated Authority- 2nd Quarter 2019 approvals

PUBLIC COMMENT

Several members of the public addressed the board, or submitted statements regarding tax incentive awards to large corporations. The statements are attached.

Frederick P. Potter, VP, and Port Division Director, Teamsters, Local 469, Hazlet, NJ
Jesus Maldonado, Driver, NFI/Cal Cartage Express, Southern California
Jose Garcia, NFI/Cal Cartage Express, Southern California
Brandon Castro, Work environment Council of NJ, Robbinsville, NJ
Angela Bialorucki, Workers United - SEIU, Paterson, NJ
Kevin Brown, VP, and NJ District Director – 32BJ SEIU, New Jersey
Sue Altman, New Jersey Work First
Issaac Intang, Royal Eagle Financial Services

EXECUTIVE SESSION

The next item was to adjourn the public session of the meeting and enter into Executive Session to discuss a potential real estate transaction where disclosure could adversely affect the public interest and to receive attorney-client advice regarding ongoing legal inquiries. The minutes will be made public when the need for confidentiality no longer exists.

MOTION TO APPROVE: Mr. Quinn **SECOND:** Mr. Dumont **AYES: 11**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

The Board returned to Public Session.

REAL ESTATE


The next item was to approve a real estate transaction.

MOTION TO APPROVE: Mr. Quinn **SECOND:** Mr. Dumont **AYES: 11**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

There being no further business, on a motion by Mr. Dumont, and seconded by Mr. Goetting, the meeting was adjourned at 12:42pm.

Certification: The foregoing and attachments represent a true and complete summary of the actions taken by the New Jersey Economic Development Authority at its meeting.


Patience Purdy, Program Manager
Marketing & Stakeholder Outreach
Assistant Secretary

INTERNATIONAL BROTHERHOOD OF TEAMSTERS

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June 13, 2019

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Frederick J. Cole
Senior Vice President – Operations, Ethics Liaison Officer
New Jersey Economic Development Authority
36 West State Street, Box 990
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Re: Formal Request for the Criminal Prosecution and Administrative Sanction of NFI, LP

Dear Attorney General Grewal and Mr. Cole,

We write to encourage your offices to investigate, prosecute, and sanction NFI, LP, in connection with material misrepresentations to the Economic Development Authority (“EDA”) in its application for nearly eighty million dollars in state benefits through the Grow New Jersey tax incentive program.¹ Please accept this correspondence as a formal request that (i) the Office of the Attorney General investigate and prosecute NFI for the crimes of false swearing and making material misrepresentations in an effort to obtain a government contract, and (ii) the Economic Development Authority investigate and impose administrative penalties on NFI because of its misrepresentations and its history of violating workers’ rights.

NFI lied to obtain benefits from our state, and when NFI lied, it committed a crime. NFI has a criminal history, and willfully concealed its 2005 federal conviction for wire fraud in its application for Grow NJ benefits, despite the fact that the Grow NJ application requires

¹ NJ EDA Project Summary – Grow New Jersey Assistance Program recommendation concerning NFI, LP at 3-4 (obtained via Open Public Records Act request).

disclosure of such a conviction.² NFI also concealed that the company was facing lawsuits alleging violations of laws protecting workers at the time of its Grow NJ application.³

55,000 Teamsters live and pay taxes in New Jersey while working in critical industries including transportation, logistics and public services. New Jersey Teamsters believe that our state's limited resources should not be used to benefit irresponsible, law-breaking employers. NFI has a decades-long history of treating its employees unfairly, as evidenced by a federal court finding that an affiliate⁴ was a willful violator of the Fair Labor Standards Act, and by other administrative findings that the company has refused to pay employees proper overtime compensation and even the statutory minimum wage, and that it violated federal labor laws protecting workers' right to form a union.⁵ In recent years, NFI has been named in lawsuits alleging that it misclassified its employees as contractors, that it avoided paying employment taxes, that it unlawfully denied employees benefits, and that it made improper deductions from employees' wages.⁶ A recent nationwide Department of Labor investigation into NFI's employment practices determined that NFI misclassified dispatchers, and wrongfully denied them overtime wages; in the same year as NFI applied for Grow NJ benefits, the company was forced to pay over \$1 million to more than 300 employees to remedy those violations.⁷

² *USA v. Interactive Logistics, Inc.*, D.N.J. Case No. 05-cr-00872.

³ *Marshall v. National Freight, Inc.*, 1979 U.S. Dist. LEXIS 9989, Lab. Cas. (CCH) P33,839.

⁴ The NFI entities discussed in this memo include affiliates identified by NFI, LP, in its Grow NJ application, as well as other entities within the closely-held company's control group. National Freight, Inc.; NFI Interactive Logistics, LLC; and NFI Industries, Inc. are entities discussed herein that NFI named in its application as affiliates "that are directly or indirectly controlled by the business that will contribute either Full-Time Employees or Capital Investment at the Qualified Business Facility." NJEDA Application for Financial Assistance at 17 (obtained via Open Public Records Act request). The remainder of the entities discussed herein were not named in NFI's application, but fall within the disclosure requirement's definition of "controlled group," because they are "persons having an overt or covert relationship such that any one of them directly or indirectly controls or has the power to control the other." NJEDA Application for Financial Assistance at 15 (obtained via Open Public Records Act request). These entities are Interactive Logistics, Inc., d/b/a NFI Interactive Logistics, Inc.; CMI Transportation LLC; K&R Transportation California LLC; and Cal Cartage Transportation Express LLC. See Section B and footnotes 19 and 56, *infra*, for detailed explanations of these relationships. Unless otherwise specified, we refer to all these entities collectively as "NFI."

⁵ *NFI Interactive Logistics, LLC*, NLRB Case No. 25-CA-031011, 2010 NLRB LEXIS 345 (NLRB September 10, 2010).

⁶ *Marsh v. NFI Interactive Logistics LLC*, N.D. Tx. Case No. 3:16-cv-02799; *Portillo et al. v. Nat'l Freight, Inc. & NFI Interactive Logistics, Inc.*, D.N.J. Case No. 15-cv-07908; *California v. CMI Transp. LLC, et al.*, California Superior Court Case BC689321; *California v. K&R Transp. California LLC, et al.*, California Superior Court Case BC689322; *California v. Cal Cartage Transp. Express LLC, et al.*, California Superior Court Case BC689320.

⁷ DOL Wage & Hour Div. Case IDs 1690496, 1775692, 1775694, 1775696, 1775699, 1775701, 1775703 1775707, 1812719; also see *National Freight to Pay More than \$1M in Back Wages to 357 Workers After U.S. Labor Department Investigation*, Release No. 16-0754, available at <https://www.dol.gov/newsroom/releases/whd/whd20160825-0> (Aug. 25, 2016).

NFI's lie about its past criminal and alleged civil wrongs was, itself, a criminal act, because it propounded its lie in a certified document submitted to the state in its effort to obtain public funding. NFI should be prosecuted and barred from receiving any financial assistance from the state, including the nearly eighty million dollars it currently stands to gain through the Grow NJ program.

A. Background

New Jersey has long recognized that "it is essential that all persons supplying goods or services to the State of New Jersey must meet a standard of responsibility which assures the State and its citizens that such persons will both compete and perform honestly in their dealings with the State..."⁸ The Economic Development Authority ("EDA"), created to foster employment in the state, implemented regulations that are consistent with this imperative.⁹ Specifically, EDA regulations provide that the authority should decline to give financial assistance to any applicant that has violated, among other things, criminal laws connected with the performance of a public or private contract; laws governing hours of labor, minimum wage standards, prevailing wage standards, and discrimination in wages; laws governing the conduct of occupations or professions of regulated industries; and indeed "any law which may bear upon a lack of responsibility or moral integrity."¹⁰

When the EDA developed the Grow NJ program, it enforced these regulations by requiring applicants for assistance to certify that they had not been found responsible for the violations enumerated in the EDA's regulations in a legal proceeding in a judicial or administrative tribunal. The EDA's application form expressly warns applicants that a false certification will subject them not only to civil action by the EDA, which could "at its option terminate its financial assistance," but to criminal prosecution.¹¹ NFI did not heed this warning.

B. NFI's Application for Grow NJ Benefits

NFI, LP, submitted its Grow NJ application on October 24, 2016. It claimed that in exchange for the receipt of a Grow NJ tax credit, it and a number of its related companies would continue to employ 670 of their employees in New Jersey rather than moving the employees' jobs to Philadelphia.¹² As required by the application, NFI submitted an "affiliates chart" identifying each of these related companies that were affiliates, defined as "an entity that directly or indirectly controls, is under common control with, or is controlled by the business" either directly or indirectly, and which would "contribute either Full-Time Employees or Capital

⁸ Executive Order # 34, Brendan Byrne, March 17, 1976 (quoted in *N.J. Sch. Const. Corp. v. Technica, Inc., et al.*, 2006 N.J. AGEN LEXIS 756, *13-21).

⁹ N.J. Stat. § 34:1B-2.

¹⁰ N.J.A.C. 19:30-2.2.

¹¹ NJEDA Application for Financial Assistance at 16 (obtained via Open Public Records Act request).

¹² NJEDA Application for Financial Assistance at 10-11 (obtained via Open Public Records Act request).

Investment at the Qualified Business Facility.”¹³ The companies NFI identified as affiliates include NFI Industries, Inc.; National Freight, Inc., and NFI Interactive Logistics, LLC.¹⁴

Using a slightly different definition of affiliate—“persons having an overt or covert relationship such that any one of them directly or indirectly controls or has the power to control another”—the Grow NJ application also required NFI to disclose any pending or resolved litigation involving an affiliate that might disqualify NFI from state assistance.¹⁵ Based on our research, which is outlined below, it is our opinion that this definition of affiliate obligated NFI to disclose the criminal and civil litigation history of its affiliate Interactive Logistics, Inc., even though NFI did not identify that company on its affiliates chart. Interactive Logistics, Inc., is registered to do business in New Jersey as NFI Interactive Logistics, Inc.¹⁶ According to the company’s own federal court filings, NFI Interactive Logistics, Inc., does business as both NFI Interactive Logistics, LLC, and as National Freight, Inc.¹⁷ The two latter entities are named as affiliates in the Grow NJ application.¹⁸ We believe that NFI Interactive Logistics, Inc., is an affiliate of those entities within the Grow NJ definition, both because it does business under their names, meaning it has the power to bind them contractually and legally, and because the companies have replaced each other as parties to litigation without the necessity of formal impleading.¹⁹

¹³ NJEDA Application for Financial Assistance at 17-18 (obtained via Open Public Records Act request).

¹⁴ NFI Operating Companies Structure – Grow NJ application of NFI, LP (obtained via Open Public Records Act request).

¹⁵ NJEDA Application for Financial Assistance at 15 (obtained via Open Public Records Act request).

¹⁶ N.J. Dept. of State Division of Commercial Recording Application for Certificate of Authority of Interactive Logistics, Inc., filed Apr. 28, 2000, at 2 (corporate resolution adopting NFI Interactive Logistics, Inc., as an alternate name; obtained via Open Public Records Act request); *also see USA v. Interactive Logistics, Inc.* D.N.J. Case No. 05-cr-00872, Dkt. No. 1 (Compl. ¶ 1(a)).

¹⁷ *See Interactive Logistics, Inc. v. Markel Ins. Co.*, D.N.J. Case No. 08-cv-1834, Dkt. No. 1 (Compl. at ¶ 6); *Brime v. Eckenrode & Interactive Logistics, Inc.*, E.D. Va. Case No. 08-cv-0095, Dkt. No. 1 (Notice of Removal at 2); *Fitzgerald v. Interactive Logistics, Inc. d/b/a Nat’l Freight, Inc. or NFI Interactive*, U.S. D.O.L. Case No. 2001-STA-00052, available at [http://www.oalj.dol.gov/DECISIONS/ALJ/STA/2001/fitzgerald stephen w v national freight and 2001sta00052 \(nov 13 2002\) 114148 cadec sd.PDF#](http://www.oalj.dol.gov/DECISIONS/ALJ/STA/2001/fitzgerald%20stephen%20w%20v%20national%20freight%20and%202001sta00052%20(nov%2013%202002)%20114148%20cadec%20sd.PDF#).

¹⁸ NFI Operating Companies Structure – Grow NJ application of NFI, LP (obtained via Open Public Records Act request).

¹⁹ In *Interactive Logistics, Inc. v. Markel*, the NFI plaintiff sued to enforce an insurance policy. The complaint recites that it is being brought by “Plaintiff Interactive Logistics, Inc. d/b/a and a/k/a NFI Interactive Logistics, Inc., LLC” D. N.J. 08-cv-1834, Dkt. No. 1 (Compl. preamble). The abbreviation “d/b/a” is commonly understood to stand for “doing business as” while the abbreviation “a/k/a” is commonly understood to stand for “also known as”. In short, in New Jersey, Interactive Logistics, Inc. is “also know as” “NFI Interactive Logistics, LLC”. The complaint in *Markel* goes on to recite that the insurance policy at issue in the case insured “Interactive Logistics, Inc. d/b/a Interactive Logistics and NFI Interactive Logistics, LLC.” D.N.J. 08-cv-1834, Dkt. No. 1 (Compl. at ¶ 6). In *Brime v. Eckenrode*, defendant “Interactive Logistics, Inc. t/a National Freight, Inc.,” removed a personal injury suit against it and co-

In its application, NFI ignored its relationship to Interactive Logistics, Inc., and flatly denied that it or any affiliates as defined above were involved in or had been found responsible for any relevant litigation. Sidney Brown, NFI's CEO, certified on behalf of NFI that all information contained within the company's Grow NJ application was true. Brown specifically

certified] under penalty of law that the representations contained herein [the application] are accurate; that I am familiar with the information submitted in this document, including all attachments, and have personally exercised an appropriate degree of due diligence to reasonable ensure that the information contained in this document, and all attachments are true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment. I understand that, in addition to criminal penalties, I may be liable for civil administrative penalties and that submitting false information or submitting materially inaccurate information may be grounds for denial, revocation or termination of any award of tax credits for which I may be seeking approval ...²⁰

Based on the facts outlined above, in our opinion, Brown's certification bound NFI to two false claims: first, that neither NFI nor its affiliates had violated criminal laws governing contract performance, and second, that neither NFI nor its affiliates were party to pending legal proceedings alleging that they had violated laws governing hours of labor and minimum wage standards. As discussed below, these statements were false; Interactive Logistics, Inc., has a criminal history in connection with the performance of a contract, and at the time of the Grow NJ application, National Freight, Interactive Logistics, Inc., and NFI Interactive Logistics, LLC, were all parties to litigation alleging violations of laws governing hours of labor and minimum wage standards.

Five months after NFI submitted its Grow NJ application, the EDA awarded it a \$79,377,980 tax credit, intended to abate the company's tax bills over the course of ten years.²¹

defendant Eckenrode. *Brime v. Eckenrode & Interactive Logistics, Inc.*, E.D. Va. Case No. 08-cv-0095, Dkt. No. 1 (Notice of Removal at 2). The court subsequently entered an "Order Substituting Name of Corporate Defendant," after counsel for plaintiff and for defendant Interactive Logistics, Inc., agreed that NFI Interactive Logistics LLC was the correct corporate defendant that employed Eckenrode, the NFI driver defendant. Significantly, the parties agreed that NFI Interactive Logistics, LLC, did not need to be served, and that all pleadings filed by Interactive Logistics, Inc., would be deemed filed by NFI Interactive Logistics, LLC. *Brime*, E.D. Va. Case No. 08-cv-0095, Dkt. No. 7 (Order Substituting Name of Corporate Defendant at 1).

²⁰ CEO Certification – GROW NJ certification of applicant NFI, LP (obtained via Open Public Records Act request).

²¹ NJ EDA Approved GrowNJ Projects Under NJ Economic Opportunity Act at 22, available at https://www.njeda.com/pdfs/reports/Approved_GrowNJ_EOA.aspx. Like all Grow NJ beneficiaries, NFI can now sell its credit at no less than 75% of its face value; the EDA's award vested NFI with a marketable security valued at approximately \$60,000,000 or more. N.J. Stat. § 34:1B-248.

Like all Grow NJ beneficiaries, NFI can now sell its credit at no less than 75% of its face value; the EDA's award vested NFI with a marketable security valued at more than \$59,000,000.²²

1. NFI Failed to Disclose its Prior Conviction for Three Counts of Wire Fraud

In 2005, an NFI affiliate, Interactive Logistics, Inc., pled guilty to three counts of wire fraud after it defrauded Anheuser-Busch, a client, of approximately \$225,000.²³ NFI and Anheuser-Busch had entered a contract wherein the parties would share certain revenue according to a specific schedule. Rather than honor that agreement, NFI "knowingly and willfully transmitted fraudulent invoices... that falsely understated the amounts owed" to Anheuser-Busch.²⁴ NFI's scheme was elaborate, directed by senior executives, and involved two sets of books and the submission of falsified invoices to its client on a weekly basis.²⁵ After being charged with three counts of wire fraud, each of the three NFI principals—Sidney, Jeffrey, and Irwin Brown, who are still the company's only shareholders—authorized pleading guilty to all counts.²⁶ NFI agreed to pay full restitution to Anheuser-Busch, in addition to a court-imposed fine of \$850,000.

NFI's guilty plea means that the company's sworn statements that "no... [NFI, LP, its officers, directors or affiliates have not been found guilty, liable or responsible in any Legal Proceeding for the commission of a criminal offense in the performance of a public or private contract]," and "no... [NFI, LP, its officers, directors or affiliates have not been found in violation of criminal laws involving commission of any felony or indictable offense under State, Federal or foreign law]" are demonstrably false.²⁷ NFI's plea, by its terms, constituted a "finding" of guilt; because the NFI affiliate defendant was within a "Controlled Group" of NFI-related companies, the Grow NJ application compelled disclosure of the litigation and NFI's certified disavowal of its criminal history was, itself, a criminal act.

²² N.J. Stat. § 34:1B-248.

²³ *USA v. Interactive Logistics, Inc.*, D.N.J. Case No. 05-cr-00872.

²⁴ *Id.*, Dkt. No. 1 (Compl. ¶ 7).

²⁵ *Id.*, Dkt. No. 1 (Compl. ¶¶ 10-14).

²⁶ *Id.*, Dkt. No. 2 (Unanimous Action by the Shareholders & Directors of Interactive Logistics, Inc., d/b/a NFI Interactive Logistics, Inc.). As is characteristic of NFI-related companies, the three directors of Interactive Logistics, Inc., are also the three directors of Grow NJ applicant NFI, LP. NJEDA Application for Financial Assistance at 1 (obtained via Open Public Records Act request). Sidney Brown, CEO of both NFI, LP, and NFI Interactive Logistics, Inc., signed NFI Interactive Logistics, Inc.'s guilty plea and then, later, executed the certification on behalf of NFI, LP, vowing that none of the company's affiliates had a criminal history. See N.J. Dept. of State Division of Commercial Recording Application for Certificate of Authority of Interactive Logistics, Inc., filed Apr. 28, 2000, at 1 (identifying Sidney Brown as CEO; obtained via Open Public Records Act request).

²⁷ NJEDA Application for Financial Assistance at 13-15 (obtained via Open Public Records Act request).

2. NFI Failed to Disclose Pending Legal Proceedings Alleging Violations of Wage and Hour Laws

NFI also made the willfully false statement that “No...[NFI, LP, its officers, directors or affiliates are not a party to pending Legal Proceedings alleging the violation of any laws governing hours of labor, minimum wage standards, or discrimination in wages.]”²⁸ In fact, at the time of the EDA application, three NFI affiliates within the application’s definition of “Controlled Group” were defendants in two pending legal proceedings alleging violations of laws governing hours of labor and minimum wage standards.

In the first case, *Portillo v. NFI*, a group of eight truck drivers who made deliveries to Trader Joe’s stores for NFI alleged that they and more than fifty of their colleagues were not paid at all for certain time they worked.²⁹ The drivers were forced to purchase their own trucks and “lease” them without compensation to NFI, which prohibited them from working for any other company. The drivers alleged that NFI did not fairly reimburse them for their fuel costs, made the drivers pay for their own workers compensation insurance, and even refused to pay them for all of the miles they drove, violating its contracts with the drivers and unjustly enriching itself at the drivers’ expense.³⁰ NFI attempted to dismiss the *Portillo* plaintiffs’ complaint but the Federal District Court for the District of New Jersey denied NFI’s motion less than a month before the company filed its Grow NJ application.³¹ *Portillo* is still in active litigation today, and the class of affected drivers has grown to more than 100.³²

The second case, *Marsh v. NFI*, is also a class action, and alleged violations of laws governing hours of work and minimum wage standards.³³ The *Marsh* plaintiffs are logistics coordinators and similarly-situated employees who claimed that NFI had a policy of wrongly classifying the coordinators as exempt from overtime. Even though the coordinators routinely worked over 40 hours per week, they alleged they were consistently denied any pay for hours they worked in excess of 40. The *Marsh* plaintiffs alleged that NFI’s violation of the federal Fair Labor Standards Act was willful, and that NFI “deliberately trained, supervised, instructed, and authorized its managerial employees” to violate the law “in order to enhance profits and reduce its labor costs.”³⁴

²⁸ NJEDA Application for Financial Assistance at 14-15 (obtained via Open Public Records Act request).

²⁹ *Portillo et al. v. Nat’l Freight, Inc. & NFI Interactive Logistics, Inc.*, D.N.J. Case No. 15-cv-07908.

³⁰ *Portillo*, Dkt. No. 1-3 (Compl. ¶¶ 20, 22, 25, 26, 28, 39); also see Dkt. No. 102 (Amd. Compl.).

³¹ *Id.*, Dkt. Nos. 48, 49 (Opinion & Order).

³² *Id.*, Dkt. No. 102 (Amd. Compl. ¶ 39).

³³ *Marsh v. NFI Interactive Logistics LLC*, N.D. Tx. Case No. 3:16-cv-02799.

³⁴ *Id.*, Dkt. No. 1 (Compl. ¶¶ 13, 15, 18-20).

Marsh was filed shortly before NFI submitted its Grow NJ application, and the company expressly admitted in a court filing that it had knowledge of the case by October 3, 2016, three weeks before the company submitted the application.³⁵ *Marsh* was not resolved until 2018, when NFI settled with the plaintiffs on undisclosed terms.³⁶

Both *Portillo* and *Marsh* are “legal proceedings” within the Grow NJ application’s definition thereof. Both cases were also “pending” at the time NFI submitted its application, and both cases allege the violation of laws governing hours of labor. NFI’s knowledge of both the *Portillo* and *Marsh* cases at the time it applied for Grow NJ benefits is uncontestable, and when NFI disavowed involvement in any pending wage litigation it did so knowing that its sworn disavowal was false.³⁷

3. New Jersey Statute Criminalizes NFI’s False Statements

New Jersey criminalizes making a false certification to a state authority like the EDA,³⁸ and making a knowing “material representation that is false in connection with the negotiation, award or performance of a government contract,”³⁹ including the incentive agreements into which the EDA enters with all recipients of Grow NJ financial assistance.⁴⁰ Because NFI stands

³⁵ *Id.*, Dkt. No. 6 (Stipulation Regarding Defendant’s Answer Date ¶ 1).

³⁶ *Id.*, Dkt. No. 28 (Status Report & Notice of Settlement).

³⁷ NFI compounded its falsehood in a document it titled “Supplement to Additional Background Questions,” which concerned legal proceedings. GROW NJ application of NFI, LP (obtained via Open Public Records Act request). In the “supplement,” NFI admitted that it “has been a party to employment-related litigation in the ordinary course of its business. Such litigation has involved, among other claims, allegations of discrimination and harassment,” but claimed that “[n]o member of the Controlled Group has been found guilty, liable, or responsible for any such claims.” NFI ignored the application’s instruction to disclose pending litigation, however, and made no mention at all of the criminal history of members of the Controlled Group.

Moreover, by claiming in its “supplement” that no NFI affiliate had been found responsible for “employment-related” violations or discrimination, NFI ignored a 1979 federal judgment that found that NFI liable for willfully violating the Fair Labor Standards Act and falsely represented a 2010 administrative finding that it discriminated against an employee for his union support in violation of the National Labor Relations Act. *See Marshall v. National Freight, Inc.*, 1979 U.S. Dist. LEXIS 9989, Lab. Cas. (CCH) P33,839; *NFI Interactive Logistics, LLC*, NLRB Case No. 25-CA-031011, 2010 NLRB LEXIS 345 (NLRB September 10, 2010). These findings of liability are discussed further in Section C, *infra*.

³⁸ N.J. Stat. § 2C:28-2(a) (“false swearing”). Sidney Brown, the NFI CEO who executed the Grow NJ certification disavowing any criminal history, also signed the company’s guilty plea, and may bear individual criminal liability. N.J. Stat. §§ 2C:2-7(d); 2C:28-2(a).

³⁹ N.J. Stat. § 2C:21-34(b).

⁴⁰ Recently, the state superior court held that “government contracts” within the meaning of that statute should be construed broadly, and not “limited to those providing for the procurement of goods and services from vendors.” *State v. Bernardi*, 456 N.J. Super. 176, 190, 192 A.3d 1040, 1047-1048, 2018 N.J. Super. LEXIS 123, *14, 2018 WL 4084216. In *Bernardi*, the “contract” at issue was an administrative consent order in which a corporation agreed to remediate a landfill. The incentive agreement into which NFI and the EDA will enter sets forth the same

to gain \$79,377,980 in tax credits from the Grow NJ program,⁴¹ its false statements to the EDA constitute a crime of the second degree, which is punishable by a term of imprisonment between five and ten years, payment of restitution to the state, and, because NFI is a corporate defendant, a fine of \$450,000, triple the amount that can be assessed to an individual convicted of such a crime.⁴²

C. NFI's History of Violating Workers' Rights Should Bar it from Receiving State Financial Assistance

The regulations governing the EDA are intended to prevent the authority from providing financial assistance to irresponsible employers like NFI. NFI's criminally false statements warrant prosecution, and those statements along with the company's history of violating workers' rights should also bar it from receiving financial assistance from the EDA.

The EDA is empowered to look beyond NFI's false statements and find that disqualification from public financial assistance is warranted for the violation of laws governing hours of labor, minimum wage standards," laws governing the "conduct of occupations or professions of regulated industries" like trucking, laws "which may bear upon a lack of responsibility or moral integrity," and "[a]ny other cause of such serious and compelling nature... to warrant disqualification for assistance...."⁴³

Even if NFI had not lied on its Grow NJ application, as detailed above, the company's history should compel disqualification under the EDA's standards. The federal Department of Labor has, since 2003, cited NFI for hundreds of violations of the Fair Labor Standards Act, which governs hours of labor and minimum wage standards. The DOL found that at NFI locations around the country, the company unlawfully paid dispatchers flat salaries, regardless of the number of hours they worked, even though the dispatchers were entitled to overtime, and that, despite paying "yard spotters" by the hour, NFI unlawfully denied the spotters overtime wages.⁴⁴ Just months before NFI submitted its Grow NJ application, the DOL issued a press

type of mutual obligations as a consent agreement. See N.J. Stat. § 34:1B-245 for the elements of the incentive agreement.

⁴¹ NJ EDA Project Summary – Grow New Jersey Assistance Program recommendation concerning NFI, LP, at 3-4 (obtained via Open Public Records Act request).

⁴² N.J. Stat. §§ 2C:43-4, 2C:44-2.

⁴³ N.J.A.C. 19:30-2.2.

⁴⁴ See, *inter alia*, DOL Wage & Hour Div. Case IDs 1690496, 1775692, 1775694, 1775696, 1775699, 1775701, 1775703 1775707, and 1812719.

release announcing that the company was required to pay \$1,072,061 to 357 employees to remedy its numerous violations of the law.⁴⁵

These recent violations, in addition to independently violating the FLSA, were identical to violations of which NFI was found liable in 1979 and violated a standing court order.⁴⁶ In *Marshall v. National Freight, Inc.*, a federal court placed a permanent injunction on the NFI affiliate defendant, prohibiting it from permitting dispatchers to work more than 40 hours without overtime compensation, ordering it to pay the dispatchers \$650,000 it had wrongfully withheld from them, and finding that “an order enjoining defendant against violations at any of its locations throughout the United States is . . . necessary,” because NFI “willfully violated the Act as to more than one group of employees in the past. And it instructed supervisory personnel to put incorrect entries in the records of hours worked.”⁴⁷ Despite the federal injunction, NFI either persisted in or resumed its misclassification of dispatchers; more than 200 of the overtime violations in the 2016 DOL investigation were the result of NFI denying dispatchers their rightful overtime wages.⁴⁸

Because NFI is a transportation and logistics company, it must comply with laws governing “occupations of regulated industries,” as referenced in the EDA’s regulations. Instead, NFI has repeatedly violated such laws, specifically those applicable to trucking.⁴⁹ In the year preceding NFI’s Grow NJ application, the company was cited for more than a hundred violations by the Federal Motor Carrier Safety Administration (“FMCSA”), the agency tasked with preventing commercial motor vehicle-related fatalities and injuries. During that year alone, NFI breached driving safety standards, including the prohibition on drivers using mobile phones while driving, and NFI trucks frequently violated state and local speed limit laws. NFI also violated hours-of-service standards, which are intended to limit the operation of commercial vehicles by drivers who are sick or tired.⁵⁰

⁴⁵ *National Freight to Pay More than \$1M in Back Wages to 357 Workers After U.S. Labor Department Investigation*, Release No. 16-0754, available at <https://www.dol.gov/newsroom/releases/whd/whd20160825-0> (Aug. 25, 2016).

⁴⁶ *Marshall v. National Freight, Inc.*, 1979 U.S. Dist. LEXIS 9989, Lab. Cas. (CCH) P33,839.

⁴⁷ *Id.* at *37.

⁴⁸ DOL Wage & Hour Div. Case IDs 1775692, 1775707, and 1812719.

If NFI omitted mention of *Marshall* knowingly and answered “No... [NFI, LP, its officers, directors or affiliates have not been found guilty, liable or responsible in any legal proceeding for the violation of any laws governing hours of labor, [or] minimum wage standards],” it again perpetrated the crimes of false swearing and making false representations in connection with the award of a government contract. See Section C(3), *supra*.

⁴⁹ *State v. Hernandez*, 2010 WL 4028568 (N.J. Super. A.D.), 3 (noting, in a criminal case, that “[i]t is well-settled that commercial trucking is a highly regulated industry”).

⁵⁰ NFI’s history of FMCSA violations was retrieved through the FMCSA archive; available upon request.

NFI has also violated the law in ways that, in our view, bear generally upon its lack of responsibility and moral integrity, particularly in relation to the workers it employs. In two separate 2010 cases, administrative law judges found NFI liable for violating the National Labor Relations Act (“NLRA”), including by maintaining unlawful restrictions on employee speech at approximately 50 NFI facilities nationwide,⁵¹ and by disciplining an employee in retaliation for his union support.⁵² In the latter case, an NFI driver sought to organize a union with his coworkers because he was concerned by ever-worsening conditions at his Indiana warehouse, including NFI’s elimination of a driver bidding procedure and limits on how long drivers could idle their trucks. In response, NFI threatened drivers that unionizing would be futile, and then disciplined the driver who was leading the organizing effort because of his union support.⁵³ The judge ordered NFI to rescind the discipline and to post a notice to all its employees in which it agreed to cease and desist from interfering with employees’ rights under the NLRA.⁵⁴ NFI did not file exceptions to either of the ALJs’ orders, and the NLRB adopted the orders in the absence of exceptions.⁵⁵

NFI has continued to disregard workers’ rights on an even larger scale in the years following its application for Grow NJ benefits. In October 2017, NFI acquired California Cartage Company, a California-based group of trucking companies that have faced multiple court and administrative agency actions for misclassifying truck drivers working at major ports, and for violating the rights of warehouse workers.⁵⁶ Since the acquisition, NFI-owned companies operating in California have been named as defendants in several similar cases. In January 2018, NFI-owned CMI Transportation LLC and related co-defendants were sued by the Los Angeles city attorney for misclassifying more than 200 of their drivers as independent contractors, and thereby perpetuating an illegal “scheme to increase their profits—by unlawfully evading their

⁵¹ *NFI Indus., Inc.*, NLRB Case No. 04-CA-036842, 2010 NLRB LEXIS 9, ALJ Decision at *15-16 (NLRB January 8, 2010).

⁵² *NFI Interactive Logistics, LLC*, NLRB Case No. 25-CA-031011, 2010 NLRB LEXIS 345 (NLRB September 10, 2010).

⁵³ *Id.*, ALJ Decision at *36-37.

⁵⁴ *Id.* at *52-53.

⁵⁵ <https://www.nlr.gov/case/04-CA-036842>; <https://www.nlr.gov/case/25-CA-031011>.

⁵⁶ NFI Industries, Inc., an affiliate named in NFI’s Grow NJ application, now owns CMI Transportation LLC, K&R Transportation California LLC, and Cal Cartage Transportation Express LLC, through its purchase of California Cartage Company. See <https://www.nfiindustries.com/wp-content/uploads/2018/05/Warehousing-in-Southern-California.pdf> and <https://www.portoflosangeles.org/commission/agenda-archive-and-videos/092018-regular-agenda> for a description of the transaction. According to lawsuits filed by the Los Angeles City Attorney, NFI Industries, Inc., formed the three companies “for the sole purpose” of operating the trucking and drayage businesses that it purchased from California Cartage Company. *California v. CMI Transp. LLC, et al.*, Super. Ct. of L.A. Cty Case No. BC689321, Compl. ¶ 8; *California v. K&R Transp. California LLC, et al.*, Super. Ct. of L.A. Cty Case No. BC689322, Compl. ¶ 8; *California v. Cal Cartage Transp. Express LLC, et al.*, Super. Ct. of L.A. Cty Case No. BC689320, Compl. ¶ 8.

obligations to provide benefits, pay relevant taxes, and absorb various operating costs.”⁵⁷ That case remains in active litigation, as do two other California prosecutions of NFI-owned companies based on similar evidence that the NFI-owned companies were violating the labor rights of an additional 200 drivers.⁵⁸

In light of the EDA’s mission to foster employment in New Jersey, and the state’s public policy of contracting with employers who are responsible, the Authority should find NFI’s extensive history of alleged and proven violations of workers’ rights under state and federal laws sufficiently compelling to warrant disqualification.⁵⁹

D. The Office of the Attorney General & the Economic Development Authority Should Take Action Against NFI

We appreciate the efforts of your offices in support of reform and accountability at the EDA, to ensure that our state’s limited resources benefit employers that are honest, responsible, and law abiding. The EDA’s Grow NJ program is expected to deprive New Jersey of billions of dollars in potential tax revenue, and NFI specifically is expected to benefit from a \$79,377,980 tax credit.⁶⁰ The wisdom behind such tax incentives is a policy decision, not a prosecutorial one. It is clear, however, that NFI is far from meeting the “standard of responsibility” to which New Jersey holds firms doing business with our state. New Jersey taxpayers and New Jersey workers deserve employers who will “both compete and perform honestly” in their dealings with the state. NFI’s willful misstatements about its criminal history, and about litigation challenging its fairness as an employer, compel the conclusion not only that NFI is an unworthy recipient of public funds, but that it is a criminal actor defrauding the state.

NFI does not deserve Grow NJ benefits, and its dishonesty in securing those benefits should not go unpunished. Again, please treat this letter as a formal request for investigation, prosecution, and administrative action. Please notify us if we may be of assistance to your offices.

⁵⁷ *CMI Transp. LLC*, Case No. BC689321, Compl. ¶¶ 1, 8.

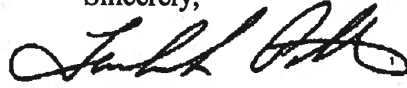
⁵⁸ *See id.*, Notice of Related Cases (referencing *K&R Transp. California LLC*, Case No. BC689322; *Cal Cartage Transp. Express LLC*, Case No. BC689320).

NFI unsuccessfully petitioned to remove all three cases; the Federal District Court for the Central District of California remanded them to state court ten days later. *See California v. CMI Transp. LLC, et al.*, C.D. Ca. Case No. 18-cv-0898; *California v. K&R Transp. California LLC, et al.*, C.D. Ca. Case No. 18-cv-00900; *California v. Cal Cartage Transp. Express LLC, et al.*, C.D. Ca. Case No. 18-cv-00896.

⁵⁹ *See, e.g., N.J. Schools Constr. Corp. v. Technica, Inc., et al.*, N.J. AGEN LEXIS 756, *21-22 (upholding the EDA’s disqualification of an applicant for school construction contracts because the applicant’s nondisclosure of prevailing wage, wage payment, and OSHA violations “amount[ed] to ‘a cause of such serious and compelling nature’ as may warrant the disqualification/ debarment of persons” under EDA regulations).

⁶⁰ NJ EDA Project Summary – Grow New Jersey Assistance Program recommendation concerning NFI, LP, at 3-4 (obtained via Open Public Records Act request).

Sincerely,

A handwritten signature in black ink, appearing to read "Fredrick P. Potter, Jr.", written in a cursive style.

Fredrick P. Potter, Jr.

cc: Kevin A. Quinn, Esq.

Economic Development Authority Incentives Task Force c/o Professor Ronald Chen, Esq.

Jim Walden, Esq.

- I'm Fred Potter.
- I'm a Vice President At-Large with the International Brotherhood of Teamsters and Director of the Teamsters Port Division.
- I'm also the President of Teamsters Local 469 in Hazlet, New Jersey, a New Jersey resident and a taxpayer.
- There are over 55,000 Teamsters who live and pay taxes in New Jersey.
- I'm here on their behalf, and with NFI workers, to call on you to suspend NFI's tax break of nearly \$80 million.
- We have also requested that the state Attorney General investigate and prosecute NFI.
- The reason is simple.
- NFI lied in its application to get state benefits and that is a crime.

- NFI failed to disclose its prior conviction for three counts of wire fraud.
- NFI failed to disclose lawsuits that were pending at the time of its application alleging wage and hour violations.
- This is a company that violates the law and workers' rights.
- NFI doesn't deserve a tax giveaway.
- As you will hear from NFI port drivers who are here today, NFI has been breaking the law for a long time.
- This is a company that has a criminal history, and avoids paying taxes and what it owes its workers.
- Why should this company get millions in tax breaks off the backs of Teamster members and residents of this state?
- The Teamsters Union stands up and advocates for workers in New Jersey and nationwide. We have a 116-year history of standing up for workers.
- NFI has a history of violating workers' rights.

- The company has retaliated against workers who join together to form a union to improve their working conditions.
- There is a class action against the company for not paying drivers for all of the time they worked in states including Rhode Island and Pennsylvania.
- NFI has misclassified hundreds of port workers as independent contractors at the Port of Los Angeles.
- It's an illegal scheme to increase profits and evade responsibility to provide benefits and pay relevant taxes.
- This company has stolen \$27 million in wages from workers in California by misclassifying them as independent contractors.
- NFI's list of bad behavior goes on and on.
- Lawbreaking corporations that steal pay from workers shouldn't be rewarded.

- It sets a bad example and our state deserves better.
- Our state put out a report this week calling misclassification illegal behavior and committing to intensify efforts to stamp out this illegal practice.
- Why is money being given to this company that engages in illegal behavior?
- The recent report by the Governor's Task Force on EDA Incentives specifically mentions NFI's application as "concerning on numerous grounds" including "potential misrepresentations and a potentially fraudulent CEO certification."
- When another corporation with a large GROW NJ award was found to have serious deficiencies in its application, the EDA took decisive action, suspending its tax break while a full investigation could be completed.
- Now is the time for leadership.
- We urge you to take this opportunity to rescind NFI's tax windfall.

NJ EDA Meeting- Worker Talking Points

Jesus Maldonado:

Good day, my name is Jesus Maldonado. I'm here before you today to highlight NFI/Cal Cartage's lawbreaking, because lawbreakers do not deserve \$80 million tax breaks.

I've been a port truck driver at Cal Cartage Express in Southern California for ten years, and NFI/Cal Cartage Express has been exploiting me for all ten of the years I've worked there. I'm misclassified as an "independent contractor" but my day to day experiences say otherwise. Cal Cartage tells me where to go and when. I am not able to work elsewhere on my own. How does that make me "independent"? It doesn't- it makes me a misclassified employee.

So many deductions are taken from my too small wages- tags, diesel, insurance, taxes. When the truck breaks down, and it breaks down often, I am responsible for the repairs. Our trucks are the only tools we have, if they are not in working order, we are not earning wages.

Repair costs can pile up quickly, all the while Cal Cartage Express is still adding up the deductions I mentioned earlier. This is a huge burden for us. In order to cover repair costs, I've had to take out loans, max out credit cards and reach out to others for help. I've fallen into a financial sinkhole with no end in sight. I have no health insurance, no pension or retirement, no safety net. I worry more and more that I will not be able to

retire. This is difficult work and not one that should be met with so much abuse and injustice.

We're not asking for a lot. We're not asking to strike it rich. We're only asking for what's fair. We're asking for a living wage, to be properly classified as employees. We want dignity and respect on the job; and it's not just us- today we have a petition with over a thousand signatures supporting us in this fight. Instead, NFI/Cal Cartage Express keeps benefitting from a broken system that abuses its workforce and gets rewarded by the EDA with \$80 million in tax breaks. Lawbreakers like NFI should not be allowed to do business, let alone get tax breaks. We call on the EDA to take action and to stop rewarding lawbreakers. Thank you.

Jose Garcia:

Good Day, My name is Jose Garcia and I've been a port truck driver at NFI/Cal Cartage Express since 2006. I too have experienced the same abuse, intimidation and misclassification at Cal Cartage Express, like my co-worker Jesus described.

Lawbreaking companies like NFI/Cal Cartage Express take advantage of us by saying we're "independent contractors" but treat us like employees. What we really are is misclassified employees, and companies like NFI/Cal Cartage have been stealing our wages and lining their pockets off our hard work. I'm here to speak out against NFI/Cal Cartage's law breaking and abuse and ask the EDA to stop rewarding this company with nearly \$80 million in tax breaks.

Being a misclassified driver has a lot of negative consequences for us. We cannot negotiate the prices of our loads, we cannot drive for other companies, and we are responsible for what should be the company's operating costs. Most importantly, we are not allowed to form our union and get the benefits and employee protections we deserve. We do not have health care, retirement, or unemployment insurance. A few years ago, I traveled to my home country and became sick. I had to pay medical expenses there, and once I returned home to the United States, I was hospitalized for nine days without health insurance- adding more medical debt. We don't have sick days or leave, so we don't get paid when we get sick and we cannot

work. Like my coworker Jesus mentioned, the deductions- diesel, tags, insurance- keep adding up. It is a major financial struggle and makes it difficult for us to make ends meet.

When we're working we face long wait times at the Port or at the mine we must drive to over 300 miles away- these hours are unpaid even though we are working. Like Jesus and the majority of misclassified truck drivers, I too have had to take on debt in order to get my truck working again after it breaks down. We are struggling and when we try to speak up and fight for change- NFI/Cal Cartage meets us with abuse and intimidation. This is a company that owes us \$27 million dollars in stolen wages. Why is a law breaker being rewarded with an \$80 million tax break? Where is the justice for us workers? I, my coworkers and the thousands that have signed onto a petition regarding this matter, call on the EDA to take action and end these tax breaks for lawbreakers. Thank you.

- My name is Angie Bialorucki. I'm a resident of Paterson and a proud member of the Laundry, Distribution and Food Service Joint Board, Workers United, SEIU.
- My union is a member of Warehouse Workers Stand Up, a coalition of unions, community organizations and advocacy groups that are organizing to raise standards for all warehouse workers in NJ.
- I am here to stand in solidarity with my brothers and sisters in the International Brotherhood of Teamsters and the workers of NFI Industries.
- I join them in calling on the EDA to suspend NFI's \$80 million tax subsidy.
- We should not subsidize companies who break the law and do not respect workers rights.
- And we certainly should not subsidize companies who fail to disclose they are facing claims of labor law violations in order to get our taxpayer money.
- NFI is a prime example of why we must reform the EDA to provide real protections for workers and for taxpayers.
- Just last week it was revealed that a different company failed to disclose information about their labor rights violation on their EDA application.
- GoPuff industries was awarded \$39 million in EDA subsidies in 2018 to open a new distribution center.
- Yet GoPuff failed to disclose in their EDA application that the Federal Department of Labor found they had improperly misclassified delivery drivers in Pennsylvania as independent contractors. As a result GoPuff robbed workers of the legal minimum wage and overtime they were owed.
- It's time to reform the EDA to make sure we only provide taxpayer subsidies to companies who create good jobs and who follow the law.
- Governor Murphy's proposed EDA reforms would go a long way towards accomplishing this goal.
- The EDA can take an important first step towards reform by suspending the \$80 million subsidy to NFI Industries.
- On behalf of Warehouse Workers Stand Up we urge the EDA board to act now.



Testimony of Kevin Brown, 32BJ Vice President and New Jersey
District Director

RE: Suspend EDA Tax Breaks to NFI

July 16, 2019

SERVICE EMPLOYEES
INTERNATIONAL UNION

Thank you for the opportunity to submit testimony to the Economic Development Authority of New Jersey on the importance of rescinding tax breaks to NFI Industries.

I am the Vice President and New Jersey District Director of 32BJ of the Service Employees International Union, the largest property services union in the country. SEIU 32BJ represents 175,000 women and men in 11 East Coast states and Washington, D.C. Here in New Jersey, we represent 13,000 hardworking people.

We as a union have been paying close attention to the accountability scandals of the EDA. The actions of the EDA have not only affected our members but our union sisters and brothers who work for NFI as port truck drivers. Today, I am standing in solidarity with the International Brotherhood of Teamsters Port Division.

The Teamsters have found that the NFI made material misstatements on its application to the EDA, has an affiliate that engaged in fraud and has repeatedly violated worker protection laws. Lawbreaking corporations like NFI that engage in wage theft and mislead the EDA on their application for tax breaks should not be rewarded with tax incentives. I urge the Task Force to take this opportunity to rescind NFI's nearly \$80 million tax break provided by the EDA.

The EDA must act transparently and work in the interest of the people it is charged with serving.



MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan
DATE: August 13, 2019
RE: Monthly Report to the Board

INVESTING IN PEOPLE

As part of our efforts to improve oversight of the administration of programs under the Economic Opportunity Act, we issued a survey in July to gain insight into the impact of the Grow New Jersey (Grow NJ) Program. The voluntary survey is designed to help us understand to what extent specific demographic groups, particularly women and minorities, have benefited from the program, and to what extent the program has incentivized local hiring. The survey was sent to nearly 130 companies approved for tax credits under Grow NJ, which were chosen on the basis of having certified completion of their projects in New Jersey. This certification is a required step that companies must complete in order to be issued the tax credits for which they were approved. While there are no specific hiring requirements stipulated under the rules of the Grow NJ program, the goal of the survey is to gain insight that will help the NJEDA and policymakers determine how to address diversity, inclusion, and local hiring in the next generation of incentives programs.

Creating opportunities will also be the focus of the Jobs and Economic Opportunity Council, created by Governor Murphy in February 2018 under Executive Order 12. I am honored to have been asked by the Governor's Office to co-chair the Council with Secretary of Higher Education Zakiya Smith Ellis. The Council will provide the Governor with economic advice and recommendations for stimulating job growth and workforce development in New Jersey. In addition to the Secretary of Higher Education and EDA CEO, members of the Council include Lieutenant Governor Sheila Oliver, the State Treasurer, Commissioner of Education, Commissioner of Labor, Commissioner of Transportation, Commissioner of Banking and Insurance, and the Director of the John J. Heldrich Center for Workforce Development at Rutgers University. The Governor's Chief of Staff, Chief Counsel, Chief Policy Advisor, and Deputy Chief of Staff for Economic Growth will also be on the Council.

INVESTING IN COMMUNITIES

Two initiatives designed to advance Governor Murphy's vision for driving investment in communities recently hit key milestones. Applications for the newly-created Opportunity Zone Challenge are now available on NJEDA.com. The Challenge is a competitive grant program aimed at supporting community efforts to attract investment and build capacity around economic development in Opportunity Zone communities across New Jersey. It is open to all 75 New Jersey municipalities and 21 counties that contain either the whole or part of an Opportunity Zone census tract. Participants must prepare a proposal for a Strategic Plan that includes steps they will take to attract Opportunity Zone investments and build community capacity around economic development. Proposals are due September 16, 2019 at 4:30 p.m.

Last week, in partnership with the New Jersey Department of Environmental Protection (DEP), we announced the list of municipalities that will be included in the expanded Community Collaborative Initiative (CCI). In

addition to the cities where CCI has been operating – Bayonne, Camden, Perth Amboy, and Trenton—the initiative has been expanded to include Bridgeton, Jersey City, Millville, Newark, Paterson, Paulsboro, Salem City, and Vineland. The CCI embeds DEP staff at the ground-level within communities, where they use their expertise to help communities address environmental concerns effectively and appropriately. By targeting communities where multiple environmental stressors exist, the initiative fosters the communication, relationships, and insights necessary to overcome complex obstacles and open pathways to successful remediation and redevelopment of contaminated sites.

MAKING NEW JERSEY THE STATE OF INNOVATION

Last week, Governor Phil Murphy signed two bills created to help advance a collaborative approach to innovation between government, higher education, and the private sector. He announced the signings while participating in a panel discussion at the Propelify Innovation Summit at Nokia Bell Labs in Murray Hill. S2297 establishes the New Jersey Blockchain Initiative Task Force, which will study blockchain technology, including opportunities and risks associated with using blockchain and distributed ledger technology, types of blockchains and consensus algorithms, projects and use cases currently under development in other states and nations, and how the Legislature can modify current State laws to support secure and paperless recordkeeping. The task force will issue a report within 180 days of its initial meeting.

A5111 creates the Innovation District Designation Program, which will be established within the New Jersey Commission on Science, Innovation and Technology. The purpose of an Innovation District designation is to promote the development or redevelopment of an area in a manner that facilitates collaboration between government, higher education institutions, and private enterprise.

One example of the success that combining the state’s higher education system, government resources, and industry can produce is PTC Therapeutics, an NJEDA Net Operating Loss (NOL) program participant that now has more than 700 employees. The company announced last week that it has signed a long-term lease agreement with Bristol-Myers Squibb (BMS) for 185,000 square feet of lab space at the BMS Hopewell campus. Founded 21 years ago by Stuart Peltz, PhD, a former BioNJ Board Chairman, the company focuses on discovering, developing, and commercializing groundbreaking treatments for patients living with rare diseases utilizing its multiple scientific platforms including gene therapy. PTC will maintain its existing headquarters in South Plainfield.

The list of collaborative workspaces and startup companies participating in the NJEDA’s [NJ Ignite](#) program continues to grow. NJ Ignite helps startup companies realize the benefits of collaborative workspaces – incubators, accelerators, and coworking spaces - by providing up to nine months of rent support for startup technology and life sciences businesses that are moving to an approved collaborative workspace. [Business Energy](#), a collaborative workspace in downtown Westfield can now offer rent support to prospective tenants based on its recent approval to participate in NJ Ignite. More than a dozen startup businesses have moved to Business Energy since it opened its doors in October 2018. Business Energy is one of 16 collaborative workspaces currently approved to offer rent support through NJ Ignite.

Following its approval for rent support under NJ Ignite, health-technology startup Big Magic recently moved to VentureLink, the New Jersey Institute of Technology’s (NJIT’s) high-tech accelerator/incubator in Newark. Big Magic advises doctors and other health care practitioners on strategies to improve their online reputation and minimize new-patient acquisition costs. The startup also offers webinars on such topics as search engine optimization (SEO) and how doctors can get more new patient referrals.

MAKING GOVERNMENT EASIER TO DO BUSINESS WITH

Helping small businesses grow is essential to building vibrant communities and the [Small Business Lease Assistance Program](#) is quickly proving to be a valuable tool for achieving this goal. Zu Fitdance Studio, a Zumba

and dance studio in Plainfield, is the latest small business to benefit from the program, which provides rent support to qualified small businesses in targeted cities around the state. Zu Fitdance Studio is now able to expand into a larger location that will accommodate more customers and classes.

The Small Business Lease Assistance Program reimburses businesses and nonprofit organizations 15 percent of annual lease payments for two years when they rent market-rate, first-floor office, industrial, or retail spaces for a minimum 5-year term. Businesses in the program can lease spaces of any size but will only receive NJEDA reimbursements on the first 5,000 square feet of leased space. The program is available in select areas in thirteen cities: Atlantic City, Camden, Trenton, Passaic, Paterson, Bridgeton, Jersey City, Millville, Mt. Holly, Phillipsburg, Plainfield, Salem, and Vineland.

Zu Fitdance Studio joins two other businesses that have already been approved for lease assistance through the program: Haleemah Islamic Fashions, a clothing store that caters to Trenton's Islamic community; and Arlee's Raw Blends, a cold-pressed juice store located in Princeton expanding into a second location in Trenton. All three businesses are women-owned small businesses.

EVENTS/SPEAKING ENGAGEMENTS/PROACTIVE OUTREACH

NJEDA representatives participated as speakers, attendees, or exhibitors at 24 events in July. These included an NJEDA-hosted Small Business Workshop in Atlantic City, an event hosted by NASSCOM (a trade association for Indian IT companies), a Hispanic Business Expo, and the Business Network for Offshore Wind's "Offshore Wind – Onshore Jobs" event.

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AUTHORITY MATTERS



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: August 13, 2019

RE: 2018 Comprehensive Annual Report

Summary

The Members of the Board are requested to approve the Authority's comprehensive annual report for 2018, as required under Executive Order No. 37 (2006).

Background

Each year since inception, the Authority designs and distributes our Annual Report of accomplishments and activities to support economic development in New Jersey.

Beginning in 2006, in order to meet the requirements of Executive Order No. 37 (2006), our Annual Report is combined with our audited financial statements and serves as our comprehensive annual report.

The audited financial statements for the year ending December 31, 2018 were prepared pursuant to Generally Accepted Accounting Principles for a government entity. I am also pleased to inform the Board that the independent accounting firm of Ernst & Young has issued an unmodified opinion with regard to the 2018 financial statements. Certification accompanying the financial statements has been executed by the Controller and me, the CEO, that the EDA has followed its standards, procedures, and internal controls.

On June 20, 2019, per its Charter, as well as section 9 of Executive Order 122 (2004), the Audit Committee reviewed the 2018 audited financial statements, and considered the relevancy, accuracy and completeness of the information presented. Also pursuant to Executive Order 122 (2004), the independent auditor met with the Audit Committee, where it was reported that the financial audit resulted in no negative findings or internal control deficiencies.

Subsequent to the meetings and review, the Committee recommended that the comprehensive Annual Report be presented to the Board for approval.

Under Executive Order No. 37 (2006), the Authority is required to obtain approval of a comprehensive annual report from its Board of Directors. Upon approval, this report will be submitted to the Authorities' Unit, posted to the EDA website, and transmitted electronically to members of the Legislature.

Recommendation:

Authority staff has prepared the comprehensive annual report for 2018 as required under Executive Order No. 37 (2006) and recommends Members' approval in order to submit the report to the Governor's Authorities' Unit, post to the Authority's website, and transmit to the Legislature.

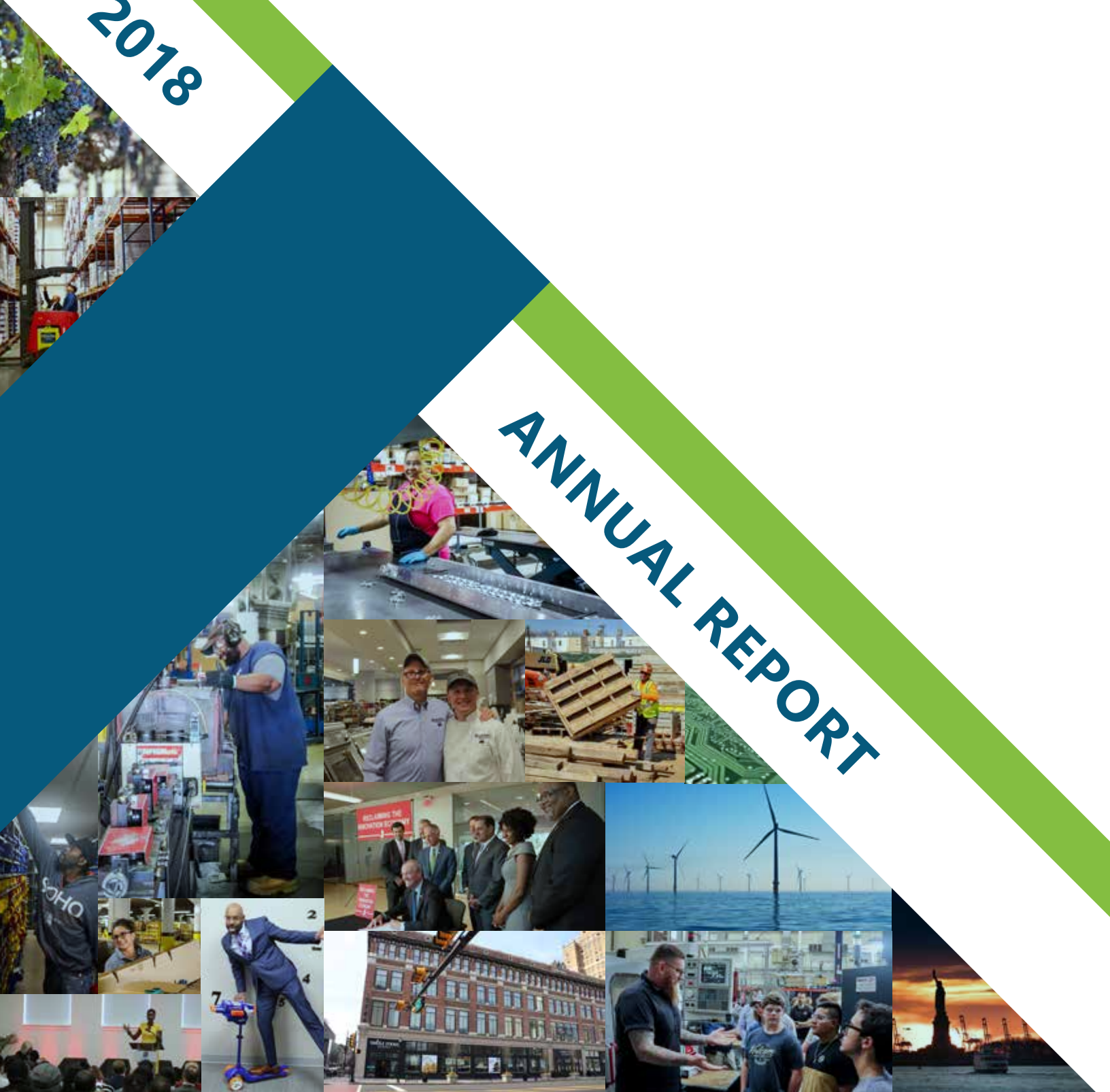
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NJ EDA

ECONOMIC DEVELOPMENT AUTHORITY

2018

ANNUAL REPORT





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MESSAGE FROM CHAIRMAN KEVIN A. QUINN

August 2019

It is time to focus on New Jersey's future and all of the advantages our state has to offer. Whether you're looking at our diverse and highly-educated workforce, our location at the heart of the Northeast Corridor, or our robust and growing innovation ecosystem, it is clear that by almost any measure New Jersey is well positioned for economic growth. However, we cannot only think about growth. We also need to consider fairness.

Governor Murphy's plan for a stronger, fairer New Jersey lays out a clear path to building a new state economy that works for everyone – from CEOs to students. That is critical because growth without equity is not only unsustainable, it is also undesirable.

I am proud to serve as Chairman as we move the New Jersey Economic Development Authority in this new direction. I share Governor Phil Murphy's and Chief Executive Officer Tim Sullivan's commitment to creating new opportunities for students, workers, and businesses throughout our state, and I stand with them as we lead the charge to advance the programs and initiatives that will turn Governor Murphy's bold vision into a reality for all New Jerseyans.

We are already making great strides. New programs for small businesses are reinvigorating downtown corridors in some of our state's most distressed areas, investments in our schools and job skills programs are preparing students and workers to succeed in today's rapidly-changing economy, and a new emphasis on entrepreneurship and industries of the future is preparing New Jersey to lead the national innovation economy.

Building a stronger, fairer economy is critical to achieving the ambitious goals the Governor has outlined in his comprehensive economic plan that will create opportunities for all New Jerseyans to prosper. I am proud to work in collaboration with my fellow Board members, the diligent and committed staff at the NJEDA, and all our partners in the public and private sectors to execute on this vision and generate the sustainable, equitable growth New Jersey deserves.



KEVIN A. QUINN
NJEDA Chairman

MESSAGE FROM NJEDA CEO TIM SULLIVAN

August 2019

2018 was a year of forward-looking change at the New Jersey Economic Development Authority (NJEDA).

With the support of Governor Murphy and a deeply committed Board led by our Chairman Kevin Quinn, the NJEDA worked diligently to help inform and launch the Governor's comprehensive economic plan, while also executing on several of the strategies outlined in the plan. This includes an expansion of our support and resources for small businesses, and the advancement of new initiatives that will reestablish New Jersey's position as a national leader in innovation.

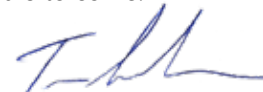
Our top priority remains driving New Jersey's economic growth in a way that is sustainable and benefits all New Jerseyans. As the Governor's plan has outlined, the State can achieve this by focusing on four key strategies:

- **Investing in People** through education programs such as Computer Science for All, expanding access to higher education with free community college and STEM loan forgiveness, and creating opportunities for on-the-job learning with the New Jersey Career Accelerator Internship Program and New Jersey Apprenticeship Network;
- **Investing in Communities** by providing support for small businesses seeking to revitalize downtown corridors in troubled municipalities, collaborating with the Department of Environmental Protection to expand the Community Collaborative Initiative, incentivizing redevelopment of historic buildings and brownfield sites, investing in NJ Transit, and other key infrastructure investments;
- **Making New Jersey the state of Innovation** by building out the Research with NJ database, building networks of entrepreneurs at co-working spaces through NJ Ignite, fostering a robust offshore wind industry, and jump-starting the flow of venture capital to the Garden State; and
- **Making Government Work Better** for businesses by modernizing the permitting process, launching the Access program to provide capital to small businesses, and creating new opportunities for small, minority, women, and veteran-owned businesses.

Through the 2018 Annual Report, we are proud to share with you the work that the NJEDA has accomplished and is ongoing across these four pillars. It is also important to note that in 2018, we took significant steps to enhance NJEDA's internal processes surrounding administration, compliance and monitoring of the Authority's incentives programs. This included the creation of a new division whose focus is to develop and oversee internal process improvement initiatives to ensure that we are applying the thorough and consistent monitoring required to responsibly and effectively administer these programs.

I am confident you will see what we are all working very hard to achieve - an organizational evolution defined by a commitment to transparency and a collaborative approach to economic development that listens to and considers the needs of the community, with a focus on those that have previously been excluded, and makes smart and targeted investments in the companies and industries that will provide long-term, sustainable economic growth.

This is the foundation we will build on to create a stronger and fairer New Jersey economy. We share the Governor's belief that a stronger and fairer economy is a single goal – not two goals in tension with each other. Economic growth and economic inclusion are self-reinforcing, and by joining them, we will see enhanced success across measures that matter to New Jerseyans. We have made significant progress in 2018, but our work is far from finished. I look forward to continuing to work closely with Governor Murphy, our partner agencies, and a wide array of business and community stakeholders to build on this year's successes so New Jersey can thrive for years to come.



TIM SULLIVAN
NJEDA Chief Executive Officer

INTRODUCTION

Last October, Governor Murphy unveiled a comprehensive economic development plan to reestablish New Jersey as an economic and innovation leader, where opportunity exists for all residents to build economic security.

The plan establishes a blueprint for developing a stronger and fairer economy, with clear and measurable goals that include: doubling venture capital investment to build the nation's most diverse innovation ecosystem, leading Northeast peer states in both job growth and median wage growth, creating thriving and inclusive cities with more jobs and less poverty, and significantly closing racial and gender wage and employment gaps.

To achieve these goals, the plan focuses efforts across four key strategic priorities, which include:

- **Investing in people** to help all New Jersey residents prepare for and find work that supports and sustains families and investments in our future.
- **Investing in communities** to build world-class cities, towns, and infrastructure statewide.
- **Making New Jersey the State of Innovation** to create more and better jobs across the state.
- **Making government work better** to improve New Jersey's competitiveness and business climate.

With the Governor's economic development plan as a guide, the New Jersey Economic Development Authority (NJEDA) is hard at work in partnership with numerous state agencies and stakeholders to advance the strategies outlined in the plan.

The NJEDA is pleased to share the 2018 Annual Report and present the ongoing work of the Authority and progress against the four strategic priorities identified in the Governor's plan.

2018 NJEDA ACTIVITY

Below is a summary of activity in Calendar Year 2018, reflecting:

- **Non-incentives activity** - Defined as financing projects that have closed, as well as other assistance that has been provided through additional, non-incentive programs.

2018 Non-incentives activity includes the following programs:

- o Direct Loan
- o Premier Lender Program
- o Small Business Fund
- o Garden State Growth Zone Business Lease / Business Improvement Incentive
- o Hazardous Discharge Site Remediation Fund – Commercial
- o Hazardous Discharge Site Remediation Fund – Municipal
- o New Jersey Historic Trust Fund
- o Local Development Financing Fund
- o NJ Founders & Funders All-Stars
- o NCR Streetscape
- o NJ CoVest Fund
- o Real Estate Impact Fund
- o Stand-Alone Bond
- o Economic Resilience Bank
- o Sales Use and Tax Exemption
- o Innovation Challenge
- o Small Business Bonding Readiness Program

- **Incentives Activity** - Incentive projects that have been approved in calendar year 2018 and are pending certification. For Grow NJ and ERG specifically, this represents a preliminary approval of tax credits only, as any approved project must certify completion of the project and any associated job creation/retention and/or capital investment before tax credits are issued. For information on projects that have received an issuance of tax credits in CY2018, please see the 2018 Incentives Issuance Report available as an appendix to this report.

2018 Incentives activity includes the following programs:

- o Grow NJ (EOA) – Companies Approved in CY2018
- o Economic Redevelopment and Growth (EOA ERG) Program - Commercial - Projects Approved in CY2018
- o Economic Redevelopment and Growth (EOA ERG) Program - Residential / Mixed-Use - Projects Approved in CY2018
- o Angel Investor Tax Credit – Angel Investments Approved for Tax Credits
- o Technology Business Tax Certificate Transfer (NOL) Program – Companies Approved to sell Net-Operating Losses.

CY 2018 Non-Incentives Activity	
Projects / Companies Assisted	160
NJEDA Assistance	\$220.1 million
Estimated Public/Private Investment	\$482.2 million
Estimated New Jobs	1,244

CY 2018 Incentives Activity	
Projects / Companies Assisted	328
NJEDA Assistance	\$540 million
Estimated Public/Private Investment	\$789.5 million
Estimated New Jobs	5,209

A detailed list of these projects can be found on the EDA Project List (Pages 42 – 47).

In addition to the summary listed above and corresponding project list, additional information is available as appendices to this report. This includes incentive projects that have that have certified completion and received an issuance of tax credits or reimbursements in calendar year 2018, as well as additional programmatic annual activity reports that are statutorily required of the Authority.

INVESTING IN PEOPLE

While most NJEDA programs focus on providing financial tools and information that businesses need to grow, investing in people to ensure that New Jersey's workforce remains among the most educated and highly-skilled in the country is just as important to fostering long-term, sustainable economic growth.

Workforce-related investments benefit everyone. Not only do students and workers gain critical skills that will set them on the path to well-paying jobs, but these investments also support the development of a highly-skilled talent pool that will attract new businesses to New Jersey and allow

existing businesses to grow. In this way, investing in people addresses both ends of the economic development challenge-- attracting new jobs and opportunities to New Jersey, while ensuring that our students and workers are prepared to succeed in these positions when they arrive.

In today's economy, investing in people starts with investing in education, with a particular focus on making higher education more broadly accessible. New Jersey's stellar Pre K - 12 and higher education systems give us a head start, and the NJEDA is working closely with other state partners to build upon this-- by equipping people with the right



training and resources to refine our state's talent pool and provide the opportunities for productivity and success in today's innovation economy.

A key tool in this effort is the **State Plan for Higher Education** (www.state.nj.us/highereducation/stateplan.shtml) that was released by Governor Murphy and NJ Secretary of Higher Education Zakiya Smith Ellis, which emphasizes access, affordability, and opportunity for the State's increasingly diverse generations of students. This specifically includes a New Jersey Student Bill of Rights, which states that every New Jerseyan, regardless of life circumstances, should

have the opportunity to obtain a high-quality credential that prepares them for life after college.

Governor Murphy is also empowering students to pursue higher education without going into debt. The **tuition-free community college** program in 2018 allowed eligible students to receive "last-dollar" Community College Opportunity Grants that will cover tuition and other educational fees. For students attending four-year colleges and universities, a **STEM loan forgiveness** program reduces student loan obligations for graduates in high-growth STEM occupations who stay in New Jersey. Collectively, these programs are making



it possible for more New Jerseyans to consider college and are allowing current students focus on their studies instead of worrying about how they will pay for school.

Investing in people means continuing to invest in New Jersey's best-in-country primary education system. Through a new **Computer Science for All** program, funding is being made available for technology- and programming-focused classes that build technological literacy and equip K-12 students with the skills they need to succeed in the innovation economy. The initiative includes a \$2 million budget allocation to increase the number of public high schools that offer advanced computer science courses, and represents the first time New Jersey has made a dedicated investment in expanding computer science education for all students.

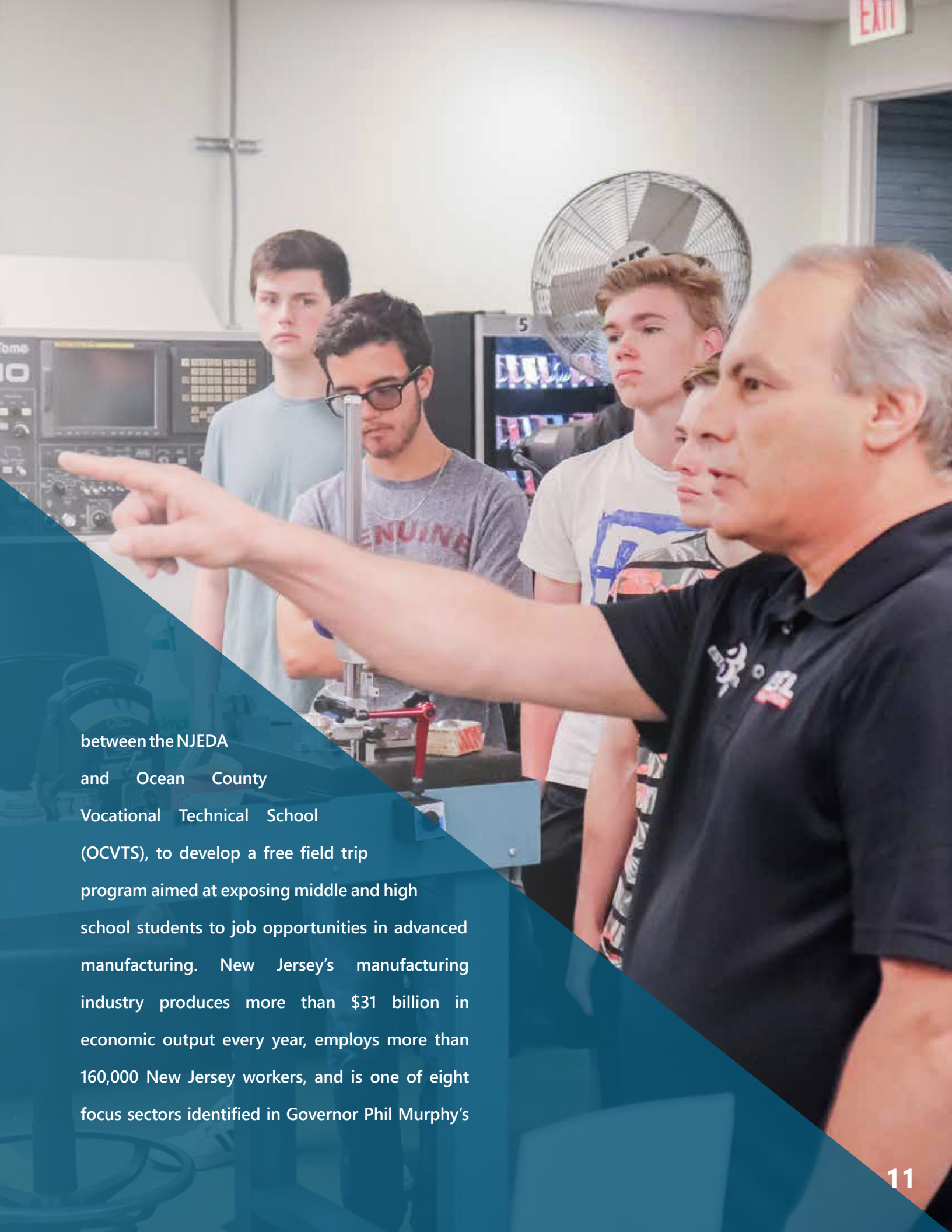
Of course, education extends beyond the classroom. To ensure New Jersey workers remain competitive over the long term, Governor Murphy has spearheaded programs to provide internship opportunities and on-the-job training. The **New Jersey Apprenticeship Network** was launched in June 2018 to strengthen connections between our academic and workforce systems--with skill development programs in advanced manufacturing, clean energy, and other high-

growth sectors.

In addition, the **NJ Career Network** is taking shape as a collaborative effort among the Department of Labor and Workforce Development, the NJEDA, and the Office of the Secretary of Higher Education to centralize training programs and create new opportunities for New Jersey workers.

Investing in people also requires new industry-specific programs as well. The planned **Wind Innovation & New Development (WIND) Institute** is currently under development by the Governor's Office, NJEDA, BPU, and other partners. This effort will help to coordinate a coalition of higher education intuitions, labor organizations, and wind industry leaders to craft college and trade school curriculums that prepare students and workers of all backgrounds to build successful careers in New Jersey's burgeoning offshore wind sector.

Another example of a sector-based workforce development program is the partnership



between the NJEDA and Ocean County Vocational Technical School (OCVTS), to develop a free field trip program aimed at exposing middle and high school students to job opportunities in advanced manufacturing. New Jersey's manufacturing industry produces more than \$31 billion in economic output every year, employs more than 160,000 New Jersey workers, and is one of eight focus sectors identified in Governor Phil Murphy's



economic plan. However, it has faced increasing barriers to growth as an aging workforce and a shortage of young workers shrinks the number of qualified employees available to manufacturing companies. These field trips are part of the **NJEDA's Advanced Manufacturing Policy Team Student Outreach Pilot**, a series of initiatives, developed with stakeholder input, to improve perceptions of the advanced manufacturing industry and expose students to the many career pathways available in the sector. The program, which is currently in the pilot stage, ensures students from varied socio-economic backgrounds can attend these field trips and are exposed to the skills necessary to pursue a career in this important industry.

While these programs help students and workers to remain competitive in a rapidly-changing labor market, the State's newly launched **Future of Work Task Force** is preparing for a future where technological innovation has the potential to leave workers behind. The Task Force is specifically studying how large-scale automation will impact jobs, and is developing a policy roadmap that will ensure New Jersey is prepared to support workers as technological innovation changes the nature of and demand for work.

Building a stronger and fairer New Jersey economy requires investments in people as well as businesses. Research and experience show that promoting skill development and training while fostering partnerships between higher education and business is the most effective way to prepare students and workers to succeed in the innovation economy. Governor Murphy's commitment to investing in people addresses this critical component of economic development, and the NJEDA is proud to play a role in designing and implementing programs that further this important goal.







INVESTING IN COMMUNITIES

Communities are where New Jersey's economy comes alive. No matter what statistics say, the economy is not working for every resident if downtowns are not bustling and full of life, if small businesses are not thriving, and if shared public spaces and buildings are dirty or in disrepair.

Governor Murphy's comprehensive plan for a stronger and fairer economy emphasizes investments in communities and development of world class cities, towns, and infrastructure,-- with a focus on mixed-use, transit-oriented, innovation-centric development as a strategic priority.

In 2018, the NJEDA advanced several initiatives that help contribute to economic growth and revitalization in communities. This includes partnerships to leverage federal resources for community investment, environmental programs and partnerships that support the cleanup and redevelopment contaminated sites, and planning grants that are enabling municipalities and counties to undertake innovation-focused

planning at the local level.

Large-scale community and economic revitalization requires long-term planning and creative ideas from municipalities. The **Innovation Challenge**, a program launched by the NJEDA in 2018, encourages this type of bold thinking by giving municipalities the opportunity to compete for planning grants focused on catalyzing the growth and development of local innovation economies. Fourteen municipalities and counties received grants of \$100,000 each under the Innovation Challenge for innovative planning projects including the creation of a Center for Smart Food Manufacturing in Bridgeton, a collaborative research and commercialization hub near the Trenton Transit Center, and a needs assessment for the installation a high-speed 5G fiber network in the commercial and industrial areas of Paterson.

Governor Murphy's comprehensive economic plan also emphasizes the importance of brownfields remediation and redevelopment, as a component of smart planning that will allow

New Jersey to achieve its job creation goals while reducing the environmental impact and sprawl that is a byproduct of new development. The NJEDA, in support of this priority, has taken several steps to provide communities with better investment tools and greater access to expertise that will make brownfields remediation more feasible. The newly-launched **Brownfields Loan Program** makes low-interest bridge financing available for remediation and revitalization projects, with an emphasis on vital components of modern communities, such as affordable housing, electric vehicle charging stations, smart growth parking, and collaborative workspaces. The NJEDA also partnered with the Department of Environmental Protection to expand the **Community Collaborative Initiative (CCI)**, which embeds DEP staff at the ground-level within communities dealing with complex environmental challenges, providing a more direct connection to the necessary expertise that will enable communities to address environmental concerns effectively and appropriately.

New Jersey is also at the forefront of leveraging the **federal Opportunity Zone tax incentive program** to drive targeted community investment and utilize this powerful tool to its fullest potential. In 2018, the Murphy Administration launched a new website and interactive mapping tool to create a comprehensive one-stop shop

for local governments, stakeholders, investors, and businesses looking to take advantage of Opportunity Zones in New Jersey. The one-stop shop includes a new user-friendly interactive mapping tool, called the **NJ Opportunity Zone Navigator**, as well as a list of resources for local governments, businesses, developers, residents, and stakeholders. NJEDA is continuing to work with the NJ Department of Community Affairs and the New Jersey Redevelopment Authority on further initiatives surrounding Opportunity Zones, including an online marketplace where investors can identify Opportunity Zone sites for potential investment, and an Opportunity Zone Challenge that will make funding available to help boost local community-based capacity in financial and technical planning.

Looking ahead, Governor Murphy's economic plan proposes a range of smart, targeted investments in cities and downtowns that will create vibrant centers of population, economic, and cultural and artistic growth. The **NJ Aspire** tax credit is a proposed place-based gap funding tool aimed at facilitating the conversion of abandoned and underutilized properties into job- and tax-generating development opportunities. At the same time, the proposed **Historic Tax Credit** and expanded **Brownfield Tax Credit** will facilitate the revitalization of historic or contaminated properties into vibrant projects that stimulate economic growth.



Building a stronger, fairer New Jersey economy that works for people in every corner of our state requires taking a holistic approach to investing in communities. An approach that supports small business growth, encourages innovative ideas and big-picture planning, and gives municipalities

the tools to revitalize contaminated properties and repurpose stranded assets. The NJEDA took important steps in 2018 to embrace this broad approach to economic growth through community revitalization and plans to build on that going forward.





MAKING NEW JERSEY THE STATE OF INNOVATION

New Jersey has the eighth largest economy in the United States, generating over \$590 billion in economic output or nearly 3 percent of the entire U.S. economy. However, over the past decade, New Jersey's leadership position in innovation has slipped compared with other states, including some regional competitors. Governor Murphy's economic plan seeks to reverse this alarming trend, and is centered around reestablishing New Jersey's leadership position in innovation. In support of this goal, Governor Murphy and the NJEDA have taken important steps that will set New Jersey on a course to reclaim its leadership role in this vital part of our economy.


One of the most important steps taken in 2018 was the re-establishment of the **Commission on Science, Innovation, and Technology (CSIT)**, which will lead the way in promoting the Garden State as a home for academic and technological research, development, and commercialization. The NJEDA sits on the CSIT Board of Directors and has established a Memorandum of Understanding to support CSIT operations and programs.

A successful innovation economy requires strong public-private partnerships with a focus on three key areas: talent, capital, and real estate. In 2018, Governor Murphy announced plans to create the **New Brunswick Innovation Hub** – a real



estate development project that will include more than 4-million square feet of mixed-use space at full build out. The site will support research, experimentation, and commercialization through targeted programs to spur the growth of startups and drive innovations for established corporations and academic partners. The HUB is positioned in the middle of the Boston to Washington super corridor, next to the NJ Transit and Amtrack station in New Brunswick, and adjacent to Rutgers University. The project will support a live/work/play environment

with proximity to existing corporate, medical, and academic research activity, as well as housing, retail and public transportation assets. NJEDA is part of the public-private partnership leading the development of the Hub. As predevelopment work continues on the project, we look forward to playing an important role in what will be a landmark in New Jersey's reestablishment as a lead in the innovation economy.



Another way New Jersey will reclaim its place at the forefront of innovation is by more actively competing for international trade and foreign direct investment (FDI) into New Jersey by leveraging our state's advantages and diversity. To that end, the **Office of International Trade and Investment (OITI)** was established in 2018 within the EDA to foster sustainable job growth and innovation by widening New Jersey's global reach and supporting international trade and investment. The primary responsibilities of OITI are to create FDI strategies in targeted sectors that drive increased investment into New Jersey, liaise with the diplomatic and business community in the greater New Jersey / New York region, and coordinate Governor-led international business attraction missions.

Since its establishment, the OITI has already made great strides against this goal by establishing relationships with over thirty diplomatic missions and foreign trade & investment organizations in New Jersey, New York, and Washington, D.C., developed a

data-driven strategy that identifies target markets and priority industry sectors to attract foreign direct investment (FDI) to the state, and created a repository of fact sheets highlighting New Jersey's trade and investment connections with international partner countries.

The Governor's economic plan calls for a strategic focus on high-wage, high-growth sectors. To drive this effort, the NJEDA formed the **Office of Economic Transformation (OET)** whose objective is to develop and implement initiatives that enhance New Jersey's long-term competitiveness in nine strategic sectors: information technology, life sciences, offshore wind, clean energy, advanced manufacturing, advanced transportation and logistics, finance and professional services, film and digital media, and non-retail food and beverage.

In a short period of time, OET has played an instrumental role in establishing New Jersey's presence and competitiveness in the **offshore wind industry**. With its central location along the eastern



seaboard, New Jersey has a natural opportunity to be a leader in the offshore wind industry and, under OET's leadership, New Jersey is developing and organizing its offshore wind resources to make the case that New Jersey is serious about growing this industry. In 2018, the NJEDA issued a Request for Ideas from offshore wind industry stakeholders to collect facts, information, and ideas that will help the EDA better understand the offshore wind industry's port infrastructure and supply chain development requirements.

Since that time, the NJEDA has launched the **Offshore Wind Tax Credit Program** - a powerful financial tool designed to spur private capital investment and employment growth in major, land-based offshore wind industry projects by providing reimbursement for eligible capital investments in industry-specific facilities located in the seven southern counties of New Jersey.


In addition to the Offshore Wind Tax Credit, OET has led the establishment of the **Offshore Wind Supply Chain Registry** (www.njeda.com/offshorewind/) - a free online portal where investors exploring offshore wind-related projects in New Jersey can find Jersey-based companies to partner with or purchase from. The registry is being

developed as part of the NJEDA's membership in the Business Network for Offshore Wind.

The NJEDA is also working on advancing the Wind Innovation & New Development (WIND) Institute to fully leverage our state's expansive academic workforce assets to develop a robust wind industry.

The OET is also highly focused on the technology and life sciences sectors, where the NJEDA routinely engages with early-stage companies to provide assistance with accessing a wide array of state resources that can help these companies grow in New Jersey.

In addition to providing assistance with resources that already exist today, OET uses its expertise to develop new programs based on the needs of early-stage companies. This includes the need to preserve as much capital as possible to invest in research and development, job creation, and the path to commercialization. According to research by the National Business Incubation Association, companies nurtured in a collaborative workspace have a much higher survival rate compared to unassisted enterprises. In recognition of this, the NJEDA launched **NJ Ignite** - a rent support program that offers start-up technology and life

A photograph of several offshore wind turbines in the ocean under a clear blue sky. The turbines are silhouetted against the sky, and their reflection is visible in the water. A large, dark blue geometric shape is overlaid on the left side of the image.

“The new Offshore Wind Tax Credit Program is a fiscally responsible and targeted incentive that will help accelerate private sector investment into offshore wind infrastructure and manufacturing here in New Jersey. These early investment projects have the potential to attract a broader offshore wind supply chain and position New Jersey as a national leader in the industry.”

-Brian Sabina,
*NJEDA Senior Vice President,
Office of Economic Transformation*

sciences companies with up to nine months of rent support in exchange for moving into and operating from approved collaborative workspaces. NJ Ignite provides rent support so that early-stage companies may dedicate more capital to research and development, while ensuring that these early-stage companies have access to the well-documented benefits of collaborative workspaces. To date, 16 collaborative workspaces are participating in NJ Ignite, which include a network of incubators, accelerators, and coworking spaces.

One of these collaborative workspaces includes Building 87 at Kearny Point - one of the most significant adaptive reuse initiatives in the region. Led by developer Hugo Neu Corporation, Kearny Point has been reinvented as a modern workplace that serves as home to a diverse community of pioneering businesses. Building 78, the first building to be redeveloped under its multiphase plan, features creative flex office spaces and a co-working facility known as Kearny Works. The coworking space gives tenants flexible membership options - ranging from single desks to private team offices, round-the-clock access, large conference rooms, and common areas perfect for networking.

The NJEDA announced in early 2019 that medical device manufacturer Carbon22 was the first startup to qualify for rent support under NJ Ignite when it moved into a creative 'flex' office space

at Kearny Point. Carbon22 focuses on designing, developing, and manufacturing innovative and cost-effective foot and ankle implant solutions.

“Thanks to the money we’re saving on rent with NJ Ignite, we’ll be able to hire additional engineers to build out our product line. Additionally, our space in Kearny Point is perfect for our current needs, but also affords us the necessary space to grow.”

- Vadim Gurevich
Founder and CEO
Carbon 22

Venture capital investment — the funding that fuels much of the innovation economy — is a key indicator of innovation economy strength. In 2007, New Jersey was fifth in the nation in total venture capital funding with over \$1.3 billion invested. As of 2017, New Jersey dropped to the 15th spot, with approximately \$625 million invested. By comparison, New York had approximately \$11 billion invested in 2017.

Governor Murphy’s proposed **New Jersey Innovation Evergreen Fund (NJIEF)** is designed to reverse this trend and supercharge the return of venture capital to the Garden State. The New Jersey



NJIEF will partner with the private sector to raise and invest funds in New Jersey-based companies. As proposed, a total of approximately \$500 million in capital would be available through the program. The NJIEF would raise approximately \$250 million of this by competitively auctioning new state tax credits to New Jersey corporations who want to participate in the innovation economy. Underscoring the important role that collaboration plays in building the Garden State's innovation ecosystem, the bidders would not only have to bid on price, but also on what value and support they would bring to the state's innovation ecosystem. At a minimum, successful corporate bidders would agree to provide mentoring and networking support for the funded companies. The Fund would then provide capital from auction proceeds to qualified venture capital firms to coinvest with the venture firm's own money, which would be channeled into promising startups with the potential to scale up and create jobs.

“As a venture capitalist, I’ve seen firsthand the positive impact that investing in early-stage technology and life sciences companies has on their growth trajectory. Given the decline in venture capital funds injected into New Jersey’s startups in recent years, I commend Governor Murphy for this bold and much-needed initiative and look forward to seeing the benefits it brings to New Jersey’s innovation ecosystem in the years to come.”

-Jim Gunton

Managing Partner

Tech Council Ventures

The NJEDA has traditionally **invested in New Jersey venture capital funds**, which leverage EDA investment to increase funds available for emerging technology and life sciences companies to grow and create jobs in the State. In 2018, the NJEDA Board approved a \$2 million limited partnership investment in

Edison Partners’ latest venture fund, Edison

Partners IX (EIX). The Fund was formed last year to support growth-stage, software and technology-enabled companies with revenues between \$5 - 25 million and typical employment of 40-50 personnel at the time of initial investment. The Edison family of funds has a long-standing history of combining strong fund performance with significant job creation in New Jersey. Through its previous eight funds, 45 investments have been made in New Jersey-based companies totaling more than \$200 million and resulting in the creation of over 3,400 jobs. The EDA has invested in five of the previous funds.

Another key initiative unveiled in 2018 to foster innovation and collaboration was **Research with NJ** (www.researchwithnj.com). Research with NJ is a free portal that connects industry to New

Jersey's academic research institution expertise, including researchers' professional backgrounds, publications, and achievements. The portal also provides visibility into available research facilities and funding programs. It is structured and branded in such a way to encourage collaboration between entrepreneurs, businesses, and New Jersey's academic research institutions.

In addition to the new initiatives, the NJEDA continues to offer programs that support emerging technology and life sciences companies as they grow here in New Jersey. One such program is the **Technology Business Transfer Certificate Program**, better known as the **Net Operating Loss (NOL Program)**. Heralded as a lifeline for companies going through unprofitable times, the NOL Program enables eligible technology and life-

“The alignment of businesses and academic institutions will help to grow New Jersey’s economy by creating opportunities for our institutions of higher education to compete on the national and global levels. Research with NJ offers visibility into groundbreaking research happening in our universities, and will serve as a conduit to innovation, facilitating commercialization of novel ideas and products and attraction of more funding to ensure pioneering research can continue at our world-class institutions.”

-Dr. Zakiya Smith Ellis

Secretary of Higher Education

sciences companies to sell New Jersey net operating losses and unused research and development tax credits to unrelated profitable corporations for cash.

2018 marked the NOL Program's 20th year, and to date the NJEDA has approved over \$1 billion in funding through the program since its inception in 1999. In 2018 alone, 48 companies were approved to share \$60 million through the NOL Program--the maximum amount of funding allocated for the program. Of the 48 companies, 13 were new to the program, which is a 27 percent increase from last year. The NJEDA saw an 18 percent increase in the number of applications this year as compared with 2017, and the highest number since 2014. The average award was \$1.25 million.

Biotechnology company SCYNEXIS was among the new participants in 2018. SCYNEXIS is nearing its goal of commercializing Ibrexafungerp, a novel therapy designed to treat patients with difficult-to-treat and often life-threatening hospital-based invasive fungal infections, and women with vaginal yeast infections. SCYNEXIS has benefited from the Garden State's talented workforce, more than quadrupling its staff – from six to 25 – since moving from North Carolina to New Jersey in 2015.

“We’re ramping up Phase 3 trials of Ibrexafungerp and anticipate submitting our first New Drug Application in the second half of 2020. Funding we received through the NOL Program this past year will bolster our cash flow as we work toward that critical point.”

-Marco Taglietti
Chief Executive Officer
SCYNEXIS

Another tool that emerging companies can use to attract capital is New Jersey's **Angel Investor Tax Credit Program**. The program offered a 10 percent refundable tax credit against New Jersey corporation business or gross income tax for qualified investments in an emerging technology business with a physical presence in New Jersey and that conducts research, manufacturing, or technology commercialization in the state. (Updated for 2019 to include an increase from 10% to 20% and bonus potential.)

In 2018, the NJEDA approved 244 investments, totaling more than \$197 million, for participation in the program, supporting 46 companies in New Jersey's technology,



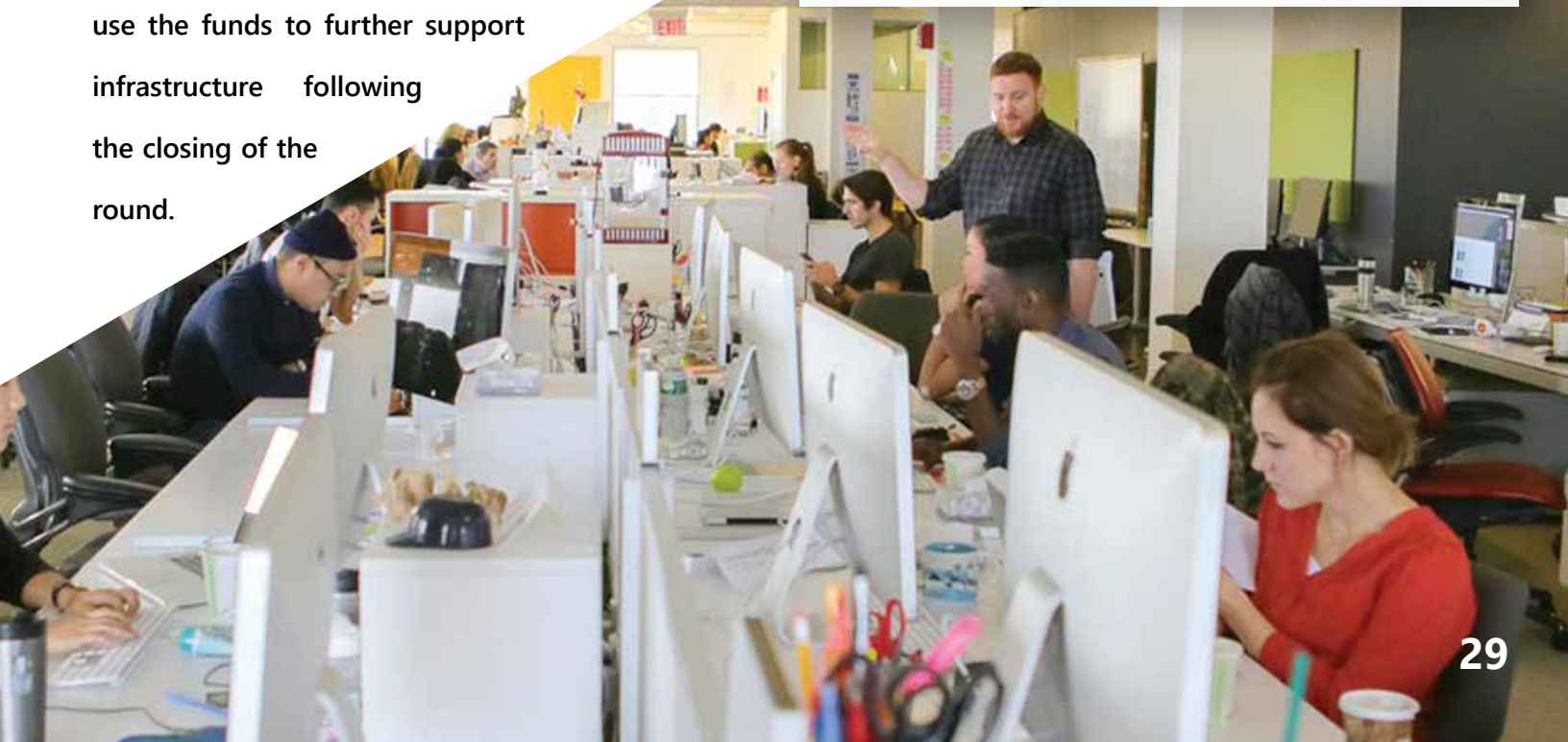
clean technology, and biotechnology sectors. The total investment amount of approved 2018 applications rose by 77 percent year over year, from more than \$111 million in 2017. To date, over \$551 million has been invested in New Jersey-based emerging technology and biotechnology businesses through the Angel Investor Tax Credit Program since its inception in 2013.

Boxcar, Inc. was among the companies that benefited from the Angel Investor Tax Credit Program last year. Located at Newark Venture Partners in Newark, the business offers an app that helps commuters find and reserve parking spots at select New Jersey train stations. Boxcar, Inc., also runs buses from Madison, Chatham, Westfield, Livingston, West Orange, and Cranford into and out of Manhattan. Company CEO Joe Colangelo indicated the company plans to use the funds to further support infrastructure following the closing of the round.

For technology and life sciences companies seeking to bridge the gap between product development and commercialization, the NJEDA's **NJ CoVest Fund** provides funding in the form

“We’re a relatively new company and a portion of our fundraising to date has come from investors who are participating in the Angel Investor Tax Credit Program for the first time. The program has been a major selling point as we pitch and attract investors, and the money we raised will enable us to expand our offerings.”

-Joe Colangelo
Chief Executive Officer
Boxcar, Inc.



of convertible notes with warrants, requiring a negative pledge and springing lien on protected intellectual property. No payments are required on the notes for seven years to allow companies sufficient time to grow. With a total funding pool of \$3 million, eligible technology companies can receive investments ranging from \$100,000 to \$250,000.

Renewable energy company Gridless Power Corporation was one of two companies to close on funding through NJ CoVest in 2018. Gridless Power will use funding from the NJ CoVest Fund loan to further its mission to design, manufacture, and market portable rechargeable batteries that provide vital energy to areas around the world, often in extreme conditions. During Superstorm Sandy in 2012, emergency personnel conducting search-and-rescue operations turned to Gridless Power's batteries to keep their energy and communications systems running, and the company has since expanded to support a variety of users. These users include construction projects, concerts, medical professionals, the Department of Homeland Security, and the cities of New York and Philadelphia.

While most programs involve access to funding, NJEDA also offers early-stage companies with affordable incubation and post-incubation



space through the **NJ Bioscience Center – North Brunswick (NJBC)**, a 50-acre research park strategically situated in the heart of the state's research corridor between Rutgers and Princeton universities. The NJBC campus offers a multitude of lab and office space options for companies at all stages of growth. Incubator, post-incubator, and independent research and development (R&D) space support the needs of entrepreneurial startups and rapidly-growing life sciences R&D companies, while build-to-suit lab and office sites accommodate larger, more-established biopharmaceutical businesses seeking to benefit from the research park's prime location.

Seven new companies moved to the **NJBC Incubator at North Brunswick** in 2018, including TheWell Bioscience, who are using the 900-square-foot lab space and resources available through the incubator to further develop and scale their advanced 3D cell culture hydrogel system for drug screening, tissue engineering, and pre-clinical applications.

The NJBC's post-incubation space, known as



the
NJBC
- **Step Out**
Labs at North

Brunswick, opened in 2018, and offers a suite of intermediate lab and office space from 3,400 to 10,000 square feet for companies that have outgrown incubator space, as well as other early-stage companies looking to expand. The NJBC - Step Out Labs currently host six tenants, including China-based Adlai Nortye, which chose its New Jersey location as its United States headquarters, where the science-led biopharmaceutical company will continue its mission to discover, develop and commercialize new drugs, with a focus on oncology.

“When crisis strikes, those on the front lines turn to our innovative batteries and battery systems. Our technology is helping critical care providers all over the world rethink where power can go. Funding through NJ CoVest will enable us to hire additional employees, further the design of our products, and reach more customers around the world.”

- Patrick Murphy
Co-Founder and President
Gridless Power



A thriving innovation ecosystem provides opportunities for innovative entrepreneurs to connect with investors, and the NJEDA accomplishes this through its semi-annual **Founders & Funders** program. Founders & Funders connects early-stage technology and life sciences companies with potential investors in 10-minute, one-on-one “speed dating” sessions to discuss strategy, business models, and funding opportunities.

Finally, 2018 also saw the introduction of the **New Jersey Film and Digital Media Tax Credit**, which was enacted in July and launched by the NJEDA a short time later. This program provides tax credits based upon a percentage of film or digital media costs incurred in New Jersey. New Jersey has a rich history as the birthplace of the film industry and unrivaled diversity in both geography and people. Those advantages, coupled with this incentive, are already attracting major television and motion picture production to New Jersey that will lead to new jobs, promote diversity and inclusion, and generate economic activity in communities throughout New Jersey.



“We have found New Jersey to be the perfect spot for our company. Because it’s one of the biggest biopharmaceutical hubs in the country, the Garden State offers us access to a large pool of talented scientists and opportunities to provide service to more than a dozen of the world’s largest pharmaceutical companies.”

- John Huang

Chief Executive Officer

TheWell Bioscience





BUILDING A STRONGER & FAIRER ECONOMY

MAKING GOVERNMENT WORK BETTER

Businesses with under 500 employees comprise approximately 98% of New Jersey businesses and are responsible for more than 50% of total statewide employment. Yet over the past decade, New Jersey has not invested in and supported small businesses in a way that recognizes their importance to the state's economy. Governor Murphy's plan for a stronger and fairer New Jersey economy emphasizes fostering a dynamic and supportive environment for small businesses-- by providing better small business support and infusing more customer-friendly strategies in the state's government practices. The NJEDA works in support of this priority by providing a host of programs that provide educational and financial resources to small businesses, and has taken several steps in 2018 to expand these offerings and reconnect with small businesses so they may better leverage these resources.

As called for in the Governor's economic plan, the NJEDA took the important step of establishing a **Small Business Services team** to provide financial, workforce, and technical support to the State's small business community, with a focus on historically underrepresented firms, including women, minority, veteran, disability, and LGBTQ-owned enterprises. By attending small-business focused events and workshops, the Small Business Services team is speaking directly with small business owners to determine their needs and using that feedback to help develop new programs.

One of these programs is the **Small Business Lease Assistance Program**, a pilot program that was first introduced in 2017 for the five Garden State Growth Zones (GSGZs), and more recently expanded in 2018 to include eight additional municipalities: Bridgeton, Jersey City, Millville, Mt. Holly, Phillipsburg, Plainfield, Salem, and Vineland. Under the Small Business Lease Assistance Program, businesses leasing new or additional street level space in targeted areas of these communities may receive reimbursement of a percentage of their annual lease payments. Since its launch, the program has attracted new businesses

to these targeted commercial corridors, bringing life to these downtowns and providing jobs for residents. The program requirement that businesses commit to spending at least five years in their new location has been particularly important, encouraging business owners to establish roots in the local community, and to embrace local hiring and training.

One small business that is growing successfully in Trenton with help from the Small Business Lease Assistance Program is Mill Hill Pharmacy. Owned and operated by registered pharmacists Elina Elkind and Tatyana Orlava, Mill Hill Pharmacy prides itself on providing old-fashioned customer service and an extensive variety of services to the local community. Through the program, the pharmacy is expected to receive nearly \$6,000 in rent support over a two-year period.

This funding provided by NJEDA will allow Mill Hill Pharmacy to create job opportunities for area residents, with a particular focus on those who can communicate in Spanish and ensure the needs of neighborhood residents are met.

Through the **Premier Lender program**, the NJEDA helps small businesses access financing by partnering with private banks to participate in or guarantee a portion

of the bank financing, which helps lower the cost of borrowing and provides quicker approval times for small businesses. Businesses can use the financing for working capital or fixed assets. NJEDA small business financing helped many small businesses take big steps forward in 2018, including:

- OEM Source, a wholesaler of electronic accessories, that will bring 70 existing jobs from Brooklyn, New York to Roselle Park, New Jersey;
- Tavolo Pronto, a full-service Italian bistro, bakery, and market, that partners with the local Monmouth County school system to allow parents to order hot lunches for delivery to their children at school;
- Integrated Dental Systems (ids), a dental products manufacturer in Bergen County, dedicated to benefiting patients and doctors by incorporating innovative designs and technologies that lead to shorter, more precise procedures and less recovery time for patients.
- Miles Technologies, a business and technology solutions provider, founded in Shamong, in 1997.

2018 also saw the introduction of NJEDA's **Access**, a small business financing program which allows more borrowers to access NJEDA financing by placing a greater emphasis on cash-flow rather than on hard collateral. A total of \$15 million will be available, during the 12-month pilot, with \$10 million



allocated to businesses through loan participations with banks, and the remaining \$5 million available through NJEDA direct loans.

Of course, many small business owners need more than just financial support. Recognizing that many businesses could benefit from skills training and education, the NJEDA continues its partnership with UCEDC to provide financial literacy programs, training workshops, and advice on developing business plans. In 2018, UCEDC conducted 153 workshops attended by 1,955 entrepreneurs, with more

than 530 people benefiting from 2,243 mentoring hours. UCEDC also provided 26 loans totaling \$8.3 million. Of those, 45 percent were provided to minority-owned businesses, and 64 percent supported women-owned entities.

By providing both financial and technical support, the NJEDA fosters



program that helps better position small, minority- and women-owned businesses to compete for state or federal government contracts. Under the program, eligible companies participate in a training course designed to increase bonding knowledge and capacity, with a focus on the construction and development industries. Tuition grants cover the cost of the training, so there is no cost for small businesses selected to participate.

Classes convened in Bordentown each week for 18 weeks to take part in a comprehensive series of classroom trainings, workshops, and strategic counseling sessions covering bonding and insurance, business development, financial presentation, construction and contract law, construction management, estimating, personal credit, and business credit.

sustainable small business growth that not only provides new job opportunities for New Jersey workers, but also brings new vibrancy to communities around the state.

The NJEDA advanced two new initiatives in 2018 specifically designed to make it easier for small businesses to compete for public work. The NJEDA and the African American Chamber of Commerce of New Jersey (AACCNJ) partnered to establish and operate the **Small Business Bonding Readiness Assistance Program**, a training

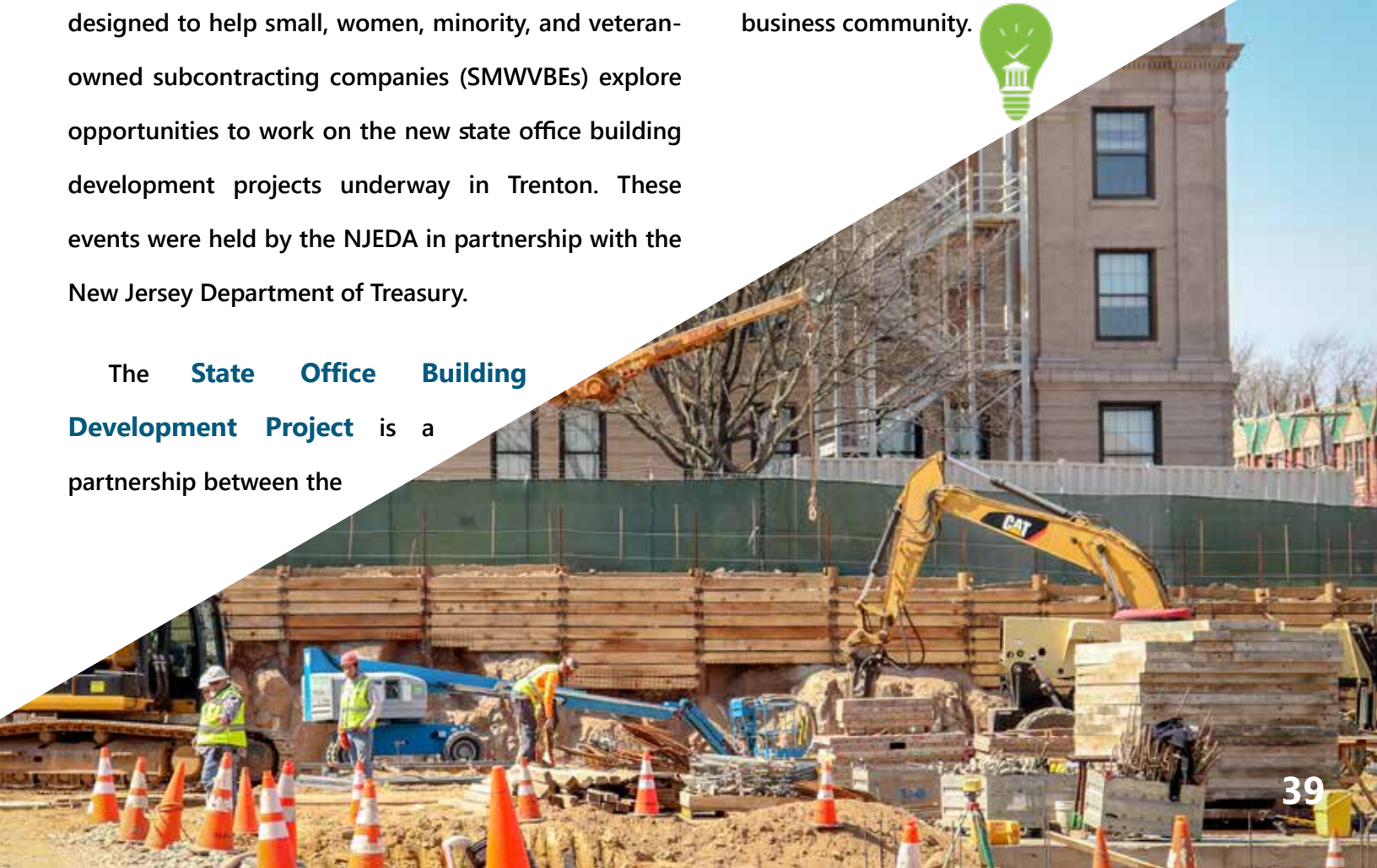
The 30 small business owners in the first class represent a wide variety of small businesses – from contracting, painting, and landscaping to custom computer programming, interior design, and commercial photography. The class represents diverse communities from all around the state, including Jersey City, Princeton, Trenton, Camden, and Long Branch. To date, class members have used the skills learned to qualify for more than \$4 million in surety bonding that will better position these firms to bid on public contracts.

The second initiative was a series of events designed to help small, women, minority, and veteran-owned subcontracting companies (SMWVBEs) explore opportunities to work on the new state office building development projects underway in Trenton. These events were held by the NJEDA in partnership with the New Jersey Department of Treasury.

The **State Office Building Development Project** is a partnership between the

NJEDA and NJ Department of Treasury, Division of Property Management and Consulting (DPMC) to construct new Division of Taxation and Department of Health buildings in downtown Trenton. The project plans include a set-aside program with goals of ensuring at least 25 percent small business engagement, affirmative action hiring goals, and prevailing wage requirements.

With the Governor's economic plan demonstrating a renewed commitment to supporting small business, and the NJEDA's resources laser focused on spurring economic opportunities for communities, small businesses owners, and entrepreneurs around the State, it's an exciting time to be a part of New Jersey's business community.





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Chief Executive Officer



Bruce Ciallella
*Senior Vice President,
Portfolio Management
and Compliance
and HUD Programs*



Frederick J. Cole
*Senior Vice President,
Business Support*



Tai Cooper
*Vice President for Policy &
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Lori Matheus
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THE WORLD TAKES

2018 COMPLETE PROJECT LIST

Atlantic							
PROJECT	MUNICIPALITY	COUNTY	PROJ TYPE	EST NEW JOBS	PROGRAM	FINANCING AMT	TOTAL PROJ COST
Hayday Partners LLC	Atlantic City	Atlantic	RT	14	GSG	\$ 20,000	\$ 43,275
Phyllis Merighi	Egg Harbor City	Atlantic	SR	0	HAZ	\$ 3,473	\$ 14,389
City of Atlantic City (Fmr Motor Vehicle Inspect)	Atlantic City	Atlantic	SR	0	HSM	\$ 32,032	\$ 32,532
The Atlantic City Sewerage Company	Atlantic City	Atlantic	EX	1	SAB	\$ 5,000,000	\$ 5,297,000
Atlantic County *	Various	Atlantic	IC	0	IC	\$ 100,000	\$ 100,000
City of Atlantic City *	Atlantic City	Atlantic	IC	0	IC	\$ 100,000	\$ 100,000
6 Projects				15		5,255,505	5,587,196

Bergen							
PROJECT	MUNICIPALITY	COUNTY	PROJ TYPE	EST NEW JOBS	PROGRAM	FINANCING AMT	TOTAL PROJ COST
Bylada Foods, LLC *	East Rutherford Borough	Bergen	MF	5	DIR	\$ 816,000	\$ 2,189,280
Creative Management Services LLC	Paramus Borough	Bergen	SV	75	GN2	\$ 2,250,000	\$ 2,995,135
Cross River Bank	Fort Lee Borough	Bergen	SV	255	GN2	\$ 10,928,500	\$ 4,445,563
NovelPay, LLC	Hackensack City	Bergen		40	GN2	\$ 5,014,870	\$ 2,563,998
Borough of Closter (Closter Swim Club)	Closter Borough	Bergen	SR	0	HSM	\$ 66,800	\$ 67,300
Yeshiva of North Jersey, a New Jersey Corporation	River Edge Borough	Bergen	NP	10	SAB	\$ 4,988,774	\$ 4,860,000
145 Cedar LLC *	Englewood City	Bergen	SV	10	PLP	\$ 307,500	\$ 2,055,000
BTB Holdings, LLC	Fair Lawn Borough	Bergen	SV	14	PLP	\$ 416,250	\$ 2,097,361
Butler Real Estate Holdings LLC	Oakland Borough	Bergen	SV	13	PLP	\$ 306,000	\$ 306,000
Theo Hackensack Properties, LLC *	Hackensack City	Bergen	CM	10	PLP	\$ 275,000	\$ 602,125
10 Projects				432		25,369,694	22,181,762

Burlington							
PROJECT	MUNICIPALITY	COUNTY	PROJ TYPE	EST NEW JOBS	PROGRAM	FINANCING AMT	TOTAL PROJ COST
Township of Bordentown	Bordentown City	Burlington	SR	0	HSM	\$ 881,113	\$ 1,175,317
100 Mt Holly Bypass, LLC.	Lumberton Township	Burlington	CM	50	PLP	\$ 1,500,000	\$ 5,509,250
2 Projects				50		\$ 2,381,113	\$ 6,684,567

Camden							
PROJECT	MUNICIPALITY	COUNTY	PROJ TYPE	EST NEW JOBS	PROGRAM	FINANCING AMT	TOTAL PROJ COST
Benjamin Foods LLC	Camden City	Camden	WS	251	GN2	\$ 52,469,040	\$ 73,497,729
M&A Holdings Co. LLC	Camden City	Camden	MF	8	GN2	\$ 5,400,000	\$ 4,744,952
Union Packaging, LLC	Camden City	Camden	MF	65	GN2	\$ 10,639,850	\$ 10,640,272
Corcentric LLC	Cherry Hill Township	Camden	SV	20	GN2	\$ 1,387,440	\$ 951,850
Madame RX LLC	Camden City	Camden	MF	56	GN2	\$ 8,400,000	\$ 5,574,820
808 Market Street Associates, LLC	Camden City	Camden	OF	121	GSG	\$ 20,000	\$ 40,500
A-1 Uniform City, Inc.	Camden City	Camden	RT	6	GSG	\$ 18,438	\$ 36,875
Ashton Alexander Properties, LLC	Camden City	Camden	RT	0	GSG	\$ 20,000	\$ 43,500
Ashton Alexander Properties, LLC	Camden City	Camden	OF	23	GSG	\$ 20,000	\$ 45,000
Ashton Alexander Properties, LLC	Camden City	Camden	RT	25	GSG	\$ 20,000	\$ 42,000
BARTRA GROUP CORPORATION	Camden City	Camden	CM	3	GSG	\$ 19,879	\$ 39,757
Esquires Four Limited Liability Company	Camden City	Camden	OF	0	GSG	\$ 20,000	\$ 56,450
STARS REALTY LIMITED LIABILITY COMPANY	Camden City	Camden	CM	13	GSG	\$ 10,948	\$ 21,895
W. Keith Williams, II	Camden City	Camden	CM	48	GSG	\$ 12,550	\$ 25,100
W. Keith Williams, II	Camden City	Camden	CM	48	GSG	\$ 17,050	\$ 34,100
Brian T. Peterson	Berlin Township	Camden	SR	0	HAZ	\$ 5,223	\$ 21,392
Borough of Haddon Heights (Haddon Heights Sanitary Landfil)	Haddon Heights Borough	Camden	SR	0	HSM	\$ 31,000	\$ 31,500
Borough of National Park (Robert Hawthorne Landfill)	Gloucester Township	Camden	SR	0	HSM	\$ 286,257	\$ 382,176
Camden Redevelopment Agency (Camden Laboratories)	Camden City	Camden	SR	0	HSM	\$ 192,051	\$ 192,551

Camden Redevelopment Agency (Camden Laboratories)	Camden City	Camden	SR	0	HSM	\$ 1,358,600	\$ 1,359,100
Camden County Historical Society	Camden City	Camden	NP	0	HTF	\$ 90,000	\$ 90,000
Gridless Power Corporation *	Collingswood Borough	Camden	TC	7	NJC	\$ 250,000	\$ 250,000
LEAP STEM, LLC	Camden City	Camden	NP	1	SAB	\$ 7,500,000	\$ 7,615,000
765 Collingswood, LLC *	Collingswood Borough	Camden	TC	5	PLP	\$ 112,500	\$ 732,850
Camden County *	Camden City	Camden	IC		IC	\$ 100,000	\$ 100,000
25 Projects				700		\$ 88,400,826	\$ 106,569,369

Cape May							
PROJECT	MUNICIPALITY	COUNTY	PROJ TYPE	EST NEW JOBS	PROGRAM	FINANCING AMT	TOTAL PROJ COST
Borough of Woodbine (Woodbine Municipal Airport)	Woodbine Borough	Cape May	SR	0	HSM	\$ 129,645	\$ 130,145
City of Cape May City	Cape May City	Cape May	EX	0	NCS	\$ 253,000	\$ 253,000
2 Projects				0		\$ 382,645	\$ 383,145

Cumberland							
PROJECT	MUNICIPALITY	COUNTY	PROJ TYPE	EST NEW JOBS	PROGRAM	FINANCING AMT	TOTAL PROJ COST
All That Dance Studio A NJ NonProfit Corporation *	Bridgeton City	Cumberland	CM	2	DIR	\$ 132,750	\$ 299,000
Infinite Herbs LLC	Vineland City	Cumberland	WS	125	GN2	\$ 6,250,000	\$ 3,210,000
Paolo Foods, LLC	Bridgeton City	Cumberland	MF	59	GN2	\$ 5,982,600	\$ 6,706,012
Giordano Vineland Scrap Material, LLC *	Vineland City	Cumberland	MF	2	PLP	\$ 180,000	\$ 406,350
City of Bridgeton *	Bridgeton City	Cumberland	IC	0	IC	\$ 100,000	\$ 100,000
5 Projects				188		\$ 12,645,350	\$ 10,721,362

Essex							
PROJECT	MUNICIPALITY	COUNTY	PROJ TYPE	EST NEW JOBS	PROGRAM	FINANCING AMT	TOTAL PROJ COST
East Park Street Hospitality Urban Renewal Inc. *	Newark City	Essex	SV	48	DIR	\$ 1,250,000	\$ 1,250,000
The Kintock Group of New Jersey, Inc. and the Kint and the Kintock Group, Inc. *	Newark City	Essex	SV	0	DIR	\$ 1,000,000	\$ 1,000,000
Comodo CA Inc.	Roseland Borough	Essex	TC	71	GN2	\$ 3,434,860	\$ 1,457,750
Garden Spires Urban Renewal LP (Omni America)	Newark City	Essex	GF	14	ER3	\$ 33,676,732	\$ 134,957,804
Spruce Spires Urban Renewal, L.P.	Newark City	Essex	GF	3	ER3	\$ 9,246,719	\$ 37,170,875
Nagi B. Botros aka Nagi Botros Sidham Botros (SAS Auto Repair Center)	Irvington Township	Essex	SR	0	HAZ	\$ 191,077	\$ 193,077
St. Anthony's Roman Catholic Church (St. Anthony's School)	Belleville Township	Essex	SR	0	HAZ	\$ 17,030	\$ 68,620
Borough of North Caldwell (Walker's Pond)	Cedar Grove Township	Essex	SR	0	HSM	\$ 34,887	\$ 35,387
Township of Maplewood (Fresco Silver)	Maplewood Township	Essex	SR	0	HSM	\$ 748,600	\$ 749,100
Township of Montclair (Southend Pyramid)	Montclair Township	Essex	SR	0	HSM	\$ 41,022	\$ 41,522
East Park Street Hospitality Urban Renewal Inc.	Newark City	Essex	SV	48	LDF	\$ 2,000,000	\$ 26,871,861
The Kintock Group of New Jersey, Inc. and The Kint and The Kintock Group, Inc.	Newark City	Essex	NP	0	LDF	\$ 2,000,000	\$ 2,000,000
City of East Orange	East Orange City	Essex	EX	0	NCS	\$ 1,081,320	\$ 1,081,320
609 Commercial Master Tenant LLC *	Newark City	Essex	OF	100	RIF	\$ 1,000,000	\$ 2,000,000
East Park Street Hospitality Urban Renewal Inc.	Newark City	Essex	CM	0	SAB	\$ 420,000	\$ 26,871,861
Lutheran Social Ministries at Crane's Mill, Inc.	West Caldwell Township	Essex	NP	3	SAB	\$ 5,000,000	\$ 5,000,000
The Friends of Marion P. Thomas Charter School	Newark City	Essex	NP	45	SAB	\$ 25,000,000	\$ 25,000,000
The Friends of TEAM Charter Schools, Inc.	Newark City	Essex	NP	80	SAB	\$ 12,665,000	\$ 13,500,000
The Friends of TEAM Charter Schools, Inc.	Newark City	Essex	NP	51	SAB	\$ 46,585,000	\$ 52,000,000
University Heights Charter School, Inc.	Newark City	Essex	NP	1	SAB	\$ 14,720,000	\$ 15,500,000
RWJ Barnabas Health (Livingston CHP)	Livingston Township	Essex	NP	0	SER	\$ 4,309,638	\$ 12,858,502
RWJ Barnabas Health (Livingston CHP)	Livingston Township	Essex	NP	0	SER	\$ 8,548,864	\$ 8,548,864
22 Projects				464		172,970,749	368,156,543

Gloucester							
PROJECT	MUNICIPALITY	COUNTY	PROJ TYPE	EST NEW JOBS	PROGRAM	FINANCING AMT	TOTAL PROJ COST
Castiglione Properties, LLC *	Washington Township	Gloucester	RT	2	DIR	\$ 232,000	\$ 233,150
Samuel Coraluzzo Co., Inc.	Glassboro Borough	Gloucester	TP	30	GN2	\$ 5,417,500	\$ 5,685,000
goBrands, Inc.	Glassboro Borough	Gloucester	RT	602	GN2	\$ 39,130,000	\$ 43,028,563
Borough of Glassboro (Former Bill's Auto Radiator)	Glassboro Borough	Gloucester	SR	0	HSM	\$ 60,638	\$ 61,138
4 Projects				634		44,840,138	49,007,851

Hudson							
PROJECT	MUNICIPALITY	COUNTY	PROJ TYPE	EST NEW JOBS	PROGRAM	FINANCING AMT	TOTAL PROJ COST
Pearl Capital Business Funding LLC	Jersey City	Hudson	SV	75	GN2	\$ 5,625,000	\$ 600,000
Choice Logistics	Jersey City	Hudson	SV	110	GN2	\$ 8,250,000	\$ 1,818,468
E*Trade Financial Corporation	Jersey City	Hudson	SV	251	GN2	\$ 20,080,000	\$ 20,975,434
Suuchi Inc	Kearny Town	Hudson	MF	777	GN2	\$ 37,174,700	\$ 14,029,866
Unique Designs, Inc.	Secaucus Town	Hudson	WS	134	GN2	\$ 10,050,000	\$ 3,671,700
KeyMe, Inc.	Jersey City	Hudson	SV	120	GN2	\$ 5,467,200	\$ 600,000
Neumann Gruppe USA, Inc	Hoboken City	Hudson	WS	45	GN2	\$ 3,150,000	\$ 1,280,285
Gucci America Inc.	Jersey City	Hudson	RT	210	GN2	\$ 14,700,000	\$ 6,656,793
Friends of Golden Door Charter School, Inc.	Jersey City	Hudson	NP	5	SAB	\$ 11,000,000	\$ 11,000,000
9 Projects				1,727		115,496,900	60,632,546

Hunterdon							
PROJECT	MUNICIPALITY	COUNTY	PROJ TYPE	EST NEW JOBS	PROGRAM	FINANCING AMT	TOTAL PROJ COST
Kerbel-Sheriff Partners	Flemington Borough	Hunterdon	SR	0	HAZ	\$ 193,126	\$ 193,626
Borough of Milford (A&L Oil Co. Inc.)	Milford Borough	Hunterdon	SR	0	HSM	\$ 9,105	\$ 9,605
Hunterdon Medical Center (Cogeneration & Resiliency Upgs)	Flemington Borough	Hunterdon	NP	0	SER	\$ 3,444,374	\$ 9,527,715
Hunterdon Medical Center (Cogeneration & Resiliency Upgs)	Flemington Borough	Hunterdon	NP	0	SER	\$ 6,083,341	\$ 6,083,341
4 Projects				0		\$ 9,729,946	\$ 15,814,287

Mercer							
PROJECT	MUNICIPALITY	COUNTY	PROJ TYPE	EST NEW JOBS	PROGRAM	FINANCING AMT	TOTAL PROJ COST
3 Sons Property LLC	Trenton City	Mercer	RT	4	GSG	\$ 20,000	\$ 41,000
80 Delta Limited Liability Company	Trenton City	Mercer	RT	1	GSG	\$ 20,000	\$ 53,000
Cardarelli, Debra Lynn	Trenton City	Mercer	SV	7	GSG	\$ 7,000	\$ 14,000
GLENDAL VILLAGE PHARMACY LLC	Trenton City	Mercer	RT	18	GSG	\$ 5,985	\$ 5,985
New Jersey Utilities Association, Inc.	Trenton City	Mercer	GF	0	GSG	\$ 12,058	\$ 12,058
YAAR INC	Trenton City	Mercer	RT	6	GSG	\$ 20,000	\$ 43,500
The Friends of Foundation Academy, Inc.	Trenton City	Mercer	NP	3	SAB	\$ 13,380,000	\$ 14,320,000
Britton Realty of Lawrenceville, LLC *	Lawrence Township	Mercer	MF	8	PLP	\$ 2,000,000	\$ 17,100,000
City of Trenton *	Trenton City	Mercer	IC	0	IC	\$ 100,000	\$ 100,000
9 Projects				47		\$ 15,565,043	\$ 31,689,543

Middlesex							
PROJECT	MUNICIPALITY	COUNTY	PROJ TYPE	EST NEW JOBS	PROGRAM	FINANCING AMT	TOTAL PROJ COST
Integra LifeSciences Corporation	Plainsboro Township	Middlesex	TC	80	GN2	\$ 17,808,320	\$ 15,855,009
The RealReal, Inc.	Perth Amboy City	Middlesex	RT	410	GN2	\$ 38,850,000	\$ 10,957,924
Ria Hospitality Urban Renewal, LLC	Carteret Borough	Middlesex	CM	26	ER2	\$ 4,110,915	\$ 21,784,576
39 Progress Street LLC *	Edison Township	Middlesex	TP	5	PLP	\$ 1,000,000	\$ 5,470,000
Good Realty LLC	North Brunswick Township	Middlesex	SV	6	PLP	\$ 132,500	\$ 929,325
KD Singh Enterprise LLC *	Edison Township	Middlesex	DS	10	PLP	\$ 1,157,975	\$ 3,407,750
City of New Brunswick *	New Brunswick City	Middlesex	IC	0	IC	\$ 100,000	\$ 100,000
7 Projects				537		63,159,710	58,504,584

Monmouth							
PROJECT	MUNICIPALITY	COUNTY	PROJ TYPE	NEW JOBS	PROGRAM	FINANCING AMT	TOTAL PROJ COST
Dos Bros. Holdings, LLC	Fair Haven Borough	Monmouth	CM	2	DIR	\$ 150,000	\$ 755,250
Borough of Freehold (Colaner Property)	Freehold Borough	Monmouth	SR	0	HSM	\$ 144,059	\$ 177,730
County of Monmouth (327 Greenwood Road)	Aberdeen Township	Monmouth	SR	0	HSM	\$ 99,605	\$ 100,105
Township of Aberdeen Aberdeen Township Frmr So River Metals Products (former South River Metal Prod.)	Aberdeen Township	Monmouth	SR	0	HSM	\$ 989,390	\$ 1,979,280
Township of Aberdeen Aberdeen Township Frmr So River Metals Products (former South River Metal Prod.)	Aberdeen Township	Monmouth	SR	0	HSM	\$ 545,766	\$ 728,189
Township of Aberdeen Aberdeen Township Frmr So River Metals Products (former South River Metals prod)	Aberdeen Township	Monmouth	SR	0	HSM	\$ 193,611	\$ 194,111
Sampaul Contracting, Inc. *	Manasquan Borough	Monmouth	CM	0	PLP	\$ 150,000	\$ 303,750
Lug Track LLC *	Red Bank Borough	Monmouth	TC	5	NAS	\$ 50,000	\$ 50,000
South Monmouth Regional Sewerage Authority	Belmar Borough	Monmouth	GF	0	SER	\$ 1,070,326	\$ 3,918,000
South Monmouth Regional Sewerage Authority	Belmar Borough	Monmouth	GF	0	SER	\$ 2,847,674	\$ 2,847,674
Garden State Associates, LLC	Wall Township	Monmouth	MF	0	PLP	\$ 700,000	\$ 700,000
Garden State Precast Inc.	Wall Township	Monmouth	MF	6	PLP	\$ 400,000	\$ 3,513,500
Swag Holdings LLC	Howell Township	Monmouth	WS	5	PLP	\$ 1,600,000	\$ 4,851,000
Monmouth County *	Various	Monmouth	IC	0	IC	\$ 100,000	\$ 100,000
14 Projects				18		\$ 9,040,431	\$ 20,218,589

Morris							
PROJECT	MUNICIPALITY	COUNTY	PROJ TYPE	EST NEW JOBS	PROGRAM	FINANCING AMT	TOTAL PROJ COST
Peter Minardi	Hanover Township	Morris	SR	0	HAZ	\$ 15,500	\$ 15,500
Borough of Madison (Bayley Ellard Field)	Madison Borough	Morris	SR	0	HSM	\$ 409,313	\$ 546,250
Teva Pharmaceuticals USA, Inc.	Parsippany-Troy Hills Townsh	Morris	TC	843	GN2	\$ 39,998,730	\$ 31,456,748
3 Projects				843		40,423,543	32,018,498

Multi County							
PROJECT	MUNICIPALITY	COUNTY	PROJ TYPE	EST NEW JOBS	PROGRAM	FINANCING AMT	TOTAL PROJ COST
Dakota Properties, Inc.	Statewide	Multi Count	NP	2	SAB	\$ 1,119,200	\$ 1,130,400
Oaks Integrated Care, Inc.	Statewide	Multi Count	NP	15	SAB	\$ 1,765,498	\$ 1,765,498
NOL (48)	Statewide	Multi Count	TC	0	NOL	\$ 60,000,000	\$ 60,000,000
ATC (244)	Statewide	Multi Count	TC	0	ATC	\$ 10,650,387	\$ 197,117,293
Small Biz Bonding (27)	Statewide	Multi Count	NA	0	SBB	\$ 109,500	\$ 109,500
321 Projects				17		73,644,585	260,122,691

Ocean							
PROJECT	MUNICIPALITY	COUNTY	PROJ TYPE	EST NEW JOBS	PROGRAM	FINANCING AMT	TOTAL PROJ COST
SS White Burs, Inc.	Lakewood Township	Ocean	MF	0	GN2	\$ 3,853,080	\$ 3,853,500
44 Washington Street 2018 LLC *	Dover Township	Ocean	RT	40	PLP	\$ 396,000	\$ 1,421,750
Crystalware Limited Liability Company *	Lakewood Township	Ocean	DS	0	PLP	\$ 2,000,000	\$ 17,675,000
Sampaul Contracting, Inc.	Jackson Township	Ocean	CT	5	PLP	\$ 600,000	\$ 1,206,750
Sand Hill Investments LLC *	Lakewood Township	Ocean	WS	16	PLP	\$ 876,750	\$ 6,045,182
5 Projects				61		7,725,830	30,202,182

Passaic							
PROJECT	MUNICIPALITY	COUNTY	PROJ TYPE	EST NEW JOBS	PROGRAM	FINANCING AMT	TOTAL PROJ COST
149-151 Randolph LLC *	Passaic City	Passaic	SV	8	DIR	\$ 281,000	\$ 1,692,000
Horsepower Electric & Maintenance Corp.	Paterson City	Passaic	MF	25	GN2	\$ 3,500,000	\$ 2,719,850
Parking Authority of the City of Paterson	Paterson City	Passaic	RT	0	ER3	\$ 30,534,450	\$ 43,825,161
A1 Cafe and Convenience Inc	Passaic City	Passaic	RT	8	GSG	\$ 6,199	\$ 12,398
AMZEP, LLC	Passaic City	Passaic	RT	2	GSG	\$ 20,000	\$ 46,808
Arepas Exxpress LLC	Passaic City	Passaic	RT	34	GSG	\$ 19,000	\$ 42,941
BD Supermarket LLC	Paterson City	Passaic	RT	6	GSG	\$ 19,178	\$ 38,355

Farrar Filter Company, Inc	Paterson City	Passaic	SV	0	GSG	\$ 13,475	\$ 26,950
Galata Konak LLC	Paterson City	Passaic	RT	5	GSG	\$ 18,309	\$ 36,617
Kebob LLC	Paterson City	Passaic	SV	1	GSG	\$ 10,050	\$ 20,100
La Flor De Puebla Bakery & Pastry	Passaic City	Passaic	RT	5	GSG	\$ 20,000	\$ 45,000
Law Office of Steven H. Wolff, LLC	Passaic City	Passaic	OF	8	GSG	\$ 5,940	\$ 5,940
Window Rama of New Jersey, Inc.	Passaic City	Passaic	RT	1	GSG	\$ 8,244	\$ 8,244
Joan Verkerke and Ronald Winters	West Milford Township	Passaic	SR	0	HAZ	\$ 27,343	\$ 27,843
City of Paterson (Hinchcliff Stadium)	Paterson City	Passaic	SR	0	HSM	\$ 42,279	\$ 42,779
New Jersey Community Development Corporation (Michaels Energy Factory)	Paterson City	Passaic	SR	0	HSM	\$ 34,581	\$ 35,081
144 Delawanna Clifton LLC	Clifton City	Passaic	MF	100	PLP	\$ 2,000,000	\$ 9,492,531
Quest Diagnostics Incorporated	Clifton City	Passaic	SV	0	STX	\$ 5,862,302	\$ 106,587,315
Passaic County *		Passaic	IC	0	IC	\$ 100,000	\$ 100,000
19 Projects				203		\$ 42,522,350	\$ 164,805,913

Somerset							
PROJECT	MUNICIPALITY	COUNTY	PROJ TYPE	EST NEW JOBS	PROGRAM	FINANCING AMT	TOTAL PROJ COST
Tech Mahindra Americas Inc.	Bedminster Township	Somerset	TC	38	GN2	\$ 1,998,000	\$ 923,115
Reflik, Inc. *	Franklin Township	Somerset	TC	10	NJC	\$ 250,000	\$ 250,000
99MOUNTBETHEL LLC *	Warren Township	Somerset	DS	4	PLP	\$ 300,000	\$ 1,575,000
Menapace Holdings LLC	Montgomery Township	Somerset	RT	4	PLP	\$ 112,000	\$ 563,550
4 Projects				56		2,660,000	3,311,665

Sussex							
PROJECT	MUNICIPALITY	COUNTY	PROJ TYPE	EST NEW JOBS	PROGRAM	FINANCING AMT	TOTAL PROJ COST
Christopher Lackey	Frankford Township	Sussex	SR	0	HAZ	\$ 29,283	\$ 117,631
Township of Sandyston (Tri-State Steel Fabricators)	Sandyston Township	Sussex	SR	0	HSM	\$ 6,468	\$ 6,968
Township of Sandyston (Tri-State Steel Fabricators)	Sandyston Township	Sussex	SR	0	HSM	\$ 30,809	\$ 31,309
3 Projects				0		\$ 66,560	\$ 155,908

Union							
PROJECT	MUNICIPALITY	COUNTY	PROJ TYPE	EST NEW JOBS	PROGRAM	FINANCING AMT	TOTAL PROJ COST
NB Ventures, Inc.	Clark Township	Union	SV	147	GN2	\$ 7,445,440	\$ 2,189,504
Profoot, Incorporated	Elizabeth City	Union	WS	55	GN2	\$ 2,750,000	\$ 2,182,930
Carts Mobile Food Equipment Corpration	Plainfield City	Union	MF	34	GN2	\$ 3,740,000	\$ 1,598,000
Feldware Inc.	Rahway City	Union	MF	45	GN2	\$ 2,475,000	\$ 1,056,155
Mesorah Publications, Ltd	Rahway City	Union	MF	110	GN2	\$ 8,250,000	\$ 6,786,786
City of Elizabeth ((BDA) Former Exact Anodizing)	Elizabeth City	Union	SR	0	HSM	\$ 32,070	\$ 32,570
City of Elizabeth (Apple Tree Village)	Elizabeth City	Union	SR	0	HSM	\$ 31,880	\$ 32,380
City of Elizabeth (Kull Property)	Elizabeth City	Union	SR	0	HSM	\$ 188,102	\$ 251,302
Rahway Redevelopment Agency (BDA Hamilton Laundry Site)	Rahway City	Union	SR	0	HSM	\$ 235,708	\$ 236,208
470 West First Ave. LLC *	Roselle Borough	Union	WS	10	PLP	\$ 1,000,000	\$ 3,401,500
B.K. Foods, Inc. & B & T Realty Co., Inc *	New Providence Borough	Union	RT	10	PLP	\$ 475,000	\$ 4,284,250
JAAN Holdings LLC *	Rahway City	Union	MF	50	PLP	\$ 1,170,000	\$ 2,780,500
Union Township *	Union Township	Union	IC	0	IC	\$ 100,000	\$ 100,000
13 Projects				461		27,893,200	24,932,085

Warren							
PROJECT	MUNICIPALITY	COUNTY	PROJ TYPE	EST NEW JOBS	PROGRAM	FINANCING AMT	TOTAL PROJ COST
Township of Oxford (Former Oxwall Tool Company)	Oxford Township	Warren	SR	0	HSM	\$ 113,116	\$ 113,616
1 Projects				0		\$ 113,116	\$ 113,616

TOTAL	488 Projects			6,453		\$ 760,287,234	\$ 1,271,813,902
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PROJECT TYPE KEY

* Funded through Economic Recovery Fund (ERF)

Project Type Key			
AG: Agriculture	CM: Commercial	CC: Continuing Care Retirement	DS: Distribution
CF: Commercial Fishing	GF: Government Facility	MF: Manufacturing	NH: Nursing Home
OF: Office Facility	PC: Pollution Control	RD: Research & Development	SV: Services
TP: Transportation	WS: Wholesale	RT: Retail	EX: Exempt Public Facility
RH: Residential Health Care	RC: Recycling	CT: Construction Trade	DC: Day Care
NP: Not for Profit	SR: Site Remediation	UT: Underground Storage Tank	HS: Housing
CU: Cultural	IN: Infrastructure	SS: Streetscape	RL: Recreational
TC: Technology	IC: Innovation Challenge		

Program Type Key			
GSG	Garden State Growth Zone BLI-BII	HTF	New Jersey Historic Trust Fund
HAZ	Hazardous Site Remediation - Commercial	NJC	NJ CoVest Fund
HSM	Hazardous Site Remediation - Municipal	NCS	NCR Streetscape
SAB	Stand-Alone Bond	LDF	Local Development Financing Fund
IC	Innovation Challenge	RIF	Real Estate Impact Fund
DIR	Direct Loan	SER	Economic Resilience Bank
GN2	Grow New Jersey Tax Credit-EOA	PLP	Premier Lender Program
NAS	NJ FF All Stars	ER2	EOA ERG - Commercial
ER3	EOA ERG - Residential / Mixed Use Parking		



2018 INCENTIVES ISSUANCE REPORT

The following is a summary of NJEDA activity related to the actual issuance of tax credits or cash reimbursements, as applicable, for the following incentives programs administered by the Authority:

- Grow NJ Program (EOA and Legacy)
- Economic Redevelopment and Growth (ERG) Program (Commercial and Residential)
- Urban Transit Hub Tax Credit Program
- Business Employment Incentive Program (BEIP)
- Business Retention and Relocation Assistance Grant (BRRAG) Program

Exhibit A – Summary of Incentives Issuances in CY 2018 (By Program)

Program	Tax Credit Issuance	Cash Reimbursement Issuance	Total Issuance
BEIP	\$ 47,908,965		\$ 47,908,965
BRRAG	\$ 13,056,750		\$ 13,056,750
Commercial ERG	-	\$ 3,880,222	\$ 3,880,222
Residential ERG	\$ 26,591,650		\$ 26,591,650
Grow NJ (EOA)	\$ 123,250,020		\$ 123,250,020
Grow NJ (Legacy)	\$ 22,547,000		\$ 22,547,000
Urban Transit Hub	\$ 95,703,632		\$ 95,703,632
Total	\$ 329,058,016	\$ 3,880,222	\$ 332,938,239

Please see Exhibit D – Summary of Incentives Issuance (by Project) for a detailed listing of projects that received the issuances reported above.

Exhibit B – Projects Certified by NJEDA and Division of Taxation

(Grow NJ – EOA and Legacy, ERG – Commercial and Residential, and Urban Transit Hub)

In CY2018, EDA and Taxation certified 24 new projects under the Grow NJ, ERG and Urban Transit Hub Tax Credit Programs. Of this 24, 16 were Grow NJ (EOA) projects, 2 were Grow NJ (Legacy) projects, 3 were commercial ERG projects, 2 were residential ERG projects, and 1 was an Urban Transit Hub Tax Credit Project.

The chart below illustrates new certifications (by EDA and Taxation) annually, from CY2015 – CY2018:

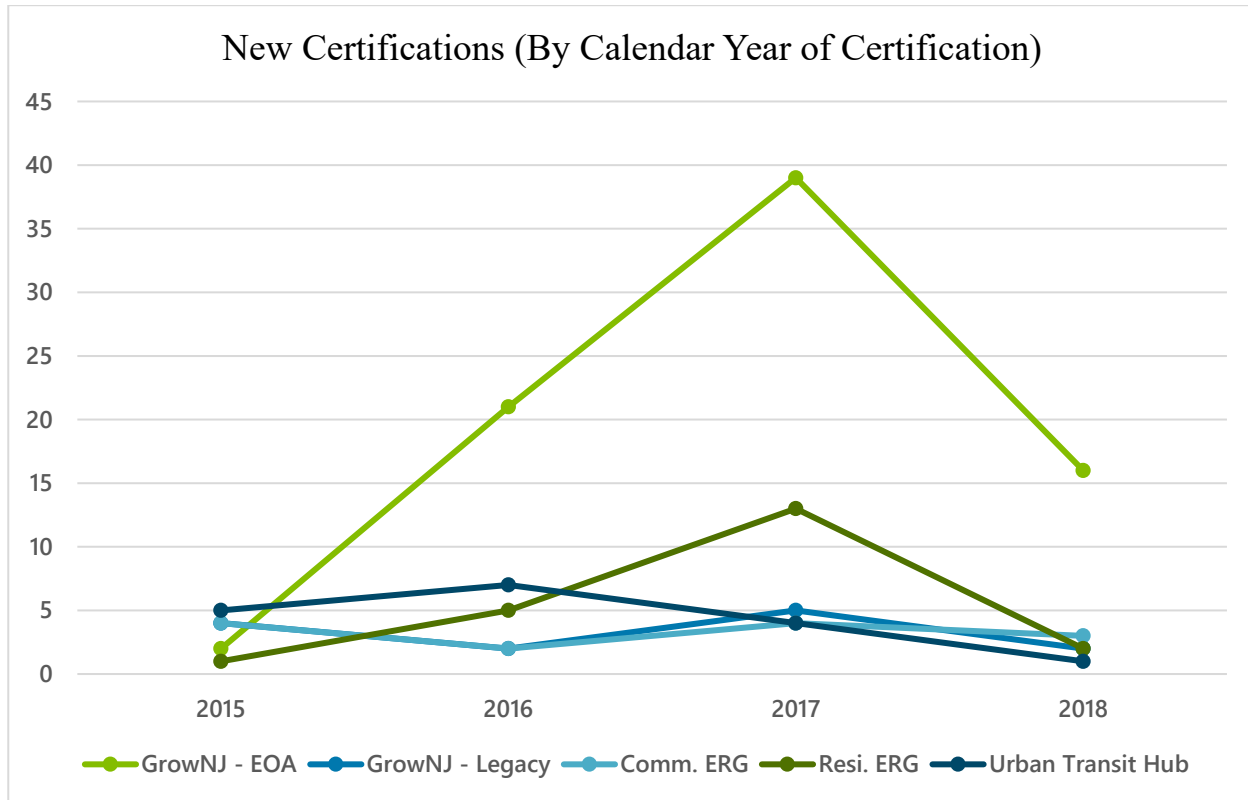
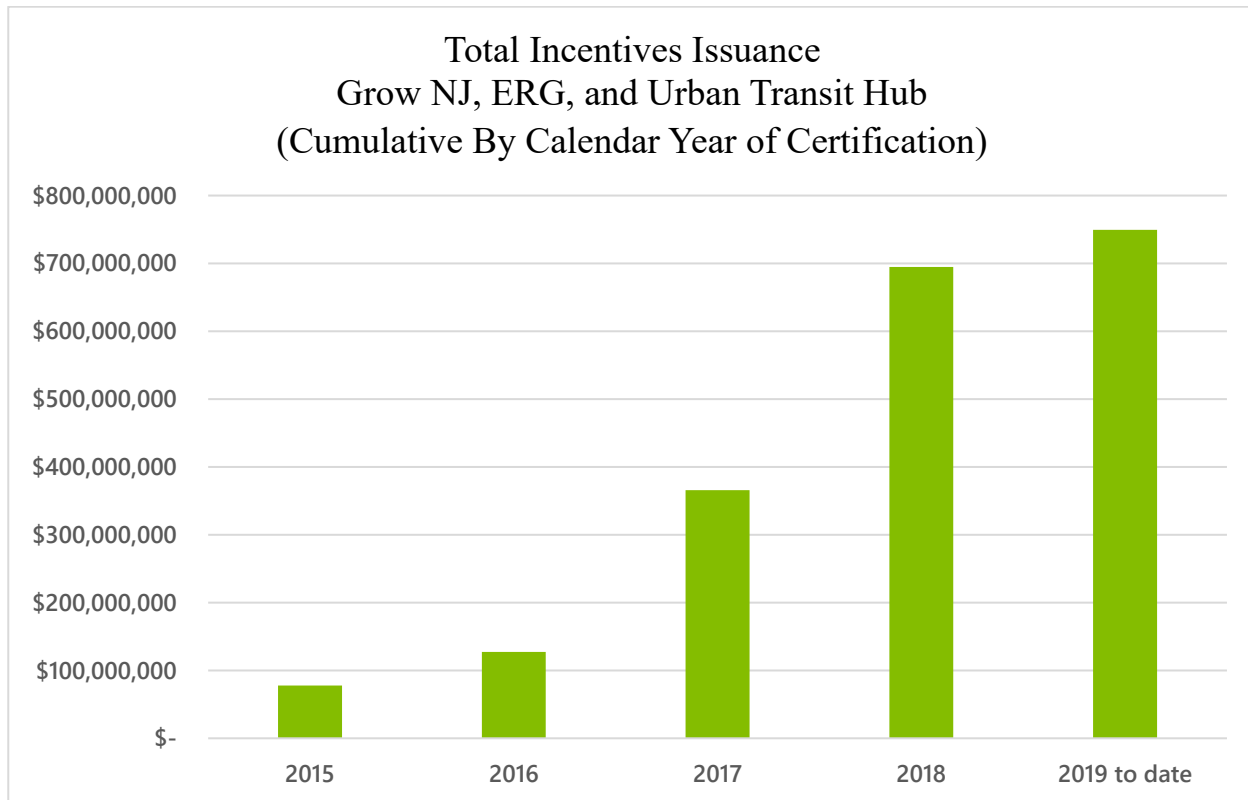


Exhibit C – Estimated Total Incentives Issuance

(Grow NJ – EOA and Legacy, ERG – Commercial and Residential, and Urban Transit Hub)

As of 5/29/2019, NJEDA has issued approximately \$749,318,449 in tax credits or cash reimbursements to 135 projects. A full listing of projects that are certified, completed and received a tax credit or cash reimbursement issuance can be found on the NJEDA website at https://www.njeda.com/pdfs/reports/Completed_and_Certified_Incentive_Projects.aspx.

Below is a summary of estimated cumulative total incentives issuance from CY2015 – CY2019 (to date):



*Exhibit D - Summary of Incentive Issuance - CY 2018
(Issuance by Project)*

Business Employment Incentive Program (BEIP)			
Project Name	Municipality	County	CY 2018 Tax Credit Issuance
Accupac, Inc.	Lakewood Township	Ocean	\$ 5,819
ACE American Insurance Company	Jersey City	Hudson	\$ 165,136
Alpine Trading Company, Inc.	Englewood City	Bergen	\$ 1,416
Amneal Pharmaceuticals LLC	East Hanover Township	Morris	\$ 151
Arch Insurance Group Inc.	Jersey City	Hudson	\$ 1,184,304
AvePoint, Inc.	Jersey City	Hudson	\$ 192,973
Avis Budget Car Rental, LLC	Parsippany-Troy Hills Township	Morris	\$ 449,828
AXA Equitable Life Insurance Company	Jersey City	Hudson	\$ 541,295
Barnes & Noble College Booksellers, LLC	Bernards Township	Somerset	\$ 398,304
BJ's Wholesale Club, Inc.	Burlington Township	Burlington	\$ 1,931
Bracco Diagnostics Inc.	Monroe Township	Middlesex	\$ 11,886
Cellco Partnership/Verizon Wireless	Piscataway	Middlesex	\$ 3,601
Citco Fund Services (USA), Inc.	Jersey City	Hudson	\$ 131,827
City Theatrical, Inc.	Carlstadt Borough	Bergen	\$ 12,785
Comag Marketing Group, LLC	Princeton Borough	Mercer	\$ 55,313
CommVault Americas, Inc.	Tinton Falls Borough	Monmouth	\$ 68,252
Depository Trust & Clearing Corp	Jersey City	Hudson	\$ 228,635
Dow Jones & Company, Inc.	South Brunswick Township	Middlesex	\$ 188,884
Dun & Bradstreet Corporation, The	Millburn Township	Essex	\$ 6,720
Echosphere LLC/DISH	Roseland Borough	Essex	\$ 24,113
Euromarket Designs/Crate & Barrel	Cranbury Township	Middlesex	\$ 35,487
Everite Machine Products Co.	Pennsauken Township	Camden	\$ 7,496
Exelis, Inc.	Clifton City	Passaic	\$ 77,452
ExxonMobil Research and Engineering Co	Clinton Township	Hunterdon	\$ 430,805
Ferring Pharmaceuticals, Inc.	Parsippany-Troy Hills Township	Morris	\$ 420,652
Firmenich Incorporated	Plainsboro Township	Middlesex	\$ 175,916
Franklin Electric Company	Moorestown Township	Burlington	\$ 13,695
Gain Capital Group, LLC	Bedminster Township	Somerset	\$ 42,692
Goldman Sachs Group, Inc. or nominee	Jersey City	Hudson	\$ 32,580,225
Great Dames Limited Liability Company	Logan Township	Gloucester	\$ 308
High Point Safety and Insurance	Red Bank Borough	Monmouth	\$ 4,851
Hilliard Farber & Company, Inc/Dealerweb	Jersey City	Hudson	\$ 117,945
Howmedica Osteonics Corp.	Mahwah Township	Bergen	\$ 70,984
ImClone Systems Corporation	Branchburg Township	Somerset	\$ 5,217
IPC Systems Inc	Berkeley Heights Township	Union	\$ 22,078
Ipsen Biopharmaceuticals, Inc.	Bernards Township	Somerset	\$ 134,482
John Wiley & Sons, Inc.	Hoboken City	Hudson	\$ 1,464,592
JPMorgan Chase Bank	Jersey City	Hudson	\$ 600,199
KPMG LLP	Montvale Borough	Bergen	\$ 38,899
L.V. Adhesive, Inc.	Carlstadt Borough	Bergen	\$ 5,671
Maquet Cardiovascular LLC	Wayne Township	Passaic	\$ 71,356
McLane New Jersey, Inc	Upper Township	Salem	\$ 179,958
Mechoshade Systems, Inc.	Edison Township	Middlesex	\$ 34,522
Medidata Solutions, Inc.	Woodbridge Township	Middlesex	\$ 532,010
Merrill Lynch & Co., Inc.	Jersey City	Hudson	\$ 292,047
Mizuho Bank, Limited	Jersey City	Hudson	\$ 379,260
National Financial Services, LLC	Jersey City	Hudson	\$ 853,855
Novartis Pharmaceuticals Corporation	East Hanover Township	Morris	\$ 3,501,669
Novel Laboratories, Inc	Franklin Township	Somerset	\$ 17,253
Novo Nordisk, Inc.	Plainsboro Township	Middlesex	\$ 780,233
NRT LLC/Realogy	Parsippany-Troy Hills Township	Morris	\$ 84,808
Oxford Instruments Inc	Carteret Borough	Middlesex	\$ 9,876
PBF Holding Company, LLC	Parsippany-Troy Hills Township	Morris	\$ 36,645
ProSight Specialty Management Co	Morristown Town	Morris	\$ 4,610
QUALCOMM Flarion Technologies, Inc.	Bridgewater Township	Somerset	\$ 99,884
Regeneron Pharmaceuticals, Inc.	Bernards Township	Somerset	\$ 14,504
Sanofi-Aventis U.S. LLC	Single County - Multi City	Somerset	\$ 81,490
SG Americas Operational Services Inc.	Jersey City	Hudson	\$ 382,065
Standard Chartered Bank	Newark City	Essex	\$ 188,552
Sumitomo Mitsui Trust Bank	Jersey City	Hudson	\$ 43,298
Super Stud Building Products, Inc.	Edison Township	Middlesex	\$ 9,524
Teachers Insurance and Annuity Assoc	Woodbridge Township	Middlesex	\$ 79,314
The Thomas Colace Company, LLC,	West Deptford Township	Gloucester	\$ 27,115
Tribeca Oven, Inc.	Carlstadt Borough	Bergen	\$ 20,802
Tullett Prebon (Americas) Holding Inc.	Jersey City	Hudson	\$ 248,674
Viewpointe Archive Services, L.L.C.	Parsippany-Troy Hills Township	Morris	\$ 12,823
Total BEIP Issuance - CY2018			\$ 47,908,965

Business Retention and Relocation Assistance Grant (BRRAG) Program			
Project Name	Municipality	County	CY 2018 Tax Credit Issuance
Bayer HealthCare LLC	East Hanover	Morris	\$ 2,349,000
Church & Dwight	Princeton Lakewood Cranbury	Mercer Ocean Middlesex	\$ 2,259,000
Durand Glass	Millville	Cumberland	\$ 1,831,500
Realogy Group	Madison	Morris	\$ 2,117,250
UBS	Weehawken	Hudson	\$ 4,500,000
Total BRRAG Issuance - CY2018			\$ 13,056,750

Economic Redevelopment and Growth (ERG) Program - Commercial Projects			
Project Name	Municipality	County	CY 2018 Reimbursement Issuance
DVL Inc	Kearny	Hudson	\$ 671,215
Harrah's Conference Center	Atlantic City	Atlantic	\$ 1,000,260
Harrison Hotel	Harrison	Hudson	\$ 734,588
Jersey Gardens	Elizabeth	Union	\$ 551,141
MSST Fidelco	Newark	Essex	\$ 421,842
Saker	Somerville	Somerset	\$ 501,176
Total Commercial ERG Issuance - CY2018			\$ 3,880,222

Grow NJ (EOA)			
Project Name	Municipality	County	CY 2018 Reimbursement Issuance
Accurate Box Company	Paterson City	Passaic	\$3,842,500
Amerinox Processing	Camden City	Camden	\$795,000
Artech Information Systems	Morris Township	Morris	\$220,500
Barrette Outdoor Living	Galloway Township	Atlantic	\$2,520,000
Brown Brothers Harriman	Jersey City	Hudson	\$2,655,660
C2 Imaging	Jersey City	Hudson	\$871,500
Charles Komar & Sons	Jersey City	Hudson	\$3,417,750
Comar Holding Company	Voorhees Township	Camden	\$80,000
Contemporary Graphics	Camden City	Camden	\$3,240,000
Cooper Health	Camden City	Camden	\$4,579,000
D'Artagnan, LLC	Union Township	Union	\$407,127
Fidessa Corporation	Jersey City	Hudson	\$2,943,000
First Data Corp.	Jersey City	Hudson	\$1,417,000
Forbes Media	Jersey City	Hudson	\$2,472,250
Frederick Goldman	Secaucus Town	Hudson	\$1,500,000
FX Direct Dealer	Jersey City	Hudson	\$690,000
Gaming Laboratories International LLC	Lakewood Township	Ocean	\$891,000
GBT US LLC	Jersey City	Hudson	\$906,750
Grocery Delivery/Hello Fresh	Newark City	Essex	\$3,710,242
Groupe SEB	Parsippany-Troy Hills	Morris	\$180,250
Hibbert Company, The	Trenton City	Mercer	\$3,302,250
Insight Catastrophe	Jersey City	Hudson	\$208,000
Interpool, Inc.	Plainsboro Township	Middlesex	\$776,000
IPAK	Camden City	Camden	\$1,710,000
Jacmel Jewelry	Secaucus Town	Hudson	\$248,000
Jimmy's Cookies LLC	Clifton City	Passaic	\$753,750
JPMorgan Chase Bank	Jersey City	Hudson	\$40,814,400
Kering Eyewear USA Inc	Bridgewater Township	Somerset	\$123,000
LI 2000	Secaucus Town	Hudson	\$3,429,250
Liscio's Italian Bakery	Glassboro Borough	Gloucester	\$1,351,500
Master Metal Polishing	Paterson City	Passaic	\$940,000
Material Handling Supply	Pennsauken Township	Camden	\$185,250
Northeast Precast	Millville City	Cumberland	\$812,663
Omnicom	Jersey City	Hudson	\$3,944,000
Patella Construction Corp.	Passaic City	Passaic	\$1,065,000
Philadelphia 76ers	Camden City	Camden	\$7,956,177
Plastics Consulting	Camden City	Camden	\$392,000
Principis Capital	Jersey City	Hudson	\$285,000
Rainforest Distribution Corp.	Bayonne City	Hudson	\$240,000
RBC Capital Markets LLC	Jersey City	Hudson	\$7,323,750
Rent the Runway	Secaucus Town	Hudson	\$1,455,750
RVM Enterprises	Jersey City	Hudson	\$652,500

Grow NJ (EOA) (continued)			
Project Name	Municipality	County	CY 2018 Reimbursement Issuance
Sandy Alexander	Clifton City	Passaic	\$1,092,000
Showman Fabricators, Inc.	Bayonne City	Hudson	\$877,500
Solvay USA	West Windsor Township	Mercer	\$738,000
Taiho Oncology, Inc.	Princeton Township	Mercer	\$350,000
Univision Communications	Vineland City	Cumberland	\$350,000
Volunteers of America	Camden City	Camden	\$617,500
WallachBeth Capital	Jersey City	Hudson	\$371,250
WebiMax	Camden City	Camden	\$510,000
Wenner Bread Products	New Brunswick City	Middlesex	\$3,036,000
Total Grow NJ (EOA) Issuance - CY2018			\$123,250,020

Grow NJ (Legacy)			
Project Name	Municipality	County	CY 2018 Reimbursement Issuance
Burlington Coat Factory	Florence	Burlington	\$ 4,000,000
Destination Maternity	Florence	Burlington	\$ 3,143,000
Dress Barn Ascena	Mahwah	Bergen	\$ 3,088,000
Imperial Bag	Jersey City	Hudson	\$ 2,912,000
NRG Energy	West Windsor Township	Mercer	\$ 3,115,000
Royal Wine	Bayonne City	Hudson	\$ 2,289,000
UPS	Parsippany-Troy Hills	Morris	\$ 4,000,000
Total Grow NJ (Legacy) Issuance - CY2018			\$ 22,547,000

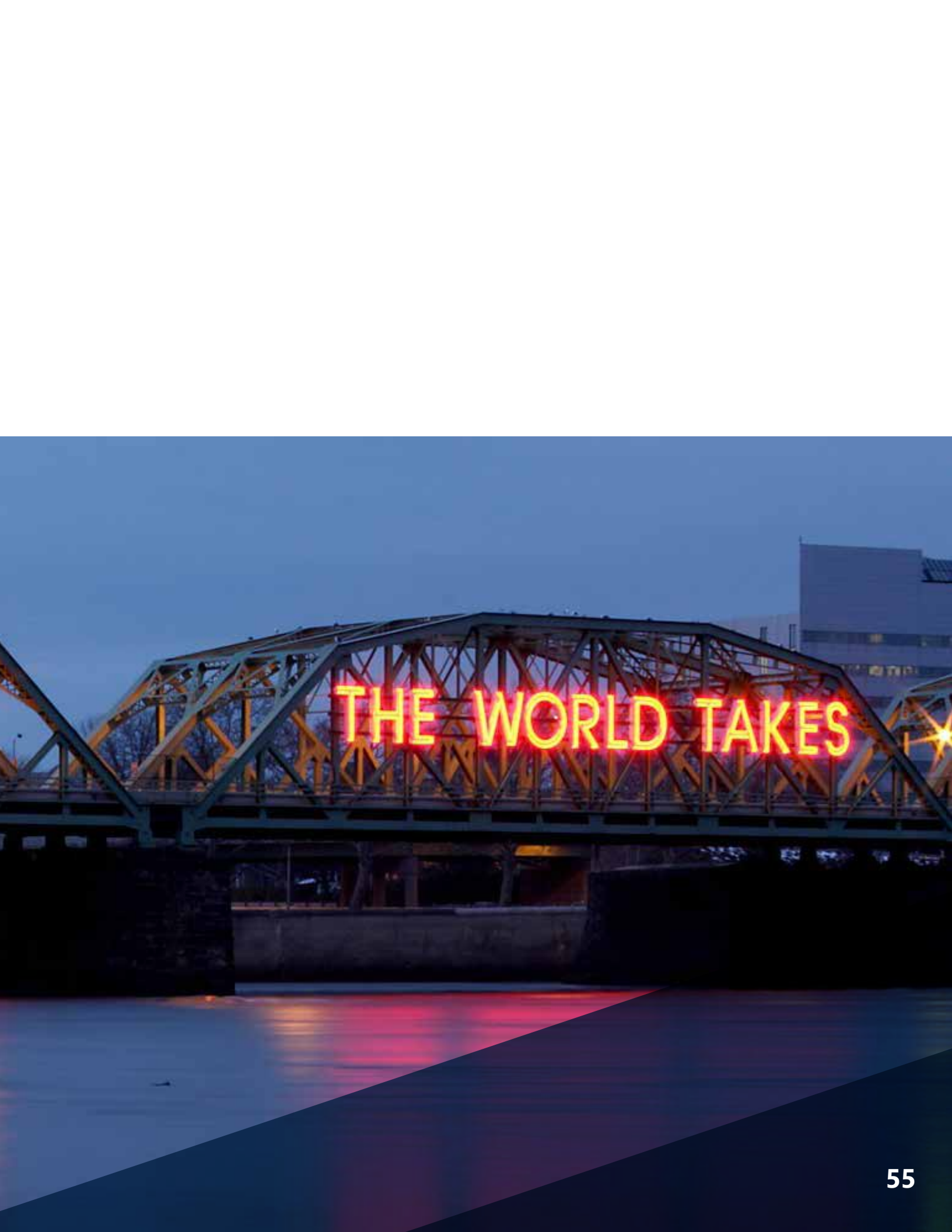
Urban Transit Hub Tax Credit			
Project Name	Municipality	County	CY 2018 Reimbursement Issuance
70 Columbus	Jersey City	Hudson	\$ 2,831,758
Ahold	Jersey City	Hudson	\$ 3,456,135
Boraie Development	New Brunswick	Middlesex	\$ 2,381,036
Campbell's Soup	Camden	Camden	\$ 3,419,181
College Ave-Devco	New Brunswick	Middlesex	\$ 3,300,000
Daily News, L.P.	Jersey City	Hudson	\$ 4,165,000
Goya Foods	Jersey City	Hudson	\$ 8,035,299
Grand LHN Urban Renewal	Jersey City	Hudson	\$ 4,201,521
Harborside Unit A	Jersey City	Hudson	\$ 3,300,000
Journal Square I Urban Renewal	Jersey City	Hudson	\$ 3,300,000
Newark Farmers Market	Newark	Essex	\$ 1,845,000
Panasonic	Newark	Essex	\$ 8,192,645
Pennrose	Trenton	Mercer	\$ 1,771,671
PHMII-3 Journal Square	Jersey City	Hudson	\$ 1,977,691
Prudential	Newark	Essex	\$ 21,082,836
RBH-TRB Newark Holdings, LLC	Newark	Essex	\$ 3,945,674
TDAF I Springfield	Newark	Essex	\$ 2,383,185
Transit Village Associates	Newark	Essex	\$ 7,660,000
Wakefern Food Corp. (Elizabeth)	Elizabeth	Union	\$ 5,800,000
Wakefern Food Corp. (Newark)	Newark	Essex	\$ 2,655,000
Total Urban Transit Hub Tax Credit Issuance - CY2018			\$ 95,703,632

Economic Redevelopment and Growth (ERG) Program - Residential Projects			
Project Name	Municipality	County	CY 2018 Reimbursement Issuance
609 Hold Co	Newark	Essex	\$4,000,000
ACTH Partners	Atlantic City	Atlantic	\$659,109
Broadway Associates 2010	Camden	Camden	\$1,349,166
Broadway Housing Partners	Camden	Camden	\$611,989
Building 101 Urban Renewal	Trenton	Mercer	\$1,618,580
Carver Hall Urban Renewal LP	Atlantic City	Atlantic	\$1,352,411
Chambers Crescent	Lakewood	Ocean	\$403,743
GS FC Jersey City Pep I Urban Renewal	Jersey City	Hudson	\$3,718,882
Glassboro A-3 Urban Renewal, LLC	Glassboro	Gloucester	\$3,012,887
Glassboro Mixed Use Urban Renewal	Glassboro	Gloucester	\$2,204,581
North 25 Urban Renewal	Trenton	Mercer	\$852,615
PRC Campus Centers	Ewing	Mercer	\$1,576,770
Prospect Park Apartments	East Orange	Essex	\$797,706

continued

Economic Redevelopment and Growth (ERG) Program - Residential Projects (continued)			
Project Name	Municipality	County	CY 2018 Reimbursement Issuance
Roseville Avenue Redevelopment	Jersey City	Hudson	\$1,006,518
Trent East	Trenton	Mercer	\$474,022
Trent West	Trenton	Mercer	\$638,426
Washington Street (Rutgers)	Newark	Essex	\$2,314,247
Total Residential ERG Issuance - CY2018			\$26,591,650





2018 BEIP ANNUAL REPORT

Business Employment Incentive Program (BEIP)

Project Status	Number of Projects	Total Award	Disbursements to Date	Tax Credit Issuance to Date*	Total Capital Investment	Jobs Created to Date
Active	255	\$1,087,669,005	\$867,163,517	\$58,721,633	\$6,065,529,878	65,294
Inactive	126	\$280,885,483	\$320,638,541	\$0	\$3,998,382,803	30,941
Obligation Satisfied	67	\$157,924,816	\$320,044,280	\$607,718	\$2,110,976,004	24,975
Grand Total	448	\$1,526,479,304	\$1,507,846,338	\$59,329,351	\$12,174,888,685	121,210

* On January 11, 2016, P.L. 2015, c. 194 was enacted, permitting the voluntary conversion of BEIP grant commitments into tax credits.

A complete project list can be found at www.njeda.com/public_information/incentive_activity/beip



2018 BRRAG ANNUAL REPORT

Business Retention and Relocation Assistance Grant (BRRAG) Program

Project Status	Number of Projects	Total Approved Award	Total Issuance to Date	Total Capital Investment	Total Eligible BRRAG Jobs
Certified - Active	3	\$50,251,500	\$26,041,500	\$172,685,000	3,858
Certified - Post Payment Compliance	20	\$41,096,410	\$35,840,410	\$238,763,800	5,709
Compliance Period Complete	46	\$21,544,050	\$20,863,600	\$986,440,539	14,029
Inactive	16	\$9,970,350	\$0	\$713,161,000	6,300
Grand Total	85	\$122,862,310	\$82,745,510	\$2,111,050,339	29,896

A complete project list can be found at www.njeda.com/pdfs/reports/BRRAG_Activity.aspx



INNOVATION ECONOMY ACTIVITY REPORT

(2018 NJ EMERGING TECHNOLOGY AND BIOTECHNOLOGY ANNUAL REPORT)

New Jersey Emerging Technology and Biotechnology Financial Assistance 2018 Annual Report

The New Jersey Economic Development Authority (EDA) provided more than \$73 million in assistance in 2018 to help spur scientific innovation, create new, high-paying jobs and cultivate an entrepreneurial environment for technology and life sciences companies in New Jersey.

Technology Business Tax Certificate Program (NOL Program)

In support of the Edison Innovation Fund and in accordance with amendments made to the New Jersey

Emerging Technology and Biotechnology Financial Assistance Act (P.L.1997, C.334, section 1), the EDA administers the Technology Business Tax Certificate Program in coordination with the New Jersey Division of Taxation. The program makes \$60 million in tax certificates available each year to growing biotechnology and technology companies and assists these businesses in continuing their research, raising capital and strengthening and building their business. Below is a summary of the approvals made in CY2018:

Company	Municipality	County
Acuitive Technologies, Inc.	Allendale	Bergen
Admera Health LLC.	South Plainfield	Middlesex
Angel Medical Systems	Eatontown	Monmouth
Arable Labs Inc.	Princeton	Mercer
Bellerophon Therapeutics, Inc.	Warren	Somerset
Brilliant Light Power, Inc. (f/k/a BlackLight Power)	Cranbury	Middlesex
Cancer Genetics, Inc.	Rutherford	Bergen
Celsion Corporation	Lawrenceville	Mercer
CircleBlack, Inc.	Kingston	Middlesex
Connotate, Inc.	New Brunswick	Middlesex
ContraVir Pharmaceuticals, Inc.	Edison	Middlesex
CorMedix Inc.	Berkeley Heights	Union
Crescenta Biosciences, Inc.	Union	Union
CytoSorbents Medical, Inc.	Monmouth Junction	Middlesex

Deltronic Crystal Industries, Inc.	Dover	Morris
doForms NJ, Inc.	Cranford	Union
Edge Therapeutics	Berkeley Heights	Union
Elite Laboratories, Inc.	Northvale	Bergen
Engage Therapeutics	Summit	Union
Enhatch Inc.	Hoboken	Hudson
Eos Energy Storage LLC	Edison	Middlesex
Gadget Software, Inc.	Newark	Essex
Hemispherx Biopharma, Inc.	New Brunswick	Middlesex
Impactivate Networks, Inc.	Atlantic City	Atlantic
IoTecha Corp	Piscataway	Middlesex
Matinas Biopharma Nanotechnologies	Bedminster	Somerset
MDx Medical, Inc.	Lyndhurst	Bergen
Miami International Holdings, Inc.	Princeton	Mercer
Mobly Inc.	Livingston	Essex
MYOS RENS Technology Inc.	Cedar Knolls	Morris
Nanotech Industrial Solutions	Avenel	Middlesex
Nephros, Inc.	South Orange	Essex
Ocean Power Technologies, Inc.	Monroe Township	Middlesex
Oncobiologics	Cranbury	Middlesex
Provention Bio, Inc.	Oldwick	Hunterdon
Radius8, Inc.	Princeton	Mercer
Rafael Pharmaceuticals, Inc. f/k/a Cornerstone Pha	Newark	Essex
Reflik, Inc.	Somerset	Somerset
Rive Technology, Inc.	Monmouth Junction	Middlesex
SCYNEXIS, Inc.	Jersey City	Hudson
Solidia Technologies	Piscataway	Middlesex
Soligenix, Inc.	Princeton	Mercer
Special Needs Ware, Inc. d/b/a Oneder	Newark	Essex
Svelte Medical Systems, Inc.	New Providence	Union
TAXIS Pharmaceuticals, Inc.	Monmouth Junction	Middlesex
TrialScope, Inc	Jersey City	Hudson
United Silicon Carbide, Inc.	Monmouth Junction	Middlesex
WellSheet Inc.	Newark	Essex
TOTAL: 48 companies	\$60,000,000	

Angel Investor Tax Credit Program

The Angel Investor Tax Credit provides refundable tax credits against New Jersey corporation business or gross income tax for 10 percent of a qualified investment in an emerging technology business with a physical presence in New Jersey that conducts research, manufacturing, or technology commercialization.

Quarter	Applications	Investment Amount	Tax Credit Amount
Q1 2018	24	\$ 21,917,782.00	\$ 2,191,778.20
Q2 2018	36	\$ 16,887,579.23	\$ 1,688,757.92
Q3 2018	61	\$ 69,862,383.00	\$ 2,083,545.70
Q4 2018	123	\$ 88,449,548.87	\$ 4,686,304.70
Total	244	\$ 197,117,293.10	\$ 10,650,386.52

NJ CoVest Fund

The NJ CoVest Fund provides seed funding to New Jersey technology and life sciences companies to further commercialize their technology and scale revenues. Investments made through the NJ CoVest Fund align with the EDA's ongoing strategy of supporting New Jersey's entrepreneurial ecosystem.

In CY2018, 2 projects closed on funding through the NJ CoVest Fund:

Company	Municipality	County	Financing Amount
Gridless Power Corporation	Collingswood	Camden	\$250,000
Reflik, Inc.	Franklin Twp.	Somerset	\$250,000

Venture Fund Activity

EDA forms collaborative partnerships with venture capital fund managers active in New Jersey's Technology and life science community. Our venture partners leverage EDA investment to increase funds available for emerging technology & life sciences companies to grow and create jobs in the State.

In CY2018, the EDA committed to a limited partnership investment of up to \$2,000,000 in Edison Partners IX, LP. Funding for the investment was made from the Economic Recovery Fund (ERF).

New Jersey Founders & Funders All Stars

In December 2017, NJEDA hosted a Founders & Funders All-Stars event, at which LugTrack LLC was awarded a \$50,000 forgivable loan as a prize for a pitch competition where they were selected as a winner. The forgivable loan closed in CY 2018 and is therefore included in this report.



OVERVIEW OF NJEDA PROGRAMS

New Jersey Economic Development Authority Product Listing

EDA offers a large portfolio of varied programs and services designed to assist businesses of all sizes with access to capital. These programs provide access to capital in a variety of forms including tax-exempt and taxable bond financing, loans, loan guarantees, and business and tax incentives.

Below are the EDA's complete list of product offerings. For more information on any of these programs, please visit www.NJEDA.com or call our Customer Care line at (609)858-6767.

Bond Financing & Loans

Bond Financing

The EDA issues conduit tax-exempt private activity bonds, the proceeds of which are used to provide low-interest, fixed-asset loans. Borrowers must meet the eligibility requirements outlined in the Internal Revenue Code (IRC) in order to qualify. Taxable bonds are also available for a wide variety of businesses. Taxable bonds offer similar flexibility in structuring rates and terms but are not subject to the restrictions placed on tax-exempt financing under the IRC.

Premier Lender Program

EDA partners with Premier Lender banks to provide small businesses with low cost financing that includes EDA loan and line of credit participation and/or guarantees. Businesses can use this financing for fixed assets, working capital to meet operating needs, and/or the refinancing of other bank debt.

Direct Loans for Small and Mid Sized Businesses

New Jersey businesses in need of financing and committed to job creation/retention may be eligible for direct loans through EDA when financing is not available under other EDA financing programs. Assistance of up to \$2 million for fixed assets, or up to \$750,000 for working capital for up to 10 years is offered, with the option of either a fixed or variable below-market interest rate.

Small Business Fund

Expedited approvals of loans up to \$500,000, which may be used for fixed assets or working capital, are available to small, women, and minority-owned businesses that have been in operation for at least one year and not-for-profit corporations in operation for at least three full years.

Access

Access is a pilot lending program that provides financing to small businesses in New Jersey - either in the form of direct loans through EDA, or through loan participations or guarantees in partnership with an EDA Premier Lender. Access is different from other EDA financing programs in that it provides greater flexibility to borrowers by placing greater emphasis on the borrower's cash flow and less emphasis on hard collateral.

Tax Credit Incentives

Economic Redevelopment & Growth (ERG) Program

The Economic Redevelopment and Growth (ERG) Program is an incentive for developers and businesses to address revenue gaps in development projects, defined as having insufficient revenues to support the project debt service under a standard financing scenario. It can also apply to projects that have a below market development margin or rate of return. For commercial projects, ERG provides a reimbursement of tax revenues generated by the project, of up to 20% of the total project cost, with additional grant funding possible based on project type and/or location. Residential and mixed-use parking projects that do not generate tax revenue may be eligible for tax credits through ERG, which can be assigned to lenders for project financing.

Energy Sales Tax Exemption for Certain Counties

This program provides an energy sales tax exemption for the retail sales of electricity and natural gas and their transport to manufacturing businesses in Salem County.

Film and Digital Media Tax Credit Program

The New Jersey Film & Digital Media Tax Credit Program provides a credit against the corporation business tax and the gross income tax for certain expenses incurred for the production of certain films and digital media content in New Jersey. The goal of the program is to incentivize production companies to film and create digital media content in New Jersey.

Grow NJ Assistance Program

Grow NJ is a job creation and retention incentive program. Under Grow NJ, businesses that are creating or retaining jobs in New Jersey may be eligible for tax credits ranging from \$500 to \$5,000 per job, per year; with bonus credits ranging from \$250 to \$3,000 per job, per year (award amounts vary based on applicable criteria.)

Offshore Wind Tax Credit Program

The Offshore Wind Tax Credit is a powerful financial tool designed to spur private capital investment and employment growth in major, land-based offshore wind industry projects. The tax credit program provides reimbursement for capital investments in industry-specific facilities located in the seven southern counties of New Jersey.

Sales and Use Tax Exemption

This program, focused on retaining jobs in NJ, allows companies to make purchases for construction and renovation of their program approved new business location without having to pay state sales tax.

Small Business Lease Assistance Program

The Small Business Lease Assistance Program offers reimbursement of a percentage of annual lease payments to for profit businesses and non-profit organizations in eligible areas that plan to lease between 500 – 5,000 s.f. of new or additional market- rate, first-floor office, industrial or retail space for a minimum 5-year term.

Urban Enterprise Zones (UEZ) Energy Sales Tax Exemption

Sales tax exemption on energy and utility services is available to UEZ certified manufacturers with at least 250 full-time employees, 50% of whom are involved in the manufacturing process.

continued

Innovation Economy Programs

www.njeda.com/InnovationEconomy

Angel Investor Tax Credit Program

This program provides refundable tax credits against New Jersey corporation business or gross income tax for 10 percent of a qualified investment in an emerging technology business with a physical presence in New Jersey that conducts research, manufacturing, or technology commercialization. Under a recent program expansion, the available tax credit increased from 10 percent to 20 percent of a qualified investment, with an additional five percent bonus available for investments in a business located in a qualified opportunity zone, low-income community, or a business that is certified as minority- or women-owned by the State. Visit www.njeda.com/angeltaxcredit for more information.

New Jersey Bioscience Center

The New Jersey Bioscience Center is a 50-acre research park located in the heart New Jersey's "Research Corridor" in North Brunswick, NJ, with easy access to both New York City and Philadelphia, as well as close proximity to Rutgers New Jersey Medical School and Princeton University. Within the park is a 46,000 sq. ft. incubator dedicated to life sciences and biotechnology companies, and step-out space for post incubation and rapidly growing biopharma companies. Visit www.NJEDA.com/NJBioscienceCenter or contact Program Manager Lenzie Harcum at lharcum@njeda.com or 732-839-1881 for more information.

Edison Innovation Fund - Matching Loan Program

The Edison Innovation Fund is a suite of financing instruments designed to develop, sustain, and grow technology and life sciences businesses in New Jersey. These financial instruments are attractive to tech and biotech companies because they provide support in a less dilutive manner than equity to companies which aren't ready yet to secure traditional bank financing.

NJ Ignite

One of the pillars of Governor Murphy's vision of a stronger fairer economy is recreating New Jersey as a home for innovation. Fostering emerging businesses and helping them overcome barriers to commercial success is critical to achieving that vision. NJ Ignite supports entrepreneurs by providing rent support grants. In addition, this program provides collaborative workspaces with a new tenant attraction tool.

NJ CoVest Fund

The NJ CoVest Fund provides seed funding to New Jersey technology and life sciences companies to further commercialize their technology and scale revenues. Investments made through the NJ CoVest Fund align with the EDA's ongoing strategy of supporting New Jersey's entrepreneurial ecosystem.

NJ Founders & Funders

NJ Founders & Funders is organized by the NJEDA Technology & Life Sciences (TLS) team to facilitate warm introductions between emerging New Jersey TLS companies and sophisticated angel & institutional investors. Hosted twice per year, venture capital investors are invited to meet with a select group of companies for 10-minute, one-on-one sessions to discuss strategy, business models and funding opportunities. Visit <https://application.njeda.com/tls/> for more information.

Technology Business Tax Certificate Transfer Program (NOL Program)

This program enables tech and life sciences companies to sell a percentage of their New Jersey tax losses and/or unused research and development tax credits for cash. Visit www.njeda.com/NOL for more information

Venture Fund Investments

The EDA helps increase available capital for emerging tech companies by investing as a limited partner in several venture capital funds that invest in New Jersey-based businesses. Gains resulting from these investments are utilized to offer new funding opportunities to support New Jersey businesses.

Site Remediation

Brownfields Loan Program

The Brownfields Loan Program provides financing to potential brownfield site purchasers and current brownfield site owners (including local government redevelopers) that intend to develop commercial (including but not limited to manufacturing), retail, mixed-use developments, expansions or reuses

Hazardous Discharge Site Remediation Fund (HDSRF)

The NJDEP works with the EDA to provide loans, grants, and matching grants to public, private, and not-for-profit entities for the investigation and/or remediation of known or suspected contaminated sites.

Municipal Landfill Closure and Remediation Reimbursement Program

An eligible developer seeking financial assistance in the closure, remediation and redevelopment of municipal landfill sites in NJ may be eligible for reimbursement of 75% of the closure or clean up costs.

Petroleum Underground Storage Tank Program - Leaking Tanks Commercial & Residential

The Petroleum Underground Storage Tank Program provides grants to business owners/operators and residential property owners who have less than 10 tanks on site and are required by law to upgrade, close, and remediate discharge from those tanks. At this time, EDA is not processing new applications for this program due to insufficient funds.

Petroleum Underground Storage Tank Program - Non-Leaking Tanks Commercial, Residential & Not-for-Profit

Grant and loan funding to business owners or residential property owners that must upgrade, close, and remediate discharge from petroleum underground storage tanks. Applicant must have less than 10 tanks on site and net worth must not exceed \$2,000,000. Due to insufficient funds, new applications are no longer being accepted for the Petroleum Underground Storage Tank Remediation, Upgrade and Closure Program.

www.NJEDA.com

609 858 6700

NJ EDA

ECONOMIC DEVELOPMENT AUTHORITY

**HELPING TO BUILD A
STRONGER AND FAIRER
NEW JERSEY ECONOMY**

@NewJerseyEDA





CERTIFICATIONS PURSUANT TO E.O. 37

June 2019

In accordance with Executive Order No. 37, the New Jersey Economic Development Authority's 2018 Annual Report also serves as the comprehensive report of the Authority's operations. This report highlights the significant action of the Authority for the year, including the degree of success the EDA had in promoting the State's economic growth strategies and other policies.

The report of independent auditors, Ernst & Young, dated August 5th, 2019, is attached and completes the EDA's requirements concerning the preparation of a comprehensive report required by Executive Order No. 37.

I, Tim Sullivan, certify that during 2018, the Authority has, to the best of my knowledge, followed all of the Authority's standards, procedures and internal controls.

I further certify that the financial information provided to the auditor in connection with the audit is, to the best of my knowledge, accurate and that such information, to the best of my knowledge, fairly represents the financial condition and operational results of the Authority for the year in question.



-Tim Sullivan
EDA CEO

I, Richard LoCascio, certify that the financial information provided to the auditor in connection with the audit is, to the best of my knowledge, accurate and that such information, to the best of my knowledge, fairly represents the financial condition and operational results of the Authority for the year in question.



- Richard LoCascio
CPA Controller

NJ EDA

ECONOMIC DEVELOPMENT AUTHORITY

The background of the page features a photograph of several offshore wind turbines in the ocean under a clear blue sky. The turbines are silhouetted against the horizon. A large, dark teal diagonal shape is overlaid on the bottom right corner of the image. A thin white horizontal line is positioned above the 'NJ EDA' text, and another is positioned below it.

FINANCIAL STATEMENTS

New Jersey Economic Development Authority
Years Ended December 31, 2018 and 2017
With Report of Independent Auditors

Ernst & Young LLP



New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Financial Statements

Years Ended December 31, 2018 and 2017

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Report of Independent Auditors

The Management and Members of the Authority
New Jersey Economic Development Authority

We have audited the accompanying financial statements of the New Jersey Economic Development Authority (the “Authority”), a component unit of the State of New Jersey, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2018 and 2017, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Required Supplementary Information

U.S. generally accepted accounting principles require that management’s discussion and analysis, the schedule of changes in the Authority’s net postemployment benefits other than pensions (“OPEB”) liability and related ratios, the schedule of the Authority’s OPEB contributions, the schedule of the Authority’s proportionate share of the net pension liability and the schedule of the Authority’s contributions to the Public Employees’ Retirement System (“PERS”) as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Ernst + Young LLP

August 5, 2019

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Management's Discussion and Analysis

Years Ended December 31, 2018 and 2017

This section of the New Jersey Economic Development Authority's ("Authority" or "NJEDA") annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal years ended on December 31, 2018 and 2017. Please read it in conjunction with the Authority's financial statements and accompanying notes.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of three parts: Management's Discussion and Analysis, the basic financial statements, and required supplementary information. The Authority is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short- and long-term financial information about the activities and operations of the Authority. These statements are presented in a manner similar to a private business engaged in such activities as real estate development, investment banking, commercial lending, construction management and consultation. While detailed sub-fund information is not presented, separate accounts are maintained for each program or project to control and manage money for particular purposes or to demonstrate that the Authority is properly using specific appropriations, grants and bond proceeds.

2018 FINANCIAL HIGHLIGHTS

- The Authority's total net position decreased \$2.8 million (or 0.5%).
- The net pension liability decreased \$9.1 million (or 16.5%) due to a change in the Authority's proportionate share of the State of New Jersey's net pension liability.
- Finance fees decreased \$10.7 million (or 51.4%) due largely to declining volume of activity in the Grow NJ incentive program the Authority administers.
- Other revenue decreased \$3.3 million (or 22.6%) as one-time distributions received in 2017 from specific venture fund investments in which the Authority is a limited partner did not recur in the current year.
- Interest income from investments increased \$1.4 million (or 44.6%) due to an increase in interest rates, coupled with the maturity and roll-off of specific investments being replaced by similar investments at higher rates.

- Salaries and benefits expenses decreased \$0.4 million (or 1.4%) due to a reduction in recognized pension expense from the prior year.
- Program costs increased \$5.0 million (or 66.1%) due largely to consultative expenses related to the demolition and remediation of property at Fort Monmouth, as well as disbursements related to an economic development strategic planning initiative.
- Program payments decreased \$30.8 million (or 40.1%) due largely to the volume of disbursements declining within the Superstorm Sandy program.

2017 FINANCIAL HIGHLIGHTS

- The Authority's total net position decreased \$11.0 million (or 2.1%).
- The net pension liability decreased \$11.9 million (or 17.8%) due to a change in the Authority's proportionate share of the State of New Jersey's net pension liability.
- Finance fees increased \$8.0 million (or 61.9%) due largely to an increased volume of activity in the Grow NJ incentive program the Authority administers.
- Other revenue decreased \$20.4 million (or 58.4%) as one-time distributions received in 2016 from specific venture fund investments in which the Authority is a limited partner did not recur in the current year.
- Salaries and benefits expenses decreased \$2.1 million (or 6.4%) due to a reduction in recognized pension expense from the prior year.
- Loss provisions expense – net increased \$13.2 million (or 224.8%) as new loan disbursements exceeded repayments during the year, including financings related to the Sandy Business Loan Program, as well as the Fort Monmouth Economic Revitalization Authority.
- State appropriations increased \$7.3 million (or 37.1%) due largely to receipt of funding to administer the Hazardous Discharge Site Remediation Fund program offerings.
- The Authority early adopted GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during fiscal year 2017. The Authority's Net Position as of January 1, 2016 and December 31, 2016, and the Statement of Revenues, and Expenses and Changes in Net Position for December 31, 2016, have been restated to reflect the required adjustments.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position. The following table summarizes the changes in Net Position at December 31, 2018, 2017 and 2016:

	2018	2017	2016*	% Increase/(Decrease)	
				2018/2017	2017/2016
			<i>(As Restated)</i>		
Assets:					
Other assets	\$ 517,908,736	\$ 519,821,772	\$ 519,596,570	(0.4)%	0.0%
Capital assets, net	56,654,856	61,964,015	67,308,976	(8.6)%	(7.9)%
Total assets	574,563,592	581,785,787	586,905,546	(1.2)%	(0.9)%
Deferred outflows of resources:					
Deferred outflow related to pension	16,891,150	24,053,182	29,472,454	(29.8)%	(18.4)%
Deferred outflow related to OPEB	1,868,724	1,160,185	694,594	61.1%	67.0%
Total deferred outflows of resources	18,759,874	25,213,367	30,167,048	(25.6)%	(16.4)%
Liabilities:					
Current liabilities	11,784,097	15,162,524	12,509,607	(22.3)%	21.2%
Net pension liability	46,021,947	55,148,355	67,068,246	(16.5)%	(17.8)%
Other noncurrent liabilities	8,451,469	15,121,883	16,009,456	(44.1)%	(5.5)%
Total liabilities	66,257,513	85,432,762	95,587,309	(22.4)%	(10.6)%
Deferred inflows of resources:					
Deferred inflow related to pension	15,972,223	11,069,760	–	44.3%	100.0%
Deferred inflow-OPEB	3,356,627	–	–	100.0%	0.0%
	19,328,850	11,069,760	–	74.6%	0.0%
Net position:					
Net investment in capital assets	56,654,856	59,699,588	58,100,060	(5.1)%	2.8%
Restricted	34,125,434	33,454,700	33,287,850	2.0%	0.5%
Unrestricted	416,956,813	417,342,344	430,097,375	(0.1)%	(3.0)%
Total net position	\$ 507,737,103	\$ 510,496,632	\$ 521,485,285	(0.5)%	(2.1)%

* Restated based on implementation of GASB 75 in 2017.

During 2018, the Authority's combined net position decreased \$2.8 million (or 0.5%) due to:

\$ 0.3 Million	Hazardous Discharge Site Remediation Fund ("HDSRF") disbursements – net of appropriations received
\$ (5.3) Million	Decline in Capital Assets from scheduled depreciation
\$ (1.9) Million	Municipal Economic Recovery Initiative grant award payments
\$ 12.0 Million	Net receipts from CDBG-Disaster Recovery funds for the Stronger NJ Business programs
\$ (5.2) Million	Program costs related to new Authority Strategic Plan and related initiatives
\$ (2.8) Million	Net disbursements relating to other Authority programs

During 2017, the Authority's combined net position decreased \$11.0 million (or 2.1%) due to:

- \$ (9.6) Million Hazardous Discharge Site Remediation Fund ("HDSRF") disbursements – net of appropriations received
- \$ (6.0) Million Return of unused program payments to State for discontinued programs
- \$ (3.3) Million Municipal Economic Recovery Initiative grant award payments
- \$ 11.7 Million Net receipts from CDBG-Disaster Recovery funds for the Stronger NJ Business programs
- \$ (3.8) Million Net disbursements relating to other Authority programs

Operating Activities. The Authority charges financing fees that may include an application fee, commitment fee, closing fee, document execution fee and an annual servicing fee. The Authority also charges an agency fee for the administration of financial programs for various government agencies; a program service fee for the administration of Authority programs that are service-provider based, rather than based on the exchange of assets such as the commercial lending program; and a real estate development fee for real estate activities undertaken on behalf of governmental entities and commercial enterprises. The Authority may also generate a return on investments in venture capital funds which invest, in whole or in part, in New Jersey based businesses. Interest income on investments, notes and intergovernmental obligations is recognized as earned. Grant revenue is earned when the Authority has complied with the terms and conditions of the grant agreements. The Authority also earns income from operating leases and interest income on lease revenue from capital lease financings. Late fees are charged to borrowers delinquent in their monthly loan payments. All forms of revenue accrue to the benefit of the program for which the underlying source of funds is utilized. The Authority considers all activity to be operating activities, except as described in the following section.

Non-Operating Activities. The Authority earns interest on idle cash and investments, and may derive income from the sale of capital assets, as well as the receipt of state and federal appropriations which are used to administer specific programs on behalf of the State of New Jersey, and which directly benefit New Jersey based businesses. The Authority considers this activity to be non-operating in nature.

The following table summarizes the changes in operating and non-operating activities between fiscal years 2018, 2017 and 2016:

	2018	2017	2016*	% Increase/(Decrease)	
				2018/2017	2017/2016
			(As Restated)		
Operating revenues:					
Financing fees	\$ 10,158,909	\$ 20,885,394	\$ 12,900,490	(51.4)%	61.9%
Lease revenue	9,391,891	9,499,357	10,195,935	(1.1)%	(6.8)%
Interest income:					
Notes	5,226,030	5,133,351	5,148,779	1.8%	(0.3)%
Other	11,281,138	14,584,475	35,033,121	(22.6)%	(58.4)%
Total operating revenues	<u>36,057,968</u>	<u>50,102,577</u>	<u>63,278,325</u>	(28.0)%	(20.8)%
Operating expenses:					
Administrative expenses	34,832,148	35,798,608	37,918,707	(2.7)%	(5.6)%
Interest expense	38,375	120,438	198,803	(68.1)%	(39.4)%
Depreciation	5,180,660	5,318,830	6,013,587	(2.6)%	(11.6)%
Loss (recovery) provisions – net	7,121,995	7,340,180	(5,879,419)	(3.0)%	224.8%
Program costs	12,541,276	7,550,307	7,297,282	66.1%	3.5%
Total operating expenses	<u>59,714,454</u>	<u>56,128,363</u>	<u>45,548,960</u>	6.4%	23.2%
Operating (loss) income	<u>(23,656,486)</u>	<u>(6,025,786)</u>	<u>17,729,365</u>	(292.6)%	(134.0)%
Nonoperating revenues and (expenses):					
Interest income – investments	4,593,548	3,175,991	2,324,584	44.6%	36.6%
State appropriations	22,391,323	27,008,772	19,703,582	(17.1)%	37.1%
Program payments	(46,047,970)	(76,876,079)	(73,268,795)	(40.1)%	4.9%
Federal appropriations	39,097,632	42,618,873	44,240,190	(8.3)%	(3.7)%
Gain on sale of assets	217,110	–	5,642,596	100.0%	(100.0)%
Other revenue (expense)	645,314	(890,424)	(209,574)	(172.5)%	(324.9)%
Total nonoperating revenues and (expenses), net	<u>20,896,957</u>	<u>(4,962,867)</u>	<u>(1,567,417)</u>	521.1%	216.6%
Income before special item	(2,759,529)	(10,988,653)	16,161,948	74.9%	(168.0)%
CCURLP dissolution	–	–	(6,373,105)	0.0%	100.0%
Change in net position	<u>(2,759,529)</u>	<u>(10,988,653)</u>	<u>9,788,843</u>	74.9%	(212.3)%
Beginning net position	<u>510,496,632</u>	<u>521,485,285*</u>	<u>511,696,442*</u>		
Ending net position	<u>\$ 507,737,103</u>	<u>\$ 510,496,632</u>	<u>\$ 521,485,285</u>		

* Restated for implementation of GASB 75 in 2017.

Operating Revenues

In 2018, the Authority's operating revenues were adversely impacted by a decrease in financing fees of \$10.7 million, as the volume of activity in the Grow NJ incentive program declined. Other operating revenues were impacted by a decline in venture fund distributions, compared to the prior year. In 2017, the Authority's operating revenues were positively impacted by the receipt of \$20.9 million in financing fees, led by activity in the bond and incentive programs. Other operating revenues were favorably impacted by the receipt of \$7.3 million in venture fund distributions and warrants resulting from the Authority's capital investments.

Operating Expenses

In 2018, total operating expenses increased by \$3.6 million, due largely to an increase in program costs related to the completion of a new strategic business plan for the Authority, as well as disbursements to businesses for new initiatives. Additional costs were incurred related to the remediation and reuse of parcels of land located at the former Fort Monmouth military base. In 2017, total operating expenses increased by \$10.6 million as a decrease of \$2.1 million in administrative expenses, coupled with a decrease of \$0.7 million in depreciation expense offset an increase of \$13.2 million in loss provision expense.

Non-Operating Revenues and Expenses – Net

In 2018, non-operating revenues and expenses – net, increased favorably by \$25.9 million. In 2017, non-operating revenues and expenses – net, decreased by \$3.4 million. This is largely due to the fluctuation in, and timing of, Federal and State appropriations offset by program payments. In 2018, the Authority disbursed \$46.0 million in program payments to qualified applicants, primarily under the Stronger NJ Business programs; in 2017, total program payments were \$76.9 million, for a reduction in expenses of approximately \$30.8 million.

Allowance for Credit Losses

Allowances for doubtful notes and guarantee payments are determined in accordance with guidelines established by the Office of the Comptroller of the Currency. The Authority accounts for its potential loss exposure through the use of risk ratings. These specifically assigned risk ratings are updated to account for changes in financial condition of the borrower or guarantor, delinquent payment history, loan covenant violations, and changing economic conditions.

The assigned risk rating classifications are consistent with the ratings used by the Office of the Comptroller of the Currency. Each risk rating is assigned a specific loss factor in accordance with the severity of the classification. Each month an analysis is prepared using the current loan balances, existing exposure on guarantees, and the assigned risk rating to determine the adequacy of the reserve. Any adjustments needed to adequately provide for potential credit losses (recoveries) are reported as a Loss Provision (Recovery).

The following table summarizes the Loan Allowance activity for the end of the period from December 31, 2016, through December 31, 2018:

2016 Provision for credit losses-net	\$ 1,685,744	
2016 Write-offs	<u>(5,884,943)</u>	\$ (4,199,199)
December 31, 2016		
Allowance for loan losses	20,197,740	
Accrued guarantee losses	<u>1,176,274</u>	
Total allowance		21,374,014
2017 Provision for credit losses-net	5,934,409	
2017 Write-offs	<u>(1,147,121)</u>	4,787,288
December 31, 2017		
Allowance for loan losses	25,276,561	
Accrued guarantee losses	<u>884,741</u>	
Total allowance		26,161,302
2018 Provision for credit losses-net	5,985,375	
2018 Write-offs	<u>(3,402,424)</u>	2,582,951
December 31, 2018		
Allowance for loan losses	28,316,644	
Accrued guarantee losses	<u>427,609</u>	
Total allowance		<u>\$ 28,744,253</u>

The Authority's write-down and loan loss reserve policies closely align with the reporting requirements of the banking industry. When management determines that the probability of collection is less than 50% of the remaining balance, it is the policy to assign a loss rating to the account. For an account rated as loss, a loss provision is recognized for the entire loan balance.

Loans are written-off against the loss allowance when it is determined that the probability of collection within the near term is remote. The recognition of a loss does not automatically release the borrower from the obligation to pay the debt. Should the borrower, guarantors, or collateral position improve in the future, any and all steps necessary to preserve the right to collect these obligations will be taken.

Aggregate gross loan and guarantee exposure at December 31, 2018, was \$215,872,203, of which \$208,977,158 or 97% is for loans and \$6,895,045 for issued loan guarantees.

Aggregate gross loan and guarantee exposure at December 31, 2017, was \$213,927,006, of which \$199,204,002 or 93% is for loans and \$14,723,004 for issued loan guarantees.

At December 31, 2018, the Authority maintained a Credit Loss Allowance of \$28,744,253 or 13.3% of total exposure to cover potential losses in the loan and guaranty portfolio. Total write-offs for the year ended December 31, 2018, were \$3,402,424 or 1.6% of the loan and guaranty exposure.

At December 31, 2017, the Authority maintained a Credit Loss Allowance of \$26,161,302 or 12.2% of total exposure to cover potential losses in the loan and guaranty portfolio. Total write-offs for the year ended December 31, 2017, were \$1,147,121 or 0.5% of the loan and guaranty exposure.

The Authority is a limited partner in various early stage venture funds with the purpose of providing venture capital to exceptionally talented entrepreneurs to facilitate the growth of these companies. These investments are accounted for using the cost basis as they do not have a readily determinable market value. The Authority will establish a valuation allowance for these investments when they determine through a series of events that an other-than-temporary decrease in value has occurred.

The 2018 Loss Provisions – Net, of \$6.5 million, are related to the following detailed information:

\$ 5,985,375	Loan and Guarantee Program activity
\$ 506,514	Venture Capital Funds and Capital Investments

The 2017 Loss Provisions – Net, of \$6.6 million, are related to the following detailed information:

\$ 5,934,408	Loan and Guarantee Program activity
\$ 677,507	Venture Capital Funds and Capital Investments

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Authority independently, or in cooperation with a private or governmental entity, acquires, invests in and/or develops vacant industrial sites, existing facilities, unimproved land, equipment and other real estate for private or governmental use. Sites developed, and equipment purchased for private use are marketed or leased to businesses that will create new job opportunities and tax ratables for the municipalities. Sites are developed for governmental use for a fee and also may be leased to the State or State entities. For the majority of these leases, future minimum lease rental payments are equal to the debt service payments related to the bonds or notes issued for the applicable property.

The following table summarizes the change in Capital Assets-Net between fiscal year 2018, 2017 and 2016:

	2018	2017	2016	% Increase/(Decrease)	
				2018/2017	2017/2016
Land	\$ 28,818,065	\$ 28,983,065	\$ 28,983,065	(0.6)%	0.0%
Construction in progress	–	240,951	–	(100.0)%	100.0%
Total non-depreciable capital assets	<u>28,818,065</u>	<u>29,224,016</u>	<u>28,983,065</u>	(1.4)%	0.8%
Building	81,722,446	81,722,446	86,479,970	0.0%	(5.5)%
Leasehold improvements	35,210,658	34,933,205	34,933,205	0.8%	0.0%
Total depreciable capital assets	<u>116,933,104</u>	<u>116,655,651</u>	<u>121,413,175</u>	0.2%	(3.9)%
Less accumulated depreciation	<u>(89,096,313)</u>	<u>(83,915,652)</u>	<u>(83,087,264)</u>	6.2%	1.0%
Capital assets – net	<u>\$ 56,654,856</u>	<u>\$ 61,964,015</u>	<u>\$ 67,308,976</u>	(8.6)%	(7.9)%

More detailed information about the Authority’s capital assets is presented in the Notes to the financial statements.

Capital Debt. At year end, the Authority had no gross note principal outstanding; a net decrease of 100.0%, due to the paydown of notes related to two properties in the City of Camden, New Jersey. More detailed information about the Authority’s capital debt is presented in the Notes to the financial statements.

The following table summarizes the changes in capital debt between fiscal year 2018, 2017 and 2016:

	2018	2017	2016	% (Decrease)	
				2018/2017	2017/2016
Notes payable	\$ –	\$ 1,126,654	\$ 2,264,426	(100.0)%	(50.2)%

CONTACTING THE AUTHORITY’S FINANCIAL MANAGEMENT

This financial report is designed to provide New Jersey citizens, and our customers, clients, investors and creditors, with a general overview of the Authority’s finances and to demonstrate the Authority’s accountability for the appropriations and grants that it receives. If you have questions about this report or need additional information, contact Customer Care at (609) 858-6700, CustomerCare@njeda.com, NJEDA, P.O. Box 990, Trenton, NJ 08625-0990, or visit our web site at: www.njeda.com.

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Statements of Net Position

	December 31	
	2018	2017
Assets		
Current assets:		
Cash and cash equivalents – restricted	\$ 46,617,392	\$ 55,193,210
Cash and cash equivalents – unrestricted	35,456,930	35,574,883
Investments	52,153,868	75,898,430
Receivables:		
Notes	12,067,867	12,267,946
Accrued interest on notes	208,330	188,041
Accrued interest on investments	1,122,110	909,859
Leases	100,000	100,000
Other receivables	3,599,028	5,690,651
Total receivables	17,097,335	19,156,497
Prepays and other current assets	979,563	1,029,538
Total current assets	152,305,088	186,852,558
Noncurrent assets:		
Investments – unrestricted	174,535,126	148,847,798
Venture capital partnerships	9,198,636	9,797,772
Receivables:		
Notes	196,909,291	186,936,056
Accrued interest on notes	5,794,786	5,439,144
Unamortized discount	(256,082)	(338,891)
Total notes receivables	202,447,995	192,036,309
Allowance for doubtful notes	(28,316,644)	(25,276,561)
Net notes receivable	174,131,351	166,759,748
Leases receivable, net	6,810,074	6,791,060
Total receivables	180,941,425	173,550,808
Prepays and other noncurrent assets	928,461	772,836
Non-depreciable capital assets	28,818,065	29,224,016
Depreciable capital assets, net	27,836,791	32,739,999
Total capital assets, net	56,654,856	61,964,015
Total noncurrent assets	422,258,504	394,933,229
Total assets	574,563,592	581,785,787
Deferred outflows of resources		
Deferred outflows from pension	16,891,150	24,053,182
Deferred outflows from OPEB	1,868,724	1,160,185
Total deferred outflows of resources	18,759,874	25,213,367

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Statements of Net Position (continued)

	December 31	
	2018	2017
Liabilities		
Current liabilities:		
Accrued liabilities	\$ 4,613,625	\$ 6,706,864
Pension payable	2,324,943	2,194,698
Unearned lease revenues	1,272,288	1,430,185
Escrow deposits	3,573,241	3,704,123
Notes payable	-	1,126,654
Total current liabilities	11,784,097	15,162,524
Noncurrent Liabilities:		
Net pension liability	46,021,947	55,148,355
Other postemployment benefits liability	-	5,306,586
Unearned lease revenues	6,850,011	7,903,859
Accrued guarantee losses	427,609	884,741
Compensated absences	1,173,849	1,026,697
Total noncurrent liabilities	54,473,416	70,270,238
Total liabilities	66,257,513	85,432,762
Deferred inflows of resources		
Deferred inflows from pension	15,972,223	11,069,760
Deferred inflows from OPEB	3,356,627	-
Total deferred outflows of resources	19,328,850	11,069,760
Net position		
Net investment in capital assets	56,654,856	59,699,588
Restricted by Federal agreement	34,125,434	33,454,700
Unrestricted	416,956,813	417,342,344
Total net position	\$ 507,737,103	\$ 510,496,632

See accompanying notes.

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Statements of Revenues, Expenses and Changes in Net Position

	Year Ended December 31	
	2018	2017
Operating revenues		
Financing fees	\$ 10,158,909	\$ 20,885,394
Interest income – notes	5,226,030	5,133,351
Financing lease revenue	119,014	119,014
Operating lease revenue	9,272,877	9,380,343
Agency fees	1,931,824	2,169,292
Program services	3,518,762	1,845,350
Real estate development	880,486	1,392,300
Distributions and warrants	2,833,359	7,312,048
Grant revenue	–	134,453
Other	2,116,707	1,731,032
Total operating revenue	<u>36,057,968</u>	<u>50,102,577</u>
Operating expenses		
Salaries and benefits	29,798,735	30,235,225
General and administrative	5,033,413	5,563,383
Interest	38,375	120,438
Program costs	12,541,276	7,550,307
Depreciation	5,180,660	5,318,830
Loss provisions – net	7,121,995	7,340,180
Total operating expenses	<u>59,714,454</u>	<u>56,128,363</u>
Operating loss	<u>(23,656,486)</u>	<u>(6,025,786)</u>
Nonoperating revenues and expenses		
Interest income – investments	4,593,548	3,175,991
Unrealized gain (loss) in investment securities	645,314	(890,424)
Gain on sale of assets – net	217,110	–
State appropriations	22,391,323	27,008,772
Federal appropriations	39,097,632	42,618,873
Program payments	<u>(46,047,970)</u>	<u>(76,876,079)</u>
Nonoperating revenues (expenses) – net	<u>20,896,957</u>	<u>(4,962,867)</u>
Change in net position	(2,759,529)	(10,988,653)
Net position – beginning of year	510,496,632	521,485,285
Net position – end of year	<u>\$ 507,737,103</u>	<u>\$ 510,496,632</u>

See accompanying notes.

New Jersey Economic Development Authority
(a component unit of the State of New Jersey)

Statements of Cash Flows

	Year Ended December 31	
	2018	2017
Cash flows from operating activities		
Cash receipts from financing fees	\$ 8,543,486	\$ 20,895,019
Interest from notes	4,568,876	4,321,647
Lease rents	7,697,468	8,579,473
Grants	–	134,453
Agency fees	1,923,743	2,169,292
Program services	5,347,156	3,469,997
Distributions	273,793	4,213
Real estate development	1,092,435	1,060,579
General and administrative expenses paid	(33,922,843)	(29,784,588)
Program costs paid	(9,079,546)	(10,593,565)
Collection of notes receivable	26,645,273	20,788,490
Loans disbursed	(39,872,183)	(34,128,137)
Guarantee payments	–	(32,348)
Deposits received	12,126,963	29,606,908
Deposits released	(12,257,845)	(27,470,967)
Net cash used in operating activities	(26,913,224)	(10,979,534)
Cash flows from noncapital financing activities		
Interest paid on notes and revenue bonds	–	(23,736)
Appropriations received	61,698,055	65,123,434
Program payments	(48,419,872)	(69,215,432)
Net cash provided by (used in) noncapital financing activities	13,278,183	(4,115,734)
Cash flows from capital and related financing activities		
Payment of bonds and notes	(1,126,654)	(1,137,772)
Interest paid on bonds and notes	(38,375)	(126,312)
Purchase of capital assets	(36,502)	(240,951)
Sale of capital assets	382,110	–
Net cash used in capital and related financing activities	(819,421)	(1,505,035)
Cash flows from investing activities		
Interest from investments	4,381,297	3,025,219
Return on capital investments	2,676,845	5,739,280
Purchase of investments	(3,559,720)	(2,604,320)
Proceeds from sales and maturities of investments	2,262,269	166,669
Net cash provided by investing activities	5,760,691	6,326,848
Net decrease in cash and cash equivalents	(8,693,771)	(10,273,455)
Cash and cash equivalents – beginning of year	90,768,093	101,041,548
Cash and cash equivalents – end of year	\$ 82,074,322	\$ 90,768,093

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Statements of Cash Flows (continued)

	Year Ended December 31	
	2018	2017
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (23,656,486)	\$ (6,025,786)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Loss provisions-net	7,121,995	7,340,180
Depreciation	5,180,660	5,318,830
Amortization of discounts	(610,226)	(741,227)
Cash provided by nonoperating activities	38,374	150,048
Change in assets and liabilities:		
Notes receivables	(13,223,407)	(13,365,073)
Accrued interest receivables-notes	(378,566)	54,549
Lease payment receivables	100,000	100,000
Other receivables	2,039,790	(3,778,227)
Prepays and other noncurrent assets	(20,407)	(163,123)
Capital investments	(2,559,566)	(7,307,835)
Accrued liabilities	606,342	6,031,864
Unearned lease revenues	(1,211,745)	(889,088)
Accrued interest payables	-	(29,610)
Deposits	(130,882)	2,135,941
Other liabilities	(209,100)	189,023
Net cash used in operating activities	\$ (26,913,224)	\$ (10,979,534)
Noncash investing activities		
Unrealized gain (loss) in investment securities	\$ 645,314	\$ (890,424)

See accompanying notes.

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Notes to Financial Statements

December 31, 2018 and 2017

Note 1: Nature of the Authority

The New Jersey Economic Development Authority (“Authority”) is a public body corporate and politic, constituting an instrumentality and component unit of the State of New Jersey (“State”). The Authority was established by Chapter 80, P.L. 1974 (“Act”) on August 7, 1974, as amended and supplemented, primarily to provide financial assistance to companies for the purpose of maintaining and expanding employment opportunities in the State and increasing tax rates in underserved communities. The Act prohibits the Authority from obligating the credit of the State in any manner. The Authority assists for-profit and non-profit enterprises with access to capital and primarily offers the following products and services:

(a) Bond Financing

The Authority issues tax-exempt private activity bonds and taxable bonds. The proceeds from these single issue or composite series bonds are used to provide long-term, below-market interest loans to eligible entities, which include certain 501(c)(3) nonprofit organizations, manufacturers, exempt public facilities, solid waste facilities, and local, county, and State governmental agencies for capital improvements including real estate acquisition, equipment, machinery, building construction and renovations. All such bonds are special conduit debt obligations of the Authority, are payable solely from the revenues pledged with respect to the issue, and do not constitute an obligation against the general credit of the Authority.

(b) Loans/Guarantees/Investments and Tax Incentives

The Authority directly provides loans, loan participations, loan guarantees and line of credit guarantees to for-profit and not-for-profit enterprises for various purposes to include: the acquisition of fixed assets; building construction and renovation; financing for working capital; technological development; and infrastructure improvements. The Authority also may provide financial assistance in the form of convertible debt, and take an equity position in technology and life sciences companies through warrant options. In addition to lending and investing its own financial resources, the Authority administers several business growth programs supported through State appropriation/allocation, including the technology business tax certificate transfer program, the angel investor tax credit program, tax credits for film industry and digital media projects, job creation and retention incentive grants and tax credits, tax credits for capital investment in urban areas, and reimbursement grants based on incremental revenues generated by redevelopment projects. Other state mandated programs include loans/grants to support hazardous discharge site remediation and petroleum underground storage tank remediation.

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

(c) Real Estate Development

The Authority independently, or in cooperation with a private or another governmental entity, acquires, invests in and/or develops vacant industrial sites, existing facilities, unimproved land, equipment and other real estate for private or governmental use. Sites developed, and equipment purchased for private use are marketed or leased to businesses that will create new job opportunities and tax ratables for municipalities. Sites are developed for governmental use for a fee and also may be leased to the State or State entities.

(d) Stronger NJ Business Programs

In 2013, the Authority was awarded a sub-grant from the New Jersey Department of Community Affairs for the purpose of administering a portion of the State's Community Development Block Grant Disaster Recovery allocation to support the recovery of businesses impacted by Superstorm Sandy. To achieve this, the Authority may provide grants and loans to eligible businesses, as well as financial assistance to governmental entities to support community development, neighborhood revitalization and other public improvement projects.

Component Units

The Authority's financial statements do not include the accounts of New Jersey Community Development Entity ("NJCDE"), a component unit. NJCDE is a separate legal entity whose primary mission is to provide investment capital for low-income communities, on behalf of the Authority, through the allocation of federal New Markets Tax Credits. The Authority does not deem the operations of the NJCDE to be significant to the operations of the Authority. On December 21, 2017, substantially all of the NJCDE's assets (cash), at the direction of a resolution passed by the NJCDE's Board of Director's on September 20, 2017, was distributed to the Authority and the Corporation for Business Assistance in New Jersey ("CBA") proportionate to their respective interests in NJCDE, effectively ceasing operations and dissolving NJCDE. All remaining liabilities were transferred to the Authority and will be paid when due. As of December 20, 2017 (prior to distribution), total NJCDE assets were \$1,948,451. As of December 31, 2018 and 2017, there were no assets remaining.

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

Related-Party Transactions

The Authority has contracted with several other State entities to administer certain loan programs on their behalf for a fee. In order for the Authority to effectively administer the programs, the Authority has custody of the cash accounts for each program. The cash in these accounts, however, is not an asset of the Authority and, accordingly, the balances in these accounts have not been included in the Authority’s statements of net position. The cash balances total \$42,608,070 and \$47,243,943 at December 31, 2018 and 2017, respectively. The following is a summary of the programs that the Authority manages on behalf of other State entities:

<u>Department/Board</u>	<u>Program</u>	<u>2018</u>	<u>2017</u>
Treasury	Local Development Financing Fund	\$ 41,192,516	\$ 43,941,235
Board of Public Utilities	BPU Clean Energy Program	1,415,554	3,302,708

Note 2: Summary of Significant Accounting Policies

(a) Basis of Accounting and Presentation

The Authority is a self-supporting entity and follows enterprise fund reporting; accordingly, the accompanying financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. While detailed sub-fund information is not presented, separate accounts are maintained for each program and include certain funds that are legally designated as to use. Administrative expenses are allocated to the various programs.

In its accounting and financial reporting, the Authority follows the pronouncements of the Governmental Accounting Standards Board (“GASB”).

(b) Revenue Recognition

The Authority charges various program financing fees that may include an application fee, commitment fee, closing fee, issuance fee, annual servicing fee and a document execution fee. The Authority also charges a fee for the administration of financial programs for various government agencies and for certain real estate development and management activities. Fees are recognized when earned. Grant revenue is recognized when the Authority has complied with the terms and conditions of the grant agreements. The Authority recognizes interest income on lease revenue by amortizing the discount over the life of the related agreement. Operating lease revenue is recognized pursuant to the terms of the lease.

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Notes to Financial Statements (continued)

When available, it is the Authority's policy to first use restricted resources for completion of specific projects.

(c) Cash Equivalents

Cash equivalents are highly liquid debt instruments with original maturities of three months or less and units of participation in the State of New Jersey Cash Management Fund ("NJCMF").

(d) Investments

All investments, except for investment agreements, are stated at fair value. The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. The Authority also invests in various types of joint ventures and uses the cost method to record the acquisition of such investments, as the Authority lacks the ability to exercise significant control in the ventures. Under the cost method, the Authority records the investment at its historical cost and recognizes as income dividends received from net earnings of the Fund. Dividends received in excess of earnings are considered a return of investment and reduce the cost basis. These investments typically have a long time horizon from when the Authority makes its initial investment to when it may receive any return on the investment. The Authority maintains a valuation allowance on specific investments when there is either a series of taxable losses or other factors may indicate that a decrease in value has occurred that is other than temporary. Capital investments are reported net of this valuation allowance.

(e) Guarantees Receivable

Payments made by the Authority under its various guarantee programs are reported as Guarantees Receivable. These receivables are expected to be recovered either from the lender, as the lender continues to service the loan, or from the liquidation of the underlying collateral. Recoveries increase Worth (the amount on deposit and available for payment) (see Note 8).

(f) Allowance for Doubtful Notes and Accrued Guarantee Losses

Allowances for doubtful notes and accrued guarantee losses are determined in accordance with guidelines established by the Office of Comptroller of Currency. These guidelines include classifications based on routine portfolio reviews of various factors that impact collectability.

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Notes to Financial Statements (continued)

(g) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Jersey Public Employee Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(h) Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Employee Benefit Trust (the "Trust") and additions to/deductions from the Trust's fiduciary net position have been determined on the same basis as they are reported by the Trust. For this purpose, the Trust recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(i) Operating and Non-Operating Revenues and Expenses

The Authority defines operating revenues and expenses as relating to activities resulting from providing bond financing, direct lending, incentives, and real estate development to commercial businesses, certain not-for-profit entities, and to local, county and State governmental entities. Non-operating revenues and expenses include income earned on the investment of funds, proceeds from the sale of certain assets, State and Federal appropriations and program payments.

(j) Net Position

The Authority classifies its Net Position into three categories: net investment in capital assets; restricted; and unrestricted. Net investment in capital assets includes capital assets net of accumulated depreciation used in the Authority's operations as well as capital assets that result from the Authority's real estate development and operating lease activities. Restricted net position include net position that have been restricted in use in accordance with State law, as well as Federal grant proceeds intended for specific projects, such as the State Small Business Credit Initiative ("SSBCI"). Unrestricted net position include all net position not included above.

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Notes to Financial Statements (continued)

(k) Taxes

The Authority is exempt from all Federal and State income taxes and real estate taxes.

(l) Capitalization Policy

Unless material, it is the Authority's policy to expense all expenditures of an administrative nature. Administrative expenditures typically include expenses directly incurred to support staff operations, such as automobiles, information technology hardware and software, office furniture, and equipment.

With the exception of immaterial tenant fit-out costs of retail space that is sublet from the State of New Jersey, the Authority capitalizes all expenditures related to the acquisition of land, construction and renovation of buildings.

(m) Depreciation Policy

Capital assets are stated at cost. Depreciation is computed using the straight-line method over the following estimated economic useful lives of the assets:

Building	20 years
Building improvements	20 years
Leasehold improvements	Term of the lease
Tenant fit-out	Term of the lease
Vehicles	Expensed
Furniture and equipment	Expensed

(n) Recent and Upcoming Accounting Pronouncements

GASB Statement No. 84, *Fiduciary Activities*, was issued in January 2017. The primary objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

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Notes to Financial Statements (continued)

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The Statement is effective for fiscal years beginning after December 15, 2018. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment*, was issued in May 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole-purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The Statement is effective for fiscal years beginning after June 15, 2017. The adoption of this Statement in 2018 did not have an impact on the Authority's financial statements.

GASB Statement No. 87, *Leases*, was issued in June 2017. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lease is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The Statement is effective for fiscal years beginning after December 15, 2019. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

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Notes to Financial Statements (continued)

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was issued in April 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

The Statement is effective for fiscal years beginning after June 15, 2018. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued in June 2018. The primary objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraph 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1980 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

The Statement is effective for fiscal years beginning after December 15, 2019. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, was issued in August 2018. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a

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Notes to Financial Statements (continued)

special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The Statement is effective for fiscal years beginning after December 15, 2018. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 91, *Conduit Debt Obligations*, was issued in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

The Statement is effective for fiscal years beginning after December 15, 2020. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

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Notes to Financial Statements (continued)

Note 3: Deposits and Investments

(a) Deposits

Operating cash is held in the form of Negotiable Order of Withdrawal (“NOW”) accounts and money market accounts. At December 31, 2018, the Authority’s bank balance was \$20,967,727. Of the bank balance, \$750,000 was insured with Federal Deposit Insurance.

Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures* (“GASB 40”), the Authority’s NOW accounts, as well as money market accounts and certificates of deposit, are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the Authority would not be able to recover the value of its deposit or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uninsured, uncollateralized (securities are not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the government’s (NJEDA) name. At December 31, 2018 and 2017, all of the Authority’s deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk.

Cash deposits at December 31, 2018 and 2017, were as follows:

<u>Deposit Type</u>	<u>2018</u>	<u>2017</u>
NOW Accounts	\$ 10,057,615	\$ 13,851,759
Money Market Accounts	9,267,940	9,192,734
Total deposits	<u>\$ 19,325,555</u>	<u>\$ 23,044,493</u>

(b) Investments

Pursuant to the Act, the funds of the Authority may be invested in any direct obligations of, or obligations as to which the principal and interest thereof is guaranteed by, the United States of America or other obligations as the Authority may approve. Accordingly, the Authority directly purchases permitted securities and enters into interest-earning investment contracts.

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Notes to Financial Statements (continued)

As of December 31, 2018, the Authority's total investments, excluding capital investments, amounted to \$226,688,994. The Authority's investment portfolio ("Portfolio") is comprised of short to medium term bonds and is managed by a financial institution for the Authority. These investments include obligations guaranteed by the U.S. Government, Government Sponsored Enterprises, Money Market Funds, Corporate Debt rated at least A- by Standard & Poors or equivalent by Moody's and Repurchase Agreements. The Portfolio is managed with the investment objectives of: preserving capital, maintaining liquidity, achieving superior yields, and providing consistent returns over time. In order to limit interest rate risk, investments are laddered, with maturities ranging from several months to a maximum of five years.

Investment of bond proceeds is made in accordance with the Authority's various bond resolutions. The bond resolutions generally permit the investment of funds held by the trustee in the following: (a) obligations of, or guaranteed by, the State or the U.S. Government; (b) repurchase agreements secured by obligations noted in (a) above; (c) interest-bearing deposits, in any bank or trust company, insured or secured by a pledge of obligations noted in (a) above; (d) State of New Jersey Cash Management Fund (NJCMF); (e) shares of an open-end diversified investment company which invests in obligations with maturities of less than one year of, or guaranteed by, the U.S. Government or Government Agencies; and (f) non-participating guaranteed investment contracts.

In order to maximize liquidity, the Authority utilizes the NJCMF as an investment. All investments in the NJCMF are governed by the regulations of the State of New Jersey, Department of Treasury, Division of Investment, which prescribes specific standards designed to ensure the quality of investments and to minimize the risks related to investments. The NJCMF invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: U.S. Treasuries; short-term commercial paper; U.S. Agency Bonds; Corporate Bonds; and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investment rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. At December 31, 2018 and 2017, the Authority's balance in the NJCMF is \$60,486,499 and \$67,556,931, respectively. The fair value is measured based on net asset value ("NAV") which approximates \$1 per share.

Custodial Credit Risk

Pursuant to GASB 40, the Authority's investments are profiled to determine if they are exposed to Custodial Credit Risk. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government (NJEDA), and are held by either: the counterparty (institution that pledges collateral to government or that buys/sells investments

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Notes to Financial Statements (continued)

for government) or the counterparty's trust department or agent but not in the name of the government. Investment pools such as the NJCMF and open ended mutual funds including Mutual Bond Funds are deemed not to have custodial credit risk. As of December 31, 2018 and December 31, 2017, no investments are subject to custodial credit risk as securities in the Portfolio are held in the name of the Authority.

Concentration of Credit Risk

The Authority does not have an investment policy regarding concentration of credit risk, however, the Authority's practice is to limit investments in certain issuers. No more than 5% of the Authority funds may be invested in individual corporate and municipal issuers; and no more than 10% in individual U.S. Government Agencies. At December 31, 2018, more than 5% of the Authority's investments are in: Federal National Mortgage Association ("FNMA"). This investment is 6.65% (\$15,696,414), of the Authority's total investments. This investment is included in the U.S. Agencies category of investments. Investments issued by or guaranteed by the U.S. Government, mutual fund investments, and pooled investments are exempt from this requirement.

Credit Risk

The Authority does not have an investment policy regarding the management of Credit Risk, as outlined above. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. All investments in U.S. Agencies are rated Aaa by Moody's and AA+ by Standard & Poor's ("S&P"). The mutual bond fund was rated AAA by S&P. Corporate bonds were rated BBB+/A-/A/A+/AA-/AA/AAA, by S&P. Municipal bonds were rated AAA by S&P and Aa1 by Moody's. The certificate of deposit was rated A by S&P. The NJCMF is not rated.

Interest Rate Risk

The Authority does not have a policy to limit interest rate risk, however, its practice is to hold investments to maturity.

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the financial statement measurement date. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 – unadjusted quoted prices in active markets for identical assets;
- Level 2 – quoted prices other than those included within Level 1 and other inputs that are observable for the asset or liability, either directly or indirectly;
- Level 3 – unobservable inputs for an asset or liability.

As of December 31, 2018 and 2017, the Authority had the following investments and maturities:

Investment Type	Level	December 31, 2018			Fair Value as of December 31, 2017
		Fair Value	Investments Less than 1 Year	Maturities 1-5 Years	
Investments by fair value level					
Debt Securities:					
U.S. Treasuries	2	\$ 120,521,188	\$ 21,202,374	\$ 99,318,814	\$ 97,552,733
U.S. Agencies	2	36,961,662	11,916,834	25,044,828	56,886,771
Corporate Bonds	2	59,676,460	14,038,260	45,638,200	62,043,324
Municipal Bonds	2	6,206,924	4,996,400	1,210,524	8,263,400
Certificate of deposit	2	3,322,760	–	3,322,760	–
Mutual Bond Funds	1	2,262,269	2,262,269	–	166,669
Total investments by fair value level		228,951,263	\$ 54,416,137	\$ 174,535,126	224,912,897
Investment Pool at NAV					
State of NJ Cash Management Fund		60,486,499			67,556,931
Total investments measured at fair value		289,437,762			292,469,828
Less amounts reported as cash equivalents		(62,748,768)			(67,723,600)
Total investments		\$ 226,688,994			\$ 224,746,228

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique.

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Notes to Financial Statements (continued)

(c) Special Purpose Investments

Pursuant to the Authority’s mission, from time to time, in order to expand employment opportunities in the State and to spur economic development opportunities, the Authority, with the authorization of the Board, will make special purpose investments. These special purpose investments include the Authority’s participation as a limited partner in various venture funds formed with the primary purpose of providing venture capital to exceptionally talented entrepreneurs dedicated to the application of proprietary technologies or unique services in emerging markets and whose companies are in the expansion stage. At December 31, 2018 and 2017, the aggregate value of the Authority’s investment in these funds is \$9,198,636 and \$9,797,772, respectively. As a limited partner, the Authority receives financial reports from the managing partner of the funds, copies of which may be obtained by contacting the Authority. For the purpose of financial reporting, the ownership in stock or equity interest in connection with economic development activities, such as providing venture capital, does not meet the definition of an investment because the asset is held primarily to further the economic development objectives of the Authority. Accordingly, the Authority uses the cost method as the measurement basis.

At December 31, 2018, the Authority also held other equity investments of \$186,928. The investments were held in the form of stock.

Note 4: Notes Receivable

Notes receivable consist of the following:

	December 31	
	2018	2017
Economic Development Fund (“EDF”) loan program; interest ranging up to 7.5%; maximum term of 11 years	\$ 54,626,351	\$ 55,968,511
Economic Recovery Fund (“ERF”) loan and guarantee programs; interest ranging up to 9.8%; maximum term of 15 years	78,060,270	72,174,951
Hazardous Discharge Site Remediation (“HDSR”) loan program; interest ranging up to 5.0%; maximum term of 3 years	2,156,333	2,668,589
Municipal Economic Recovery Initiative (“MERI”) loan program; interest ranging up to 3.0%; maximum term of 8 years	254,647	278,939
Stronger NJ Business (SNJ) loan program; interest ranging up to 3.09%; maximum term of 30 years	73,879,557	68,113,012
	\$ 208,977,158	\$ 199,204,002

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Notes to Financial Statements (continued)

Aggregate Notes Receivable activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Loan Disbursements	Loan Receipts	Write-offs, Adjustments, Restructures – Net	Ending Balance	Amounts Due Within One Year
EDF/ERF	\$ 128,143,462	\$ 28,295,892	\$ (23,611,133)	\$ (141,600)	\$ 132,686,621	\$ 9,137,820
HDSR	2,668,589	211,049	(439,926)	(283,379)	2,156,333	28,638
MERI	278,939	–	(24,292)	–	254,647	27,270
SNJ	68,113,012	11,365,242	(2,569,922)	(3,028,775)	73,879,557	2,874,139
	<u>\$ 199,204,002</u>	<u>\$ 39,872,183</u>	<u>\$ (26,645,273)</u>	<u>\$ (3,453,754)</u>	<u>\$ 208,977,158</u>	<u>\$ 12,067,867</u>

Note 5: Leases

(a) Leases Receivable

The Authority has a financing lease relating to the issuance of Bonds and Notes Payable. Bond and Note proceeds finance specific projects. The financing lease provides for basic rental payments, by the tenant to the Authority, in an amount at least equal to the amount of debt service on the Bonds and Notes. In the event of default by the tenant to make rental payments, the Authority generally has recourse, including, but not limited to, taking possession and selling or subletting the leased premises and property.

The outstanding lease is as follows:

Lease Description	2018	2017
NY Daily News, through January 23, 2021	\$ 7,148,102	\$ 7,248,102
Unamortized discount	(238,028)	(357,042)
Aggregate lease payments receivable – net	<u>\$ 6,910,074</u>	<u>\$ 6,891,060</u>

Aggregate lease receipts due through 2021 are as follows:

2019	\$ 100,000
2020	100,000
2021	6,948,102
	<u>\$ 7,148,102</u>

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Notes to Financial Statements (continued)

Lease payments receivable activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Reductions	Ending Balance	Amount Receivable Within One Year
Gross receivable	\$ 7,248,102	\$ (100,000)	\$ 7,148,102	\$ 100,000
Discount	(357,042)	119,014	(238,028)	
Net receivable	\$ 6,891,060	\$ 19,014	\$ 6,910,074	

(b) Operating Leases

(i) Authority as Lessor

At December 31, 2018, capital assets with a carrying value of \$134,818,468 and accumulated depreciation of \$80,271,235 are leased to commercial enterprises. These leases generally provide the tenant with renewal and purchase options. Aggregate minimum lease receipts are expected as follows:

2019	\$ 6,011,609
2020	4,608,498
2021	4,216,077
2022	3,893,161
2023	3,097,567
2024–2028	5,755,230
2029–2033	420,300
2034–2038	420,300
2039–2043	420,300
2044	84,060
	\$ 28,927,102

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Notes to Financial Statements (continued)

(ii) Authority as Lessee

The Authority leases commercial property, buildings, and office space for use by Authority staff. Aggregate rental expense for the current year amounted to \$114,487. Aggregate future lease obligations are as follows:

2019		\$	148,689
2020			414,497
2021			418,756
2022			407,498
2023			383,786
2024-2028			431,237
			\$ 2,204,463

Note 6: Capital Assets

Capital asset activity for the years ended December 31, 2018 and 2017, was as follows:

	December 31, 2017	Additions	Reductions	December 31, 2018
Capital assets not being depreciated:				
Land	\$ 28,983,065	\$ –	\$ (165,000)	\$ 28,818,065
Construction in progress	240,951	–	(240,951)	–
Capital assets being depreciated:				
Buildings	81,722,446	–	–	81,722,446
Leasehold improvements	34,933,205	277,453	–	35,210,658
Capital assets – gross	145,879,667	277,453	(405,951)	145,751,169
Less: accumulated depreciation	83,915,652	5,180,661	–	89,096,313
Capital assets – net	\$ 61,964,015	\$ (4,903,208)	\$ (405,951)	\$ 56,654,856

	December 31, 2016	Additions	Reductions	December 31, 2017
Capital assets not being depreciated:				
Land	\$ 28,983,065	\$ –	\$ –	\$ 28,983,065
Construction in progress	–	240,951	–	240,951
Capital assets being depreciated:				
Buildings	86,479,970	–	(4,757,524)	81,722,446
Leasehold improvements	34,933,205	–	–	34,933,205
Capital assets – gross	150,396,240	240,951	(4,757,524)	145,879,667
Less: accumulated depreciation	83,087,264	5,318,830	(4,490,442)	83,915,652
Capital assets – net	\$ 67,308,976	\$ (5,077,879)	\$ (267,082)	\$ 61,964,015

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In 2018, the Authority sold a parcel of land in Logan Township, Gloucester County, which it had acquired as collateral on a commercial loan several years earlier.

In 2017, the Authority began fit-out work on its Biotech Development Center, within the Authority's Technology Centre of New Jersey, located in the Township of North Brunswick. Additionally, the Authority began demolition of an existing, obsolete structure, known as the Premier Building, also located in the Township of North Brunswick. Those improvements were completed in 2018.

Note 7: Notes Payable

Generally, Notes Payable are special obligations of the Authority payable solely from loan payments, lease rental payments and other revenues, funds and other assets pledged under the notes and do not constitute obligations against the general credit of the Authority. Note proceeds are used to fund specific programs and projects and are not commingled with other Authority funds.

The outstanding notes are as follows:

	December 31	
	2018	2017
Community Development Investments, LLC; interest at 5%; principal and interest due monthly with payments based solely on receipt of surcharge revenue. The note was scheduled to mature on 5/12/14; however, full repayment was subject to receipt of surcharge revenue and finalized in 2018.	\$	– \$ 1,126,654
	\$	– \$ 1,126,654

Notes payable activity for the years ended December 31, 2018 and 2017, was as follows:

December 31, 2017	Additions	Reductions	December 31, 2018	Amounts Due Within One Year
\$ 1,126,654	\$ –	\$ 1,126,654	\$ –	\$ –

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December 31, 2016	Additions	Reductions	December 31, 2017	Amounts Due Within One Year
\$ 2,264,426	\$ —	\$ (1,137,772)	\$ 1,126,654	\$ 1,126,654

Note 8: Commitments and Contingencies

(a) Loan and Bond Guarantee Programs

The Authority has a special binding obligation regarding all guarantees to the extent that funds are available in the guarantee accounts as specified in the guarantee agreements. Guarantees are not, in any way, a debt or liability of the State.

(1) Economic Recovery Fund

The guarantee agreements restrict the Authority from approving any loan or bond guarantee if, at the time of approval, the Debt (exposure and commitments) to Worth (the amount on deposit and available for payment) ratio is greater than 5 to 1. At any time, payment of the guarantee is limited to the amount of Worth within the guarantee program account. Principal payments on guaranteed loans and bonds reduce the Authority's exposure. At December 31, 2018, Debt was \$4,368,611 and Worth was \$183,636,913, with a ratio of 0.02 to 1.

(2) New Jersey Business Growth Fund

The Authority guarantees between 25% and 50% of specific, low-interest loans to New Jersey companies, made by one of its preferred lenders, with a maximum aggregate exposure to the Authority not to exceed \$10 million and, at no time will the Authority pay more than \$10 million, net, of guarantee demands. At December 31, 2018, aggregate exposure and related Worth within the Business Growth Fund account are both \$2,174,935.

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(3) New Jersey Global Growth Fund

The Authority guarantees up to 50% of any approved term loan or line of credit to New Jersey companies, made by one of its premier lenders, with a maximum aggregate exposure to the Authority not to exceed \$10 million and, at no time will the Authority pay more than \$10 million, net, of guarantee demands. At December 31, 2018, aggregate exposure and related Worth within the NJ Global Growth Fund account are both \$10,000,000.

(4) State Small Business Credit Initiative Fund

The Federal grant agreement restricts the Authority from approving any loan or bond guarantee if, at the time of approval, the Debt to Worth ratio is greater than 1 to 1. At any time, payment of the guarantee is limited to the amount of Worth within the State Small Business Credit Initiative Fund. At December 31, 2018, Debt was \$351,500 and Worth was \$1,978,369, with a ratio of 0.18 to 1.

(b) Loan Program Commitments and Project Financings

At December 31, 2018, the Authority has \$13,677,616 of loan commitments not yet closed or disbursed and \$69,699,785 of project financing commitments.

(c) New Markets Tax Credit Program

On December 28, 2005, the Authority loaned \$31,000,000 to a limited liability company (“company”), to facilitate their investment in a certified community development entity (“entity”) whose primary mission is to provide loan capital for commercial projects in low-income areas throughout New Jersey. The company also received an equity investment from a private corporation (“corporation”). The company then invested the combined proceeds in the entity, which was awarded an allocation in Federal tax credits under the New Markets Tax Credit Program.

During 2007, the Authority made two additional New Markets commitments. On September 24, 2007, the Authority facilitated a transaction in which \$3,500,000 in credits were allocated (no Authority funds were utilized). On September 26, 2007, the Authority loaned \$20,296,000 to another company with terms similar to the first transaction.

During 2008, the Authority closed three additional New Markets commitments. A total of \$37,000,000 in credits were allocated (no Authority funds were utilized).

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In 2009, one New Markets commitment was closed. A total of \$12,419,151 in credits were allocated (no Authority funds were utilized).

On February 28, 2013, the first New Markets loan pool, created in 2005, ceased operations, as the investor exercised its option to sell its membership interest.

On September 29, 2014, the second New Markets loan pool, created in 2007, ceased operations, as that investor also exercised its option to sell its membership interest.

On September 20, 2017, the entity ceased operations and substantially all of the entity's assets (cash) were distributed to the Authority and the Corporation for Business Assistance, proportionate to their respective interests in the entity, and all remaining liabilities were transferred to the Authority to be paid when due.

As part of the remaining agreements, the corporation will claim the Federal tax credits in exchange for their investment. Claiming these credits carries the risk of recapture, whereby an event occurs that would negate the credit taken, causing it to be returned with interest. Based on the agreements between the Authority and the respective companies, the Authority will provide a guaranty to the corporation against adverse consequences caused by a recapture event. As of December 31, 2018, the aggregate exposure to the Authority for the remaining transactions described above is none. The Authority has determined the likelihood of paying on the guaranty, at this time, is remote.

Note 9: State and Federal Appropriations and Program Payments

The Authority receives appropriations from the State of New Jersey, as part of the State's annual budget, for purposes of administering certain grant programs enacted by State statute, and has also received appropriations from the United States Department of Housing and Urban Development, as well as the Federal Emergency Management Agency, via the State of New Jersey, for purposes of administering certain loan and grant programs for businesses in connection with the aftermath of Superstorm Sandy in October 2012. The Authority recognizes the disbursement of these funds to grantees as program payments. For the year ended December 31, 2018, state and federal appropriations and program payments were \$22,391,323, \$39,097,632, and \$46,047,970, respectively.

Note 10: Litigation

The Authority is involved in several lawsuits that, in the opinion of the management of the Authority, will not have a material effect on the accompanying financial statements.

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Note 11: Employee Benefits

(a) Public Employees Retirement System of New Jersey (“PERS”)

The Authority’s employees participate in the PERS, a cost sharing multiple-employer defined benefit plan administered by the State. The Authority’s contribution is based upon an actuarial computation performed by the PERS. Employees of the Authority are required to participate in the PERS and contribute 7.50% in 2018 (7.34% in 2017) of their annual compensation. The PERS also provides death and disability benefits. All benefits and contribution requirements are established, or amended, by State statute.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after a minimum of 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007, and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008, and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010, and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60, and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62, and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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Contributions Made

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year ended June 30, 2018, and is 7.50% as of December 31, 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The Authority's contractually required contribution rate for the year ended December 31, 2018 and 2017, was 14.12% and 13.56%, respectively, of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contractual contributions to the pension plan from the Authority were \$2,194,698 and \$2,011,757 for the years ended December 31, 2018 and 2017, respectively.

Based on the recommendation of the State of New Jersey Department of the Treasury, the investment rate of return used to calculate the actuarially determined contribution effective with the July 1, 2017, valuation was 7.50% per annum. The Department of the Treasury recommendation also calls for the rate to be reduced further to 7.30% per annum effective with the July 1, 2019, valuation, and to 7.00% per annum effective with the July 1, 2021, valuation. The actuarially determined employer contribution amount, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

GASB 68 requires the Authority to recognize a net pension liability for the difference between the present value of the projected benefits for past service, known as the Total Pension Liability ("TPL"), and the restricted resources held in trust for the payment of pension benefits, known as the Fiduciary Net Position ("FNP").

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At December 31, 2018 and 2017, the Authority reported a liability of \$46.0 million and \$55.1 million for its proportionate share of the net pension liability for PERS, respectively. The net pension liability was measured as of June 30, 2018 and June 30, 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2017 and July 1, 2016. The actuarial valuations were rolled forward to June 30, 2018 and June 30, 2017, using update procedures. The Authority's proportion of the net pension liability was based on a projection of the long-term share of contribution to the pension plans relative to the projected contributions of all participating State agencies, actuarially determined. At December 31, 2018, the Authority's proportion was .23374% which was a decrease of .00317% from its proportion measured as of December 31, 2017.

For the years ended December 31, 2018 and 2017, the Authority recognized pension expense of \$5,263,030 and \$6,763,821 for PERS, respectively. Pension expense is reported in the Authority's financial statements as part of salaries and benefits expense.

At December 31, 2018 and 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ —	\$ 431,688	\$ 375,523	\$ —
Changes of assumptions or other inputs	7,583,655	14,715,371	11,110,493	11,069,760
Changes in proportion	6,104,907	587,860	9,073,915	—
Difference between expected and actual experience	877,645	237,304	1,298,553	—
Contributions subsequent to the measurement date	2,324,943	—	2,194,698	—
	<u>\$ 16,891,150</u>	<u>\$ 15,972,223</u>	<u>\$ 24,053,182</u>	<u>\$ 11,069,760</u>

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Deferred outflows of resources of \$2,324,943 resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year 1 (2019)	\$ 2,739,961
Year 2 (2020)	1,935,616
Year 3 (2021)	(2,515,559)
Year 4 (2022)	(2,594,022)
Year 5 (2023)	(972,012)
	<u>\$ (1,406,016)</u>

Actuarial Methods and Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined based on an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018, using update procedures. The key actuarial assumptions are summarized as follows:

Inflation:	2.25%
Salary increase:	1.65%–5.15%
Investment rate of return:	7.00%
Cost of living adjustment	No cost of living adjustment is assumed

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

Discount Rate

The discount rate used to measure the total pension liability was 5.66% and 5.00% at June 30, 2018 and June 30, 2017, respectively. This single blended discount rate was based on the long-term rate of return of 7.00% and the municipal bond rates of 3.87% and 3.58% as of June 30, 2018 and 2017, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The contribution percentage is the average percentage of the annual actual contribution paid over the annual actuarially determined contribution during the most recent fiscal year. Based on those assumptions, the pension Plan's fiduciary net position was projected to be available to make projected future benefit payments of current Plan members through fiscal year 2046.

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Expected Rate of Return on Investments

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
PERS:		
Risk mitigation	5.00%	5.51%
Cash	5.50	1.00
U.S Treasuries	3.00	1.87
Investment Grade Credit	10.00	3.78
High Yield	2.50	6.82
Global Diversified Credit	5.00	7.10
Credit Oriented Hedge Funds	1.00	6.60
Debt Related Private Equity	2.00	10.63
Debt Related Real Estate	1.00	6.61
Private Real Estate	2.50	11.83
Equity Related Real Estate	6.25	9.23
U.S. Equity	30.00	8.19
Non-US Developed Markets Equity	11.50	9.00
Emerging Markets Equity	6.50	11.64
Buyouts/Venture Capital	8.25	13.08

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 5.66% and 4.00% for PERS as well as the proportionate share of the net pension liability using a 1.00 percent increase or decrease from the current discount rate as of December 31, 2018 and 2017, respectively:

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	1% Decrease (4.66%)	Discount Rate (5.66%)	1% Increase (6.66%)
2018	\$ 57,867,296	\$ 46,021,947	\$ 36,084,457
	1% Decrease (3.0%)	Discount Rate (4.0%)	1% Increase (5.0%)
2017	\$ 68,415,277	\$ 55,148,355	\$ 44,095,365

Detailed information about the Plan’s fiduciary net position is available in a separately issued financial report. The State of New Jersey, Department of the Treasury, Division of Pension and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for the PERS. Information on the total Plan funding status and progress, required contributions and trend information is available on the State’s web site at www.state.nj.us/treasury/pensions/annrprts.shtml in the Comprehensive Annual Financial Report of the State of New Jersey, Division of Pensions and Benefits.

(b) Postemployment Health Care and Insurance Benefits

General Information about the Postemployment Health Care Plan

Plan Description and Benefits Provided: The Authority sponsors a single employer postemployment benefits plan that provides benefits in accordance with State statute, through the State Health Benefits Bureau, to its retirees having 25 years or more of service in the PERS, and 30 years or more of service if hired after June 28, 2011, or to employees approved for disability retirement. Health benefits and prescription benefits provided by the plan are at no cost to eligible retirees who had accumulated 20 years of service credit as of June 30, 2010. All other future retirees will contribute to a portion of their health and prescription premiums. Upon turning 65 years of age, a retiree must utilize Medicare as their primary coverage, with State Health Benefits providing supplemental coverage. In addition, life insurance is provided at no cost to the Authority and the retiree in an amount equal to 3/16 of their average salary during the final 12 months of active employment.

Since the Authority is a participating employer in the State Health Benefits Bureau, the Authority does not issue a separate stand-alone financial report regarding other postemployment benefits. The Authority participates in the State Health Benefits Plan solely on the benefits side and not in

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a cost-sharing capacity, in order to leverage more affordable premium costs. The Authority maintains all plan assets within the Employee Benefit Trust. The State of New Jersey, Department of the Treasury, Division of Pension and Benefits, issues publicly available financial reports that include the financial statements for the State Health Benefits Program Funds. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pension and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295. The State has the authority to establish and amend the benefit provisions offered and contribution requirements.

Employees Covered by Benefit Terms. At December 31, 2018 and 2017, the following employees were covered by the benefit terms:

	2018	2017
Active employees	181	163
Inactive employees and/or beneficiaries currently receiving benefit payments	36	35
Total membership	217	198

Contributions. The Authority’s Board grants the Authority the right to establish and amend the contribution requirements. The Board establishes rates based on an actuarially determined rate. For the year ended December 31, 2018 and 2017, the Authority’s average contribution rate was 36.64 percent and 8.65 percent of covered payroll, respectively. Employees are not required to contribute to the plan. The Authority’s annual OPEB cost for the plan is calculated based on the Entry Age Normal level percentage cost method, an amount actuarially determined in accordance with the parameters of GASB Statement 75. The Authority has established and funded an irrevocable trust for the payments required by this obligation.

Net OPEB Liability

The Authority’s net OPEB (asset) liability was measured at December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2017. Update procedures were used to roll forward the total OPEB liability to the Authority’s year end of December 31, 2018.

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Actuarial Assumptions. The total OPEB liability in the January 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.3% per annum, compounded annually
Salary increases	3.5% per annum, compounded annually
Investment rate of return	4.00%
Healthcare cost trend rates	8.6% grading down to an ultimate rate of 4.7% for <65, 4.7% grading down to an ultimate rate of 4.7% for >65

Mortality rates were based on the RPH-2014 Healthy Lives Mortality Tables adjusted to reflect Mortality Improvement Scale MP-2017 from 2006 base year and projected forward on a generational basis.

The actuarial assumptions used in the January 1, 2017, valuation were based on information provided by the Authority for the period of January 1, 2017, through December 31, 2017. Update procedures were used to roll forward the total OPEB liability to the Authority's year end of December 31, 2018.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.3%. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table for 2018:

Asset Class	Index	Target Allocation	Long-Term Expected Real Rate of Return
US cash	BAML 3-month treasury	5.21%	0.34%
US government bonds	Barclays government	40.57%	1.56%
US credit bonds	Barclays credit	36.71%	2.86%
US municipal bonds	Barclays muni index	4.19%	1.78%
US Large Caps	S&P 500	0.64%	4.70%
US Large & Mid Caps	Russel 1000	0.00%	4.90%
US Equity Market	Russel 3000	12.08%	4.97%
US Small Caps	Russel 2000	0.60%	5.89%
Total		100.00%	

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Discount Rate. The discount rate used to measure the total OPEB liability was 4.5 percent at December 31, 2018, and 4.0 percent at December 31, 2017. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in Net OPEB Liability

For the year ended December 31, 2018:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability(Asset)
Net OPEB liability at beginning of the year	\$ 38,468,306	\$ 33,161,720	\$ 5,306,586
Changes for the year:			
Service cost	1,966,628	–	1,966,628
Interest	1,605,750	–	1,605,750
Changes of assumptions	(3,729,586)	–	(3,729,586)
Employer Contributions	–	5,306,586	(5,306,586)
Net investment income	–	85,812	(85,812)
Benefit payments	(588,098)	(588,098)	–
Administrative expense	–	(21,063)	21,063
Net changes	(745,306)	4,783,237	(5,528,543)
Net OPEB (asset) liability at end of the year	<u>\$ 37,723,000</u>	<u>\$ 37,944,957</u>	<u>\$ (221,957)</u>

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

For the year ended December 31, 2017:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Net OPEB liability at beginning of the year	\$ 35,719,078	\$ 32,119,769	\$ 3,599,309
Changes for the year:			
Service cost	1,900,124	–	1,900,124
Interest	1,492,035	–	1,492,035
Changes of assumptions	–	–	–
Employer contributions	–	1,220,006	(1,220,006)
Net investment income	–	485,676	(485,676)
Benefit payments	(642,931)	(642,931)	–
Administrative expense	–	(20,800)	20,800
Net changes	2,749,228	1,041,951	1,707,277
Net OPEB liability at end of the year	<u>\$ 38,468,306</u>	<u>\$ 33,161,720</u>	<u>\$ 5,306,586</u>

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Discount Rate. The following presents the net OPEB (asset) liability of the Authority as of December 31, 2018 and 2017, as well as what the Authority's net OPEB (asset) liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.5% for 2018 and 3.0% for 2017) or 1-percentage-point higher (5.5% for 2018 and 5% for 2017) than the current discount rate:

	1% Decrease (3.5%)	Discount Rate (4.5%)	1% Increase (5.5%)
2018	\$ 7,103,043	\$ (221,957)	\$ (5,999,957)
	1% Decrease (3.0%)	Discount Rate (4.0%)	1% Increase (5.0%)
2017	\$ 13,125,869	\$ 5,306,586	\$ (821,413)

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB (asset) liability of the Authority as of December 31, 2018 and 2017, as well as what the Authority's net OPEB (asset) liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.6% decreasing to 3.7% in 2018 and 2017) or 1-percentage-point higher (9.6% decreasing to 5.7% in 2018 and 2017) than the current healthcare cost trend rates (8.6% decreasing to 4.7% in 2018 and 2017):

	Healthcare Cost		
	1% Decrease (7.6% decreasing to 3.7%)	Trend Rates (8.6% decreasing to 4.7%)	1% Increase (9.6% decreasing to 5.7%)
2018	\$ (7,291,957)	\$ (221,957)	\$ 9,110,043
2017	\$ (1,892,275)	\$ 5,306,586	\$ 14,835,557

OPEB Plan Fiduciary Net Position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued NJEDA Employee Benefit Trust financial report, which is available on the Authority's website at www.njeda.com/public_information/annual_reports.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018 and 2017, the Authority recognized OPEB expense of \$2,426,131 and \$2,461,692, respectively. OPEB expense is reported in the Authority's financial statements as part of salaries and benefits expense. At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

	2018		2017	
	Deferred Inflows	Deferred Outflows	Deferred Inflows	Deferred Outflows
Difference in experience	\$ (84,227)	\$ –	\$ –	\$ –
Changes in assumptions	(3,272,400)	–	–	–
Net difference between projected and actual earnings on OPEB plan investments	–	1,868,724	–	1,160,185
Totals	\$ (3,356,627)	\$ 1,868,724	\$ –	\$ 1,160,185

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (income) as follows:

Year Ended December 31:

2019	\$ 220,998
2020	221,000
2021	47,349
2022	(112,459)
2023	(372,959)
Thereafter	(1,491,832)
Total	\$ (1,487,903)

Note 12: Compensated Absences

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the Authority recorded current liabilities in the amount of \$1,173,849 and \$1,026,697 as of December 31, 2018 and 2017, respectively. The liability as of those dates is the value of employee accrued vacation time and vested estimated sick leave benefits that are probable of payment to employees upon retirement. The vested sick leave benefit to eligible retirees for unused accumulated sick leave is calculated at the lesser of ½ the value of earned time or \$15,000. The payment of sick leave benefits, prior to retirement, is dependent on the occurrence of sickness as defined by Authority policy; therefore, such non-vested benefits are not accrued.

New Jersey Economic Development Authority
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Notes to Financial Statements (continued)

Note 13: Long-Term Liabilities

During 2018 and 2017, the following changes in long-term liabilities are reflected in the statement of net position:

	2018			
	Beginning Balance	Additions	Deductions	Ending Balance
Net pension liability	\$ 55,148,355	\$ –	\$ (9,126,408)	\$ 46,021,947
Other postemployment benefits liability	5,306,586	–	(5,306,586)	–
Unearned lease revenue	7,903,859	–	(1,053,848)	6,850,011
Accrued guarantee losses	884,741	34,097	(491,229)	427,609
Compensated absences	1,026,697	230,615	(83,463)	1,173,849
Total long-term liabilities	\$ 70,270,238	\$ 264,712	\$ (16,061,534)	\$ 54,473,416

	2017			
	Beginning Balance	Additions	Deductions	Ending Balance
Net pension liability	\$ 67,068,246	\$ –	\$ (11,919,891)	\$ 55,148,355
Other postemployment benefits liability	3,599,309	1,707,277	–	5,306,586
Notes payable	1,291,011	–	(1,291,011)	–
Unearned lease revenue	8,957,707	–	(1,053,848)	7,903,859
Accrued guarantee losses	1,176,274	285,774	(577,307)	884,741
Compensated absences	985,155	75,001	(33,459)	1,026,697
Total long-term liabilities	\$ 83,077,702	\$ 2,068,052	\$ (14,875,516)	\$ 70,270,238

For further information, see Notes 7 and 11.

Required Supplementary Information

New Jersey Economic Development Authority
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Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios

	2018	2017	2016
	<i>(In Thousands)</i>		
Service cost	\$ 1,967	\$ 1,900	\$ 1,836
Interest	1,606	1,492	1,387
Change in assumptions	(3,730)	–	–
Benefit payments	(588)	(643)	(655)
Net change in total OPEB liability	(745)	2,749	2,568
Total OPEB liability – beginning	38,468	35,719	33,151
Total OPEB liability – ending (a)	<u>\$ 37,723</u>	<u>\$ 38,468</u>	<u>\$ 35,719</u>
Plan fiduciary net position			
Contributions – employer	\$ 5,307	\$ 1,220	\$ 1,162
Net investment income	86	486	382
Benefit payments	(588)	(643)	(655)
Administrative expenses	(21)	(21)	(21)
Net change in plan fiduciary net position	4,784	1,042	868
Plan fiduciary net position – beginning	33,161	32,119	31,251
Plan fiduciary net position – ending (b)	<u>\$ 37,945</u>	<u>\$ 33,161</u>	<u>\$ 32,119</u>
Authority's net OPEB liability – ending (a)-(b)	<u>\$ (222)</u>	<u>\$ 5,307</u>	<u>\$ 3,600</u>
Plan fiduciary net position as a percentage of the total OPEB liability	100.59%	86.20%	89.92%
Covered payroll	\$ 14,483	\$ 14,108	\$ 16,246
Authority's net OPEB liability as a percentage of covered payroll	(1.53)%	37.62%	22.16%

Notes to Schedule:

Changes of assumptions: Investment rate of return was increased from 4.0% in 2017 to 4.5% in 2018.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

New Jersey Economic Development Authority
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Schedule of the Authority's OPEB Contributions

(\$ in thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarial determined contribution	\$ 5,307	\$ 1,220	\$ 1,162	\$ 9,014	\$ 891	\$ 850	\$ 3,327	\$ 806	\$ 768	\$ 3,666
Employer contribution	5,307	1,220	1,162	9,014	891	850	3,327	806	768	3,666
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 14,483	\$ 14,108	\$ 16,246	\$ 15,819	\$ 14,535	\$ 10,971	\$ 10,472	\$ 12,062	\$ 13,183	\$ 13,770
Contributions as percentage of covered-employee payroll	36.64%	8.65%	7.15%	56.98%	6.13%	7.75%	31.77%	6.68%	5.83%	26.62%

New Jersey Economic Development Authority
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Notes to Schedule of the Authority's OPEB Contributions

Notes to Schedule:

Valuation Date	January 1, 2017 for years 2018, 2017 and 2016, January 1, 2015 for 2015; January 1, 2012, for years 2012-2014; January 1, 2009, for years 2009-2011; January 1, 2006 for 2008.
Methods and assumptions used to determine the actuarially determined contribution rates:	
Actuarial Cost Method	Entry Age Normal for 2018, 2017 and 2016, Project Unit Credit Cost Method for 2015-2008
Amortization Method	Full recognition of unfunded liability as of December 31 for 2018, 2017 and 2016, Level Dollar Open (1 year) for 2015-2008
Asset Valuation Method	Market value
Inflation Rate	2.3% for 2018, 2017 and 2016, not indicated for 2015-2008
Investment Rate of Return	4.5% for 2018, 4.0% for all years prior

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Schedule of the Authority's Proportionate Share of the Net Pension Liability

	2018 PERS	2017 PERS	2016 PERS	2015 PERS	2014 PERS
Authority's proportion of the net pension liability	0.23374%	0.23691%	0.22645%	0.21713%	0.15290%
Authority's proportionate share of the net pension liability	\$ 46,021,947	\$ 55,148,355	\$ 67,068,246	\$ 48,740,925	\$ 28,627,890
Authority's covered payroll	\$ 16,464,640	\$ 16,199,280	\$ 16,245,862	\$ 15,434,227	\$ 12,440,364
Authority's proportionate share of the net pension liability as a percentage as a percentage of its covered payroll	279.52%	340.44%	412.83%	315.80%	230.12%
Plan fiduciary net position as a percentage of the total pension liability	40.45%	36.78%	31.20%	38.21%	42.74%

The amounts presented for each fiscal year were determined as of June 30.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

New Jersey Economic Development Authority
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Schedule of the Authority's Contributions to the Public Employees' Retirement System (PERS)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 2,324,943	\$ 2,194,698	\$ 2,011,757	\$ 1,866,720	\$ 1,260,522	\$ 1,137,100	\$ 1,188,900	\$ 1,262,300	\$ 1,292,500	\$ 1,029,900
Contributions in relation to the contractually required contribution	2,324,943	2,194,698	2,011,757	1,866,720	1,260,522	1,137,100	1,188,900	1,262,300	1,292,500	1,029,900
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 16,464,640	\$ 16,184,953	\$ 16,245,862	\$ 15,818,820	\$ 14,535,358	\$ 10,970,510	\$ 10,472,305	\$ 12,062,333	\$ 13,183,135	\$ 13,769,583
Contributions as a percentage of covered payroll	14.12%	13.56%	12.38%	11.80%	8.67%	10.37%	11.35%	10.46%	9.80%	7.48%

New Jersey Economic Development Authority
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Notes to Schedule of the Authority's Contributions to the Public Employees'
Retirement System (PERS)

Notes to Schedule

Valuation Date Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine the actuarially determined employer contributions are as follows:

Actuarial Cost Method	Projected Unit Credit Method
Amortization Method	Level Dollar Amortization
Remaining Amortization Period	30 years
Asset Valuation Method	A five year average of market value
Investment Rate of Return	7.00% for 2018 and 2017, 7.65% for 2016, 7.9% for 2015, 2014 and 2013, 7.95% for 2012, 8.25% for 2011, 2010, 2009 and 2008
Inflation	2.25%
Salary Increases	1.65% – 5.15% for 2018, 2017 and 2016, 2.15% – 5.40% for 2015 through 2013, 4.52% for 2012, 5.45% for 2011, 2010, 2009 and 2008
Mortality	RP-2000 Employee Preretirement Mortality Table for male and female active participants. Mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale.

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MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: August 13, 2019

RE: 21st Century Redevelopment Program – Program Improvements

Summary

The Members are requested to approve improvements to the 21st Century Redevelopment Program to make the program more accessible to municipalities, counties and redevelopment agencies planning solutions to redevelop, repurpose or re-green vacant or underutilized office and retail properties.

Background

A number of demographic and economic trends are re-shaping where people in New Jersey live and work, with many suburbs experiencing an outmigration of jobs and population similar to those that cities have experienced previously. As a result, New Jersey now has a surplus of suburban retail and office parks that once boomed during the 1980s and 1990s but are now over a quarter-century old and are outmoded and less desirable, with many now sitting empty or underutilized and becoming a drain on many New Jersey communities.

As real estate markets have shifted to suit a younger talent pool seeking locations either close to transit or with neighborhood amenities within walking distance, many of New Jersey's suburban municipalities with no town centers (or multiple small "centers,") that are car-dependent and largely made up of single-family detached homes, are at risk of a population exodus, a loss of tax revenues, and rising costs of maintaining aging infrastructure and roads around these vacant or underutilized properties.

To help communities address this issue, in October 2018, the Members approved the 21st Century Redevelopment Program – a pilot program to award grants of up to \$50,000 to help communities plan for solutions to redevelop, repurpose or regreen these vacant or underutilized properties. This approval included the utilization of up to \$250,000 from the Economic Recovery Fund to capitalize the 21st Century Redevelopment Program.

Following the Members approval, applications were made available and accepted for a period of 90 days on a rolling basis. While the Authority received preliminary interest and several questions from municipalities about the eligibility of certain sites, the overall response was less than anticipated as the NJEDA received only a single application that was ultimately determined to be ineligible because the property in question was not large enough based upon the criteria previously approved.

Based on this lack of response, the Authority reached out to several stakeholders to gather feedback on where changes could be made to make the program more accessible. While the feedback affirmed that grant funding will help communities address this challenge, some of the eligibility requirements, particularly those involving square footage, unintentionally limited potential applicants and therefore made the program largely inaccessible.

In light of this feedback, the Authority has contemplated changes to make the program more accessible, with the intent of reintroducing the program. In addition, the New Jersey Legislature also recognized that this issue continues to challenge communities in the State and took action by passing Assembly Bill No. 1700 (A1700), which expands the criteria within New Jersey's "Local Redevelopment and Housing Law" that is used to designate an area in need of redevelopment to explicitly include office and retail properties that have displayed significant vacancy over the previous two years.

Program Improvements

As was the case under the previous program, the 21st Century Redevelopment Program will continue to provide grants of up to \$50,000 each to eligible municipalities, counties, or redevelopment agencies (eligible applicants) to undertake planning efforts aimed at addressing the challenges of persistent office and retail vacancy.

Based on the feedback the Authority received from stakeholders, the most significant recommended improvement to the program involves the site requirements. Under the previous program, retail sites were required to be 750,000 square feet or more with a vacancy rate greater than 25%, and office sites were required to be 75,000 square feet or more with a vacancy rate greater than 20% for at least 3 years. The Authority found this requirement to be very limiting to several potential applicants and made the program largely inaccessible. As a result, staff is recommending that eligibility not be based on space or vacancy rate, but rather this be incorporated into the scoring criteria as a component of scope and scale. This will broaden entry into the program for municipalities, counties and redevelopment agencies (potential applicants), while ensuring that properties of significant scope and scale are prioritized. As was the case under the previous program, site eligibility will be limited to sites that were previously used for office and retail purposes.

Another recommended improvement recognizes A1700, and adds potential uses for the grant funding that will better position potential applicants to pursue an area in need of redevelopment designation for these properties, in addition to supporting a variety of planning functions relating to re-use. By achieving this designation, potential applicants can utilize public financing to engage in assessment and planning, more easily engage the development community, and are

afforded greater flexibility surrounding land use decisions attempting to foster economic development in their communities.

Under the revised program, the potential uses of the grant funding now include, but are not limited to:

- Legal analysis to explore the appropriateness of designating one or more relevant properties in the community as an area in need of redevelopment.
- Stakeholder engagement and facilitation to identify community desires and needs.
- The identification of appropriate funding sources to support community led re-use of one or more properties.
- Cataloging relevant retail and office properties in a community and identifying priority sites when considering community needs.
- Economic analysis relating to the feasibility of various redevelopment and/or reuse scenarios.
- Land-use planning identifying the most suitable re-use scenarios.

A third recommended improvement addresses the process by which the Authority will accept applications for the program. Under the original program, applications were accepted on a rolling basis for a period of 90 days, and evaluated on a first-come, first-serve basis, based on date that the Authority receives a completed application. Staff is recommending that a competitive application window of 90 days be established, after which the Authority will evaluate and score all applications competitively, with the five highest scoring applications to be recommended to the Members for approval. As was the case under the previous program, an application must meet a minimum score of 65 out of 100 in order to be considered eligible for grant funding. Evaluating applications on a competitive basis will allow the Authority the opportunity to review all applications and fund the worthiest proposals, rather than offering an advantage based simply on when the application was received, which is immaterial to the actual proposal.

The final improvement includes the deadline by which grant recipients must provide a fully completed plan to the Authority. Under the existing program, applications must include plans for specific deliverables that can be fully completed (with copies provided to EDA for public consumption) six calendar months after the execution of funding agreement between EDA and the recipient. While this deadline will remain in place under the revised program, staff is requesting delegation to authorize a three-month extension to this deadline for grant recipients, upon written request to the Authority from the grant recipient. This is consistent with other similar programs the Authority administers and allows for greater flexibility to address project delays that are out of the grant recipients control.

The attached revised product specifications provide greater detail as to the program parameters. The program will continue to be funded by the original \$250,000 Economic Recovery Fund utilization approved by the Members in October 2018.

Recommendation

Approval is requested for improvements to the 21st Century Redevelopment Program to make the program more accessible to municipalities, counties and redevelopment agencies, and to better position these entities to pursue an area in need of redevelopment designation for vacant or underutilized office and retail properties.



Tim Sullivan
Chief Executive Officer

Prepared by: Kevin DeSmedt & Pat Rose

Attachments

Exhibit A – 21st Century Redevelopment Program Specifications

EXHIBIT A
21st Century Redevelopment Program
Proposed Specifications
August 2019

Total Funding Amount	Up to \$250,000
Administrating Agency	EDA
Program Purpose & Overview	<p>A number of demographic and economic trends are re-shaping where people in New Jersey live and work, with many suburbs experiencing an outmigration of jobs and population similar to those that cities have experienced previously.</p> <p>A glut of corporate campuses, underutilized malls and shopping centers, and vacant office buildings left behind by the 1980-1990s building boom have become a drain on many New Jersey communities. As a result, these communities are dealing with the loss of tax revenues, the costs of maintaining infrastructure and roads around these properties, and a lack of resources to solve the issues. These challenges are compounded by corresponding population losses linked to the preference of millennials and young people to live in walkable communities with vibrant mixed-use corridors.</p> <p>To allow New Jersey to better attract economic activity and jobs, the Authority intends to support municipalities, counties, or redevelopment agencies to produce plans that will explore strategies and next steps to repurpose these properties or plans to assist in pursuing an area in need of redevelopment designation for these properties. In this pilot venture, The Authority will award grants of up to \$50,000 each for proposal that is selected based on the evaluation criteria set forth below.</p>
Minimum Eligibility Requirements	<ul style="list-style-type: none"> • Applicant must be a municipality, county, or redevelopment agency • Must display that persistent vacancy of office or retail properties is evident or likely evident in the community in question • Relevant properties may be a building, a corporate campus that was used by a single entity, buildings that are adjacent to each other, or buildings across a parking surface or structure that is dedicated for use by the buildings; <u>retail, shopping malls, plazas, or office parks</u> • Must submit a timeline that demonstrates that planning can be completed within six months of execution of agreement with Authority • 20% match of grant amount required - with preference for local

EXHIBIT A
21st Century Redevelopment Program
Proposed Specifications
August 2019

	<p>match from property owners or an anchor institution (institution of higher education, medical center, foundation, etc.). Match can be either financial, or in-kind resources with demonstrated value greater than or equal to 20% of the grant amount.</p> <ul style="list-style-type: none"> • Entity must agree to participate in at least 2 events hosted by EDA to share lessons learned with other New Jersey municipalities and counties, or redevelopment agencies facing similar challenges • Applicant acknowledges it will share ownership of deliverables with EDA for the purpose of making results publicly available to foster a dynamic discussion relating to persistent office and retail vacancy • A municipality, a county or redevelopment agency may only submit one application each in a lead role but can be included as a partner in additional applications where they play a non-lead role. A proposal on behalf of a county does not preclude a municipality within that county from submitting their own proposal
Award Amount	Up to \$50,000 per applicant.
Eligible Projects	<ul style="list-style-type: none"> • Applications must include plans for specific deliverables, which must be completed six months after closing of funding agreement between EDA and recipient. <ul style="list-style-type: none"> ○ Upon written request, Authority may authorize a three-month extension to the grant recipient's deadline for plan completion. <p>Planning activities in the proposed initiative can include, but are not limited to, the following:</p> <ul style="list-style-type: none"> • Legal analysis to explore the appropriateness of designating one or more relevant properties in the community as an area in need of redevelopment • Stakeholder engagement and facilitation to identify community desires and needs • The identification of appropriate funding sources to support community lead reuse of one or more properties • Cataloging relevant retail and office properties in a community and identifying priority sites when considering community needs

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	<ul style="list-style-type: none"> • Economic analysis relating to the feasibility of various redevelopment and/or reuse scenarios • Land use planning identifying the most suitable reuse scenarios <p>Planning proposals should focus on any number of the following elements:</p> <ul style="list-style-type: none"> • Improving livability and healthy outcomes for the local population • Promoting walkable neighborhoods and improving accessibility and mobility • Creating greater social, economic, and environmental sustainability • Expanding entrepreneurial opportunities and support of local businesses • Driving economic growth for the locality and region
<p>Scoring Criteria</p>	<p>Highest Score Possibility: 100 points Minimum Score Requirement: 65 points</p> <p>Criteria #1 will be measured along the below scale:</p> <p><i>0 points – Feature is absent.</i> <i>1 – 7 points – Feature is present but shows deficiencies.</i> <i>8-11 points – Meets requirements.</i> <i>12-17 – points – Marginally exceeds requirements.</i> <i>18-20 points - Significantly exceeds requirements.</i></p> <p>Criteria #1 – Identification of Project Purpose and Merits (Up to 20 points) – Proposals identify opportunities for creating vibrancy in the community, including but not limited to:</p> <ul style="list-style-type: none"> • Presence of an articulated public use component (such as public space, parks, etc). • Ability to address locality-specific needs and challenges. • Ability to identify and balance local needs with those of the region and state as a whole. • Emphasis on long term viability and adaptability of a given concept.

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- Dedication to principles of environmental sustainability, such as stormwater management and reduced carbon emissions.
- Ability to consider and mitigate any past difficulties that created challenges for a given asset/grouping of assets.

Criteria #2 will be measured along the below scale:

0 points – Plan does not address scope and scale of site.

1 – 7 points – Site has minimal scope and scale.

8-11 points – Site has moderate scope and scale.

12-17 – points – Site has significant scope and scale.

18-20 points - Significantly exceeds requirements. Site has most significant scope and scale of all applicants.

Criteria #2 – Scope and Scale (Up to 20 points)- Preference will go to identified project areas that can display scope and scale, which will be evaluated based on the following:

- Total available square footage on the site, including parking.
- Size of the site relative to the greater municipal area (i.e. as a percentage).
- Vacancy rate and/or length of time the site has been vacant.
- Vacant commercial/office space of or within the site relative to all vacant space in the greater municipal area (i.e. as a percentage)
- Historically site(s) responsible for providing an outsized portion of local employment opportunities in the community (i.e. as a percentage)
- Historically significant portion of municipal tax levy (i.e. as percentage)

Criteria #3 will be measured along the below scale:

1-5 points – Demonstrates minor structural challenge

6-12 points - Demonstrates moderate structural challenges

13-20 points – Demonstrates significant structural challenges

Criteria #3 - Commitment to Social Impacts (Up to 20 points) – Preference will go to sites located in municipalities facing inherent structural challenges (i.e. lacking public transit, planning resources, challenging

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geography etc.).

Criteria 4-6 will be measured along the below scale:

1-5 points- Feature is present but shows deficiencies

5-7 points -- Meets requirements

7-10 points – Significantly exceeds requirements

Criteria #4 - Previous Record (Up to 10 points) – Preference will go to municipalities who can demonstrate a track record of:

- Partnership and engagement with private industry for purposes of re-development.
- Adherence to the municipality's affordable housing obligations
- Dedication to principles of environmental sustainability.
- Efforts to advance walkability and bike facilities in the municipality.

Criteria #5 - Regional Partnership (Up to 10 points)- Preference will go to entities who are able to display strong local leadership as well as regional collaboration towards re-development efforts. Applications should demonstrate a commitment by local leadership to engage in re-development projects with neighboring municipalities, the county, and/or higher-education institutions whether by a record of past project involvement or a commitment to future efforts, or both.

Criteria #6 - Community Engagement (0 to 10 points) – Preference will go to communities that are able to display efforts to engage local residents and businesses in planning efforts. Local interest may be shown in the form of both past and present support, whether formal (municipal resolutions) or informal (community discussion and engagement).

Criteria #7 will be measured along the below scale:

5 points – MRI Distress Score 30-39

7 Points – MRI Distress Score 40-49

10 Points – MRI Distress Score 50 or higher

Criteria #7 - Municipal Revitalization Index Score (0 to 10 points) – The

EXHIBIT A
21st Century Redevelopment Program
Proposed Specifications
August 2019

	<p>Municipal Revitalization Index (MRI) serves as the State’s official measure and ranking of municipal distress. The MRI ranks New Jersey’s municipalities according to eight separate indicators that measure diverse aspects of social, economic, physical, and fiscal conditions in each locality.</p>
<p>Application Process and Board Approval</p>	<ul style="list-style-type: none">• Scoring committee to review applications based on publicly released scoring criteria• For an applicant to be eligible for a grant, an entity must meet a minimum score of 65.• The five (5) eligible applications with the highest scores will be recommended to the Board for approval• Applications will be accepted for a period of no more than 90 days following the release of the application to the public.



MEMORANDUM

Outside Special Legal Counsel

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: August 13, 2019

RE: Special Counsel: Executive Order 52 (Murphy 2019) and Attorney General Investigation – Amendment to Retention Agreement

Summary

The Members are asked to approve additional contract funding of \$850,000 (for a revised fee cap of \$1,900,000) due to ongoing need for representation related to the subject legal matters. The additional funding will be at the blended hourly rate for all attorney positions of \$450/hour outlined in the original retention letter executed between the Authority and Friedman, Kaplan, Seiler, and Adelman, LLP (“Friedman Kaplan”) on February 21, 2019.

Background

On January 24, 2019, Governor Murphy signed Executive Order 52 which established a Task Force on EDA’s Tax Incentives (the “Task Force”). The mission of the Task Force is to conduct an in-depth examination of the deficiencies in the design, implementation, and oversight of Grow NJ and ERG, including those identified in the 2019 State Comptroller’s performance audit, to inform consideration regarding the planning, development and execution of any future iterations of these or similar tax incentive programs. The Task Force holds public hearings and asks individuals to testify who can provide insight into the design, implementation, and oversight of these programs. The Task Force will report its findings to the Governor and the Legislature, as appropriate.

The Attorney General announced a separate investigation of these programs.

Based on the foregoing, EDA staff in consultation with an ad hoc committee of Board members determined it was in the best interest of the Authority to retain special counsel for the Board and the staff.

On January 31, 2019, the Authority issued a Solicitation of Proposals (“Solicitation”) for Emergent, Specialized Legal Services. The purpose of the Solicitation was to obtain proposals from certain well-qualified, non-conflicted law firms that were identified by a committee of the Board to represent both the EDA Board and staff. The Solicitation resulted in an award of a one (1) year contract with three (3), one (1) year extension options at an initial retention of \$250,000

approved under delegated authority to Friedman Kaplan. This amount was increased by \$400,000 with board approval on May 14, 2019, revising the fee cap to \$650,000. Subsequently, it was increased by and additional \$400,000 with board approval on June 11, 2019, revising the fee cap to \$1,050,000.

Work began in February of 2019 and is ongoing. Friedman Kaplan has provided continual advice and counsel with respect to matters bearing upon the investigations. Services include assistance, counseling, and guidance to the EDA Board and staff, as applicable, with respect to the production of documents, subpoenas, public hearing testimony, overall strategy, regulatory and fiduciary obligations, and potential litigation. If legal action is taken against the Authority related to the investigations, Friedman Kaplan may be requested to prepare, commence, and manage litigation on behalf of the Authority. Preparation may include significant pre-filing evaluative and investigative work. Litigation will include: drafting pleadings, motions, briefs and all other papers to be filed in court; conducting and responding to discovery; attending all pre-trial, trial and post-trial court appearances; conducting settlement negotiations and handling appeals. Special Counsel will also be expected to handle all issues arising in the litigation, including all issues that must be raised in compliance with the entire controversy doctrine. Special Counsel must regularly communicate with EDA Board Members and staff, as applicable.

Through June 30, the Authority has paid approximately \$832,417 under the retention agreement. July billing is estimated to be approximately \$135,000.

Recommendation

In summary, approval is requested for ongoing additional contract funding of \$850,000 (for a revised fee cap of \$1,900,000) at the same blended hourly rate for all attorney positions of \$450/hour under the same terms and conditions outlined in the original retention letter of February 21, 2019. It should be noted that these fees are being paid from the Authority's net assets and will not detract from existing EDA programs or burden the taxpayers of the state. Additionally, some of the costs may be reimbursed or paid directly through the Authority's insurance coverage.



Tim Sullivan
Chief Executive Officer

Prepared by: Fred Cole



MEMORANDUM

Information Technology and Business Process Analysis Consulting Services

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: August 13, 2019

RE: Follow-on Work: Information Technology and Business Process Analysis Consulting Services – and Microsoft Dynamics CRM 2013, Commercial Loan System and Additional Third-Party Systems – Procurement and Implementation – Ref. 2014-RFQ/P-057

Summary

The Members are asked to approve \$1,050,000 in new contract funding to complete additional system enhancements identified during the original project with Crowe LLP. The additional funds will support new functionality not contemplated in the original scope of work. The new work will be delivered in the form of “future releases” of the software beyond the original system version launched on July 1, 2019. An eight-month extension of the contract term is also requested.

Background

In November 2014, the Authority awarded Crowe a maximum, not-to-exceed \$5,552,700 contract for consulting services to assist with process improvements, replacing the Authority’s twenty-plus year-old Microsoft FoxPro database (LMS) with Microsoft Dynamics CRM, and an integrated commercial loan application, Tech PG’s Enable. The initial term of the contract was two (2) years with three (3) one-year extension periods. The RFQ/P and the contract contemplated optional additional work at the hourly rates submitted in the fee schedule.

Work began in early 2015. The Authority stopped active programming in the legacy system for new products during 2014, as the final version of FoxPro was released in October 2007 and official Microsoft support ended December 2015. To bridge the gap between supporting new products/programs being offered and the eventual launch of our new enterprise application, the Authority had to use Excel spreadsheets to track new data. Once Crowe was engaged and began conducting interviews, it was clear that the data mapping would be far more complex than what was contemplated during the writing of the RFQ/P. Crowe invested significant time and effort as part of the design and implementation budget assisting with data migration.

As the original project continued, the Authority began offering new and different programs and products. New programs are also expected to be created within the next few months. Continuing our partnership with Crowe to assist with new initiatives, along with the enhanced functionality identified during the project (aka “parking lot items”), is in the best interest of the Authority.

Examples of the type of new work considered for future release include:

- New program/product configuration (CDFI Program approved by the Board in July 2019)
- New data types
- Additional fields to track new data

- New reports and user dashboards
- Enhanced functionality and system logic (ex, fee tracking)
- New EDA online application integration
- Auto-calculate fields
- New compliance document logic
- Dynamic transparency portal (publishing from system to website)
- Customer/business survey tracking
- External customer portal
- RFP tracking
- Relationship analytics

In contrast to the original project, in which Crowe worked on the entire scope of work with a single maximum-not-to-exceed amount, the new work will be structured in a series of task orders with a term of approximately six months, beginning September 1, 2019. The benefit of this change will result in a more controlled process of discrete changes as opposed to the all-encompassing body of work approach used for the initial project. Staff will prioritize the work to be done and create scopes of work which the vendor will price at hourly rates provided in the original contract for each position identified. Staff will be able to negotiate the cost of each task order if it believes the hours quoted or level of resources provided are not reasonable or beneficial to the Authority. The vendor will be required to complete all work to the Authority's satisfaction in order to close out each task order. Milestone payments will be made under each task order.

Using an estimated fully loaded monthly team cost of \$175,000, the six-month task order-based agreement will not exceed \$1,050,000. This amount is in addition to the first amendment previously approved by the Board and the second amendment being presented to the Board at this meeting.

Acknowledging that all the task orders may not be completed within a consecutive six-month period due to competing priorities, available staff, administrative time required for scope preparation/response/negotiation/etc., the Authority desires to extend the original contract term (and all extension periods) beyond its current expiration of January 4, 2020 to August 31, 2020. This will allow sufficient time for all new work to be completed.

Recommendation

In summary, approval is requested for \$1,050,000 in new contract funding to support additional functionality and system enhancements not contemplated in the original project scope of work. The new work structured as separate task orders under the original contract with Crowe LLP. The Authority is also requesting an extension of the contract term to August 31, 2020 and delegated authority for staff to extend the contract further, if necessary, for up to three additional months in case of unexpected delays.



Tim Sullivan
Chief Executive Officer

Prepared by: Fred Cole

OFFICE OF ECONOMIC TRANSFORMATION



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: August 13, 2019

RE: Expansion of the Memorandum of Understanding between the Authority and the Commission on Science, Innovation and Technology

Proposal:

The Members are requested to approve an amendment of the existing Memorandum of Understanding (MoU) between the Authority and the Commission on Science, Innovation and Technology (Commission or CSIT) to include the ability for the Commission's Executive Director to be an NJEDA employee. All salary, fringe benefits, and expenses for the Commission's Executive Director would be paid for out of the Commission's appropriated funds which are currently being managed by the NJEDA.

Context

In May 2019, the Members approved a Memorandum of Understanding with the Commission which laid out the parameters by which the NJEDA will provide support to the Commission in the areas of:

- Administrative support such as access to office space, IT equipment, accounting, records management, and board management support
- Fiscal management support including encumbering and disbursing State funds appropriated for CSIT purposes at the Commission's direction

As part of that agreement, the NJEDA agreed not charge the CSIT for office space or administrative and support services, thereby enabling the Commission to operate efficiently – maximizing the amount of funding that is dedicated to program related activities. In addition, this agreement allowed the Commission to ramp-up programs more quickly than if it were operating on its own and better coordinate and market programs to innovation community stakeholders in the State. These activities complement the Authority's Technology and Life Science activities and support the goals of the Governor's strategic plan for economic development.

In June 2019, the MoU was executed by both the NJEDA CEO and the CSIT Chairman, and NJEDA staff have started to provide the agreed upon administrative support for the Commission.

In August 2019, the Commission approved the amended MOU as described herein.

Description of the amendment of support offered by the NJEDA:

Through the attached amended MoU, the NJEDA would provide the following additional support to the Commission:

- Hire the Commission's Executive Director as an NJEDA employee, with the understanding that he/she will report directly to the Commission's Board
- Manage the administration of the Executive Director's salary and fringe benefits to be paid for out of the CSIT funds managed by the NJEDA

The CSIT Board decided to request these amendments to the original MoU scope in order to further increase the efficiency of the Commission's initial operations and to increase coordination and collaboration between the CSIT's programs and NJEDA's innovation economy programs.

Request:

Approval to amend the Memorandum of Understanding, substantially in the form attached hereto, with the Commission for the purpose of providing support services to the Commission.



Tim Sullivan

Attachments:

Draft Amended Memorandum of Understanding between the Commission and the New Jersey Economic Development Authority

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (“MOU”), made as of this _____ day of _____, 2019 (the “Effective Date”), is between the NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY (“EDA”) and the NEW JERSEY COMMISSION ON SCIENCE, INNOVATION AND TECHNOLOGY (“CSIT”), (collectively the “Parties”).

WHEREAS, P.L. 2018, c.091 re-established CSIT as an independent commission, in but not of Treasury, charging CSIT with responsibility for the development and oversight of policies and programs for science, innovation, and technology in New Jersey, among other duties and authorities; and

WHEREAS, the EDA, established pursuant to N.J.S.A. 34:1B-1 et seq., is an independent State authority, in but not of Treasury, that serves as the State’s principal entity for driving economic growth and is committed to making New Jersey a national model for inclusive and sustainable economic development by focusing on key strategies to help build strong and dynamic communities, create good jobs for New Jersey residents, and provide pathways to a stronger and fairer economy; and

WHEREAS, among its services, the EDA offers a portfolio of resources to support the growth of New Jersey’s industries, including financing, real estate and networking support; and

WHEREAS, the State has and may, from time to time, appropriate funds to support the activities of CSIT, and those funds for State Fiscal Year 2019 were appropriated to the EDA account;

WHEREAS, EDA has the technical expertise and capacity to support the CSIT’s activities and the EDA will provide office staff, office space, and support services to assist CSIT in carrying out the responsibilities identified in P.L. 2018, c.091; and

WHEREAS, it is in the best interest of the Parties to enter into this MOU regarding the provision of EDA staff and administrative services in support of CSIT; and

WHEREAS, N.J.S.A. 52:14-1 et seq. authorizes state agencies to enter agreements to provide assistance to each other.

NOW, THEREFORE, it is agreed between the Parties:

1. EDA will provide support to CSIT in its recruitment and hiring of an Executive Director, with all final decisions related to the compensation and hiring of an Executive Director being done by CSIT. The Executive Director shall report solely to the CSIT and shall be paid from State funds appropriated to the CSIT unless otherwise agreed to among the parties. **Notwithstanding that CSIT will bear all costs of the Executive Director, the Parties agree that the Executive Director will be an employee of the EDA.** EDA shall provide office space and ancillary support and services, as described in subsections a through c of this section, to the Executive Director, and make available to the Executive Director EDA staff, as needed, which will utilize a portion of their time as follows:
 - a. Providing support to the Executive Director of CSIT in carrying out the policies and directives of the CSIT, as communicated by the Executive Director, with respect to CSIT’s activities, which activities include, but are not limited to, stimulating academic-industrial collaboration; planning, assisting and coordinating the activities of advance technology centers, business incubation facilities, and technology extension services; awarding innovation partnership grants; identifying

and supporting research opportunities at New Jersey academic and other institutions to advance economic development and employment; encouraging and coordinating activities to help entrepreneurs and inventors; and other responsibilities identified in section C.52: 9X-9 - Duties of commission - of P.L. 2018, c.91, and

- b. Providing other administrative and support services to meet the needs of CSIT, including but not limited to, corporate governance and public information support services such as CSIT Board meeting support, records custodian and assistance with Open Public Records Act information requests, guidance on ethics matters and liaison with State Ethics Commission, and media outreach and management.
 - c. Encumbering and disbursing any State funds appropriated to CSIT when and as directed by CSIT in writing, on a timely basis for purposes determined by CSIT in its discretion. To the extent CSIT delegates any spending authority to the Executive Director, EDA may encumber and disburse such funds at the written direction of the Executive Director.
2. As part of the services provided by EDA in paragraph 1 above, in addition to any Deputy Attorney General assigned to CSIT, EDA will provide legal services to CSIT from an EDA-assigned Deputy Attorneys General.
 3. EDA agrees that it will not encumber, disburse or otherwise spend State funds appropriated to CSIT except when and as directed expressly by CSIT, or the Executive Director of CSIT as authorized, in writing.
 4. EDA agrees to provide written reports as needed, and upon request, to CSIT detailing any staff services provided for in paragraph 1 above. The Parties anticipate that CSIT will meet every six weeks unless more frequent meetings become necessary.
 5. With the exception of the pro-rated time of EDA staff working on direct CSIT program support, it is the intent of the Parties that CSIT will not compensate EDA for the costs incurred on behalf of CSIT for the services provided for in paragraph 1 above. EDA will bill CSIT quarterly for staff time spent on direct program support of the CSIT and its programs based on staff salaries, including fringe benefits and pension contributions, pro-rated by the number of hours staff dedicates to the CSIT. The EDA will not bill CSIT for any EDA staff time spent on human resources, communications, accounting, marketing or similar activities on behalf of CSIT. EDA will not be financially responsible for any costs incurred by CSIT other than those provided for in paragraphs 1 as described in this paragraph, and all award funding for CSIT's innovation partnership grants and other financial assistance awarded by CSIT will be paid from funds of CSIT. Other costs not contemplated in this Agreement arising from the Parties' joint activities will be mutually agreed upon in writing before incurring them.
 6. CSIT will direct all appropriations of State funds to CSIT to be deposited in a separate account held by the NJEDA on behalf of CSIT. EDA will provide support to obtain a contract with an independent auditor to include all necessary audits for CSIT. Costs relating to outside auditors for CSIT will be paid from funds of CSIT.
 7. CSIT will obtain insurance as its Board deems necessary and appropriate, and the cost of its insurance coverage will be paid from funds of CSIT.
 8. Staff services set forth in paragraph 1 will be conducted from EDA's main or satellite offices or as otherwise allowed by EDA policy for EDA personnel.

9. EDA will make available conference room(s) at EDA's main offices for regular and special meetings of CSIT and will provide conference room space at EDA's main or satellite offices so that CSIT members may transact the business of CSIT.
10. EDA will identify an EDA staff member who will be the primary contact staff for the Executive Director of CSIT.
11. CSIT, as constituted by statute, will continue to function as the exclusive entity empowered to make decisions for CSIT, except as delegated to the Executive Director from time to time.
12. All expenses related to funding of awards and all other assets carried on the CSIT balance sheet will be paid for out of CSIT's annual appropriation and be reflected in CSIT's financial statements.
13. The MOU shall not take effect unless approved by the Boards of the EDA and CSIT, and executed by the authorized representatives of CSIT and EDA. This MOU becomes effective immediately upon execution and shall remain in effect for two (2) years, unless terminated sooner pursuant to section 14 below. This MOU may subsequently be extended for one (1) year upon mutual written consent of the Parties.
14. The Parties are entering into this MOU for the sole purpose of evidencing the mutual understanding and intention of the Parties with respect to the provision of EDA support services for CSIT. It may be amended, modified, and supplemented at any time by mutual consent and in writing signed by the undersigned or their designees. This MOU may also be terminated by the Board of EDA or CSIT upon 60 days prior written notice to the other. There are no third-party beneficiaries of this MOU.
15. The Parties acknowledge that they are public entities of the State of New Jersey. Therefore, the Parties agree that each entity shall be liable for its own conduct and any claims against it without indemnification from the other.
16. All notices, demands or communications to any party to this MOU shall be send to the addresses set forth below or as may be otherwise modified in writing:

EDA: 36 West State Street
 PO Box 990
 Trenton, NJ 08625
 Att'n _____

CSIT: 36 West State Street
 PO Box 990
 Trenton, NJ 08625
 Att'n _Executive Director, CSIT_____

IN WITNESS HEREOF, EDA and the CSIT have executed this MOU on the dates below:

For EDA:

Name: Tim Sullivan

Signature: _____

Title: Chief Executive Officer, NJEDA

Date: _____

Name : Gunjan Doshi

Signature : _____

Title: Chair, CSIT

Date: _____



MEMORANDUM

TO: Members of the Authority

FROM: Timothy Sullivan,
Chief Executive Officer

DATE: Tuesday, August 13, 2019

RE: NJ CoVest Fund – Early Stage Technology Company Investment Program

Summary

On April 13, 2017, the Board approved the creation of a pilot program to support early stage technology and life science companies in New Jersey. The NJ CoVest Fund was allocated a \$3 million budget to provide seed funding in the form of convertible notes. The notes are matched to other investments the company raised from external parties on a \$1 to \$2 basis. For example, the NJEDA could consider extending a \$100,000 note to a qualified company which received \$200,000 from at least two investors within a 90-day period. The maximum amount for a CoVest note is \$250,000.

Since pilot program approval, NJEDA Staff has qualified and reviewed numerous companies. To date, the Board has approved, and Staff has closed the following CoVest investments:

Company Name	Location	Closing Date	Amount	Employees (7/31/19)
Reflik	Somerset, NJ	10/25/2018	\$250,000	6 total; 6 in NJ
Gridless Power	Collingswood, NJ	10/28/2018	\$250,000	5 total; 4 in NJ
InquisitHealth	River Edge, NJ	05/24/2019	\$250,000	9 total; 8 in NJ
Additive Orthopaedics	Little Silver, NJ	05/31/2019	\$250,000	6 total; 6 in NJ

Background

On September 13, 2018, the NJEDA Board approved a program amendment to reduce the required New Jersey employment threshold from 75% to 50% for a 1-year trial period. The recommendation to the Board was based on market feedback from the pipeline of candidates who given the relatively small number of employees, combined with the need for out of state sales representatives – were having challenges meeting the program employment requirements. The Board approved a one-year conditional approval.

The revised program requirement is as follows:

<p>Commitment to NJ</p>	<p>Company must maintain a corporate headquarters office space within the boundaries of the State of New Jersey.</p> <p>Company must maintain at least 50% of the management/executive team space within the boundaries of the State of New Jersey.</p> <p>Company must maintain at least 50% of employees, working on average 80% of their time, within the boundaries of the State of New Jersey.</p> <p>Commitments must be met at application submission date and maintained until five years after repayment in full or five years after note maturity date. A change to these Commitments may be considered by the EDA in event of merger or acquisition.</p>
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Proposed Change

To permanently institute the program change in the reduction of the New Jersey full time employee requirement from 75% to 50% of all qualified full-time employees. It is too early to interpret the long-term impact on employment resulting from this change due to the NJ CoVest Program being a pilot beginning in April 2018 and with the employee reduction requirement in effect for just one year. However, since the initial approval of the employee reduction trial period, Staff has seen an increased interest from companies considering participation in the NJ CoVest program. Furthermore, the employee requirement is no longer a deciding factor to company management in closing a NJ CoVest financing. Finally, no noticeable effect on the working location of employees has been seen with current CoVest portfolio companies. As of the most recent figures provided by the four portfolio companies, all have more than 80% of their full-time employees working in New Jersey bases of operation.

Recommendation

The Members are requested to approve the changes to the NJ employment requirement to the NJ CoVest program through the remainder of the program as determined by available funding.

Timothy Sullivan
Chief Executive Officer

Prepared by: Clark W. Smith

INCENTIVE PROGRAMS

GROW NEW JERSEY ASSISTANCE PROGRAM (GROW NJ)

**GROW NEW JERSEY ASSISTANCE PROGRAM (GROW NJ)
MODIFICATION**



MEMORANDUM

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: August 13, 2019

SUBJECT: Madame RX LLC (“Madame RX”) – Modification
Grow New Jersey Assistance Program (“Grow NJ”) – P45312
\$8,400,000 Grow NJ

Request:

Consent to the change of location of the qualified business facility (“QBF”) from 418 Federal Street, Camden City to 6955 Central Highway, Pennsauken.

The change in the QBF location will result in an increase in the square footage from 14,000 sf to 15,600 sf (a 11.4% change). This change will also result in a reduction to the maximum eligible capital investment from \$5,574,820 to \$4,615,896 (a 17.2% change). Because of these changes, there is a reduction to the overall 10-year tax credit from \$8,400,000 to \$4,671,520 (\$4,760,000 as per grant calculator but capped by the Net Benefit Test “NBT”).

The Members are asked to approve this action because it exceeds the criteria for staff delegation to approve these matters.

Background:

Madame RX, doing business as Chemistry RX, was founded in 2013 by Amany Mansour-Awad as a unique compounding pharmacy that specializes in the design and compounding of medications for patients with rare diseases for which very limited therapeutic options currently exist.

On December 11, 2018, the Members approved a \$8,400,000 10 year Grow NJ to incent the creation of 56 new Grow eligible jobs at an existing industrial premise consisting of 14,000 sf in Camden City. Due to the limited NBT, they chose an additional 19-year recoupment period to allow them to reach the grant calculator amount of \$8,400,000.

Subsequent to the Grow NJ approval, Madame RX was unable to reach acceptable lease terms with the owner of the property at the original approved location. Madame RX identified another 15,600-sf industrial site in Pennsauken. Staff has received the executed lease for the proposed site, which has a provision allowing the Company to terminate the lease if it does not receive approval for its Grow award by August 31.

On July 14, 2016 the Board approved delegated authority for changes to QBF location before the company executes the incentive agreement and the new site control document if the company meets the following criteria: 1) the new location is in the same municipality or a municipality treated the same under Grow NJ; 2) the new location has less than 25% change in size or capital investment; 3) the number of incented jobs remains the same; 4) the modified project does not meet the criteria for a bonus that was not contained in approval; 5) the total project costs of the new location has less than a 10% change from the costs of the original location, as

shown on a cost-benefit analysis; and 6) the new location does not change the minimum capital investment eligibility requirement per square foot, the mega project status, or industrial or non-industrial category. This modification does not meet the above requirements as the proposed site is not in the same municipality and does not have the same geographic bonuses (Deep Poverty Pocket, Transit Oriented Development). While the anticipated jobs and median salaries are not proposed to change, the median salaries would no longer support the bonus for Jobs with Salaries in Excess of the County/GSGZ average. Therefore, this proposed change must be presented to Board for approval.

The new proposed site is in Pennsauken, and the new facility increases from 14,000 sf to 15,600 sf (a 11.4% increase).

To better understand the difference between the approved and proposed projects, staff compared the cost benefit analysis for the QBF as originally proposed to the modified QBF. A CBA comparison evidences that the new site is \$1,746,698 less expensive than the original approved project over the 15-year grant commitment duration. Total project costs over a 15-year period were \$64,801,116 compared to \$71,744,055 for the approved project (a 9.7% difference). Other than the change in location and the related changes in size and cost, the project remains the same.

Because the new site is outside of Camden, staff requested and received from Amany Mansour-Awad, the CEO of Madame RX LLC, a new CEO certification, which states that the projected creation of new full-time jobs would not occur but for the grant of tax credits. The company has demonstrated the required material factor based on this CEO certification, the facts presented to the Board in the original approval, and the changes to the project presented in the modification application.

The staff recalculated the award using the Grant Calculator and determined the award to be \$4,760,000. The staff then reran the net benefit test using the current model over 15 years (net of award) and found that the annual award will be affected by the net benefit test. The new award will be reduced from \$8,400,000 to \$4,671,520 (\$4,760,000 as per grant calculator but capped by the Net Benefit Test “NBT”).

<u>Summary of Project Changes:</u>	<u>Original</u>	<u>As Proposed</u>
Qualified Business Location	418 Federal Street, Camden	6955 Central Highway, Pennsauken
Total Project Square Footage	14,000	15,600
Minimum Capital Investment	\$186,667	\$208,000
Estimated Eligible Capital Investment	\$5,574,820	\$4,615,896
Award Amount (Grant Calculator)	\$8,400,000	\$4,760,000
Award Amount (As limited by NBT)	\$8,400,000	\$4,671,520
Gross Benefits to the State (prior to award)	\$8,543,824	\$5,138,889
Jobs	56 New	56 New
Jobs Median Salary	\$50,000	\$50,000

Base Amount	\$5,000	\$4,000
Bonus Increases:		
Deep Poverty Pocket	\$1,500	\$0
Transit Oriented Development	\$2,000	\$0
Jobs with Salary in Excess of County/Garden State Growth Zone Average	\$250	\$0
Targeted Industry (Manufacturing)	\$500	\$500
Capital Investment in Excess of Minimum	\$5,000	\$3,000
2007 Revitalization Index	\$1,000	\$1,000
Total Amount (based on per job limit of \$15,000)	\$15,000	\$8,342

Recommendation

Consent to the change of location of the qualified business facility (“QBF”) from 418 Federal Street, Camden City to 6955 Central Highway, Pennsauken, which will result in the square footage from 14,000 sf to 15,600 sf (a 11.4% change). Because of this change, there is a reduction to the overall 10-year tax credit from \$8,400,000 to \$4,671,520 (\$4,760,000 as per grant calculator but capped by the Net Benefit Test “NBT”).



Prepared by: Robert Carroll

NJ FILM AND DIGITAL MEDIA TAX CREDIT PROGRAM



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: August 13, 2019

SUBJECT: Film Tax Credit Program

The following projects under the Film Tax Credit Program have been reviewed by EDA staff and recommended for approval. Each individual film is described on the attached project summaries:

Film Tax Credit Program Awards:

P45522	WB Studio Enterprises	\$1,962,642
P45587	Twentieth Century Fox Film Corporation	<u>6,855,273</u>
Total Film Tax Credit Awards – August 2019		\$8,817,915

A handwritten signature in blue ink, appearing to be "T. Sullivan", is written over a horizontal line.

Prepared by: David Lawyer

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - FILM TAX CREDIT PROGRAM**

As created under the Garden State Film and Digital Media Jobs Act, the New Jersey Film and Digital Media Tax Credit Program provides a credit against the corporation business tax and the gross income tax for certain expenses incurred for the production of certain films and digital media content in New Jersey. The goal of the program is to incentivize production companies to film and create digital media content in New Jersey. Under the Film Tax Credit Program, applicants are eligible for a tax credit equal to 30% of qualified film production expenses, or 35% of qualified film production expenses incurred for services performed and tangible personal property purchased through vendors whose primary place of business is located in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer or Salem County.

APPLICANT: WB Studios Enterprises Inc.

P45522

APPLICANT BACKGROUND:

WB Studios Enterprises Inc. is producing JOKER. The origin story of JOKER, from a mild-mannered, put-upon and pathetic young man caring for his addled, delusional mother, to a twisted, angry and tortured figure allowing himself to act in an unhinged, anarchic and murderous fashion, becoming a symbol of controlled insanity in the process.

This film content has been reviewed and recommended for approval under the Act by the New Jersey Motion Picture and Television Commission. The Commission has determined that the film shall include, at no cost to the State, marketing materials promoting the State, including the placement of a logo in the end credits of the film.

ELIGIBILITY AND GRANT CALCULATION:

As part of eligibility for tax credits under the New Jersey Film and Digital Media Tax Credit Program, a film must meet at least one of two expense eligibility thresholds:

1. **Total Film Production Expenses:** A minimum of 60% of the film's total production expenses (excluding post-production expenses) must be incurred after July 1, 2018 for services performed and goods purchased through vendors authorized to do business in New Jersey.

A. Total Film Production Expenses after July 1, 2018	\$88,972,192
B. Total Post Production Expenses	\$12,702,729
C. Total expenses for services performed and goods purchased through vendors authorized to do business in New Jersey (excluding any post-production expenses)	\$8,562,904
Percentage Calculation = C/(A-B)	11.23%
Criterion Met	No

2. **Qualified Film Production Expenses:** During a single privilege period, the film must have more than \$1 million in qualified film production expenses. “Qualified film production expenses” are expenses incurred in New Jersey after July 1, 2018 for the production of a film, including pre-production costs and post-production costs. “Qualified film production expenses” shall include, but shall not limited to: wages and salaries of individuals employed in the production of a film on which the New Jersey Gross Income Tax has been paid or is due; and, the costs for tangible personal property used and services performed in New Jersey, directly and exclusively in the production of the film, such as expenditures for film production facilities, props, makeup, wardrobe, film processing, camera, sound recording, set construction, lighting, shooting, editing, and meals. Payments made to a loan out company or to an independent contractor shall not be a “qualified film production expenses” unless the payments are made in connection with a trade, profession, or occupation carried on in this State or for the rendition of personal services performed in this State and the taxpayer has made the withholding required by N.J.A.C. 19:31-21.3(c). “Qualified film production expenses” shall not include: expenses incurred in marketing or advertising a film; and payment in excess of \$500,000 to a highly compensated individual for costs for a story, script, or scenario used in the production of a film and for wages or salaries or other compensation for writers, directors, including music directors, producers, and performers, other than background actors with no scripted lines. The following qualified film production expenses are projected by the applicant to be incurred in New Jersey:

Qualified Film Production Expenses incurred in NJ after July 1, 2018	\$6,133,257
Criterion Met	Yes

The \$1 million hurdle in qualified film production expenses was met in 2018.

AWARD CALCULATION

Base Award Criteria	Calculation	Result
30% of Qualified Film Production Expenses	\$6,133,257 x 30% =	\$1,839,977
Bonus Criteria Met		
Submission of Diversity Plan deemed satisfactory by EDA and NJ Taxation. 2% of Qualified Film Production Expenses	\$6,133,257 x 2% =	\$122,665
5% of Qualified Film Production Expenses incurred for services performed and tangible personal property purchased through vendors whose primary place of business is located in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer or Salem County.	\$0 x 5% =	\$0
Total Award		\$1,962,642

APPLICATION RECEIVED DATE:	01/08/2019 (Application #4)
DATE APPLICATION DEEMED COMPLETE:	01/22/2019
PRINCIPAL PHOTOGRAPHY COMMENCEMENT:	September 12, 2018
PRINCIPAL NJ PHOTOGRAPHY LOCATION:	Newark City

Warner Brothers Studios
Enterprises Inc.

New Jersey Film and Digital Media Tax Credit Program

Page 3

DATE OF PROJECT COMPLETION:	August 2, 2019
APPLICANT'S FISCAL YEAR END:	12/31/2019
TAX CREDIT VINTAGE YEAR(S):	SFY2019
ANTICIPATED CERTIFICATION DATE:	September 30, 2019

In general, the final documentation required shall be submitted to the Authority no later than four years after the Authority's initial approval if the taxpayer is seeking a credit against the tax imposed pursuant to N.J.S.A. 54:10A-5 and three years after the Authority's initial approval if the taxpayer is seeking a credit against the tax imposed pursuant to the N.J.S.A. 54A:1-1 et seq.

The Garden State Film and Digital Media Jobs Act provides a total of \$75 million tax credits originally available for State Fiscal Year 2020. If today's projects are approved, \$65.6 million will remain in the program for State Fiscal Year 2020. However, there are 13 applications in the pipeline totaling \$55.6 million leaving \$10.0 million available for State Fiscal Year 2020.

APPROVAL REQUEST:

The Members of the Authority are asked to initially approve the proposed award to the applicant under the New Jersey Film and Digital Media Tax Credit Program. The recommended tax credit is contingent upon receipt by the Authority of evidence that the applicant has met certain criteria to substantiate the recommended award, and is subject to final approval by the Authority and the Division of Taxation. Staff may issue the Authority's final approval if the criteria met by the company is consistent with that shown herein. If the criteria met by the company differs from that shown herein, Staff may lower the tax credit amount to reflect what corresponds to the actual criteria that have been met.

APPROVAL OFFICER: Mark Chierici

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - FILM TAX CREDIT PROGRAM**

As created under the Garden State Film and Digital Media Jobs Act, the New Jersey Film and Digital Media Tax Credit Program provides a credit against the corporation business tax and the gross income tax for certain expenses incurred for the production of certain films and digital media content in New Jersey. The goal of the program is to incentivize production companies to film and create digital media content in New Jersey. Under the Film Tax Credit Program, applicants are eligible for a tax credit equal to 30% of qualified film production expenses, or 35% of qualified film production expenses incurred for services performed and tangible personal property purchased through vendors whose primary place of business is located in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer or Salem County.

APPLICANT: Twentieth Century Fox Film Corporation

P45587

APPLICANT BACKGROUND:

Twentieth Century Fox Film Corporation is producing a film that will be adapted for the screen from the original 1957 Broadway musical. “West Side Story” will be produced and directed by Steven Spielberg from a script by Oscar®-nominated screenwriter and Pulitzer Prize-winning playwright Tony Kushner. The musical is about a modern-day Romeo and Juliet who are involved in New York street gangs. On the harsh streets of the upper west side, two gangs battle for control of the turf. The situation becomes complicated when a gang member falls in love with a rival's sister.

This film content has been reviewed and recommended for approval under the Act by the New Jersey Motion Picture and Television Commission. The Commission has determined that the film shall include, at no cost to the State, marketing materials promoting the State, including the placement of a logo in the end credits of the film.

ELIGIBILITY AND GRANT CALCULATION:

As part of eligibility for tax credits under the New Jersey Film and Digital Media Tax Credit Program, a film must meet at least one of two expense eligibility thresholds:

1. Total Film Production Expenses: A minimum of 60% of the film’s total production expenses (excluding post-production expenses) must be incurred after July 1, 2018 for services performed and goods purchased through vendors authorized to do business in New Jersey.

A. Total Film Production Expenses after July 1, 2018	\$171,087,179
B. Total Post Production Expenses	\$14,840,926
C. Total expenses for services performed and goods purchased through vendors authorized to do business in New Jersey (excluding any post-production expenses)	\$7,913,529
Percentage Calculation = C/(A-B)	5.06%
Criterion Met	No

2. Qualified Film Production Expenses: During a single privilege period, the film must have more than \$1 million in qualified film production expenses. “Qualified film production expenses” are expenses incurred in New Jersey after July 1, 2018 for the production of a film, including pre-production costs and post-production costs. “Qualified film production expenses” shall include, but shall not limited to: wages and salaries of individuals employed in the production of a film on

which the New Jersey Gross Income Tax has been paid or is due; and, the costs for tangible personal property used and services performed in New Jersey, directly and exclusively in the production of the film, such as expenditures for film production facilities, props, makeup, wardrobe, film processing, camera, sound recording, set construction, lighting, shooting, editing, and meals. Payments made to a loan out company or to an independent contractor shall not be a "qualified film production expenses" unless the payments are made in connection with a trade, profession, or occupation carried on in this State or for the rendition of personal services performed in this State and the taxpayer has made the withholding required by N.J.A.C. 19:31-21.3(c). "Qualified film production expenses" shall not include: expenses incurred in marketing or advertising a film; and payment in excess of \$500,000 to a highly compensated individual for costs for a story, script, or scenario used in the production of a film and for wages or salaries or other compensation for writers, directors, including music directors, producers, and performers, other than background actors with no scripted lines. The following qualified film production expenses are projected by the applicant to be incurred in New Jersey:

Qualified Film Production Expenses incurred in NJ after July 1, 2018	\$21,422,733
Criterion Met	Yes

The \$1 million hurdle in qualified film production expenses is expected to be met in 2019.

AWARD CALCULATION

Base Award Criteria	Calculation	Result
30% of Qualified Film Production Expenses	\$21,422,733 x 30% =	\$6,426,819
Bonus Criteria Met		
Submission of Diversity Plan deemed satisfactory by EDA and NJ Taxation. 2% of Qualified Film Production Expenses	\$21,422,733 x 2% =	\$428,454
5% of Qualified Film Production Expenses incurred for services performed and tangible personal property purchased through vendors whose primary place of business is located in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer or Salem County.	\$0 x 5% =	\$0
Total Award		\$6,855,273

APPLICATION RECEIVED DATE:	03/13/2019 (Application #13)
DATE APPLICATION DEEMED COMPLETE:	03/21/2019
PRINCIPAL PHOTOGRAPHY COMMENCEMENT:	7/1/2019
PRINCIPAL NJ PHOTOGRAPHY LOCATION:	Paterson City
ESTIMATED DATE OF PROJECT COMPLETION:	4/10/2020
APPLICANT'S FISCAL YEAR END:	12/31/2019
TAX CREDIT VINTAGE YEAR(S):	SFY2019
ANTICIPATED CERTIFICATION DATE:	June 30, 2020

In general, the final documentation required shall be submitted to the Authority no later than four years after the Authority's initial approval if the taxpayer is seeking a credit against the tax imposed

pursuant to N.J.S.A. 54:10A-5 and three years after the Authority's initial approval if the taxpayer is seeking a credit against the tax imposed pursuant to the N.J.S.A. 54A:1-1 et seq.

The Garden State Film and Digital Media Jobs Act provides a total of \$75 million tax credits originally available for State Fiscal Year 2020. If today's projects are approved, \$65.6 million will remain in the program for State Fiscal Year 2020. However, there are 13 applications in the pipeline totaling \$55.6 million leaving \$10.0 million available for State Fiscal Year 2020.

APPROVAL REQUEST:

The Members of the Authority are asked to initially approve the proposed award to the applicant under the New Jersey Film and Digital Media Tax Credit Program. The recommended tax credit is contingent upon receipt by the Authority of evidence that the applicant has met certain criteria to substantiate the recommended award, and is subject to final approval by the Authority and the Division of Taxation. Staff may issue the Authority's final approval if the criteria met by the company is consistent with that shown herein. If the criteria met by the company differs from that shown herein, Staff may lower the tax credit amount to reflect what corresponds to the actual criteria that have been met.

APPROVAL OFFICER: Mark Chierici

BOND RESOLUTIONS

PUBLIC HEARING ONLY

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM**

APPLICANT: Black Horse EHT Urban Renewal LLC

P45415

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 6817 East Black Horse Pike Egg Harbor City (T) Atlantic

APPLICANT BACKGROUND:

Black Horse EHT Urban Renewal LLC is a recently formed entity comprised of ALFNJ, LLC, CDP Entity/Carding Group and Shelter American Holdings, Inc., as members of Black Horse ALR, LLC, the managing member. Drew A. Barile, CEO of Ashore Property Management and Eric Wolf of WolfCo. formed ALFNJ to develop and own affordable assisted living projects, each owner with experience in the development and management of senior healthcare and housing related facilities. Members of CDP Entity/Carding Group have participated in the financing and development of 20 affordable assisted living communities since 2013. Shelter American Holdings, a privately held company responsible for the management of approx. 2.7 million sq. ft. of commercial space, will guarantee the obligations of the managing member under an operating agreement.

The project qualifies for tax-exempt bond financing as an Exempt Public Facility - Qualified Residential Project under Sections 142 (d) (2) and 142 (a)(7) of the Internal Revenue Code of 1986 as amended. The applicant will set aside 20% of the units in the project to individuals whose income does not exceed 50% of area median gross income.

APPROVAL REQUEST:

Authority assistance in tax-exempt and taxable bonds not to exceed \$28 million, will enable the Applicant to acquire a 137-unit frame hotel structure of 48,750 sq.ft. located on 5 acres in Egg Harbor Township, Atlantic County, renovate and construct a 42,000 sq. ft. addition, to create a 160-unit (166-bed) assisted living facility, together with a 5,500 sq. ft. adult medical daycare with an 80-participant capacity (to be named New Standard Senior Living). The site will have a lobby area, kitchen, offices, main dining room, computer room, laundry room, library as well as fitness room, beauty/barber shop, and multi-purpose lounge. The Project also includes the renovation of a separate, significantly smaller 2-story building for use as offices (including medical offices). Proceeds of the Bonds will also be used to pay costs of issuing the Bonds, fund capitalized interest and other various funds and accounts.

This project is being presented at the August 13, 2019 Board meeting for a Public Hearing Only.

FINANCING SUMMARY:

BOND PURCHASER:

AMOUNT OF BOND:

TERMS OF BOND:

ENHANCEMENT: N/A

PROJECT COSTS:

Construction of new building or addition	\$8,534,000
Renovation of existing building	\$8,500,000
Developer's Fee	\$4,100,000
Working capital	\$4,050,000
Acquisition of existing building	\$3,750,000

APPLICANT: Black Horse EHT Urban Renewal LLC

P45415

Page 2

Interest during construction	\$2,750,000
Debt service reserve fund	\$1,550,000
Finance fees	\$1,152,000
Engineering & architectural fees	\$710,000
Soft Costs	\$560,557
Purchase of equipment & machinery	\$500,000
Land	\$450,000
Legal fees	\$380,000
Accounting fees	\$30,000
TOTAL COSTS	\$37,016,557

JOBS: At Application 0 Within 2 years 95 Maintained 0 Construction 139

PUBLIC HEARING: 08/13/19 (Published 08/06/19) **BOND COUNSEL:** Chiesa, Shahinian & Giantomasi,
DEVELOPMENT OFFICER: K. Durand **APPROVAL OFFICER:** T. Wells

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM**

APPLICANT: Friends of Vineland Public Charter School A NJ Nonprofit P45866
PROJECT USER(S): Vineland Public Charter School A NJ Nonprofit * - indicates relation to applicant
PROJECT LOCATION: 1480 Pennsylvania Ave. Vineland City (T/UA) Cumberland

APPLICANT BACKGROUND:

Friends of Vineland Public Charter School a NJ Nonprofit Corporation, established in 2015, provides financial support and services to facilitate educational purposes and programs at affiliated public charter schools.

Vineland Public Charter School A NJ Nonprofit Corporation established 2008, is a 501(c)(3) not-for-profit organization established for the purpose of operating and maintaining a public school under a charter granted by the State of New Jersey. The School serves a population of 423 students in pre-kindergarten through the tenth grade. The School is in good standing with the Department of Education. Vanessa Phillips is the School's president.

The Applicant is a 501(c)(3) not-for-profit entity for which the Authority may issue tax-exempt bonds as permitted under Section 103 and Section 145 of the 1986 Internal Revenue Code as amended, and is not subject to the State Volume Cap limitation, pursuant to Section 146(g) of the Code.

APPROVAL REQUEST:

Authority assistance will enable the Applicant to reduce its interest expense by the refinancing of debt incurred for the facilities occupied by Vineland Public Charter School A NJ Nonprofit Corporation.

This project is being presented for public hearing only at the August 13, 2019 board meeting.

FINANCING SUMMARY:

BOND PURCHASER:

AMOUNT OF BOND:

TERMS OF BOND:

ENHANCEMENT: N/A

PROJECT COSTS:

Refinancing	\$12,000,000
TOTAL COSTS	\$12,000,000

JOBS: At Application 90 Within 2 years 5 Maintained 0 Construction 0

PUBLIC HEARING: 08/13/19 (Published 08/06/19) **BOND COUNSEL:** Chiesa, Shahinian & Giantomasi,
DEVELOPMENT OFFICER: K. Durand **APPROVAL OFFICER:** S. Novak

BOND MODIFICATIONS



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: August 13, 2019

SUBJECT: Temple Emanuel of the Pascack Valley, Inc.
\$2,000,000 Tax-Exempt Stand-Alone Bond Modification
(P13558 & P13559)

Request:

Consent to a maturity extension from December 1, 2021 to December 1, 2041.

Background:

Temple Emanuel of the Pascack Valley, Inc. ("Temple Emanuel" or "the Borrower") is a not-for-profit 501(c) (3) entity that runs a Hebrew K through high school program and a secular nursery school, along with social, cultural, and recreational service facilities for members, guests, and community participants. The Temple's social, cultural, recreational, and nursery services are available to non-members on a non-denominational basis. Founded in 1912, the Temple's membership currently consists of over 500 families and individuals, with 119 students attending the Hebrew educational school, and 81 children attending the nursery school. Temple Emanuel sits on a 15-acre lot and has two buildings to service their variety of operations. The Borrower employs 10 full time, and 30 part time employees.

In 1996, the Members approved a \$1.8 million tax-exempt bond, consisting of a Series A \$600,000 bond on a six-year fixed rate basis, and a Series B \$1,200,000 ten-year fixed rate bond. The proceeds were used to refinance existing debt related to an expansion of the community center.

In 2001, the Members approved a \$2,000,000 tax-exempt bond in the form of \$1,100,000 of new proceeds and \$900,000 in refunding proceeds. The new debt issuance proceeds were utilized for renovations and additions to the community center, along with the construction of a separate building to expand the nursery school capacity by seven classrooms and a kitchen. Proceeds also went to new computer equipment, telephone systems, playground equipment, removal of an oil tank, drainage system replacements, and driveway paving. The refunding bond was related to refinancing a piece of the 1996 issuance. The bond has a 20-year term with variable weekly interest rate not to exceed 10% with the options to convert to a fixed rate. The rate at closing was 1.65%. The bond is currently held by Federal Investors Corp ("the Bondholder").

With the maturity coming up on December 1, 2021, the Borrower and the Bondholder have agreed to extend the maturity. Currently the parties are seeking the Authority's consent to the amendment of the Indenture Agreement to extend the final maturity from December 1, 2021 to December 1, 2041. All other terms will remain the same. The Bond has a current principal balance of \$1,405,000.

Chiesa, Shahinian, and Giantomasi, PC, Bond Counsel to the Authority has advised that the changes will not affect the tax-exempt status of the bond. A public hearing is required for this modification, and notice has been published in the applicable newspapers. The modification will cause a reissuance and the Authority will file an IRS form 8038.

Recommendation:

Approval of the maturity extension from December 1, 2021 to December 1, 2041.



Prepared By: Angus Comly

LOANS/GRANTS/GUARANTEES

DIRECT LOAN PROGRAM

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - DIRECT LOAN PROGRAM**

APPLICANT: Fort Monmouth Economic Revitalization Authority

P45703

PROJECT USER(S): Same as applicant

* - indicates relation to applicant

PROJECT LOCATION: 502 Brewer Avenue

Oceanport Borough (N)

Monmouth

APPLICANT BACKGROUND:

Fort Monmouth Economic Revitalization Authority ("FMERA") is a public body corporate and politic constituted as an independent authority and instrumentality of the State of New Jersey. FMERA was created in August of 2010 to provide investment, continuity and economic growth to the communities impacted by the federal government's decision to close the US Army base. FMERA manages the revitalization of the 1,126 acres of real estate at Fort Monmouth (located in the boroughs of Oceanport, Tinton Falls and Eatontown) following the base closure in September 2011 that displaced more than 5,500 jobs. FMERA has a multitude of tools available for reuse and redevelopment of the site including: undertaking redevelopment projects; adopting development and design guidelines; adopting land use regulations regarding the provision of utilities, streets, roads or other infrastructure required for the implementation of the revitalization plan. Because FMERA is a governmental entity that undertakes and promotes development and redevelopment that will create jobs and increase the tax base of the three host boroughs and the County of Monmouth, EDA is authorized to make loans to FMERA. Additionally, under the FMERA Act, FMERA is staffed with EDA employees, and FMERA has the power to receive State loans and specifically to obtain a loan from EDA for costs of the FMERA office based on an approved budget.

The Members of the Authority approved a \$5 million working capital loan on 11/17/17 under P 44736. This is a five year loan maturing 1/1/23. The loan was fully disbursed and the balance is \$4,264,148. Aside from 18 payments of interest monthly, there have been three lump sum principal payments to the Authority by FMERA generated from net sales proceeds of parcels aggregating \$735,852. This loan is anticipated to be fully repaid from net sales proceeds of parcel payments of \$506,000 later in 2019 and \$3,758,000 in 2020. All payments have been according to terms.

The requested loan, as the original Authority loan to FMERA will be utilized to fund general working capital needs comprised primarily of salaries, legal fees, architectural costs, engineering expenses and debt service. FMERA has been selling properties periodically over the past five years, however, the timing and closing of these sales has taken longer than anticipated and created the demand for the loan. Additional time for FMERA to obtain proceeds from parcel sales is caused by the time associated with activities such as Requests for Offers to Purchase, contract negotiations, municipal and county approvals and environmental clean-up by the Army.

APPROVAL REQUEST:

Approval is requested for a \$5 million loan to Fort Monmouth Economic Revitalization Authority for general working capital purposes.

FINANCING SUMMARY:

LENDER:

NJEDA

AMOUNT OF LOAN:

\$5,000,000

TERMS OF LOAN:

Fixed at time of closing at greater of five-year US Treasury or 2%, 60 month term with first twelve months constituting the draw period. Monthly payments of interest only with principal due upon sale of specific properties.

PROJECT COSTS:

Working capital \$5,000,000

TOTAL COSTS \$5,000,000

JOBS: At Application 0 Within 2 years 0 Maintained 0 Construction 0

DEVELOPMENT OFFICER: P. Ceppi

APPROVAL OFFICER: M. Conte



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: August 13, 2019

SUBJECT: Fort Monmouth Economic Revitalization Authority
P 45703

Request:

Approval is requested for a credit facility for up to \$5 million (“loan”) to Fort Monmouth Economic Revitalization Authority (“FMERA”) for general working capital purposes. The loan will have an interest rate of the greater of the five-year US Treasury or 2% fixed at closing. The term of the loan is 60 months inclusive of a period of up to 12 months for requisition of disbursements under the loan. Monthly payments of interest will be due on the loan with all outstanding principal and interest due upon maturity. Upon FMERA’s receipt of specific property sales proceeds 50% of the net proceeds will be applied to the principal repayment of the loan. Property sales by FMERA typically have stipulated sharing arrangements with the US Department of the Army (“Army”) or Monmouth County Improvement Authority (“MCIA”) and mandatory contributions to the FMERA Homeless Trust. MCIA provided approximately \$33.5 million in five-year financing which closed in November of 2016, in conjunction with the closing with the Army on Phase 2 properties. MCIA debt is secured by the Phase 2 properties along with a five-year guarantee provided by MCIA. The Authority loan will be secured by a second mortgage on FMERA’s interest in Phase 1 properties behind an existing NJEDA lien related to an existing loan. This mortgage pertains to approximately 165 acres of parcels which are not subject to sales agreements. There are an additional 221 acres of Phase 1 parcels which are under contract or out for signature, which are not subject to the mortgage and NJEDA would have an assignment of 50% of FMERA’s net proceeds from these parcel sales. The net proceeds from sales of Phase 1 parcels are subject to a sharing arrangement with the Army; whereby, on average approximately 37% of net proceeds are retained by FMERA. The NJEDA will be entitled to 50% of net proceeds received by FMERA (with one exception being 70% of net proceeds received by FMERA from the sale of Parcel B) from all sales of Phase 1 parcels to be used to repay the existing and proposed loan. Phase 1 and Phase 2 properties include approximately 125 acres identified as environmental carve-outs which may or may not be included in the estimated value of parcel sales. Identification of all Phase 1 and Phase 2 parcels are enumerated in NJEDA loan documents. Specifically pertaining to the proposed loan for the purpose of calculating the amount due to NJEDA, net proceeds to FMERA is after payments to the Army, FMERA Homeless Trust and payments on the original NJEDA loan to FMERA.

The NJEDA prior mortgages on Phase 1 and 2 properties are the result of a \$5 million loan, P 44736, approved by the Members of the Authority on 11/14/17 for general working capital purposes. The term is five years with a twelve month draw period, interest only at 2.23% fixed. This loan closed on 12/28/17 and matures 1/1/23. The loan was fully disbursed via two drawdowns; \$1.8 million on 12/28/17 and \$3.2 million on 8/13/18 and the present balance is \$4,264,148. Aside from 18 payments of interest monthly, there have been three lump sum principal payments to the Authority by FMERA generated from net sale proceeds of parcels aggregating \$735,852. This loan is anticipated to be fully repaid from net sales proceeds of parcel payments of \$506,000 later in 2019 and \$3,758,000 in 2020. This loan is risk rated substandard and all payments have been according to terms.

Background:

FMERA is a public body corporate and politic constituted as an independent authority and instrumentality of the State of New Jersey. FMERA was created in August of 2010 to provide investment, continuity and economic growth to the communities impacted by the federal government's decision to close the US Army base. FMERA manages the revitalization of the 1,126 acres of real estate at Fort Monmouth (located in the boroughs of Oceanport, Tinton Falls and Eatontown) following the base closure in September 2011 that displaced more than 5,500 jobs. FMERA has a multitude of tools available for reuse and redevelopment of the site including: undertaking redevelopment projects; adopting development and design guidelines; adopting land use regulations regarding the provision of utilities, streets, roads or other infrastructure required for the implementation of the revitalization plan. Because FMERA is a governmental entity that undertakes and promotes development and redevelopment that will create jobs and increase the tax base of the three host boroughs and the County of Monmouth, EDA is authorized to make loans to FMERA. Additionally, under the FMERA Act, FMERA is staffed with EDA employees, and FMERA has the power to receive State loans, specifically to obtain a loan from EDA for costs of the FMERA office based on an approved budget.

The requested loan (similar to the original Authority loan to FMERA) will be utilized to fund general working capital needs which will be comprised primarily of salaries, legal fees, architectural costs, engineering expenses and debt service. FMERA has been selling properties periodically over the past five years, however, the timing and closing of these sales has taken longer than anticipated and created the demand for the loan. Additional time for FMERA to obtain proceeds from parcel sales is caused by the time associated with activities such as Requests for Offers to Purchase, contract negotiations, municipal and county approvals and environmental clean-up by the Army.

The loan will be available at closing with anticipated first draw of \$2.5 million in September of 2019. FMERA estimated a second draw of \$2.5 million on the loan in the first quarter of 2020.

Phase 1 properties expected to be sold in the remainder of 2019, 2020, 2021 and 2022 have an estimated aggregate gross value of \$28.4 million with net proceeds to FMERA of \$8.34 million. The principal on the proposed loan will have as repayment source net sales proceeds of Phase 1 properties upon closing of each parcel. Projected gross sales figures of Phase 1 parcels for the remainder of 2019 and the full years 2020, 2021 and 2022 are \$7.3 million, \$0.8 million, \$15.3 million and \$5 million, respectively. Net proceeds to FMERA after applying loan payments in 2019, 2020, 2021 and 2022 are projected to total \$787,000, \$0, \$1.6 million and \$983,000, respectively. The estimated

net proceeds to repay the proposed loan are expected to be generated by the sales of Phase 1 parcels with net sales proceeds to the Authority of 50% estimated at \$787,000, \$0, \$3.5 million and \$669,000 in 2019, 2020, 2021 and 2022, respectively. It is noted that the specific arrangement on the net proceeds of Parcel B anticipated to be sold in 2021 reflects a \$13.3 million gross sales price, \$7.3 million paid to the Army leaving \$3.4 million to repay the proposed NJEDA loan based on 70% of FMERA's net proceeds.

This existing Authority loan is expected to receive principal reductions of 20% of the Phase 1 net property proceeds during the remainder of 2019 in the amount of \$380,000 and Phase 2 net sales proceeds of \$126,000 and \$3,758,000 in 2019 and 2020, respectively.

The cash flow forecast prepared by FMERA (as attached along with projected specific parcel sales deemed confidential) reflects full repayment of proposed loan by 2022 assuming 100% of the loan is drawn.

MCIA debt was renewed on 11/14/17 when FMERA made principal payment of \$10.3 million and the balance owing on this obligation is \$23.7 million as of 12/31/18. Proceeds were generated from FMERA's sale of several parcels for this payment. 25% of Phase 2 parcels net sales proceeds are escrowed at time of each closing plus 50% of excess cash over \$3 million to be applied annually against MCIA debt. Anticipated MCIA principal payments in 2019, 2020 and 2021 are \$0.5 million, \$8.6 million and \$14.7 million, respectively to fully retire this debt.

Approximately 264 acres have been transferred or sold to date by FMERA since 2013. The sales were comprised of 20 parcels of which 10 are Phase 1 equating to 165 acres and 10 are Phase 2 equating to 99 acres and another 10 parcels equating to 270 acres are currently under contract or out for signature with aggregate estimated proceeds of \$30.1 million with \$12.7 million net to FMERA. The aforementioned figures are included in FMERA's estimate that aggregate sales proceeds in excess of \$126 million (\$45 million Phase 1 and \$81 million Phase 2) will be realized through 2022.

Projected annual expenses of FMERA are approximately \$24.6 million in 2019, \$27.7 million in 2020, \$41.4 million in 2021 and \$14.9 million in 2022. Expenses include salaries and office expenses, maintenance of land, buildings and infrastructure, professional services, infrastructure requirements, payments to the Army, principal and interest on MCIA and EDA debts, Homeless Trust Obligations and demolition. Infrastructure requirements are projected to increase from \$0.8 million in 2019 to \$7.1 million in 2020 and \$5.5 million in 2021. Payments made for the Homeless Trust obligation reduces cash flow and is estimated to total \$14.5 million per agreement with HUD over 20 years based on an estimated 723 developable acres (equating to \$20,055 per acre) forming the basis for the set aside per parcel sale.

Recommendation:

Approval is requested for the \$5 million credit facility as proposed due to the strong public purpose of revitalizing the Fort Monmouth site.

Conditions:

1. Approval by FMERA's Board of the proposed EDA loan.
2. Satisfactory review of resolution(s) from FMERA's Board authorizing them to enter into the proposed loan agreements.
3. Satisfactory review of FMERA Board approved budgets showing the need and uses for the proposed loan funds. Prior to the disbursement of each loan, the EDA will review the details surrounding the use of the proceeds to ensure it complies with this approval.
4. Authority to have assignment of net proceeds to FMERA from any parcels securing the loan which are subject to sales contracts (should any contracts be terminated then mortgages will be taken).
5. The proposed loan will be required to be paid in full at maturity or prior based upon FMERA paying the Authority 50% of their net proceeds from the sale of Phase 1 properties (and 70% of FMERA's net proceeds from the sale of Parcel B).
6. Specific mortgages permitted to be released (with subsequent loan paydowns, if applicable) upon approval by FMERA board of sale of property and closing documentation.



Tim Sullivan
Chief Executive Officer

Prepared by: Michael A. Conte, Senior Credit and Real Estate Underwriter

PREMIER LENDER PROGRAM (PLP)

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Statewide Loan Pool

APPLICANT: Gary Neil Enterprises LLC

PROD-00187740

PROJECT USER(S): L & G Services of NJ Inc.

PROJECT LOCATION: 602, 606 and 608 Little Gloucester Road Gloucester City Camden

APPLICANT BACKGROUND:

Gary Neil Enterprises LLC ("Gary Neil") is a real estate holding company formed in 2019 for the purposes of owning and managing the property located at 602, 606 and 608 Little Gloucester Road in Blackwood, NJ. This is the current leased location of L & G Services of NJ Inc., as well as the adjacent building on the same land parcel. Gary Neil is currently under contract to purchase the subject property for \$3.2 million.

L & G Services of NJ Inc. dba The Learning Experience ("L & G") was formed in 2008. L & G is a franchise location under The Learning Experience. The Learning Experience is a full-service child-care facility for children from six weeks to five years old with about 250 locations nationwide. The Learning Experience is an early education and afterschool program franchise. The foundation of The Learning Experience® was built on three key educational and care principles: cognitive, physical, and social. They also offer after school care and summer camp. Their current facility located at 602 Little Gloucester Road is 5,000 square feet and was built in 2009. This is currently at full capacity and they employ 34 people.

This project involves providing financing for the purchase of the subject property to support the growth of L & G.

OTHER NJEDA SERVICES:

None

APPROVAL REQUEST:

Approval of a 50% (\$1.6 million) participation in a \$3.2 million M & T Bank loan.

FINANCING SUMMARY:

LENDER: M & T Bank

AMOUNT OF LOAN: \$1.6 million (50%) participation in a \$3.2 million M & T Bank Loan

TERMS OF LOAN: Fixed interest rate to be set at M & T's ten-year cost of funds plus a margin to be set two days prior to closing (indicative rate is 4.93%). Term will be ten years based on a twenty-five-year amortization. Monthly principal and interest payments.

TERMS OF PARTICIPATION: Fixed interest rate to be set at closing at ten-year US Treasury or 2%, whichever is greater, plus 200 basis points. Term will be ten years based on a twenty-five-year amortization. Monthly principal and interest payments.

PRODUCT COSTS:

Acquisition of Existing Building	\$3,200,000.00
Finance Fees	\$10,500.00

TOTAL COSTS: \$3,210,500.00

JOBS:

NJ Full Time Jobs at Application	Expected New Full Time Eligible Jobs at Project Site	Full Time Maintained Jobs at Project Site	Estimated Construction Jobs
17	3	17	0

DEVELOPMENT OFFICER: John Balsama

UNDERWRITER OFFICER: Michelle Jones

HAZARDOUS DISCHARGE SITE REMEDIATION FUND



MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan, Chief Executive Officer
DATE: August 13, 2019
SUBJECT: NJDEP Hazardous Discharge Site Remediation Fund Program

The following grant and loan projects have been approved by the Department of Environmental Protection to perform upgrade/closure and remedial investigation activities. The scope of work is described on the attached project summaries:

HDSRF Municipal Grant:

P45707	City of Paterson (Leader Dyeing & Finishing Co)	\$72,354
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HDSRF Commercial Loan:

P45569	Absolute Auto & Truck Salvage Company, Inc.	\$496,092
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Total HDSRF Funding – August 2019	\$568,446
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A handwritten signature in blue ink, appearing to read "T. Sullivan", is written above a horizontal line.

Tim Sullivan

Prepared by: Kathy Junghans

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - HAZARDOUS SITE REMEDIATION - MUNICIPAL GRANT**

APPLICANT: City of Paterson (Leader Dyeing & Finishing Co) P45707
PROJECT USER(S): Same as applicant * - indicates relation to applicant
PROJECT LOCATION: 94 Madison Avenue Paterson City (T/UA) Passaic

APPLICANT BACKGROUND:

Between April 2005 and February 2006, City of Paterson, received an initial grant in the amount of \$3,630 under P15697 and a supplemental grant in the amount of \$109,331 under P16798. The project site identified as Block 2403, Lot 3,4 and 5 is a former textile dyeing and finishing facility which has potential environmental areas of concern (AOCs). The City of Paterson currently owns the project site and has satisfied proof of site control. It is the City's intent, upon completion of the environmental investigation activities to redevelop the project site for light industrial use.

NJDEP has approved this request for Remedial Investigation (RI) grant funding on the above-referenced project site and finds the project technically eligible under the HDSRF program, Category 2, Series A.

APPROVAL REQUEST:

City of Paterson is requesting aggregate supplemental grant funding to perform RI in the amount of \$72,354 at the Leader Dyeing & Finishing Co. project site. Because the aggregate supplemental funding including this request is \$181,685, it exceeds the maximum aggregate staff delegation approval of \$100,000 and therefore requires EDA's board approval. Total grant funding including this approval is \$185,315.

FINANCING SUMMARY:

GRANTOR: Hazardous Discharge Site Remediation Fund

AMOUNT OF GRANT: \$72,354

TERMS OF GRANT: No Interest; No Repayment

PROJECT COSTS:

Remedial investigation	\$72,354
EDA administrative cost	\$500
TOTAL COSTS	\$72,854

APPROVAL OFFICER: K. Junghans

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Hazardous Discharge Site Remediation - Commercial

APPLICANT: Absolute Auto & Truck Salvage Company, Inc.

PROD-00187406

PROJECT USER(S): Same as applicant

PROJECT LOCATION: 245 Mountain Avenue Middlesex Borough Middlesex County

APPLICANT BACKGROUND:

Absolute Automobile-Truck Salvage Company, Inc. ("Absolute") was formed in 1983. Absolute is a metal processing recycling facility. They process ferrous metals, non-ferrous metals and scrap cars. The facility is located in Middlesex, NJ. Absolute also buys scrap metal such as junk cars, trucks and buses, scrap iron, aluminum, copper, brass, tin cans, electric motors, fuel storage tanks, appliances and other metal products. Finally, they sell used cars, new and used auto parts and recycle scrap tires of all sizes.

Zatika Properties LLC is a real estate holding company that was formed in 2003. The company owns the property located at 245 Mountain Avenue in Middlesex, NJ which is the site of the subject remediation. The property consists of 22 acres.

The NJDEP received a request for loan funding from the Hazardous Discharge Site Remediation Fund (HDSRF). The request was submitted for the future soil Remedial Action (RA) activities that have been proposed at the site by EWMA (the environmental consulting and remediation company). The total proposed soil RA work at the site is estimated to be \$496,092 and DEP is recommending 100% of the total cost to be financed.

The project scope is comprised of remedial action totaling \$496,092. The total remediation of the property consists of cost estimates of \$1,812,050 with an additional 20% contingency for a total of \$2,174,460. The DEP has separated all activities and will look to fund a maximum of \$500,000 per year subject to funding approval. This is the first-round request. It is anticipated the operating company will remain operational for two to three years and then will begin scaling back. As remediation comes closer to completion, the principals will seek to sell the property and repay the loan.

OTHER NJEDA SERVICES:

None

APPROVAL REQUEST:

Approval of a \$496,092 loan under the Hazardous Discharge Site Remediation Fund Program.

FINANCING SUMMARY:

LENDER: NJEDA

AMOUNT OF LOAN: \$496,092

TERMS OF LOAN: Ten-year term/amortization, monthly principal plus interest. Fixed for ten years at the Federal Discount Rate set at time of approval or closing, whichever is lower, with a floor of 5.00%. 10 year term/amortization with monthly principal plus interest payments. Disbursements subject to NJDEP approval.

PRODUCT COSTS:

Remedial Action	\$496,092.00
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TOTAL COSTS:	\$496,092.00
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UNDERWRITER OFFICER: Michelle Jones

PETROLEUM UNDERGROUND STORAGE TANK (PUST)



MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan, Chief Executive Officer
DATE: August 13, 2019
SUBJECT: NJDEP Petroleum UST Remediation, Upgrade & Closure Fund Program

The following commercial project has been approved by the Department of Environmental Protection to closure/upgrade and site remediation activities. The scope of work is described on the attached project summary:

PUST Commercial Loan:

P45781	The Belli Moran Group, LLC	\$272,485.05
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Total UST Funding – August 2019	\$272,485.05
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A handwritten signature in blue ink, appearing to read "TS", is written over a horizontal line.

Tim Sullivan

Prepared by: Kathy Junghans

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - HAZARDOUS DISCHARGE SITE REMEDIAT'N PROG PROGRAM**

APPLICANT: The Belli Moran Group LLC

P45781

PROJECT USER(S): B & B Sunoco, Inc. *

* - indicates relation to applicant

PROJECT LOCATION: 370 Route 37 E

Dover Township (T)

Ocean

APPLICANT BACKGROUND:

The Belli Moran Group LLC was formed in 2015. The company is the real estate holding company for commercial property located at 370 Route 37 East in Toms River, NJ. The property is a gas station and service center occupied by B & B Sunoco, Inc.

B & B Sunoco, Inc. was formed in 1992. The company offers full service auto repair, maintenance, and is also a gas station.

The NJDEP received a request for loan funding from the Petroleum Underground Storage Tank (PUST) Loan Program. The request was submitted for the upgrade/closure of underground gas tanks, perform site remediation and other costs. The total project cost is \$408,218. The DEP approved total funding of \$272,485 which consists of \$266,985 towards upgrade/closure costs and \$5,500 towards other project costs.

The project involves a loan for \$272,485 under the PUST Loan program to fund the approved costs to close and upgrade underground gasoline tanks at the subject property.

On 3/22/2016, the Authority closed on a 23.53% (\$240,000) participation in a \$1,020,000 Ocean First Bank Loan to The Belli Moran Group LLC to fund the acquisition of the property located at 370 Route 37 East in Toms River, NJ. All payments have been made satisfactorily.

APPROVAL REQUEST:

Approval of a \$292,485 loan under the Petroleum Underground Storage Tank Loan Program.

FINANCING SUMMARY:

LENDER: NJEDA

AMOUNT OF LOAN: \$272,485

TERMS OF LOAN: Ten-year term/amortization, monthly principal plus interest. The interest rate will be fixed between 2% and the WSJ Prime set at time of approval or closing, whichever is lower with adjustment to rate until a 1.25x DSCR is determined (at time of approval, rate is 2.50%)

PROJECT COSTS:

Upgrade/Closure	\$285,257
Remedial Action	\$113,911
Other Costs	\$5,500
EDA administrative cost	\$3,550
TOTAL COSTS	\$408,218

APPROVAL OFFICER: M. Jones

OFFICE OF RECOVERY



MEMORANDUM

To: Members of the Authority

From: Tim Sullivan
Chief Executive Officer

Date: August 13, 2019

Subject: Energy Resilience Bank – RWJBarnabas Newark Beth Israel Medical Center CHP Project Funding Modification Recommendation

Request:

The Members are requested to modify the March 24, 2017 Board action for the RWJBarnabas Newark Beth Israel Medical Center CHP Project Funding Project under the Energy Resilience Bank (ERB) program by changing the reservation of ERB funding from \$15,176,079 to \$16,832,794 for the project due to preliminary project engineering design adjustments and Design Build bid responses which exceeded the original project budget.

Background:

In March 2017, the RWJBarnabas Newark Beth Israel Medical Center CHP Project was presented to the EDA Board for review and funding consideration under the Energy Resilience Bank (ERB) program.

RWJBarnabas Health is a not-for-profit organization located in West Orange, NJ. It was formed in November 2015 upon the merging of Barnabas Health, Inc. and Robert Wood Johnson University Hospital. The RWJBarnabas Health system treats over 3 million patients a year and includes eleven acute care hospitals, three acute care children's hospitals and a pediatric rehabilitation hospital. RWJBarnabas Health owns Newark Beth Israel Medical Center (NBI) in Newark, NJ (Essex County) where the proposed cogeneration project is to be located. NBI is a regional care teaching hospital that provides comprehensive health care to the greater Essex County area. Newark Beth Israel Medical Center campus in Newark consists of several hospital buildings and the ERB project will include a 2 MW natural gas reciprocating engine-based CHP system interconnecting the NBI campus buildings and providing the necessary blackstart and islanding system controls to allow NBI to operate independently from the grid in case of a power outage or other emergency.

Consistent with ERB and HUD CDBG-DR program requirements, RWJBH-NBI has undertaken additional preliminary design and feasibility analysis and proceeded with a Request for Qualifications and subsequent Request for Proposals process for Design Build services. NBI received three proposals/responses, all of which were higher than original budget estimates. NBI is now finalizing project scope of work and pricing negotiations with their preferred respondent

but this still results in a higher total project cost than the original March 2017 budget and EDA Board action. NBI and ERB staff also reviewed and updated the resilient costs breakdown.

The original estimated total project cost was \$15,755,294. It is now estimated that the total project cost will be \$17,445,294 (an increase of \$1,690,000 from the original budget). \$8,880,900 are cost reasonable resilient related costs per ERB program guidelines. PSEG's Hospital Efficiency Program's project funding is now increased to \$612,500. Consistent with the ERB's Financing and Program Guide, the RWJBarnabas Newark Beth Israel Medical Center CHP Project will be provided with the following, subject to cost reasonableness analysis and review of final project costs:

ERB Grant: \$ 12,306,658
ERB Loan Funding: \$ 4,526,136 (2% interest rate, 20-year term)

The financing will be a general obligation to the hospital with the projected annual cost of \$274,764. Through the initial feasibility and technical review, the annual net energy cost savings combined with estimated annual operating and maintenance costs/savings is approximately \$515,312, which is sufficient to repay the ERB project loan within the loan terms, and to repay the other project debt of \$61,250 annually to PSEG.

Other Applicant/Affiliated Funding: ERB funding for RWJBarnabas Health's four ERB projects (Saint Barnabas Medical Center in Livingston; Jersey City Medical Center; Newark Beth Israel Medical Center; and Somerset Medical Center) will now total \$ 49,795,090.

ERB Program Fund Balance: After today's action, \$183,664,989 in Energy Resilience Bank funding will have been reserved for ERB projects. The total ERB program funding of \$200 million from HUD includes a maximum 15% allocation of funds for program delivery expenses, which ERB does not plan to spend in its entirety, thus there is available funding for this project.

Recommendation:

Approval to modify the March 24, 2017 Board action for the RWJBarnabas Newark Beth Israel Medical Center CHP Project under the Energy Resilience Bank (ERB) program by changing the reservation of ERB funding from \$15,176,079 to \$16,832,794 for the project due to preliminary project engineering design adjustments and Design Build bid responses which exceeded the original project budget.



Prepared by: Russel Like

BOARD MEMORANDUM



MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan, Chief Executive Officer
DATE: August 13, 2019
SUBJECT: Projects Approved Under Delegated Authority –
For Informational Purposes Only

The following projects were approved under Delegated Authority in July 2019:

Premier Lender Program:

- 1) 100 Prospect St. LLC (P45778), located in Metuchen Borough, Middlesex County, is a newly formed real estate holding company created to purchase the project property. The operating company, Impact Steel Erectors Inc. was formed in 2014 to install steel beams for all types of buildings and fabricates stairs. Valley National Bank approved a \$1,000,000 loan contingent upon a (50%) \$500,000 Authority participation. Proceeds will be used to purchase the project property. The Company currently has 24 employees and plans to create two new jobs over the next two years.

- 2) PAL Real Estate Holdings III, LLC (P45847), located in Newark City, Essex County, was formed in 2018 as a real estate holding company created to purchase the project property. The operating companies, PAL AMG Inc., and MTB AMG Inc., (“the Companies”), headquartered in Brooklyn, NY, were founded in 2010 as specialty union and non-union contracting companies focusing on fenestration solutions. Fenestration refers to the design, construction or presence of openings in a building including windows, doors, storefronts, and skylights to name a few. ConnectOne Bank approved a \$1,845,000 loan contingent upon a (22.22%) \$410,000 Authority participation. Proceeds will be used to purchase the project property to relocate to NJ. The Company plans to create 160 new positions over the next two years.

A handwritten signature in blue ink, appearing to be "TL", is written above a horizontal line.

Prepared by: G. Robins



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: August 13, 2019

SUBJECT: Incentives Modifications – 2nd Quarter 2019
(For Informational Purposes Only)

Since 2001, and most recently in June 2014, the Members have approved delegations to staff for post-closing incentive modifications that are administrative and do not materially change the original approvals of these grants.

Attached is a list of the incentive modifications that were approved in the 2nd quarter ending June 30, 2019.

A handwritten signature in blue ink, appearing to be "TS", is written above a solid horizontal line.

Prepared by: S. Greitz

**ACTIONS APPROVED UNDER DELEGATED AUTHORITY
SECOND QUARTER ENDING June 30, 2019**

BUSINESS EMPLOYMENT INCENTIVE GRANT PROGRAM

Applicant	Modification Action	Approved Award
Antenna Software LLC	Consent to amend grantee name from Antenna Software LLC to Pegasystems, Inc., d/b/a Pegasystems of Massachusetts.	\$437,120
PVH Corp. and PVH Corp. Wholesale	Consent to name change of PVH Corp. Wholesale to PVH Wholesale NJ, Inc.	\$983,313
Plymouth Rock Management Company of NJ	Consent to change of project location from Red Bank to Woodbridge.	\$215,199

GROW NEW JERSEY ASSISTANCE PROGRAM

Applicant	Modification Action	Approved Amount
BioClinica, Inc.	Consent to second six-month extension of the certification deadline from May 13, 2019 to November 13, 2019.	\$3,289,000
DBV Technologies, Inc.	Consent to first six-month extension of the certification deadline from May 13, 2019 to November 13, 2019.	\$3,150,000
Conner Strong & Buckelew Companies, LLC	Consent to expand the size of the QBF from 132,246 to 140,752 sf.	\$86,239,720
ICIMS, Inc.	Consent to first six-month extension of the certification deadline from June 14, 2019 to December 14, 2019.	\$38,295,000
MAC Trailer Leasing, Inc.	Consent to second six-month extension of the certification deadline from June 8, 2019 to December 8, 2019.	\$2,895,050
Michaels Organization LLC (The)	Consent to expand the size of the QBF from 121,862 to 126,706 sf; increase anticipated capital investment from \$79,380,000 to \$79,412,965; and add affiliates to the Grow NJ Agreement.	\$79,378,750
NFI, LP	Consent to expand the size of the QBF from 121,862 to 126,706 sf; increase anticipated capital investment from \$79,380,000 to \$80,203,564; and add affiliates to the Grow NJ Agreement.	\$79,377,980

S&F Supplies, Inc.	Consent to add affiliate to the Grow NJ Agreement.	\$2,346,750
Tryko Holdings LLC	Consent to second six-month extension of the certification deadline from June 8, 2019 to December 8, 2019.	\$4,101,250
WorkWave LLC	Consent to first six-month extension of the certification deadline from May 13, 2019 to November 13, 2019.	\$15,733,340



MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan, Chief Executive Officer
DATE: August 13, 2019
SUBJECT: PUST and HDSRF Program Funding Status
(For Informational Purposes Only)

In December 2012, the members approved a change in the administration of the subject programs as a result of new Treasury guidance for fund transfers. Staff has reported to the board quarterly on the status of the funds.

Below is the funding availability as of the second quarter ending on June 30, 2019:

PUST:

As of June 30th, remaining cash and unfunded appropriations net of commitments was \$1.3 million available to support an estimated \$28.1 million pipeline of projects, of which approximately \$1.1 million are under review at EDA.

HDSRF:

As of June 30th, remaining cash and unfunded appropriations net of commitments was \$12.9 million available to support an estimated \$18.3 million pipeline of projects, of which approximately \$1.2 million are under review at EDA.

A handwritten signature in blue ink, appearing to be "PS", is written above a horizontal line.

Prepared by: Kathy Junghans



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: August 13, 2019

SUBJECT: Post Closing Credit Delegated Authority Approvals for 2nd Quarter 2019
For Informational Purposes Only

The following post-closing actions were approved under delegated authority during the second quarter of 2019:


Name	EDA Credit Exposure	Action
144 Delawanna Clifton, LLC (Elite Decor, Inc.)	\$ 1,994,204	Extend interest only period on the participation loan for six months in conjunction with Two River Community Bank to allow time for the borrower to complete renovations of their new headquarters.
420 Perth Amboy Properties, LLC and 61-65 Passaic Properties, LLC (Second Home Adult Daycare)	\$ 1,411,323	Extend two matured Direct loans (P23770/P23771) for six months to allow time to finalize the refinance of senior debt and complete updated financial information.
Lakewood Candies, LLC	\$ 1,072,865	Consent to additional senior debt and subordination of EDA's lien on business assets to a new \$750,000 line of credit and \$1.25 million SBA term loan as allowed by the Stronger NJ Business loan program.
ONB Holding Group, LLC (The Exhibit Company)	\$ 717,849	Extend the Direct loan maturity for 10 years with a 5-year call option and rate reset, to allow time to repay the balloon maturity.

Conduit Bonds (EDA has no credit exposure)	
Uncommon CP Properties II, LLC & Uncommon CP Properties III, LLC (Uncommon Schools, Inc.)	Consent to an inter-creditor agreement to clarify collateral rights in an event of default, as anticipated on the \$10.856 Million Taxable Qualified School Construction Bonds.

Loans Written off with Recourse
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As required by generally accepted accounting principles, loans that are nonperforming, offer limited likelihood of future recovery and have been fully reserved are to be written off. Special Loan Management conducts a quarterly portfolio review, and with concurrence from management, recommend loans to be written off with recourse pursuant to delegated authority. EDA retains legal rights against the borrower and/or guarantors and pursue collections of these loans through litigation.

Name	Credit Exposure	Description
Pastore Music, Inc.	\$ 546,128 Stronger NJ Business Loan	Pastore Music operated a music store in Union City that has since closed and has filed an Assignment for Benefit of Creditors. EDA has not received payments on this loan since May 2018. The loan is secured by a 1 st lien on business assets deemed to have limited liquidation value. Guarantors may represent a source for some future recovery.



Prepared by: Jennifer Bongiorno and Mansi Naik



MEMORANDUM

TO: Members of the Authority
FROM: Tim Sullivan, Chief Executive Officer
DATE: August 13, 2019
SUBJECT: Technology & Life Sciences - Delegated Authority Approvals for Q2 2019

For Informational Purposes Only - Angel Investor Tax Credit Program

On January 31, 2013, the New Jersey Angel Investor Tax Credit Act was signed into law with Regulations approved by the Members of the Board in June 2013. The New Jersey Angel Investor Tax Credit Program (ATC) establishes credits against corporate business tax or New Jersey gross income tax in the amount of 10% of a qualified investment made into New Jersey emerging technology businesses.

Angel Investor Tax Credit Program - Q2 2019 Review

In the second quarter of 2019, 18 Angel Tax Credit applications for \$368,214.80 in tax credits were approved. This represented \$3,682,148 in private investments in 11 unique technology and life science companies.

The Q2 2019 approvals included investments in three companies that are new to the program, totaling \$579,620 in private investments.

- Covellus LLC was founded in 2015 and is a Medical Device Technology company that is developing a unique Modular Catheter System technology. The ATC application was for an investment in the Company's Common Units round of funding. The funding is expected to further the development of the Company's products and assist in executing testing for 510(k) FDA submissions. The approval in Q2 was for just one angel investor who invested \$20,000 into Covellus for a \$2,000 tax credit
- KidGooRoo LLC was founded in 2015 and is an information technology company that applies the software as a service model (SaaS) to connect parents to after-school activities for their kids using an online marketplace. The ATC application was for an investment in the Company's Series A-2 round of funding representing an investment from one angel investor. The funding is expected to further the development of the Company's software

platform.

- Xlink LLC was founded in 2015 and is researching, developing, testing and building computer controlled automated machines and systems to be used in the warehouse, distribution, ecommerce and retail industries. The ATC application was for an investment in the Company's Common Unit round of funding. The funding is expected to support the hiring of additional employees and improving the reliability and stability of the product. Xlink had one angel investor who made an investment of over \$405k into the company. This is the investor's second investment into the company.

Angel Tax Credit Q2 2019 Results

Sector	Investment Amount	Applications	# of Companies in Each Sector	% of total investments	% of total applications
Technology	\$1,234,620	9	6	34%	50%
Life Sciences	\$2,447,528	9	5	66%	50%
Total	\$3,682,148	18	11		

Angel Tax Credit 2019, Year to Date – Q1 & Q2 2019

Sector	Investment Amount	Applications	# of Companies in Each Sector	% of total investments	% of total applications
Technology	\$1,884,620	18	8	20%	58%
Life Sciences	\$7,422,528	13	8	80%	42%
Total	\$9,307,148	31	16		

Since program inception in 2013 through Q2 2019, the Authority has approved 1,204 applications for investments totaling more than \$538 million invested in 87 New Jersey based technology businesses.



Prepared by:
Brennan Candito

Q2 2019

Investors	Employees in NJ	Company	Investment	Tax Credit
Raj Khaware		Avlino Inc.	\$ 400,000.00	\$ 40,000.00
1	NJ: 16 Total: 16	Avlino Inc.	\$ 400,000.00	\$ 40,000.00
William J. Lynch		Backendb.com LLC	\$ 50,000.00	\$ 5,000.00
1	NJ: 2 Total: 2	Backendb.com LLC	\$ 50,000.00	\$ 5,000.00
Justus Derx		COVELLUS LLC	\$ 20,000.00	\$ 2,000.00
1	NJ: 1 Total: 1	COVELLUS LLC	\$ 20,000.00	\$ 2,000.00
William T Guthrie		D3 Unified Communications, LLC	\$ 25,000.00	\$ 2,500.00
1	NJ: 4 Total:4	D3 Unified Communications, LLC	\$ 25,000.00	\$ 2,500.00
Amy Bauman		Hope Portal Services, Inc.	\$ 50,000.00	\$ 5,000.00
Christopher Rooney		Hope Portal Services, Inc.	\$ 50,000.00	\$ 5,000.00
H. Edward Wilkin III		Hope Portal Services, Inc.	\$ 50,000.00	\$ 5,000.00
Patrick J Rooney Jr		Hope Portal Services, Inc.	\$ 50,000.00	\$ 5,000.00
4	NJ: 6 Total: 6	Hope Portal Services, Inc.	\$ 200,000.00	\$ 20,000.00
Thomas Skove		KidGooRoo LLC	\$ 154,000.00	\$ 15,400.00
1	NJ: 2 Total: 2	KidGooRoo LLC	\$ 154,000.00	\$ 15,400.00
Mayur Doshi		Novitium Pharma, LLC	\$ 300,000.00	\$ 30,000.00
1	NJ: 85 Total:85	Novitium Pharma, LLC	\$ 300,000.00	\$ 30,000.00
Bharath Potti		SHINKEI THERAPEUTICS LLC	\$ 250,000.00	\$ 25,000.00
Bindu Reddy		SHINKEI THERAPEUTICS LLC	\$ 350,000.00	\$ 35,000.00
Navdeep Sandhu		SHINKEI THERAPEUTICS LLC	\$ 500,000.00	\$ 50,000.00
Puri Family Trust		SHINKEI THERAPEUTICS LLC	\$ 250,000.00	\$ 25,000.00
Raksha K Trivedi		SHINKEI THERAPEUTICS LLC	\$ 50,000.00	\$ 5,000.00
5	NJ: 3 Total: 3	SHINKEI THERAPEUTICS LLC	\$1,400,000.00	\$140,000.00
Robert W. Croce		Svelte Medical Systems, Inc.	\$ 477,528.00	\$ 47,752.80
1	NJ: 20 Total: 23	Svelte Medical Systems, Inc.	\$ 477,528.00	\$ 47,752.80
Hopedene Ventures, LLC		Trinity Medical Devices	\$ 250,000.00	\$ 25,000.00
1	NJ: 8 Total: 9	Trinity Medical Devices	\$ 250,000.00	\$ 25,000.00
Walter Michael Lewis		Xlink LLC	\$ 405,620.00	\$ 40,562.00
1	NJ: 1 Total: 1	Xlink LLC	\$ 405,620.00	\$ 40,562.00
18	NJ: 148 Total: 152	11	\$ 3,682,148.00	\$ 368,214.80

New Approval under delegated authority during Q2 2019:

Borrower	EDA Exposure	Action
<p>New Jersey Institute of Technology for the benefit of Big Magic, Inc.</p>	<p>\$5,907.40</p>	<p>NJ Ignite - Under delegated signing authority approved July 18, 2018, the Delegates of the Authority approved the EDA Grant to New Jersey Institute of Technology to support the rent for early stage technology and life science companies.</p>



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan, Chief Executive Officer

DATE: August 13, 2019

SUBJECT: India Trade Mission Research
For Informational Purposes Only

Authority Staff, through the Office of International Trade and Investment, has organized the first-ever business mission to India by a sitting New Jersey Governor. In conjunction with Choose New Jersey, Authority Staff have organized a seven-day, six city mission to India in September 2019. India is New Jersey's second largest trading partner and over half of Indian greenfield foreign direct investment into the U.S. Northeast comes to New Jersey. This creates opportunities for even greater business opportunities. One of the primary objectives of the mission is to seek greater investment from Indian companies.

In order to maximize the mission effectiveness for the Governor and the Authority, NJEDA needed greater research insights into the Indian economy and specific economic sectors that match the State's strengths, in order to target the right companies for potential meetings with the Governor and traveling delegation.

On July 23, 2019, the Authority entered into a second contract amendment to NJEDA-2018-GSA-RFQ080 with McKinsey and Company, Inc. Washington D.C. (McKinsey) to provide the background research and information outlined above. The deliverables of this short-term project are to:

- Identify the highest potential sectors and long list of highest potential companies within those sectors, based on expert experience and selected key data points e.g., size, Indian headquarters, growth rate, current international footprint, international growth rate, etc.
- Prioritize short-list of potential target companies, drawing on a combination of their fit with New Jersey, and the perspectives, pattern recognition, insights, and relationships of experts in target Indian sectors
- Design high-level outreach strategy for target companies, including sequencing, key points of contact within companies, owners of outreach
- Develop 2-3 targeted presentations and value propositions to an Indian audience with different company archetypes.

This engagement with McKinsey will provide key actions that NJEDA can take, in partnership with Choose New Jersey and the Governor's Office, to ensure a productive business mission.

The contract amendment, approved under delegated authority, is for a firm-fixed-price not to exceed amount of \$217,283 with the amendment subject to the existing contract terms and conditions.

Staff anticipates the deliverables will be finalized within a five (5) week period from the date of contract execution.

The original contract related to NJEDA-2018-GSA-RFQ080 "Economic Development Strategic Planning Consulting Services for the State of New Jersey" was in the amount of \$1,895,000.



Tim Sullivan
Chief Executive Officer

Prepared by: Fred Cole