



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

ANNUAL REPORT 2017



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Message from Chairman

Laurence M. Downes | NJEDA

New Jersey's geographic location, abundance of talent, educational institutions and cultural diversity all fuel the growth of the State's economy. Governor Phil Murphy's vision for a stronger and fairer New Jersey will leverage these assets and unlock the State's full potential to ensure our economy grows and benefits every resident, community and business.

I was honored to be named Chairman of the Board by Governor Murphy in February 2018 and believe it is an opportune time to take on this exciting role. As a Board member for more than eight years, I have seen firsthand how the New Jersey Economic Development Authority (EDA) can stimulate community investment and expand employment opportunities across the state.

Under the leadership of Governor Murphy and new Chief Executive Officer Tim Sullivan, the EDA is reenergizing and refocusing its efforts on key strategies to strengthen and create a sustainable path forward for New Jersey's economic success.

The 2017 annual report provides examples that illustrate how the EDA's programs can positively impact New Jersey through a wide range of projects. The report highlights a successful effort to quadruple space for startups and entrepreneurs at a co-working space in Asbury Park. And, it demonstrates how training and mentoring enabled a woman-owned enterprise in Garwood to evolve into a thriving community art space.

I am pleased to share the results from 2017, and excited as we continue our work this year. Together with my esteemed fellow Board members, the EDA's talented and dedicated staff, and a range of public and private partners, we will work to drive job creation and business growth to achieve a stronger and fairer New Jersey.



Laurence M. Downes

EDA Board Chairman

Message from CEO

Tim Sullivan | NJEDA

Returning to my home state of New Jersey to lead the New Jersey Economic Development Authority is an honor. I am thankful to the Board for approving my appointment in February and grateful to the enthusiastic and committed staff of the Authority who are focused every day on growing the State's economy. With Governor Murphy's clear vision of building a stronger and fairer economy, I am excited to join the Authority at this pivotal time.

In concert with our new Board Chairman Larry Downes, our vision for the Authority moving forward is one that aims to make New Jersey a national model for inclusive and sustainable economic development. Accordingly, the Authority is focused on several vital areas as we embark on this new path:

- Reclaiming New Jersey's position as the center of innovation and invention;
- Accelerating the growth of clean energy jobs and businesses;
- Strengthening collaboration between academia and industry;
- Leveraging existing assets to help our cities become stronger engines of economic opportunity;
- Creating good jobs for New Jersey residents by unlocking the full potential of our human capital; and,
- Ensuring tax incentive and other programs align with these priorities and maximize the state's return on investment.

These strategies build on the work of the Authority in 2017 and over its four decades of operation. As highlighted in the pages that follow, the projects supported last year go beyond bricks and mortar; they showcase that investments in economic development can serve to revitalize neighborhoods, improve the quality of life of residents, and create new opportunities for entrepreneurship and innovation.

As we continue to work closely with the Governor's Office, other State agencies, and a wide array of stakeholders, the Authority is committed to identifying new and innovative ways to enhance New Jersey's long-term competitiveness and ensure we are best positioned to thrive in the 21st century economy.



Tim Sullivan

EDA CEO

EDA Mission

The New Jersey Economic Development Authority (EDA) is an independent State agency that finances *small and mid-sized businesses*, administers tax incentives to *retain and grow jobs*, revitalizes communities through redevelopment initiatives, and *supports entrepreneurial development* by providing access to training and mentoring programs.

EDA Strategy

The EDA creates public/private partnerships to bridge financing gaps and to *increase access to capital* by the State's business community with an emphasis on small and mid-size businesses and not-for-profit organizations. It supports *entrepreneurial development* through access to training and mentoring programs. It undertakes real estate development projects important to the *State's economic growth* that will create new jobs and *business opportunities* and support community development and revitalization.

2017 Activity By the Numbers

Lending Programs



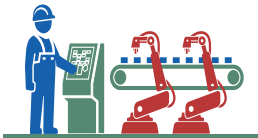
158
Projects
Assisted



\$576.7
Million
EDA
Assistance



\$765
Million
Estimated
Capital
Investment



1,368
Estimated
Permanent Jobs



1,848
Estimated
Construction Jobs



5,174
Retained Jobs
Supported

Tax Incentive Programs



48
Projects
Assisted



\$1.3
Billion
EDA
Assistance



\$3.9
Billion
Estimated
capital
investment



22,149
Estimated
Permanent Jobs



17,065
Estimated
Construction Jobs



6,155
Retained "At-
Risk" Jobs



Growing Innovation

“CCIT has already provided us with amazing support for developing our laboratory and business, including referrals to financial consultants and top-notch life science vendors.”

- *Genomic Prediction Co-Founder,
Dr. Nathan Treff*



Cowerks

Asbury Park | Monmouth County



WWW.COWERKS.COM

Cowerks at the Lakehouse
619 Lake Ave. 3rd Floor Asbury
Park, NJ 07712

Cowerks at Junction Hall
21 Main St Asbury Park, NJ
07712



@COWERKS

Driver

While Bret Morgan started a music club in Montclair shortly after college, frequent trips to Asbury Park led to his ultimate relocation to the seaside city. Morgan went on to partner with local music promoter, Danny Croak, first establishing BandsOnABudget.com, an online company that prints custom merchandise for all types of businesses and brands, with a large majority of its customers being up-and-coming musicians. An article sent to Morgan by his father about a Philadelphia co-working space led to Morgan and Croak teaming up with another local entrepreneur, Gregory Edgerton, to establish Cowerks, which initially operated out of extra space at the Bands on a Budget office on Mattison Avenue in Asbury Park.

While the co-working space concept was being fully embraced in large cities throughout the United States, Cowerks was the first to open at the Jersey Shore. Since 2010, it has been providing Monmouth County entrepreneurs and business professionals with office, meeting, community, and event space. By attracting local technical talent, including entrepre-

“
What we are building is bigger than any one individual or business and that is evident in the community that has grown in and around Cowerks since 2010.

-Cowerks Co-Founder, Bret Morgan

”

Growing Innovation
Coworks Asbury Park | Monmouth County



neurs and startups, building meetup groups, and producing events, Coworks membership has grown to a community of over 2,500. As membership grew, it became clear that Coworks needed more space.

Solution

In 2013, Coworks first expanded into a 1,600-square-foot building on Lake Avenue. Thanks to a combination of year-round residents and summertime visitors looking for work space, a need for additional room prompted Coworks to look to the EDA for financing assistance. In 2016 and 2017, Coworks closed on two direct loans from the EDA totaling \$240,000, which were used to expand the existing Lake Avenue office and establish a second facility on Main Street in Asbury Park.

Morgan said, “Funding provided through the loan helped us quadruple our available space for startups and entrepreneurs to run their business. With the expanded facility also came opportunities for us to hold even more classes and workshops, enabling us to become the go-to resource for technology and entrepreneurial activities in the area.”

Results

Today, workers can set up shop for the day or month at Coworks at the Lakehouse (619 Lake Ave.) or Coworks at Junction Hall (21 Main St.). Coworks at the Lakehouse offers daily, part-time and full-time common area desks, private office and event space, and a conference room that can be booked on demand. Coworks at Junction Hall is adjacent to the Asbury Park Train Station and features eight private offices, a café, event space and community bike shop. The price ranges from \$25 a day for a desk to \$649 a month for a private office. Conference and meeting rooms are available starting at \$30 an hour and are available 24/7.

According to Morgan, “What we are building is bigger than any one individual or business and that is evident in the community that has grown in and around Coworks since 2010. We were in Asbury Park when it just started to make its comeback and now since that revitalization has arrived, you’re really starting to see this culture start to transcend our space and community – that’s something we’re extremely humbled by and proud of.”



<p>PROJECT: Coworks</p>	<p>ESTIMATED JOBS: Four employees / over 2,500 members</p>
<p>LOCATION: Asbury Park / Monmouth County</p>	<p>ESTIMATED INVESTMENT: Self-funded</p>
<p>INDUSTRY/TYPE: Co-working space and other services</p>	<p>EDA ASSISTANCE: Two direct loans totaling \$240,000</p>



Growing Innovation

Coworks Asbury Park | Monmouth County



Coworks is heavily involved in the Jersey Shore's technology scene, regularly hosting events and workshops focused on startups, software development, internet marketing, business development and legal/accounting advice for small businesses. Coworks also has co-produced Asbury Agile, the Jersey Shore Tech Meetup's largest gathering of web and mobile professionals, startup entrepreneurs, designers, developers, small business owners, and tech enthusiasts. More recently, Coworks started hosting two new meetups, Jersey Shore Women in Tech was started by local professionals as a way to support, educate, mentor and develop a network for women in the Information Technology industry; Blockchain JST was started as a way to support the growing local Bitcoin, Ethereum, and Cryptocurrency community.

Coworks has also established strategic partnerships with Rutgers University, NJ Makerspace Association, NJ Tech Meetup and accounting firm WithumSmith+Brown to expand the scope of industries with which member companies have access

to resources and helpful information. Coworks community impact also extends to mentoring local students. This includes computer coding and STEM enrichment workshops, and a partnership with The College of Robotics (Portland, OR) to bring robotics curriculum to students within Monmouth County.

Morgan notes the particular significance of Coworks' expansion to Main Street, which was a collaboration with Second Life Bikes, a bike shop with a community-minded mission, including a "youth earn-a-bike program" providing kids with the opportunity to work with adult mentors to repair bikes that they then can take home. Morgan hopes that by establishing a presence on Main Street, they can help bring the kind of redevelopment the east side has experienced to the west side, providing a connection to the central business district.

Morgan said, "Whether you consider yourself a musician or artist, a mobile app developer, a startup, a maker, or any combination of the aforementioned, Asbury Park is an incredible melting pot for creativity and talent." ■

Growing Innovation

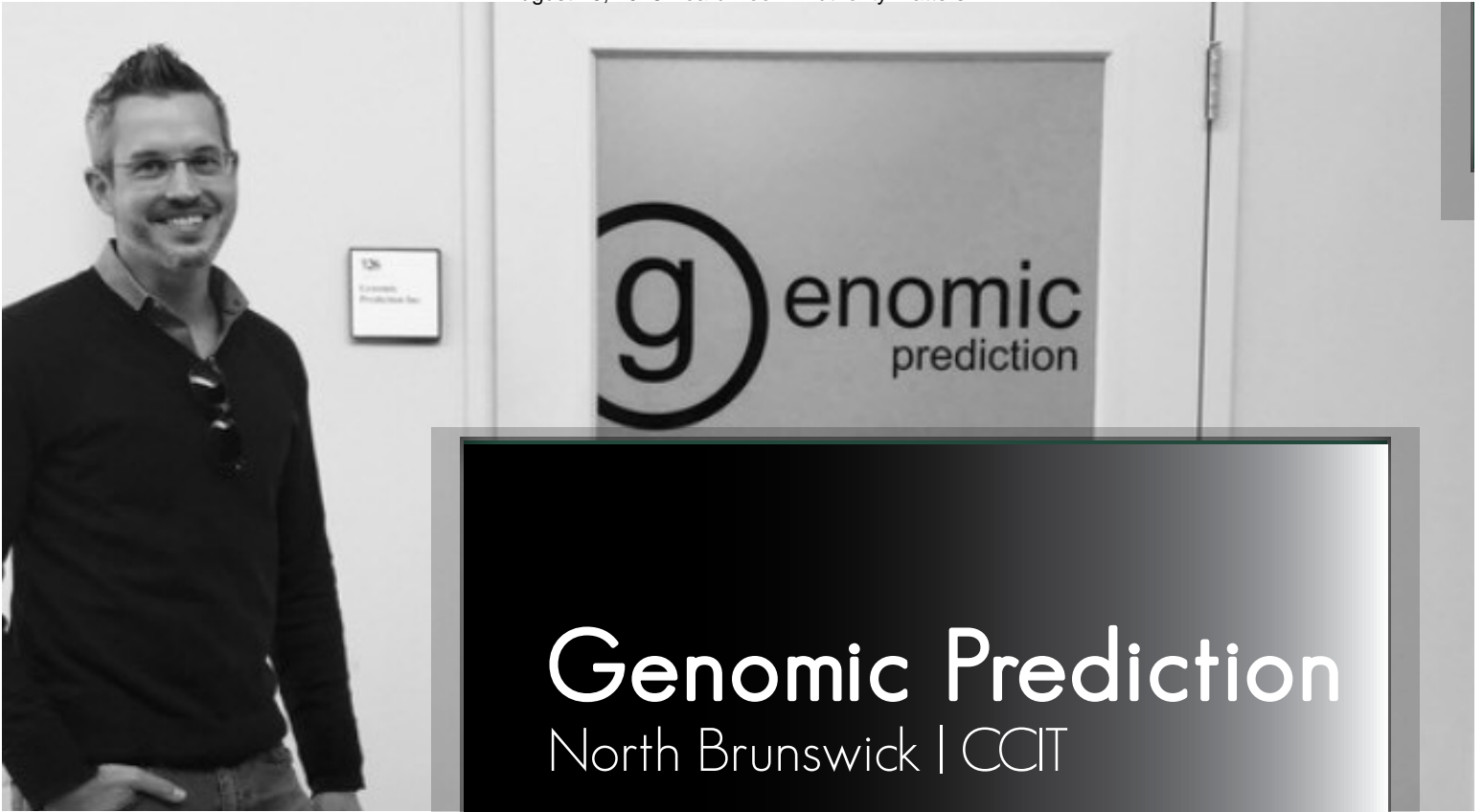
Coworks Asbury Park | Monmouth County



“

Funding provided through the loan helped us quadruple our available space for startups and entrepreneurs to run their business. With the expanded facility also came opportunities for us to hold even more classes and workshops, enabling us to become the go-to resource for technology and entrepreneurial activities in the area.”

-Coworks Co-Founder, Bret Morgan



Genomic Prediction

North Brunswick | CCIT



WWW.GENOMICPREDICTION.COM

Genomic Prediction
675 U.S. Highway 1, Block-
buster Suite
North Brunswick, NJ 08902

Driver

When Dr. Nathan Treff co-founded Genomic Prediction in early 2017, his goal was to help couples undergoing fertility treatments test their embryos for chromosomal abnormalities and genetic disorders. Along with Dr. Treff, who serves as Chief Science Officer, the company was co-founded by Dr. Laurent Christian Asker Melchior Tellier, serving as Chief Executive and Technology Officer, and Dr. Stephen Hsu, Chairman of the Board. All three have an extensive background teaching genomics in universities around the world.

Both Dr. Treff and Dr. Tellier are Rutgers adjunct faculty and industrial affiliates, making New Jersey a natural choice for the location of Genomic Prediction. The company's other requirements included wet lab space, a multitude of amenities, and easy access to both New York and Philadelphia.



The CCIT is located in a hotspot for genomic research and as a result it has been very easy to find highly talented individuals in our field.

- Genomic Prediction Co-Founder,
Dr. Nathan Treff



Solution

Through word of mouth from industry leaders, Dr. Treff learned of the EDA's

Growing Innovation

Genomic Prediction North Brunswick | CCIT



Commercialization Center for Innovative Technologies (CCIT) in North Brunswick. The company ultimately moved to the CCIT in June 2017.

The EDA opened CCIT in 2002 as part of its 50-acre Technology Centre of New Jersey campus in North Brunswick. Originally offering 20,000 square feet of space, CCIT was expanded in 2005 to 46,000 square feet, with the addition of 10 wet labs, office space and flexible conference facilities. CCIT provides access to a wide array of resources and educational and networking opportunities and is considered to be one of the most significant incubation facilities in the nation dedicated to life sciences and biotechnology.

Results

Since its move to CCIT last June, Genomic Prediction has expanded four times. To date, the rapidly growing company has raised \$3.2 million of capital, and has hired an additional eight employees and brought on three university interns. The company has eight other applicants in its recruiting pipeline. According to Dr. Treff, "The CCIT is located in a hotspot for genomic research and as a result it has been very easy to find highly talented individuals in our field."

The company, which intends to make its CCIT lab the core of its national and international activities focused on advanced genetic testing for In Vitro Fertilization (IVF), has developed a variation of a current test known as pre-implantation genomic screening (PGS), which screens embryos before implantation into the mother. Dr. Treff cites the CCIT as critical to the company's ability to develop and release to market a PGS technological innovation called GSEQ, which assesses embryos fertilized in a lab and determines from their DNA which embryos are normal and healthy, screening out diseases and improving newborn health by identifying which embryos are genetically normal - achieving this task with higher sensitivity and accuracy, lower cost, and vastly easier laboratory protocol than existing tests. Genomic Prediction is also soon to release a proprietary, entirely novel technology named EPGT, which allows testing of an expanded set of genetic variants compared to standard PGS, including a wider variety of chromosomal conditions, single and polygenic gene diseases, and other abnormalities.

Dr. Treff notes that CCIT has helped his company with the acquisition of free computation from Google and Amazon, the reception and installation



CCIT IMPACT

TENANTS:
21

GRADUATES:
46

WET LABS:
27 - the most of any incubator in the State

TENANT-UNIVERSITY COLLABORATIONS:
159, including Rutgers, Princeton, Stevens Institute of Technology and NJIT.

2017 EDUCATIONAL AND NETWORKING EVENTS:
14 Community and tenant-focused events.



Growing Innovation Genomic Prediction North Brunswick | CCIT



“

Some of our key personnel have developed relationships in New Jersey, including Rutgers University; that made the decision to reside in New Jersey very practical.

- Genomic Prediction Co-Founder, Dr. Nathan Treff

”

of sequencing machines and embryo biopsy shipments, the installation of backup power generators and custom-hardened internet infrastructure, and with filing of copyright claims, IP claims, and complex medical product insurance policies. The company has also been able to further strengthen its ties with Rutgers, hosting classes of young science students focused on the Genomic Prediction coding skill battery.

“CCIT has already provided us with amazing support for developing our laboratory and business, includ-

ing referrals to financial consultants and top-notch life science vendors. In addition, the plug-and-play laboratory space and administrative support has made the initial setup extremely convenient and smooth. The NJEDA also brought the New Jersey Angel Investor tax credit program to our attention, giving us an opportunity to significantly improve our investor relations moving forward. Due to this incredible support, we have reached important milestones ahead of schedule.” ■

Growing Innovation Genomic Prediction North Brunswick | CCIT



“ The NJEDA also brought the New Jersey Angel Investor tax credit program to our attention, giving us an opportunity to significantly improve our investor relations moving forward. Due to this incredible support, we have reached important milestones ahead of schedule.”

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- Genomic Prediction Co-Founder,
Dr. Nathan Treff



Small Business Support

“The funding provided by TD Bank and the EDA has been pivotal to our efforts to bring our manufacturing in-house, affording us greater control over production and creating skilled jobs here in New Jersey.”

- ICF Owner, David Ronner

south avenue arts

South Avenue Arts

Garwood | Union County



WWW.SOUTHAVENUEARTS.COM

South Avenue Arts
221 South Avenue, Garwood
NJ, 07027



@SOUTHAVENUEARTS
@SOUTHAVENUEARTSGALLERY

Driver

When Sharon Reed set out to open an art studio in the heart of New Jersey, she was armed with a vision of a community-oriented location where she could offer art lessons, studio rentals and exhibitions and share her love of the arts with her hometown of Garwood. What she lacked was a detailed plan for operating a sustainable business.

Reed, an award-winning oil painter and the daughter of an art teacher, knew she needed assistance to turn her vision into a reality. That's when she learned about "Entrepreneurship 101," a six-week workshop for small business startups available through a partnership between the New Jersey Economic Development Authority (EDA) and UCEDC, a nonprofit economic development corporation.

Solution

In the fall of 2015, Reed enrolled in Entrepreneurship 101. The workshop guides entrepreneurs and business owners through the early stages of the entrepreneurial process, with the goal of provid-



We love our town and Garwood is the perfect location for South Avenue Arts. We are centrally located, close to public transportation, and are excited to be offering a community for creative and talented kids and artists.

- South Avenue Arts Founder and Owner, Sharon Reed



Small Business Support

South Avenue Arts Garwood | Union County



ing the tools needed to give a business idea the best possible chance of survival. Entrepreneurship 101 participants are guided through a real-world assessment of their business idea and market feasibility, as well as their own ability to handle the demands of business ownership. The steps to opening a business in New Jersey, choosing a legal structure, developing a business plan and establishing cost, revenue and cash flow projections are addressed in a variety of interactive exercises.

The EDA has a strategic partnership with UCEDC to increase the array of training and technical assistance services available to entrepreneurs and small businesses in the State, extending its support beyond financing.

Entrepreneurship 101 is one of many resources, including additional training sessions and a suite of loan products, available through UCEDC. Since UCEDC’s inception more than 40 years ago, 11,000 small business owners and fledgling entrepreneurs have participated in UCEDC’s various training programs and UCEDC has also provided \$30 million

to small businesses throughout New Jersey, helping to create and retain more than 6,000 jobs. In 2017, UCEDC approved 61 small business loans totaling \$9.6 million. Minority-owned businesses accounted for 54 percent of those loans, while women-owned operations represented 69 percent.

“The Entrepreneurship 101 workshop and ongoing coaching with my UCEDC business mentor have really helped me turn my vision into a viable business. It’s very rewarding to be able to offer budding artists a collaborative, supportive environment, and to see the community so whole-heartedly embracing South Avenue Arts,” Reed said.

Results

Upon completing the Entrepreneurship 101 class, Reed hit the ground running with her business plan. She set her sights on the former Veterans of Foreign Wars (VFW) Hall in Garwood and transformed it into a 3,000-square-foot creative, cooperative community art space.



UCEDC IMPACT

LENDING:
 61 loans
 \$9.6 million approved
 54% Minority-owned
 69% Women-owned
 387 Jobs created/retained

GOVERNMENT CONTRACTING:
 2,600 Total Awards
 \$150 Million awarded

43% Disadvantaged-owned
 10% Women-owned
 2,700 Jobs created/retained

TRAINING:
 138 Workshops
 1,748 Attendees
 638 Clients mentored
 50% Minority-owned
 65% Women-owned

Small Business Support

South Avenue Arts Garwood | Union County



When the doors opened in September 2016, the VFW Hall was barely recognizable. In its place stood a space that included two semi-private studios, a large shared co-working studio for artists looking to rent space, and a gallery selling local art, jewelry, and gifts. As a tribute to its original incantation, the VFW Hall's original fixtures and 14-foot wood and stained-glass bar were retained, which Reed kept as the focal point of the entryway.

By the time EDA and UCEDC representatives visited South Avenue Arts in May 2017, Reed had hired four additional instructors. She has hired four more since that time. The studio has expanded its offerings to include classes in anime and manga. South Avenue Arts offers something for art lovers of all ages, including half-day summer camp for artists as young as first grade, a variety of beginning and intermediate classes for adults, and rooms for kids'

birthday celebrations, and group painting parties. In yet another example of the community-oriented atmosphere South Avenue Arts offers, Girl Scouts, Brownies, and Daisies can earn art badge with their troop by painting a floral still life or another project of their choice.

"We'll continue to offer fun and instructional art classes for all ages and will also begin holding artist workshops this fall," she said. "We are looking for talented artists and teachers from around the country to visit New Jersey for a weekend and offer an intensive one- or two-day workshop."

Plans also continue for more group exhibits in the South Avenue Arts Gallery, and Reed is always look for unique artists interested in selling handmade items in the studio's boutique. ■

Small Business Support

South Avenue Arts Garwood | Union County



“

The Entrepreneurship 101 workshop and ongoing coaching with my UCEDC business mentor have really helped me turn my vision into a viable business. It's very rewarding to be able to offer budding artists a collaborative, supportive environment, and to see the community so whole-heartedly embracing South Avenue Arts.

”

- South Avenue Arts Founder and Owner, Sharon Reed



ICF Mercantile

Warren | Somerset County



WWW.ICFMERCANTILE.COM

ICF Mercantile
150 Mt. Bethel Road
Building 2
Warren, NJ 07059



@ICFMERCANTILE-LLC

Driver

For over 30 years, ICF Mercantile (ICF) has operated as a distributor of fiber, yarn and fabrics for a broad range of industrial, textile and apparel challenges, including flame-retardant fiber and yarn, medical devices, and heat insulating materials for the aerospace industry.

“Innovation often has a ripple effect that can radically change how a product is manufactured,” said David Ronner, owner of ICF Mercantile. “Keeping abreast of advances in technology can seem daunting if you have to do it yourself. That’s where ICF can be a huge resource for anyone who uses technical fibers and yarns in their products.”

For years, ICF’s inventory was manufactured overseas. Looking to shift operations to its home state of New Jersey, the business turned to the EDA for support.

Solution

Through the EDA’s Premier Lender Program, a \$600,000 loan from TD Bank, which



The funding provided by TD Bank and the EDA has been pivotal to our efforts to bring our manufacturing in-house, affording us greater control over production and creating skilled jobs here in New Jersey. Our new capabilities will enable us to be more efficient and more responsive to our clients.

- ICF Owner, David Ronner



Small Business Support

ICF Mercantile Warren | Somerset County

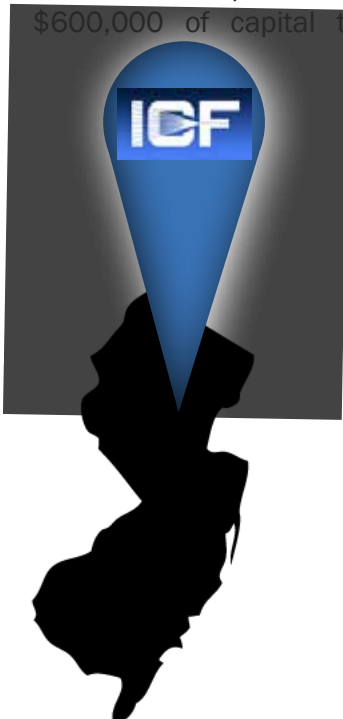


included a 50 percent EDA participation, enabled ICF to shift its manufacturing operations from a foreign facility to the United States. Ronner noted that the loan allowed for the acquisition of volume production equipment, enabling ICF to manufacture its products at its new, 17,660-square-foot facility in Warren.

“The funding provided by TD Bank and the EDA has been pivotal to our efforts to bring our manufacturing in-house, affording us greater control over production and creating skilled jobs here in New Jersey. Our new capabilities will enable us to be more efficient and more responsive to our clients.”

The EDA partners with Premier Lender banks to provide small businesses with low cost financing that includes EDA loan participations and/or guarantees, and line of credit guarantees. Businesses can use this financing for fixed assets or term working capital. The EDA’s ability to provide guarantees or participations for a portion of these loans helps to reduce risk for lenders, and enhance access to capital for small businesses.

ICF ownership also invested an additional \$600,000 of capital to support its expansion.



Results

ICF spent 2017 building up its manufacturing operations, having received its Certificate of Occupancy for the new Warren location early in the year. Since then, ICF has brought all of its manufacturing in-house and continues to grow and expand. As a result, ICF expects to more than double its staff of eight in the coming years.

“Within the next year, we will continue to expand our capabilities, capacity, and vertical integration,” Ronner said. “This, of course, will require additional manufacturing space, employees, and other peripheral resources.”

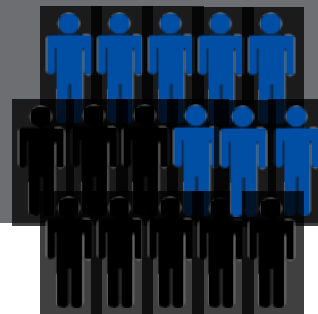
PROJECT:
ICF Mercantile

LOCATION:
Warren | /Somerset
County

INDUSTRY/TYPE:
Manufacturer and
distributor of specialty
fiber, yarn and fabrics

ESTIMATED JOBS:
Eight, with plans to
double its staff in the
coming years.

EDA ASSISTANCE:
Premier Lender Program



Small Business Support
ICF Mercantile Warren | Somerset County



Small Business Support

ICF Mercantile Warren | Somerset County

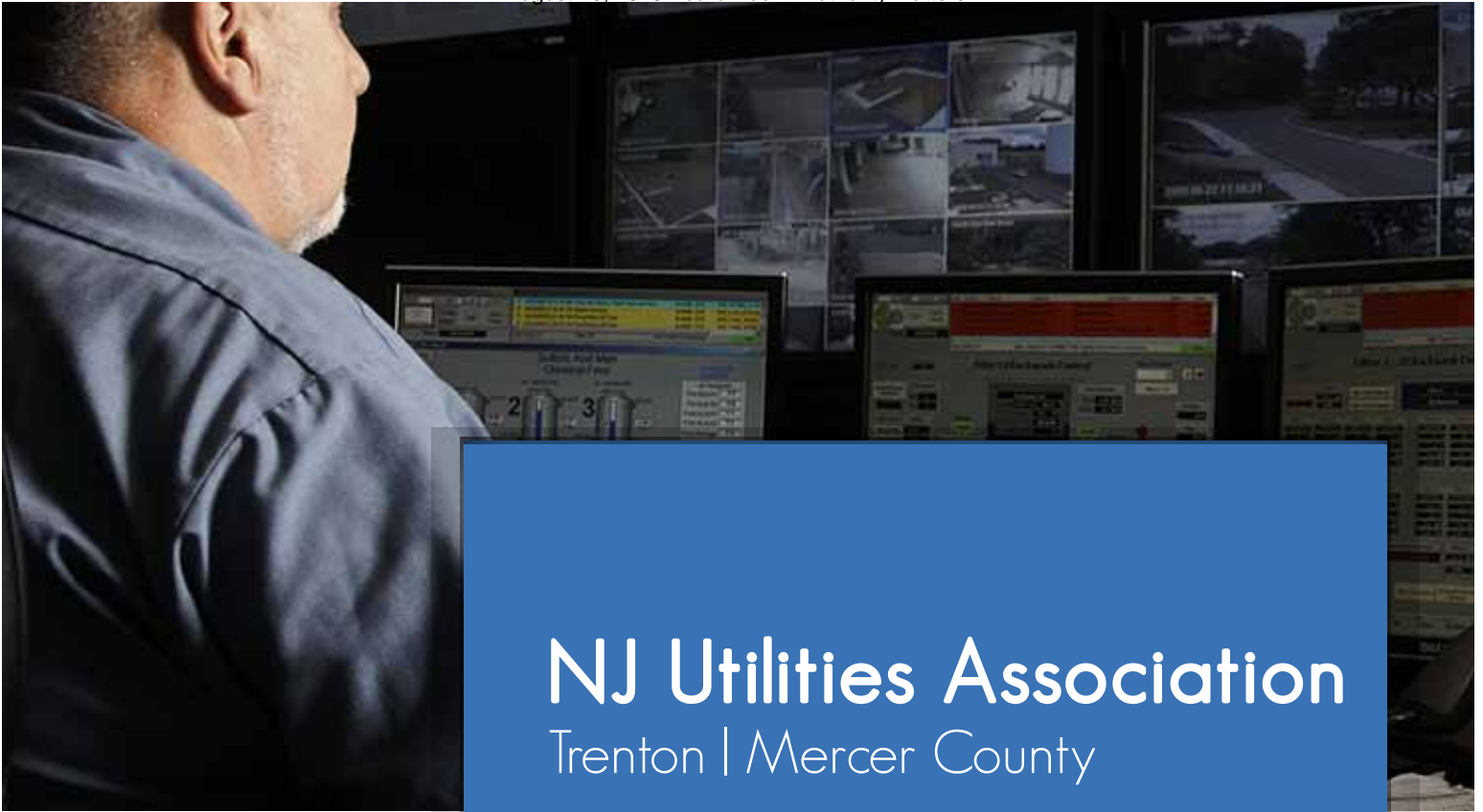


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”

- ICF Owner, David Ronner



NJ Utilities Association

Trenton | Mercer County



WWW.NJUA.COM

NJUA
154 W State St, Trenton, NJ
08608



@NJUTILITIES

Driver

NJUA has occupied a suite at 50 West State Street in Trenton since 1990. The EDA's announcement of the Business Lease Incentive (BLI) program prompted NJUA's leadership to consider a move to a street-level location. After identifying suitable space at nearby 154 West State Street, NJUA applied and became the first entity approved for assistance under the BLI program, which 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 square feet of new or additional market-rate, first-floor office, industrial or retail space for a minimum five-year term.

Solution

New Jersey urban areas are home to many small businesses. Customers and residents frequent stores and offices, giving life to city streets. Together with the Business Improvement Incentive (BII) Program, the BLI program is designed to support the growth of retail and services in Garden State Growth Zones



The BLI program was a key factor in our decision to relocate within Trenton.

- President, NJUA, Andrew Hendry



Small Business Support

NJ Utilities Association Trenton | Mercer County

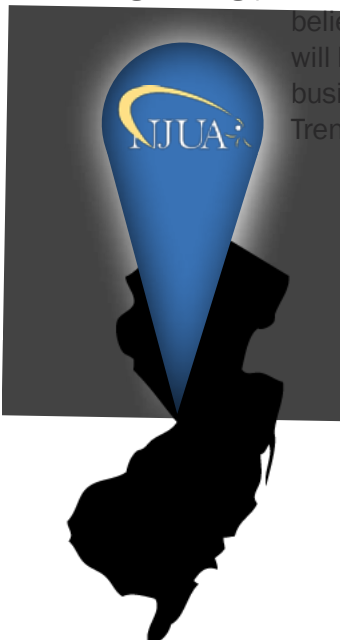


(GSGZs) by providing grants to street level, new and expanding businesses. These GSGZs were designated as Atlantic City, Camden, Passaic, Paterson, and Trenton through the New Jersey Economic Opportunity Act (EOA).

“The BLI program was a key factor in our decision to relocate within Trenton,” said NJUA President Andrew Hendry. “Our new street-level offices on West State Street will increase our visibility and accessibility and enable us to engage more fully with the community.”

The organization’s new headquarters will occupy 1,890 square feet on the first floor of a recently renovated historic property. The three-story brownstone, located just 250 feet from the State House, is one of five Trenton properties purchased and renovated in the last year by Staten Island native and real estate developer John Salis. The NJUA will be joined in the building by two other new tenants – a law firm and a technology company, and a fully-furnished walk-out basement space is currently available.

“When I purchased the property, it needed a lot of work, but the architecture and the location appealed to me,” said Salis. “I see the potential of the capital city and hope to influence other investors to be a part of the change taking place in Trenton.” Salis noted that he believes the BLI and BII programs will be instrumental in encouraging businesses to locate or expand in Trenton.



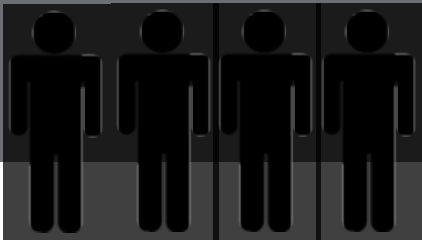
Results

NJUA’s new headquarters location will provide the organization with increased visibility and accessibility and will positively impact the surrounding neighborhood with increased foot traffic. The NJUA’s overall contribution to the community reaches all parts of the State. NJUA members support a wide range of community and philanthropic causes. These companies donate a combined \$15 million annually and provide volunteer resources to New Jersey-based charitable organizations.

Another component of NJUA’s corporate citizenship is its scholarship programs. Each year, NJUA awards the Excellence in Diversity Scholarship to qualified and deserving New Jersey high school seniors who meet the program’s eligibility criteria, which include not being a child of a NJUA member company employee. The James R. Leva Scholarship is sponsored by NJUA to assist member company employees who are employed in New Jersey, or a member of their family, in pursuing their higher education goals. The scholarship is named for James R. Leva, Jersey Central Power and Light executive and NJUA President from 1990-1991, whose professional achievements serve as a model for those who seek to advance themselves professionally through continuing education.

NJUA also offer the NJUA Trade and Vocational School Scholarship to two qualified students who will be pursuing a Trade or Vocational degree at an New Jersey accredited school. Details on all scholarship programs and application forms are available at www.njua.com.

<p>PROJECT: New Jersey Utilities Association (NJUA)</p> <p>LOCATION: Trenton/Mercer County</p> <p>INDUSTRY/TYPE: Utilities</p>	<p>ESTIMATED JOBS: Four</p> <p>EDA ASSISTANCE: Business Lease Incentive (BLI)</p>
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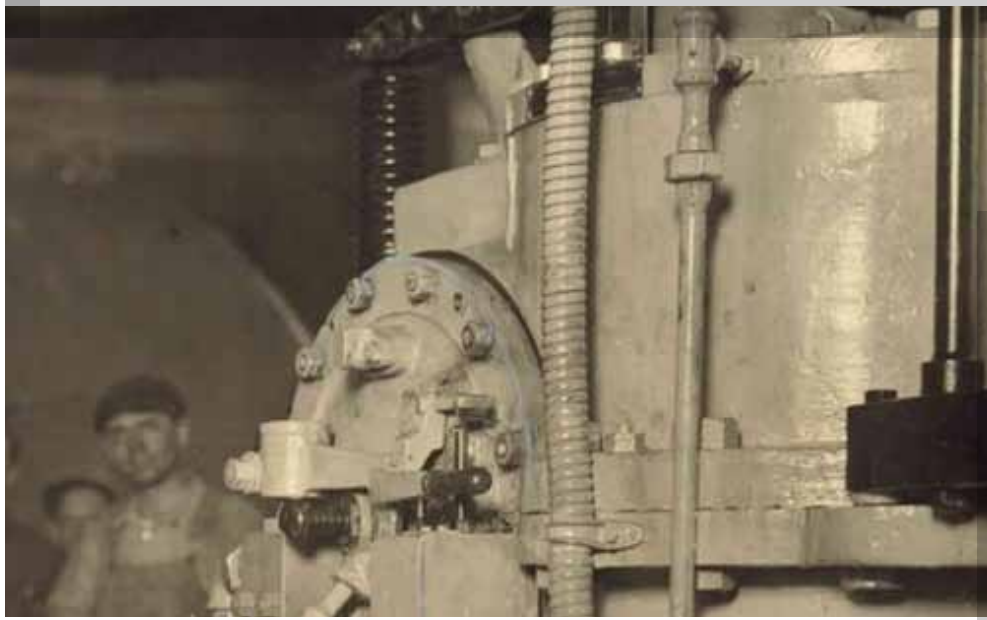


Small Business Support
NJ Utilities Association Trenton | Mercer County



Small Business Support

NJ Utilities Association Trenton | Mercer County



“

When I purchased the property, it needed a lot of work, but the architecture and the location appealed to me. I see the potential of the capital city and hope to influence other investors to be a part of the change taking place in Trenton.

”

*- John Salis, Real Estate Developer
(owner of 154 West State Street)*

Business and Community Development

“We build transformative projects in urban areas that have the potential of being America’s next great city. Downtown Newark is at the top of our list.”

- Dranoff Properties President and Founder, Carl Dranoff



Edison Solutions

Pennsauken | Camden County



Driver

North Bergen-based Edison Lithography & Printing Company had been delivering cost-effective printing services and manufacturing temporary cardboard displays, in-store décor and signage for the retail industry for over 55 years. Buoyed by its success, Edison acquired Compass, a display company in Georgia, in 2015, ultimately creating a new entity – Edison Solutions.

Following the formation of the new company, co-owners, husband and wife Joe and Susan Ostreicher, joined by Susan’s brother George Gross, sought to acquire a second facility and new machinery to support the company’s growth and enhance its wide format printing capabilities. Edison Solutions was evaluating locations in Kennesaw, Georgia and Pennsauken, New Jersey.

Solution

To encourage the company to choose Pennsauken over the Georgia location, which would involve the creation of



Now with the space and the equipment we have here, what they [Georgia] could produce in a day, we can do here in two hours. The equipment in Pennsauken is eight times as fast.

- Edison Solutions, Chief Operating Officer,
Joseph Ostreicher



WWW.EDISONLITHO.COM

Edison Solutions
3725 Tonnelle Avenue
North Bergen, New Jersey
07047

Business and Community Development

Edison Solutions Pennsauken | Camden County



95 new jobs and private investment of more than \$4.4 million, the EDA approved tax credits of up to \$8 million over 10 years through the Grow NJ tax incentive program.

The EDA also encouraged Edison Solutions to leverage its traditional financing programs, which included direct loans, and tax-exempt bonds. Through the EDA's direct loan program, qualifying businesses are eligible for up to \$2 million for fixed assets and up to \$750,000 for working capital; tax-exempt bonds of up to \$10 million are available for manufacturers in the State.

Results

As a result of the Grow NJ approval, Edison Solutions decided to acquire its new 117,000-square-foot facility at 1700 Suckle Highway in Pennsauken. Two direct EDA loans totaling \$2 million supported the purchase of its facility, as well as new printing equipment. Also helping with the purchase of new equipment and machinery were two tax-exempt bonds

totaling up to \$5.6 million, issued by the EDA and directly purchased by TD Bank.

According to Chief Financial Officer Susan Ostreicher, "As a family-owned-and-operated business, we have been delivering the highest-quality products for the retail industry for over 55 years. With EDA and TD Bank support, we have been able to expand strategically while continuing to offer the same level of quality that our customers have enjoyed for generations."

Situated on 7.7 acres and offering highway frontage on Route 130, the company will benefit from Pennsauken's prime business location, offering access to major transportation arteries and a large employee base. The facility is also close to its North Bergen headquarters, helping to streamline operations.

In June 2017, Edison Solutions held a ribbon cutting to celebrate the new digital printing press at the Pennsauken facility.

Chief Operating Officer Joe Ostreicher said, "Now

PROJECT: Edison Solutions	ESTIMATED JOBS: 60 at risk retained jobs; 95 new jobs
LOCATION: Pennsauken/Camden County Also maintain its headquarters in North Bergen/Hudson County	ESTIMATED INVESTMENT: \$4.4 million private investment
INDUSTRY/TYPE: Manufacturing; printing services	EDA ASSISTANCE: EDA direct loans; tax-exempt bond financing; Grow NJ tax incentive

Business and Community Development


Edison Solutions Pennsauken | Camden County



with the space and the equipment we have here, what they [Georgia] could produce in a day, we can do here in two hours. The equipment in Pennsauken is eight times as fast.”

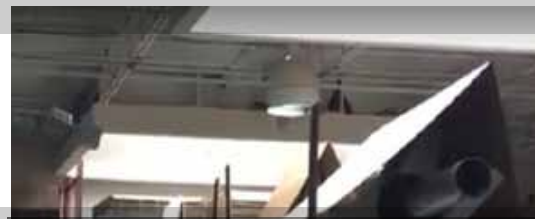
The three-year prospectus for the company’s Pennsauken facility conservatively estimates five percent growth year over year in certain product

categories; this does not reflect an expansion into new markets that would serve to complement Edison Solutions’ current capabilities.

“We are looking for growth in the packaging industry. That is the fastest growing sector in printing and finishing now,” Susan Ostreicher notes. 

Business and Community Development

Edison Solutions Pennsauken | Camden County



“

As a family-owned-and-operated business, we have been delivering the highest-quality products for the retail industry for over 55 years. With EDA and TD Bank support, we have been able to expand strategically while continuing to offer the same level of quality that our customers have enjoyed for generations.

”

- Edison Solutions, Chief Financial Officer, Susan Ostreicher



Master Metal

Paterson | Passaic County



WWW.MASTERMETAL.COM

Master Metal
57 Wood St, Paterson, NJ
07524

Driver

Founded in 1962, family-owned and operated Master Metal initially offered polishing services for small shops out of its 7,500-square-foot facility in Woodside, New York. Over the years, the company has evolved, adopting an aluminum anodizing system that supports its aerospace metal finishing and processing operation.

Attracted by lower rental pricing, the manufacturer relocated to its 22,000-square-foot facility on Wood Avenue in Paterson in 2007. The building was previously home to a company that specialized in alkaline zinc plating for the automotive industry and had gone out of business after 20 years. As a result, the transition for Master Metal was easier as they were able to retain critical systems that already were in place, and also hire many of the highly-skilled employees that worked for the previous tenant company.



New Jersey's skilled labor pool was one of the factors that brought us to the state and allowed for a seamless move to Paterson. Today, that workforce is of the key factors in our ongoing success as we continue to evolve with the needs of the market.

- Master Metal President, Jeff Almeyda



Business and Community Development

Master Metal Paterson | Passaic County



The facility, which offers state-of-the-art equipment and systems, requires rigorous research and development, significant capital investment, and the highest level of technical expertise. In order to remain competitive in its industry, Master Metal determined that it needed to upgrade its machinery and equipment. The company was evaluating whether to make this investment at its existing Paterson facility, or relocate its operations to a newer and lower cost facility in Wind Gap, Pennsylvania.


the highest level of incentives in these communities, which also includes Camden, Atlantic City, Passaic and Trenton.

Solution

To encourage the company to invest in Paterson, retain its workforce of 34 and create 31 new jobs, the EDA approved tax credits of up to \$9.26 million over 10 years through the Grow NJ tax incentive program. The company benefited from a base grant of \$5,000 due to its location in a Garden State Growth Zone, as designated through the Economic Opportunity Act of 2013. Under the Act, the Legislature provided for

Results

As a result of the Grow NJ approval, the company decided to remain and grow in Paterson, New Jersey. In 2017, Master Metal certified completion of its project, receiving the first annual disbursement of \$940,000. The company had estimated capital investment of \$640,000 at application and certified actual investment totaling \$940,000. The company also certified the creation of 37 new jobs and the retention of 35 jobs that were at risk of being relocated to Pennsylvania.

According to President Jeff Almeyda, "We are adding new processes and are set to expand significantly in 2018-2019." 



PROJECT:
Master Metal

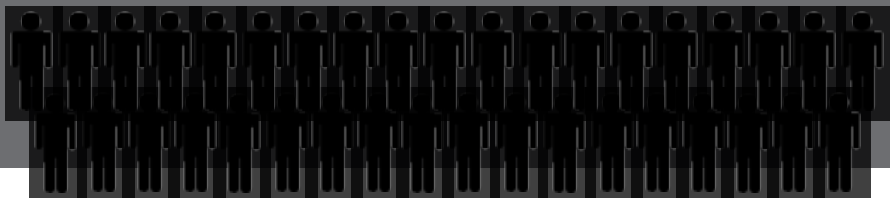
LOCATION:
Paterson/Passaic County

INDUSTRY/TYPE:
Manufacturing; aerospace metal finishing and processing company

ESTIMATED JOBS:
35 at risk retained jobs, 37 new jobs created

ESTIMATED INVESTMENT:
\$640,000 estimated capital investment at approval; actual certified capital investment at initial tax credit issuance was \$940,000.

EDA ASSISTANCE:
Grow NJ tax incentive





One Theater Square

Newark | Essex County



WWW.ONETHEATERSQUARE.COM

One Theater Square
34-40 Park Place, Newark,
NJ 07102

Driver

In 1997, the New Jersey Performing Arts Center (NJPAC) opened in downtown Newark, marking the start of a renaissance for New Jersey's largest city. As a premier cultural institution providing music, theater, dance and children's programming, NJPAC's mission has been to surround itself with private development, including residential, to create a theater square neighborhood and support the revitalization of Newark.

Starting in 2005, efforts were made to begin development of a residential tower, with predevelopment taking place. NJPAC then undertook a national search for a development partner, ultimately selecting award-winning national developer Dranoff Properties in 2008 through a competitive process. While initial plans to build the residential tower on a 1.2-acre parking lot were unveiled, the global recession combined with local market forces caused the project to be delayed for another eight years.

“
We build transformative projects in urban areas that have the potential of being America's next great city. Downtown Newark is at the top of our list.

- Dranoff Properties President and Founder, Carl Dranoff

Solution

While the market had improved by 2013 and a residential real estate boom in Jersey City and Hoboken spread to demand for new housing in Newark, a unique public-private partnership was needed to make the luxury, mixed-use residential tower – now called One Theater Square – a reality.

The project’s capital stack included support from the city of Newark; Prudential Financial; Fifth Third Bank; Dranoff Properties; and NJPAC, but additional financing was still needed. Critical to filling the gap was the Urban Transit Hub Tax Credit Program. In November 2013, the EDA approved the project for up to \$33 million in tax credits under the Hub program, determining that it was material to One Theater Square advancing. Also critical was a loan of \$11.83 million from the City, largely using proceeds from its Airport Rental Car Tax. The EDA also approved a Redevelopment Area Bond of \$1.46 million to complete the financing. New Jersey Manufacturers and Horizon Blue Cross bought the \$33 million in Urban Transit Hub tax credits, with Prudential lend-

ing money against the tax credits to enable construction to commence in November 2016.

The 22-story brick and glass skyscraper has transformed the former parking lot into a shining example of thoughtful planning and inspired architecture, and represents Newark’s first ground up luxury living address in more than 50 years

Developer Carl Dranoff has said, “We build transformative projects in urban areas that have the potential of being America’s next great city. Downtown Newark is at the top of our list and One Theater Square’s bulls eye location is second to none: in the heart of a dynamic downtown; across from NJPAC and Military Park; just 15-minutes by train to Manhattan; stunning views; high walkability scores. The architectural character of the historic neighborhood, its stately brick streetscapes and an eclectic array of nearby restaurants, galleries and shops make it a perfect location and fit for our product.”

PROJECT:
One Theater Square

LOCATION:
Newark/Essex County

INDUSTRY/TYPE:
Mixed-use residential tower

ESTIMATED JOBS:
Over 200 construction jobs; 15 permanent staff upon completion

ESTIMATED INVESTMENT:
\$116 million

EDA ASSISTANCE:
Urban Transit Hub Tax Credit Program; Redevelopment Area Bond

Business and Community Development

One Theater Square Newark | Essex County



Results

In September 2017, EDA joined with a large group of stakeholders to celebrate the topping off of One Theater Square.

According to Dranoff, “With its dramatic curved glass front, One Theater Square has redefined Newark’s skyline and its completion this summer will be an exclamation point on the massive revitalization efforts that have spurred Newark’s renaissance.”

One Theater Square offers 245 luxury apartments, 12,000 square feet of ground level retail, 285 parking spots and five-star amenities that will include: 24-concierge service, a state-of-the-art fitness center, club rooms, and an outdoor entertainment space with soft seating, TV’s and fire pits.

While the residential component of the Urban Transit Hub Tax Credit Program did not have a legislative requirement related to job creation or retention, over the course of its 24-months of construction, One Theater Square has employed over 200 construction workers many of whom are Newark residents. Dranoff also notes, “Once completed, 15 permanent staff positions will be created to operate the building and deliver a five-star, luxury living experience to the residents.”

One Theater Square will begin leasing in Spring 2018 with move-ins starting in August. Retail leasing is also underway with exciting announcements coming in the near future. ■

Business and Community Development

One Theater Square Newark | Essex County

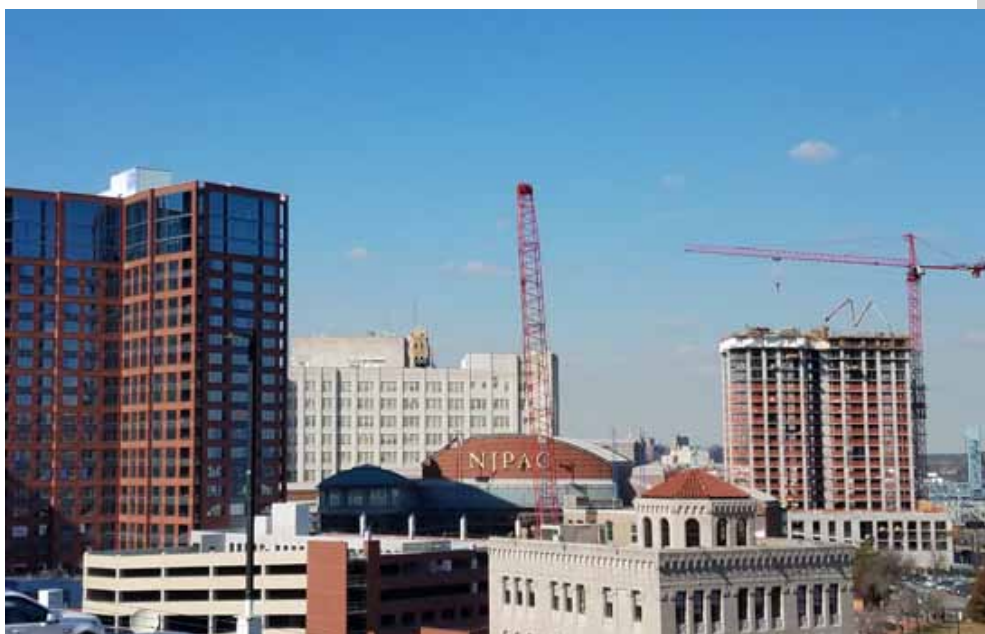


“

“With its dramatic curved glass front, One Theater Square has redefined Newark’s skyline and its completion this summer will be an exclamation point on the massive revitalization efforts that have spurred Newark’s renaissance.”

”

- Dranoff Properties President and Founder, Carl Dranoff





EDA Team



EDA Executive Team



Tim Sullivan
Chief Executive Officer



Timothy J. Lizura
President & Chief Operating Officer



Frederick J. Cole
Senior Vice President, Operations



Maureen Hassett
Senior Vice President, Governance,
Communications & Strategic Initiatives



Lori Matheus
Senior Vice President, Finance &
Development

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Public Members

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Chairman and CEO, New Jersey Resources

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Essex County Chief of Staff

Fred. B. Dumont
Business Manager, Heat & Frost Insulators and
Asbestos Workers Local 89

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Camden Economic Recovery Board

EDA Product Overview

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.

EDA Product Overview

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 participation and/or guarantees, and line of credit guarantees. Businesses can use this financing for fixed assets or term working capital.

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.

Real Estate Impact Fund

The Real Estate Impact Fund provides up to \$3 million to developers and not-for-profit organizations and up to \$750,000 to public entities for costs associated with redevelopment projects in strategic urban and other significant locations that would not otherwise occur in the near term.



EDA Product Overview

Tax Credit Incentives



Grow NJ Program

Grow NJ is a job creation and retention incentive program. Businesses that are creating or retaining jobs in New Jersey may be eligible for transferable 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. Please visit www.NJEDA.com/GrowNJ for more information.

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. The grant is not meant to be a substitute for conventional debt and equity financing, and applicants should generally have their primary debt financing in place before applying. In order for a project to be approved, it needs to undergo a rigorous analysis of the sources and uses of funds, construction costs and projected revenues. Please visit www.NJEDA.com/ERG for more information.

Garden State Growth Zone Business Lease & Business Improvement Incentives

This pilot program, which was recently approved by the EDA Board, provides rent and building improvement reimbursement to street level businesses and facilities within eligible commercial corridors of a Garden State Growth Zone (Atlantic City, Camden, Passaic, Paterson and Trenton.)

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.

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.

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.



EDA Product Overview

Technology & Life Sciences



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. Visit www.njeda.com/angeltaxcredit for more information.

Biotech Incubator and Research Park

The Commercialization Center for Innovative Technologies (CCIT) is the leading incubator in the region dedicated to life sciences and biotechnology companies. CCIT is a 46,000 sq. ft. incubator in a 75-acre research park in North Brunswick. Labs range from approximately 800 – 1,000 sq. ft. and are “plug and play” ready. Tenant companies have shared access to conference rooms, reception services, two kitchens, loading docks, an NMR, dishwashing and autoclave. Separate private offices are also available. Many successful companies have graduated from CCIT, including Advaxis, Amicus Therapeutics (Nasdaq: FOLD), Chromocell (founded by Nobel laureate Gunter Blobel), GENEWIZ (over 1000 employees), and more. Visit www.NJEDA.com/CCIT or contact CCIT 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 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

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.



www.njeda.com/TLS



EDA Product Overview

Site Remediation



Brownfields and Contaminated Site Remediation Program

Developers in New Jersey who need financial assistance to clean up and redevelop polluted sites and closed municipal landfills may enter into a redevelopment agreement with the EDA and be eligible to recover a portion of their remediation costs.

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

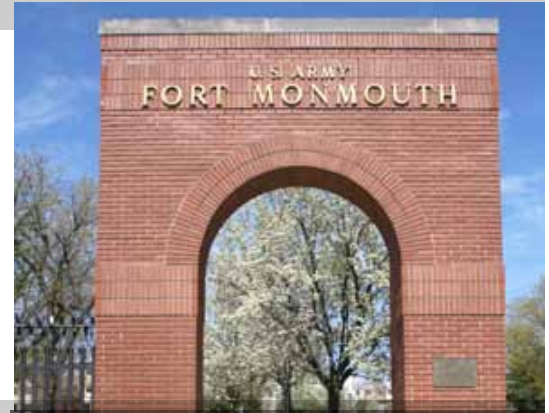
An eligible developer seeking financial assistance in the closure, remediation and redevelopment of municipal landfill sites in NJ may be eligible for reimbursement of 75% of the closure or clean up costs.

Petroleum Underground Storage Tank Program - Leaking Tanks Commercial & Residential

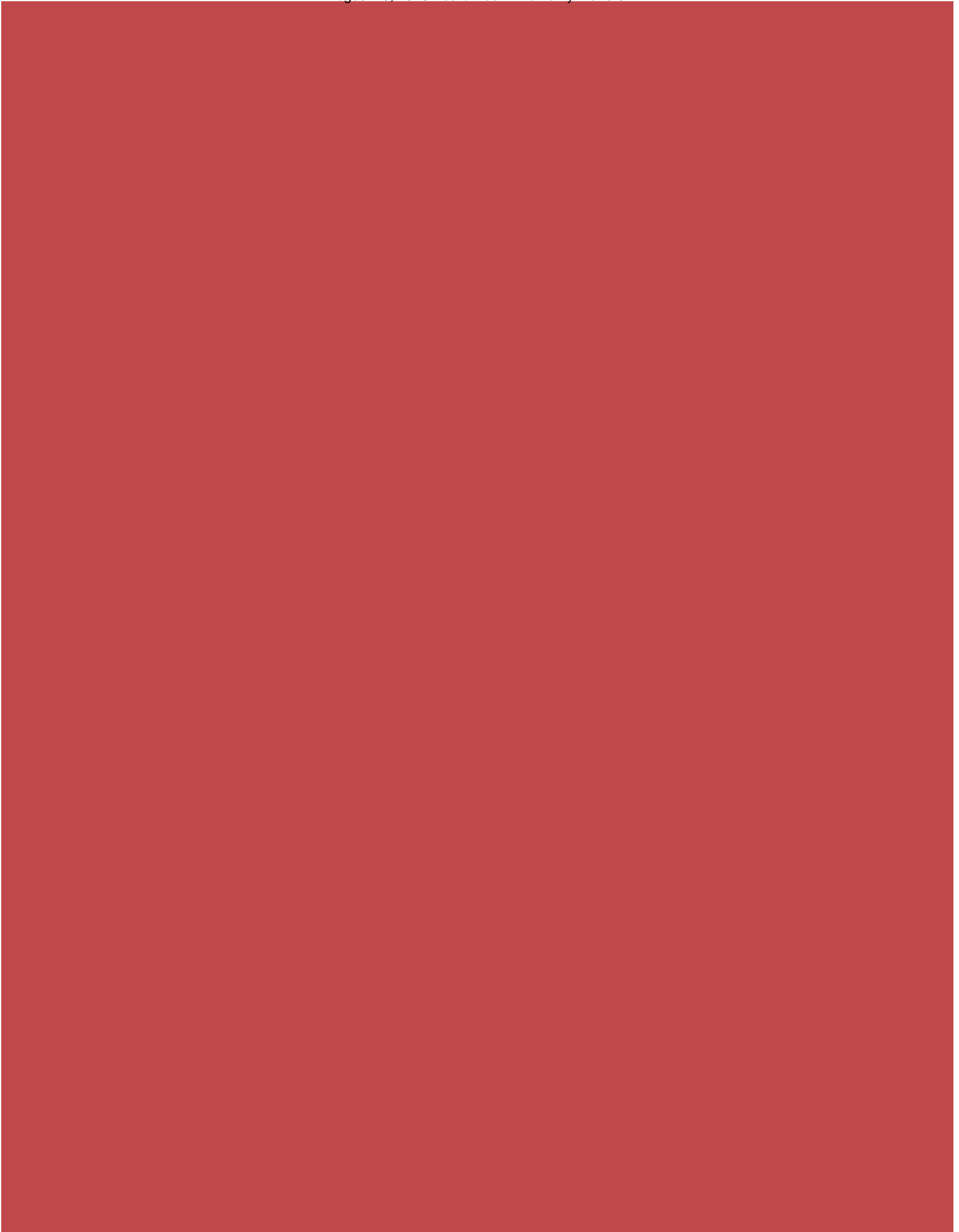
The Petroleum Underground Storage Tank Program provides grants to business owners/operators and residential property owners who have less than 10 tanks on site and are required by law to upgrade, close, and remediate discharge from those tanks. At this time, EDA is not processing new applications for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



2017 Complete Project List



2017 Project List



2017 Complete Project List

	PROJECT	MUNICIPALITY	PROJECT TYPE	JOBS IN TW	AT RISK RETAINED JOBS	CONSTRUCTION JOBS	JOBS APP	PROGRAM NAME
ATLANTIC COUNTY	Harrah's Atlantic City Holding Inc. **	Atlantic City	CM	140	0	340	0	Economic Redevelopment
	SOSH Architects (SOSH Architects)	Atlantic City	OF	6	0	1	34	Garden State Growth Zone BLI-
	Atlantic City Contact Center, LLC *	Atlantic City	SV	332	0	0	0	Grow New Jersey Tax Credit-EOA
	Peter Contini	Margate City	SR	0	0	0	0	Hazardous Site Remediation -
	Ventnor City	Ventnor City	EX	0	0	7	0	NCR
	BONNIE D. PUTTERMAN D/B/A THE LAW OFFICE OF BONNIE D. PUTTERMAN	Hamilton Township	CM	2	0	0	2	Stronger NJ Business Loan
	Donna Lee Riegel d/b/a Evermore Herb Farm a/k/a Evermore Herb Co.	Galloway Township	RT	1	0	0	1	Stronger NJ Business Loan
	Donna Lee Riegel d/b/a Evermore Herb Farm a/k/a Evermore Herb Co.	Galloway Township	RT	0	0	0	0	Stronger NJ Business Loan
TOTAL PROJECTS	8			481	0	348	37	

	PROJECT	MUNICIPALITY	PROJECT TYPE	JOBS IN TW	AT RISK RETAINED JOBS	CONSTRUCTION JOBS	JOBS APP	PROGRAM NAME
BERGEN COUNTY	Ameream LLC (American Dream)	East Rutherford Borough	CM	16200	0	13730	0	Redevelopment Growth
	PsychoGenics Inc *	Paramus Borough	TC	82	35	39	0	Grow New Jersey Tax Credit-EOA
	Barbara Wiener	East Rutherford Borough	SR	0	0	0	0	Site Remediation -
	Daniel Scarpulla	Garfield City	SR	0	0	0	0	Site Remediation -
	Gary Rinaldi and Ellen Rinaldi	Saddle Brook Township	SR	0	0	0	0	Site Remediation -
	Wayne Whitefleet and Paula Whitefleet	Edgewater Borough	SR	0	0	0	0	Site Remediation -
	Borough of Westwood (Westwood Pistol Range)	Westwood Borough	SR	0	0	0	0	Site Remediation -
	Borough of Carlstadt	Carlstadt Borough	EX	0	0	43	0	NCR
	Jaguar Land Rover North America, LLC	Mahwah Township	MF	61	252	0	0	Sales Use and Tax
	Friends of Teaneck Community Charter School	Teaneck Township	NP	2	0	17	43	Stand-Alone Bond
	Ritu Bery LLC	Edgewater Borough	RT	0	0	0	6	NJ Business Loan
TOTAL PROJECTS	11			16345	287	13829	49	

2017 Project List



	PROJECT	MUNICIPALITY	PROJECT TYPE	JOBS IN TW	AT RISK RETAINED JOBS	CONSTRUCTION JOBS	JOBS APP	PROGRAM NAME
BURLINGTON COUNTY	Bossen Real Estate Holdings, LLC	Cinnaminson Township	MF	5	0	0	10	Direct Loan
	Nolyn Real Estate, LLC and Route 38 Hainesport, LLC	Hainesport Township	RT	10	0	2	25	Direct Loan
	Freedom Mortgage Corporation *	Evesham Township	SV	350	0	2	0	Grow New Jersey Tax Credit-EOA
	Quality Packaging Specialists International, LLC *	Florence Township	MF	220	170	182	0	Grow New Jersey Tax Credit-EOA
	Jura Properties, LLC	Beverly City	SR	0	0	0	0	Site Remediation -
	Volunteers Of America Delaware Valley Property Inc	Mansfield Township	SR	0	0	0	0	Site Remediation -
	Walter Clark	Pemberton Township	SR	0	0	0	0	Site Remediation -
	Borough of Wrightstown (Fort Dix Street)	Wrightstown Borough	SR	0	0	0	0	Site Remediation -
	City of Burlington (frm Army Ammunition Plant)	Burlington Township	SR	0	0	0	0	Site Remediation -
	Delran Township (Abrasive Alloy Casting Comp.)	Delran Township	SR	0	0	0	0	Site Remediation -
	Masonic Charity Foundation of New Jersey	Burlington City	NP	5	0	0	350	Stand-Alone Bond
	800 Coopertown Rd LLC	Delanco Township	WS	60	0	0	0	Statewide Loan Pool
	Richard E Pierson Materials Corp	Cinnaminson Township	MF	12	0	0	125	Statewide Loan Pool
TOTAL PROJECTS	13			662	170	186	510	

	PROJECT	MUNICIPALITY	PROJECT TYPE	JOBS IN TW	AT RISK RETAINED JOBS	CONSTRUCTION JOBS	JOBS APP	PROGRAM NAME
CAMDEN COUNTY	ICCG Properties LLC	Voorhees Township	CM	10	0	0	31	Direct Loan
	Cooper-Grant Neighborhood Association	Camden City	RH	1	0	67	0	Recovery Board - Camden
	Denise English	Camden City	SV	3	0	0	0	Recovery Board - Camden
	Tyrone Miles	Camden City	RT	0	0	0	0	Recovery Board - Camden
	Cooper Health System, The	Camden City	NP	0	0	0	0	Economic Resilience Bank
	The Cooper Health System (CHP Project Loan)	Camden City	NP	0	0	0	0	Economic Resilience Bank
	Amerinox Processing, Inc. **	Camden	MF	8	45	1	0	Grow New Jersey Tax Credit-EOA
	Barry-Callebaut USA LLC *	Pennsauken Township	MF	26	0	0	0	Grow New Jersey Tax Credit-EOA
	Holtec International *	Camden City	MF	235	160	1141	0	Grow New Jersey Tax Credit-EOA

2017 Project List



CAMDEN COUNTY	PROJECT	MUNICIPALITY	PROJECT TYPE	JOBS IN TW	AT RISK RETAINED JOBS	CONSTRUCTION JOBS	JOBS APP	PROGRAM NAME
	IPAK, Inc. **	Camden City	MF	0	114	0	0	Grow New Jersey Tax Credit-EOA
	LiDestri Foods, Inc. and Pennsauken Packing Company *	Pennsauken Township	MF	60	27	7	0	Grow New Jersey Tax Credit-EOA
	Philadelphia 76ers, L.P. **	Camden City	RL	250	0	0	0	Grow New Jersey Tax Credit-EOA
	Esterbrook Lane Limited Liability Company	Cherry Hill Township	SR	0	0	0	0	Site Remediation -
	Neal Senholzi and Beth Senholzi	Collingswood Borough	SR	0	0	0	0	Site Remediation -
	Camden Redevelopment Agency (BDA Harrison Avenue Landfill)	Camden City	SR	0	0	0	0	Site Remediation -
	Camden Redevelopment Agency (Frm ABC Barrel-Penn St)	Camden City	SR	0	0	0	0	Site Remediation -
	Camden Redevelopment Agency (North Camden Waterfront BDA)	Camden City	SR	0	0	0	0	Site Remediation -
	KIPP: Cooper Norcross, A New Jersey Nonprofit Corporation	Camden City	NP	23	0	124	0	Stand-Alone Bond
	KIPP: Cooper Norcross, A New Jersey Nonprofit Corporation	Camden City	NP	30	0	115	0	Stand-Alone Bond
MSC Facilities LLC	Camden City	NP	53	0	209	97	Stand-Alone Bond	
Uncommon CP Properties II, LLC	Camden City	NP	210	0	209	42	Stand-Alone Bond	
TOTAL PROJECTS	21		909	346	1873	170		

CAPE MAY COUNTY	PROJECT	MUNICIPALITY	PROJECT TYPE	JOBS IN TW	AT RISK RETAINED JOBS	CONSTRUCTION JOBS	JOBS APP	PROGRAM NAME
	Mark Crego dba MC Signs	Upper Township	CM	1	0	0	2	NJ Business Loan
TOTAL PROJECTS	1		1	0	0	2		

CUMBERLAND COUNTY	PROJECT	MUNICIPALITY	PROJECT TYPE	JOBS IN TW	AT RISK RETAINED JOBS	CONSTRUCTION JOBS	JOBS APP	PROGRAM NAME
	Tri-County Community Action Partnership	Bridgeton City	SR	0	0	0	0	Hazardous Site Remediation - Commercial
TOTAL PROJECTS	1		0	0	0	0		

ESSEX COUNTY	PROJECT	MUNICIPALITY	PROJECT TYPE	JOBS IN TW	AT RISK RETAINED JOBS	CONSTRUCTION JOBS	JOBS APP	PROGRAM NAME
	Flame Cut Steel Inc.	Irvington Township	MF	0	0	0	0	Direct Loan
	TDAF I Springfield Avenue **	Newark	CM	105	0	145	0	Redevelopment Growth
	Makers Village QALICB, LLC.	Newark City	SV	78	0	11	0	Redevelopment Growth-
	Fabuwood Cabinetry Corp. *	Newark City	MF	276	336	422	0	Grow New Jersey Tax Credit-EOA
	Grocery Delivery E-Services USA Inc. **	Newark City	RT	443	122	0	0	Grow New Jersey Tax Credit-EOA
99 Chapel Street LLC	Newark City	SR	0	0	0	0	Site Remediation -	

2017 Project List



ESSEX COUNTY	City of Newark (Maas & Waldstein Co. E. Parcel)	Newark City	SR	0	0	0	0	Site Remediation -
	City of Newark (Rise Field project)	Newark City	SR	0	0	0	0	Site Remediation -
	Township of Montclair (Southend Pyramid)	Montclair Township	SR	0	0	0	0	Site Remediation -
	West Orange Township (Selecto Flash Inc.)	West Orange Township	SR	0	0	0	0	Site Remediation -
	NSA 18th Avenue, LLC	Newark City	NP	4	0	225	80	Stand-Alone Bond
	Port Newark Container Terminal L.L.C.	Newark City	EX	291	0	410	80	Stand-Alone Bond
	The Kintock Group of New Jersey Inc.	Newark City	NP	50	0	0	350	Stand-Alone Bond
	52 La France LLC	Bloomfield Township	WS	20	0	15	125	Statewide Loan Pool
	Clean Mat Services Limited Liability Company d/b/a	Roseland Borough	SV	1	0	0	2	NJ Business Loan
	Orange Trucking Inc.	Newark City	TP	5	0	0	12	NJ Business Loan
Orange Trucking Inc.	Newark City	TP	0	0	0	0	NJ Business Loan	
TOTAL PROJECTS	17		1273	458	1228	649		

	PROJECT	MUNICIPALITY	PROJECT TYPE	JOBS IN TW	AT RISK RETAINED JOBS	CONSTRUCTION JOBS	JOBS APP	PROGRAM NAME
GLOUCESTER COUNTY	Eastern Pro Pak L.L.C. *	Glassboro Borough	AG	65	65	52	0	Grow New Jersey Tax Credit-EOA
	Sebring Company	Washington Township	SR	0	0	0	0	Site Remediation -
	Sebring Company (Greentree Shopping Center)	Washington Township	SR	0	0	0	0	Site Remediation -
	Borough of Clayton (Clevenger Brothers Glass Works)	Clayton Borough	SR	0	0	0	0	Site Remediation -
	Borough of Clayton (Wayne's Auto)	Clayton Borough	SR	0	0	0	0	Site Remediation -
	City of Woodbury (Hill Brothers Inc.)	Woodbury City	SR	0	0	0	0	Site Remediation -
	MCM Acquisitions, L.L.C. and Swedesboro Animal Hospital, L.L.C.	Woolwich Township	SV	12	0	0	50	Statewide Loan Pool
TOTAL PROJECTS	7		77	65	52	50		

	PROJECT	MUNICIPALITY	PROJECT TYPE	JOBS IN TW	AT RISK RETAINED JOBS	CONSTRUCTION JOBS	JOBS APP	PROGRAM NAME
HUDSON COUNTY	DVL, Inc **	Kearny	CM	150	0	393	0	Redevelopment Growth-
	Wylei, Inc.	Jersey City	TC	24	0	0	11	Innovation VC Growth Fund
	Advisor Group, Inc. *	Jersey City	SV	60	0	7	0	Grow New Jersey Tax Credit-EOA
	Appeagle, Inc. *	Jersey City	TC	29	31	5	0	Grow New Jersey Tax Credit-EOA

2017 Project List



HUDSON COUNTY	Brown Brothers Harriman & Co. **	Jersey City	OF	110	435	97	0	Grow New Jersey Tax Credit-EOA
	Clover Health LLC *	Jersey City	SV	62	102	4	0	Grow New Jersey Tax Credit-EOA
	Fidessa Corporation *	Jersey City	TC	340	0	0	0	Grow New Jersey Tax Credit-EOA
	FXDirectDealer, LLC **	Jersey City	SV	121	0	6	0	Grow New Jersey Tax Credit-EOA
	H&M Hennes & Mauritz, L.P. *	Secaucus Town	RT	45	110	17	0	Grow New Jersey Tax Credit-EOA
	Insurance Services Offices, Inc. *	Jersey City	SV	0	430	68	0	Grow New Jersey Tax Credit-EOA
	LI 2000, Inc. *	Secaucus Town	CM	261	931	246	0	Grow New Jersey Tax Credit-EOA
	Marsh & McLennan Companies, Inc. & Marsh Inc. *	Hoboken City	SV	0	475	110	0	Grow New Jersey Tax Credit-EOA
	Omnicom Group Inc. *	Jersey City	SV	493	0	68	0	Grow New Jersey Tax Credit-EOA
	Quest Diagnostics Incorporated *	Secaucus Town	RD	0	395	174	0	Grow New Jersey Tax Credit-EOA
	RVM Enterprises, Inc. **	Jersey City	SV	112	0	14	0	Grow New Jersey Tax Credit-EOA
	Safilo USA Inc. *	Secaucus Town	WS	0	211	29	0	Grow New Jersey Tax Credit-EOA
	The Interpublic Group of Companies, Inc. *	Jersey City	SV	110	0	15	0	Grow New Jersey Tax Credit-EOA
	Tory Burch, LLC *	Jersey City	WS	139	0	55	0	Grow New Jersey Tax Credit-EOA
	WallachBeth Capital LLC **	Jersey City	SV	55	0	3	0	Grow New Jersey Tax Credit-EOA
	City of Hoboken (Jackson Street Gargage)	Hoboken City	SR	0	0	0	0	Site Remediation -
	Jersey City Redevelopment Agency (Berry Lane Park)	Jersey City	SR	0	0	0	0	Site Remediation -
	Jersey City Redevelopment Agency (Berry Lane Park)	Jersey City	SR	0	0	0	0	Site Remediation -
	Jersey City Redevelopment Agency (Jersey City MUA)	Jersey City	SR	0	0	0	0	Site Remediation -
	San Antonio Broker Services, Inc.	North Bergen Township	DS	25	0	0	60	Street Assistance Line
San Antonio Broker Services, Inc.	North Bergen Township	DS	0	0	0	0	Street Assistance Line	
Ex-Titanic Corp. and Atlas Express Inc.	Union City	CM	0	0	0	2	NJ Business Loan	
Ex-Titanic Corp. and Atlas Express Inc.	Union City	CM	0	0	0	0	NJ Business Loan	
Harborside Unit A LLC **	Jersey City	SV	18	0	700	0	Transit Hub Tax Credit	

2017 Project List



HUDSON COUNTY	Journal Square Associates **	Jersey City	OF	17	0	711	0	Transit Hub Tax Credit
	PHMII Associates, L.L.C. **	Jersey City	SV	8	0	400	0	Transit Hub Tax Credit
	TOTAL PROJECTS	30		2179	3120	3122	73	

	PROJECT	MUNICIPALITY	PROJECT TYPE	JOBS IN TW	AT RISK RETAINED JOBS	CONSTRUCTION JOBS	JOBS APP	PROGRAM NAME
HUNTERDON COUNTY	Borough of Milford (A&L Oil Co. Inc.)	Milford Borough	SR	0	0	0	0	Site Remediation -
	TOTAL PROJECTS	1		0	0	0	0	

	PROJECT	MUNICIPALITY	PROJECT TYPE	JOBS IN TW	AT RISK RETAINED JOBS	CONSTRUCTION JOBS	JOBS APP	PROGRAM NAME
MERCER COUNTY	Aralez Pharmaceuticals US Inc. and Affiliates *	West Windsor Townsh	OF	90	0	22	0	Grow New Jersey Tax Credit-EOA
	P&R Dental Strategies, LLC *	Hamilton Township	SV	30	0	5	0	Grow New Jersey Tax Credit-EOA
	The Hibbert Company *	Trenton City	SV	0	259	26	0	Grow New Jersey Tax Credit-EOA
	3048 South Broad Street LLC	Trenton City	SR	0	0	0	0	Site Remediation -
	Joseph Miccio	Ewing Township	SR	0	0	0	0	Site Remediation -
	Michael A. Tramontana	Trenton City	SR	0	0	0	0	Site Remediation -
	Michael A. Tramontana	Trenton City	SR	0	0	0	0	Site Remediation -
	Township of West Windsor (Sanitary Landfill)	West Windsor Townsh	SR	0	0	0	0	Site Remediation -
TOTAL PROJECTS	8		120	259	53	0		

	PROJECT	MUNICIPALITY	PROJECT TYPE	JOBS IN TW	AT RISK RETAINED JOBS	CONSTRUCTION JOBS	JOBS APP	PROGRAM NAME
MIDDLESEX COUNTY	30 West Pershing, LLC	Edison Township	RT	268	0	260	0	Redevelopment Growth-
	Saint Peters University Hospital	New Brunswick City	NP	0	0	0	0	Economic Resilience Bank
	Saint Peters University Hospital	New Brunswick City	NP	0	0	0	0	Economic Resilience Bank
	Direct Energy Gp LLC *	Woodbridge Township	OF	115	276	18		Grow New Jersey Tax Credit-EOA
	J.F. Hillebrand USA, Inc. *	Edison Township	SV	25	107	7	0	Grow New Jersey Tax Credit-EOA
	Thomas Dolan	Highland Park Borough	SR	0	0	0	0	Site Remediation -
	Borough of Dunellen (The Strip Joint, Inc.)	Dunellen Borough	SR	0	0	0	0	Site Remediation -
	Borough of South River (Firehouse Redevelop Site)	South River Borough	SR	0	0	0	0	Site Remediation -
	City of Perth Amboy (Former Municipal Complex)	Perth Amboy City	SR	0	0	0	0	Site Remediation -

2017 Project List



MIDDLESEX COUNTY	Highland Park Redevelopment Agency (Classic Cleaners)	Highland Park Borough	SR	0	0	0	0	Site Remediation -
	Redevelopment Agency (Denison Avenue vacant lots)	Highland Park Borough	SR	0	0	0	0	Site Remediation -
	Redevelopment Agency (Rutgers Gun & Boat Shop)	Highland Park Borough	SR	0	0	0	0	Site Remediation -
	Middlesex County (BDA Waterfront Park)	Perth Amboy City	SR	0	0	0	0	Site Remediation -
	Middlesex County (BDA-Former Municipal Complex)	Perth Amboy City	SR	0	0	0	0	Site Remediation -
	Township of Edison (Muller Machinery Company)	Edison Township	SR	0	0	0	0	Site Remediation -
	Township of Woodbridge (Industrial Hwy Corporation BDA)	Woodbridge Township	SR	0	0	0	0	Site Remediation -
	Solutions, Inc. and Broadway Kleer-Guard Corporation	Monroe Township	MF	0	0	0	0	Street Assistance Line
	International Academy Charter School, Inc.	East Brunswick Township	NP	13	0	19	54	Stand-Alone Bond
	41 Ethel Road West LLC	Piscataway	MF	25	0	0	0	Statewide Loan Pool
	Global Furniture USA, Inc.	East Brunswick Township	DS	3	0	0	30	Statewide Loan Pool
Reina Tire Services Inc.	South River Borough	RT	2	0	0	3	NJ Business Loan	
TOTAL PROJECTS	21		451	383	304	87		

	PROJECT	MUNICIPALITY	PROJECT TYPE	JOBS IN TW	AT RISK RETAINED JOBS	CONSTRUCTION JOBS	JOBS APP	PROGRAM NAME
MONMOUTH COUNTY	Fort Monmouth Economic Revitalization Authority	Oceanport Borough	GF	0	0	0	0	Direct Loan
	iCIMS, Inc. *	Holmdel Township	SV	390	552	127	0	Grow New Jersey Tax Credit-EOA
	Innocor, Inc. *	Red Bank Borough	MF	50	90	10	0	Grow New Jersey Tax Credit-EOA
	Manhattan Telecommunications Corporation *	Holmdel Township	TC	100	0	12	0	Grow New Jersey Tax Credit-EOA
	Work Wave LLC *	Holmdel Township	TC	247	154	32	0	Grow New Jersey Tax Credit-EOA
	City of Long Branch (86,88,90 Broadway)	Long Branch City	SR	0	0	0	0	Site Remediation -
	Count Basie Theatre, Inc.	Red Bank Borough	NP	15	0	0	25	Stand-Alone Bond
	78 Apple Associates, L.L.C. et al	Tinton Falls Borough	CM	25	0	0	205	Statewide Loan Pool
	Industrial Ct LLC	Howell Township	DS	6	0	0	15	Statewide Loan Pool
	Middletown Bus Depot LLC	Middletown Township	TP	50	0	0	0	Statewide Loan Pool
	Wayside Bus Depot LLC	Tinton Falls Borough	SV	0	0	0	0	Statewide Loan Pool

2017 Project List



MONMOUTH	Merchwerks LLC dba Cowerks	Asbury Park City	CM	2	0	0	0	Tech Shared Space
	TOTAL PROJECTS	12		885	796	181	245	

	PROJECT	MUNICIPALITY	PROJECT TYPE	JOBS IN TW	AT RISK RETAINED JOBS	CONSTRUCTION JOBS	JOBS APP	PROGRAM NAME
MORRIS COUNTY	Capintec, Inc. *	Florham Park Borough	MF	45	0	4	0	Grow New Jersey Tax Credit-EOA
	Ogilvy CommonHealth Worldwide LLC *	Parsippany-Troy Hills Township	SV	60	447	55	0	Grow New Jersey Tax Credit-EOA
	York Risk Services Group, Inc *	Parsippany-Troy Hills Township	SV	44	123	11	0	Grow New Jersey Tax Credit-EOA
	Richard Dinardo	Parsippany-Troy Hills Township	SR	0	0	0	0	Site Remediation -
	Borough of Madison (Bayley Ellard Field)	Madison Borough	SR	0	0	0	0	Site Remediation -
	Borough of Madison (Fmr Guerriero Paving Company)	Madison Borough	SR	0	0	0	0	Site Remediation -
	Township of Hanover (Frm Van Dyk Research Corp.)	Hanover Township	SR	0	0	0	0	Site Remediation -
	Visiting Nurse Association of Northern New Jersey, Inc.	Morristown Town	NP	15	0	0	25	Stand-Alone Bond
	WKFM Realty Limited Liability Company	Wharton Borough	SV	5	0	0	30	Statewide Loan Pool
TOTAL PROJECTS	9		169	570	70	55		

	PROJECT	MUNICIPALITY	PROJECT TYPE	JOBS IN TW	AT RISK RETAINED JOBS	CONSTRUCTION JOBS	JOBS APP	PROGRAM NAME
MULTI COUNTY	Dakota Properties, Inc.	Statewide	NP	2	0	0	12	Stand-Alone Bond
	Oaks Integrated Care, Inc.	Statewide	NP	15	0	0	1850	Stand-Alone Bond
	The Kintock Group of New Jersey, Inc. and The Kintock Group, Inc.	Statewide	NP	50	0	0	350	Stand-Alone Bond
	TOTAL PROJECTS	3		67	0	0	2212	

	PROJECT	MUNICIPALITY	PROJECT TYPE	JOBS IN TW	AT RISK RETAINED JOBS	CONSTRUCTION JOBS	JOBS APP	PROGRAM NAME
OCEAN COUNTY	Sandy's Service Center, LLC	Brick Township	SR	0	0	0	0	Site Remediation -
	Township of Berkeley (AT&T Property)	Berkeley Township	SR	0	0	0	0	Site Remediation -
	Congregation Nachlas Yisroel, Inc.	Lakewood Township	NP	8	0	0	10	Stand-Alone Bond
	Services for Children with Hidden Intelligence, Inc.	Lakewood Township	NP	35	0	0	405	Stand-Alone Bond
	Yeshiva Gedola Na'os Yaakov Inc	Lakewood Township	NP	35	0	0	21	Stand-Alone Bond
	Charles Plum Corp.	Plumsted Township	MF	3	0	0	8	Statewide Loan Pool
	Rutgers Bus Depot LLC	Lakewood Township	TP	2	0	0	30	Statewide Loan Pool

2017 Project List



OCEAN COUNTY	Bobbalooch and Fats LLC d/b/a Ryan's Deli	Seaside Heights Borough	SV	3	0	0	2	NJ Business Loan
	Bowker's South Beach Grill, LLC	Long Beach Township	RT	6	0	1	0	NJ Business Loan
	Bowker's South Beach Grill, LLC	Beach Haven Borough	CM	0	0	0	0	NJ Business Loan
	LBI Recreation Center, Inc.	Beach Haven Borough	SV	0	0	0	43	NJ Business Loan
	The Dutchman's Brau Haus	Stafford Township	CM	0	0	0	0	NJ Business Loan
	TOTAL PROJECTS	12			92	0	1	519

	PROJECT	MUNICIPALITY	PROJECT TYPE	JOBS IN TW	AT RISK RETAINED JOBS	CONSTRUCTION JOBS	JOBS APP	PROGRAM NAME
PASSAIC COUNTY	Goose Pond Investors LLC	Wayne Township	MF	0	0	0	0	Direct Loan
	Vidal Travel Inc	Passaic City	RT	3	0	2	4	State Growth Zone BLI-Grow New Jersey Tax Credit-EOA
	Master Metal Polishing Corp. **	Paterson City	GF	31	34	0	0	Site Remediation -
	1500 Main Avenue Associates	Clifton City	SR	0	0	0	0	Site Remediation -
	Gus Anna LLC	Woodland Park Boro	SR	0	0	0	0	Site Remediation -
	Joseph Piazza and Francine Piazza	Wayne Township	SR	0	0	0	0	Site Remediation -
	Paterson Habitat for Humanity	Paterson City	SR	0	0	0	0	Site Remediation -
	City of Paterson	Paterson City	SR	0	0	0	0	Site Remediation -
	City of Paterson (BDA - former ATP Processors)	Paterson City	SR	0	0	0	0	Site Remediation -
	City of Paterson (Dairy Queen)	Paterson City	SR	0	0	0	0	Site Remediation -
	City of Paterson (Paterson Armory)	Paterson City	SR	0	0	0	0	Site Remediation -
	City of Paterson (Paterson Steam Plant)	Paterson City	SR	0	0	0	0	Site Remediation -
	5RG Realty LLC	Paterson City	MF	16	0	0	62	Development Financing
	Patella Construction Corp. d/b/a Patella Woodworking	Passaic City	MF	0	0	0	0	Street Assistance Line
	Goose Pond Investors LLC	Wayne Township	MF	20	0	10	80	Stand-Alone Bond
	UMM Energy Partners, LLC	Little Falls Township	EX	2	0	114	72	Stand-Alone Bond
	TOTAL PROJECTS	16			72	34	126	218

	PROJECT	MUNICIPALITY	PROJECT TYPE	JOBS IN TW	AT RISK RETAINED JOBS	CONSTRUCTION JOBS	JOBS APP	PROGRAM NAME
SALEM COUNTY	City of Salem (Four BDA Sites)	Salem City	SR	0	0	0	0	Site Remediation -

2017 Project List



SALEM COUNTY	City of Salem (North Bend Fire Comp. No. 4)	Salem City	SR	0	0	0	0	Site Remediation -
	TOTAL PROJECTS	2		0	0	0	0	

	PROJECT	MUNICIPALITY	PROJECT TYPE	JOBS IN TW	AT RISK RETAINED JOBS	CONSTRUCTION JOBS	JOBS APP	PROGRAM NAME
SOMERSET COUNTY	Sysco Guest Supply, LLC *	Franklin Township	SV	35	121	23	0	Grow New Jersey Tax Credit-EOA
	Veeco Process Equipment, Inc. *	Franklin Township	MF	49	26	41	0	Grow New Jersey Tax Credit-EOA
	Cecilia Niedzialkowski	Franklin Township	SR	0	0	0	0	Site Remediation -
	Borough of Somerville (BDA Somerville Landfill)	Somerville Borough	SR	0	0	0	0	Site Remediation -
	Borough of Somerville (BDA Somerville Landfill)	Somerville Borough	SR	0	0	0	0	Site Remediation -
	TOTAL PROJECTS	5		84	147	64	0	

	PROJECT	MUNICIPALITY	PROJECT TYPE	JOBS IN TW	AT RISK RETAINED JOBS	CONSTRUCTION JOBS	JOBS APP	PROGRAM NAME
UNION COUNTY	JA Properties, LLC	Union Township	SV	1	0	0	2	Direct Loan
	Mahi Aashirwad LLC	Elizabeth City	RT	0	0	0	2	Direct Loan
	Northwood Avenue LLC	Linden City	SV	30	0	13	120	Direct Loan
	DBV Technologies *	Summit City	TC	45	0	5		Grow New Jersey Tax Credit-EOA
	Macrietta Realty Company	Cranford Township	SR	0	0	0	0	Site Remediation -
	City of Plainfield (Arlington Heights)	Plainfield City	SR	0	0	0	0	Site Remediation -
	City of Plainfield (Central Business District)	Plainfield City	SR	0	0	0	0	Site Remediation -
	City of Plainfield (Central Business District)	Plainfield City	SR	0	0	0	0	Site Remediation -
	City of Plainfield (Redemption Power)	Plainfield City	SR	0	0	0	0	Site Remediation -
	Rahway Redevelopment Agency (Slokker Development Site)	Rahway City	SR	0	0	0	0	Site Remediation -
	Township of Scotch Plains (Raritan Rd Rec Facility)	Scotch Plains Township	SR	0	0	0	0	Site Remediation -
	Township of Scotch Plains (Raritan Road Rec. Facility)	Scotch Plains Township	SR	0	0	0	0	Site Remediation -
	Provident Group - Kean Properties L.L.C.	Union Township	NP	15	0	245	0	Stand-Alone Bond
	1245 Virginia St NJ LLC	Elizabeth City	WS	20	0	0	0	Statewide Loan Pool
	960 Holdings LLC	Rahway City	MF	25	0	0	124	Statewide Loan Pool
	Power Photo Corp. and 40 Montgomery St Hillside LLC	Hillside Township	WS	50	0	0	50	Statewide Loan Pool
TOTAL PROJECTS	16		186	0	263	298		

Total Projects 214

2017 Project Key



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			

* Executed pending certification - Project has executed grant agreement in 2016, but has yet to certify completion. No disbursement has been issued to date for these projects.

** Certified & completed - All projects that have certified completion in 2016 and received tax credits or reimbursements to date.

2017 Project List



	Company	Municipality	County
TECHNOLOGY BUSINESS TAX CERTIFICATE TRANSFER PROGRAM 2017 APPROVALS	Acuitive Technologies, Inc.	Allendale	Bergen
	Advaxis, Inc.	Princeton	Mercer
	Agile Therapeutics, Inc.	Princeton	Mercer
	Angel Medical Systems, Inc.	Tinton Falls	Monmouth
	Arable Labs Inc.	Princeton	Mercer
	Avlino Inc.	Holmdel	Monmouth
	Bellerophon Therapeutics, Inc.	Warren	Somerset
	Brilliant Light Power, Inc.	Cranbury	Middlesex
	Cancer Genetics, Inc.	Rutherford	Bergen
	CircleBlack, Inc.	Princeton	Mercer
	ContraVir Pharmaceuticals, Inc.	Edison	Middlesex
	CRESCENTA BIOSCIENCES INC	Princeton	Mercer
	CytoSorbents Medical, Inc.	Monmouth Junction	Middlesex
	Edge Therapeutics, Inc.	Berkeley Heights	Union
	Elite Laboratories, Inc.	Northvale	Bergen
	Enhatch Inc.	Hoboken	Hudson
	Eos Energy Storage	Edison	Middlesex
	Flowonix Medical Incorporated	Mt. Olive	Morris
	FUSAR	Kearny	Hudson
	Hemispherx Biopharma, Inc.	New Brunswick	Middlesex
	I.D Systems, Inc.	Woodcliff Lake	Bergen
	Impactivate Networks, Inc.	Atlantic City	Atlantic
	Matinas Biopharma Nanotechnologies	Bedminster	Somerset
	MDx Medical, Inc. dba Vitals	Lyndhurst	Bergen
	Miami International Holdings, Inc	Princeton	Mercer
	Mobly	Livingston	Essex
	Nanotech Industrial Solutions	Avenel	Middlesex
	Nephros, Inc.	River Edge	Bergen
	Ocean Power Technologies, Inc.	Pennington	Mercer
	Oncobiologics, Inc.	Cranbury	Middlesex
	Rive Technology, Inc.	Monmouth Junction	Middlesex
	Sight Logix, Inc. fka Automated Threat Detection	Princeton	Mercer
	Solidia Technologies, Inc	Piscataway	Middlesex
	Soligenix, Inc.	Princeton	Mercer
	Svelte Medical Systems, Inc.	New Providence	Union
	Teleran Technologies, Inc.	Fairfield	Essex
	United Silicon Carbide, Inc.	Monmouth Junction	Middlesex
	VectraCor	Totowa	Passaic
	Voxware, Inc.	Hamilton	Mercer
TOTAL	39	\$46,204,131.00	

2017 Project List



	Company	Angel Investment:	Total Investment Amount	Total Tax Credit Approved for Angel Investors
ANGEL INVESTOR TAX CREDIT PROGRAM 2017 INVESTMENT ACTIVITY	Acuitive Technologies, Inc.	10	\$2,045,000	\$204,500
	Admera Health LLC	2	\$5,000,000	\$500,000
	AeroFarms	1	\$1,000,000	\$100,000
	Astarte Medical Partners Inc	2	\$130,000	\$13,000
	Aucta Pharmaceuticals, LLC	2	\$4,000,000	\$400,000
	BackEndB.com LLC	9	\$470,000	\$47,000
	Bergen Medical	2	\$150,000	\$15,000
	BioAegis Therapeutics Inc.	11	\$625,002	\$62,500
	Chromis Fiberoptics, Inc.	1	\$100,000	\$10,000
	CircleBlack, Inc	4	\$402,000	\$40,200
	Coriell Life Sciences	13	\$825,000	\$82,500
	Crescenta Biosciences Inc.	1	\$749,960	\$74,996
	D3UC LLC	6	\$225,000	\$22,500
	Energy Technology Savings Inc.	27	\$2,892,840	\$289,284
	Eos Energy Storage LLC	17	\$21,455,336	\$2,145,534
	Etrainx LLC	3	\$125,000	\$12,500
	Futurestay, Inc	3	\$85,000	\$8,500
	Innovaci Inc	11	\$925,000	\$92,500
	Inpensa Inc.	2	\$275,000	\$27,500
	Inspirit Group, LLC	15	\$2,284,292	\$228,429
	iQ4 Corporation	1	\$1,800,000	\$180,000
	Kiswe Mobile Inc.	2	\$3,400,011	\$340,001
	Kovid Inc	3	\$1,000,000	\$100,000
	LugTrack LLC	4	\$325,000	\$32,500
	Lumeta Corporation	37	\$5,815,429	\$581,543
	Matinas Biopharma Holdings Inc.	1	\$937,500	\$93,750
	Nevakar, LLC	15	\$16,253,500	\$1,625,350
	Novitium Pharma, LLC	8	\$13,067,599	\$1,306,760
	Oncogenics, LLC	1	\$5,000,000	\$500,000
	OpenDoor Securities LLC	1	\$250,000	\$25,000
	Princeton Infared Technologies	3	\$504,012	\$50,401
	Quixgen, Inc.	3	\$459,108	\$45,911
	Reflik	4	\$1,150,325	\$115,033
	Solaris Pharma Corporation	2	\$1,799,999	\$180,000
	Svelte Medical Systems, Inc.	1	\$100,000	\$10,000
	TAXIS Pharmaceuticals	8	\$1,578,469	\$157,847
	Tenna, LLC	1	\$2,221,836	\$222,184
	Turnpoint Medical Devices Inc.	9	\$1,247,500	\$124,750
	VClinBio	10	\$11,112,638	\$1,111,264
	39 companies	256 investments	\$111,787,356	\$11,178,736

2017 Project List

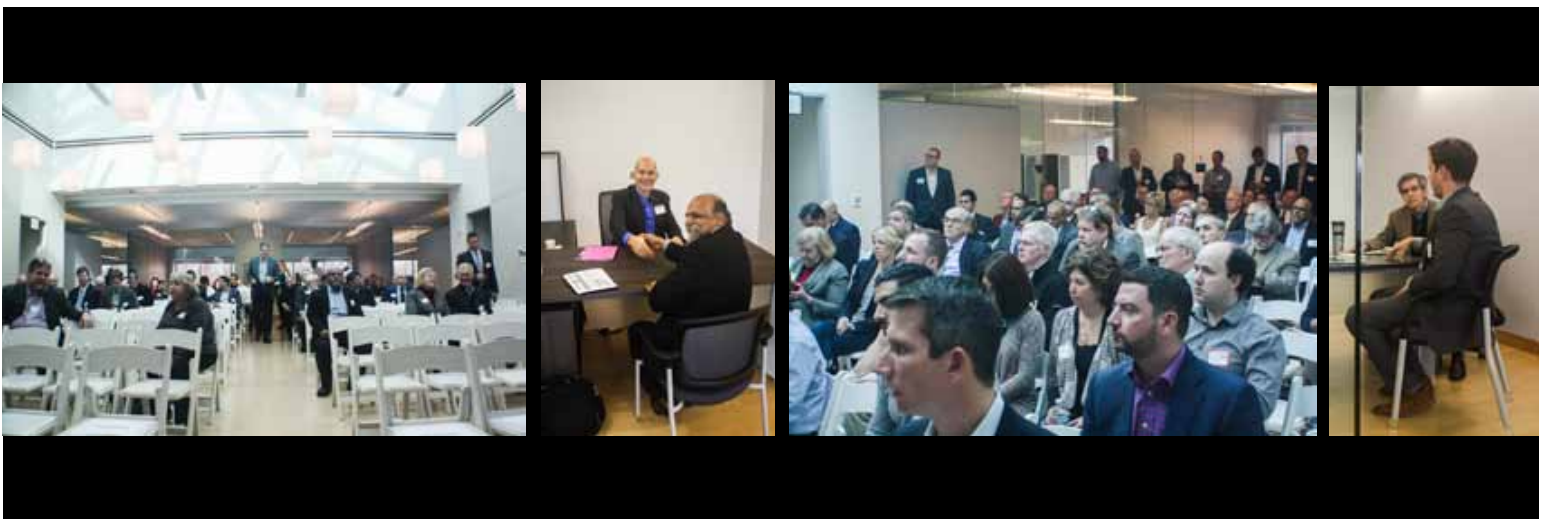


INVESTMENT INSIGHTS
NEW JERSEY
FOUNDERS & FUNDERS
 FOR NJ INNOVATORS

	Event Date	Investors	Companies	Meetings Organized
NEW JERSEY FOUNDERS & FUNDERS EVENT ACTIVITY	6/10/2014	21	32	190
	9/17/2014	19	30	220
	3/10/2015	21	30	300
	10/27/2015	20	29	193
	5/4/2016	23	31	222
	10/26/2016	18	26	194
	4/27/2017	18	27	204
	12/6/2017	18	20	140
TOTAL		158	225	1663

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.

For more information on NJ Founders & Funders, including how to register to attend, please visit <https://application.njeda.com/tls/>



Certifications Pursuant to E.O. 37

August 10, 2018

In accordance with Executive Order No. 37, the New Jersey Economic Development Authority's 2017 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 July 16, 2018, 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 2017, 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

FINANCIAL STATEMENTS

New Jersey Economic Development Authority
Years Ended December 31, 2017 and 2016
With Report of Independent Auditors

Ernst & Young LLP



Building a better
working world

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

Financial Statements

Years Ended December 31, 2017 and 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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.

Adoption of New Accounting Pronouncement

As discussed in Note 2 to the financial statements, as of January 1, 2016, the Authority adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Plans Other Than Pension Plans*. Our opinion is not modified with respect to this matter.

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis, the schedule of changes in the total 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 audit 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

July 16, 2018

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

Management's Discussion and Analysis

Years Ended December 31, 2017 and 2016

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, 2017 and 2016. 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.

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.

2016 FINANCIAL HIGHLIGHTS

- The Authority's total net position increased \$7.9 million (or 1.5%).
- The net pension liability increased \$18.3 million (or 37.6%) due to a change in the Authority's proportion of the State of New Jersey's net pension liability and an increase in the overall liability.
- Operating lease revenue decreased \$0.87 million (or 7.9%) due to the sale of the Waterfront Technology Center at Camden ("WTCC") during the year.
- Other revenue increased \$20.2 million (or 135.9%) due largely to distributions received from specific venture fund investments in which the Authority is a limited partner.
- Gain on sale of assets – net increased \$5.6 million (or 100.0%) due to the sale of the WTCC.
- Salaries and Benefits expenses decreased \$2.5 million (or 7.2%) as additional contributions made to the employee Post Employment Benefit Trust, which occurred in 2015, did not recur in 2016.
- Loss (recovery) provisions expense – net decreased \$8.0 million (or 375.5%) due to scheduled paydowns, as well as early payoffs in the loan portfolio, along with those repayments exceeding new loan disbursements.
- Program payments increased \$35 million (or 91.5%) due largely to disbursements to applicants under the Superstorm Sandy program.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position. The following table summarizes the changes in Net Position at December 31, 2017, 2016 and 2015:

	2017	2016** <i>(As Restated)</i>	2015* <i>(As Restated)</i>	% Increase/(Decrease)	
				2017/2016	2016/2015
Assets:					
Other assets	\$ 519,821,772	\$ 519,596,570	\$ 490,368,781	0.0%	6.0%
Capital assets, net	<u>61,964,015</u>	<u>67,308,976</u>	<u>86,152,710</u>	(7.9)%	(21.9)%
Total assets	<u>581,785,787</u>	<u>586,905,546</u>	<u>576,521,491</u>	(0.9)%	1.8%
Deferred outflows of resources:					
Deferred outflow related to pension	24,053,182	29,472,454	18,728,245	(18.4)%	57.4%
Deferred outflow related to OPEB	<u>1,160,185</u>	<u>694,594</u>	<u>–</u>	67.0%	100.0%
Total deferred outflows of resources	<u>25,213,367</u>	<u>30,167,048</u>	<u>18,728,245</u>	(16.4)%	61.1%
Liabilities:					
Current Liabilities	15,162,524	12,509,607	12,093,809	21.2%	3.4%
Net Pension Liability	55,148,355	67,068,246	48,740,925	(17.8)%	37.6%
Other Noncurrent Liabilities	<u>15,121,883</u>	<u>16,009,456</u>	<u>20,034,900</u>	(5.5)%	(20.1)%
Total liabilities	<u>85,432,762</u>	<u>95,587,309</u>	<u>80,869,634</u>	(10.6)%	18.2%
Deferred inflows of resources:					
Deferred inflow related to pension	<u>11,069,760</u>	<u>–</u>	<u>783,660</u>	100.0%	(100.0)%
Net position:					
Net investment in capital assets	59,699,588	58,100,060	82,856,031	2.8%	(29.9)%
Restricted	33,454,700	33,287,850	22,583,026	0.5%	47.4%
Unrestricted	<u>417,342,344</u>	<u>430,097,375</u>	<u>408,157,385</u>	(3.0)%	5.4%
Total net position	<u>\$ 510,496,632</u>	<u>\$ 521,485,285</u>	<u>\$ 513,596,442</u>	(2.1)%	1.5%

* Includes blended component unit, (Refer to Note 1)

** Restated based on implementation of GASB 75

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

During 2016, the Authority's combined net position increased \$7.9 million (or 1.5%) due to:

- \$ (4.8) Million Petroleum Underground Storage Tank ("PUST") grant award payments and loan disbursements – net of appropriations received
- \$ (17.4) Million Hazardous Discharge Site Remediation Fund ("HDSRF") disbursements
- \$ (12.0) Million Return of unused program payments to State for discontinued programs
- \$ (1.5) Million Municipal Economic Recovery Initiative grant award payments
- \$ 22.9 Million Net receipts from CDBG-Disaster Recovery funds for the Stronger NJ Business programs
- \$ 10.8 Million Net receipts from the State relating to State Small Business Credit Initiative Program ("SSBCI")
- \$ 9.9 Million Net receipts 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 2017, 2016 and 2015:

	2017	2016*** <i>(As Restated)</i>	2015* <i>(As Restated)</i>	% Increase/(Decrease)	
				2017/2016	2016/2015
Operating revenues:					
Financing fees	\$ 20,885,394	\$ 12,900,490	\$ 13,117,822	61.9%	(1.7)%
Lease revenue	9,499,357	10,195,935	11,066,759	(6.8)%	(7.9)%
Interest income:					
Notes	5,133,351	5,148,779	5,014,739	(0.3)%	2.7%
Other	14,584,475	35,033,121	14,847,756	(58.4)%	135.9%
Total operating revenues	<u>50,102,577</u>	<u>63,278,325</u>	<u>44,047,076</u>	(20.8)%	43.7%
Operating expenses:					
Administrative expenses	35,798,608	37,918,707	39,647,125	(5.6)%	(4.4)%
Interest expense	120,438	198,803	346,079	(39.4)%	(42.6)%
Depreciation	5,318,830	6,013,587	6,616,729	(11.6)%	(9.1)%
Loss (recovery) provisions – net	7,340,180	(5,879,419)	2,134,193	224.8%	(375.5)%
Program costs	7,550,307	7,297,282	7,950,955	3.5%	(8.2)%
Total operating expenses	<u>56,128,363</u>	<u>45,548,960</u>	<u>56,695,081</u>	23.2%	(19.7)%
Operating (loss) income	<u>(6,025,786)</u>	<u>17,729,365</u>	<u>(12,648,005)</u>	(134.0)%	240.2%
Nonoperating revenues and (expenses):					
Interest income – investments	3,175,991	2,324,584	1,696,602	36.6%	37.0%
State appropriations	27,008,772	19,703,582	14,069,332	37.1%	40.0%
Program payments	(76,876,079)	(73,268,795)	(38,263,793)	4.9%	91.5%
Federal appropriations	42,618,873	44,240,190	49,170,712	(3.7)%	(10.0)%
Gain on sale of assets	–	5,642,596	–	(100.0)%	100.0%
Other expense	(890,424)	(209,574)	(421,545)	(324.9)%	50.3%
Total nonoperating revenues and (expenses), net	<u>(4,962,867)</u>	<u>(1,567,417)</u>	<u>26,251,308</u>	216.6%	(106.0)%
Income before special item	<u>(10,988,653)</u>	<u>16,161,948</u>	<u>13,603,303</u>	(168.0)%	18.8%
CCURLP dissolution	–	(6,373,105)	–	100.0%	(100.0)%
Change in net position	<u>(10,988,653)</u>	<u>9,788,843</u>	<u>13,603,303</u>	(212.3)%	(28.0)%
Beginning net position	<u>521,485,285***</u>	<u>511,696,442***</u>	<u>499,993,139**</u>		
Ending net position	<u>\$ 510,496,632</u>	<u>\$ 521,485,285</u>	<u>\$ 513,596,442</u>		

* Includes blended component unit, (Refer to Note 1)

** Restated for GASB 68/71

*** Restated for implementation of GASB 75

Operating Revenues

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. Overall, operating revenues decreased by \$13.2 million, as one-time revenues received in 2016, did not recur in the current year. These included a \$10.8 million grant, which was the final tranche of the SSBCI financing program.

Operating Expenses

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. The increase in loss provision expense – net relates to new disbursements exceeding loan repayments during the year. The \$11.1 million decrease in 2016, in total operating expenses, was due largely to a decrease in salary and benefits as a result of the Authority making additional contributions to its employee Post Employment Benefit Trust and additional pension expense, in the prior year, which it did not replicate in 2017. In addition, 2016 loss provisions expense-net was impacted by distributions from specific venture capital funds the Authority invests in as a limited partner, which did not recur in 2017.

Non-Operating Revenues and Expenses – Net

In 2017, non-operating revenues and expenses – net, decreased by \$3.4 million and decreased by \$27.8 million in 2016. This was largely due to the fluctuation in Federal and State appropriations offset by program payments. In 2017, the Authority disbursed \$76.9 million in program payments to qualified applicants, primarily under the Stronger NJ Business programs; in 2016, total program payments were \$73.3 million. The 2016 gain on the sale of the WTCC amounted to \$5.6 million and was a one-time revenue source.

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, 2015 through December 31, 2017:

2015 Provision for credit losses-net	\$ 6,807,326	
2015 Write-offs	(2,503,606)	\$ 4,303,720
December 31, 2015		
Allowance for loan losses	24,190,532	
Accrued guarantee losses	1,382,681	
Total allowance		25,573,213
2016 Provision for credit losses-net	1,685,744	
2016 Write-offs	(5,884,943)	(4,199,199)
December 31, 2016		
Allowance for loan losses	20,197,740	
Accrued guarantee losses	1,176,274	
Total allowance		21,374,014
2017 Provision for credit losses-net	5,934,408	
2017 Write-offs	(1,147,121)	4,787,287
December 31, 2017		
Allowance for loan losses	25,276,561	
Accrued guarantee losses	884,741	
Total allowance		<u>\$ 26,161,302</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, 2017 was \$213,927,006, of which \$199,204,002 or 93% is for loans and \$14,723,004 for issued loan guarantees.

Aggregate gross loan and guarantee exposure at December 31, 2016 was \$206,972,076, of which \$190,407,862 or 92% is for loans and \$16,564,394 for issued loan guarantees.

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.

At December 31, 2016 the Authority maintained a Credit Loss Allowance of \$21,374,014 or 10.4% of total exposure to cover potential losses in the loan and guaranty portfolio. Total write-offs for the year ended December 31, 2016, were \$5,884,943 or 2.8% 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 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

The 2016 Loss Provisions (Recapture) – Net, of \$(5.9 million), are related to the following detailed information:

\$ 1,685,744	Loan and Guarantee Program activity
\$ (7,594,597)	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 2017, 2016 and 2015:

	2017	2016	2015	% Increase/(Decrease)	
				2017/2016	2016/2015
Land	\$ 28,983,065	\$ 28,983,065	\$ 28,983,065	0.0%	0.0%
Construction in progress	240,951	-	-	100.0%	0.0%
Total non-depreciable capital assets	29,224,016	28,983,065	28,983,065	0.8%	0.0%
Building	81,722,446	86,479,970	98,343,729	(5.5)%	(12.1)%
Leasehold improvements	34,933,205	34,933,205	47,195,145	0.0%	(26.0)%
Total depreciable capital assets	116,655,651	121,413,175	145,538,874	(3.9)%	(16.6)%
Less accumulated depreciation	(83,915,652)	(83,087,264)	(88,369,229)	1.0%	(6.0)%
Capital assets – net	\$ 61,964,015	\$ 67,308,976	\$ 86,152,710	(7.9)%	(21.9)%

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 \$1,126,654 of gross note principal outstanding; a net decrease of 50.2%, 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 2017, 2016 and 2015:

	2017	2016	2015	% Increase/(Decrease)	
				2017/2016	2016/2015
Notes payable	\$ 1,126,654	\$ 2,264,426	\$ 9,296,679	(50.2)%	(75.6)%

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	
	2017	2016
Assets		
Current assets:		
Cash and cash equivalents – restricted	\$ 55,193,210	\$ 69,805,023
Cash and cash equivalents – unrestricted	35,574,883	31,236,525
Investments	75,898,430	79,224,522
Receivables:		
Notes	12,267,946	14,112,512
Accrued interest on notes	188,041	528,437
Accrued interest on investments	909,859	759,087
Leases	100,000	100,000
Other receivables	5,690,651	1,907,548
Total receivables	19,156,497	17,407,584
Prepays and other current assets	1,029,538	1,162,484
Total current assets	186,852,558	198,836,138
Noncurrent assets:		
Investments – unrestricted	148,847,798	143,974,480
Venture capital partnerships	9,797,772	8,906,724
Receivables:		
Notes	186,936,056	175,935,170
Accrued interest on notes	5,439,144	5,155,435
Unamortized discount	(338,891)	(392,752)
Total notes receivables	192,036,309	180,697,853
Allowance for doubtful notes	(25,276,561)	(20,197,740)
Net notes receivable	166,759,748	160,500,113
Leases receivable, net	6,791,060	6,772,046
Total receivables	173,550,808	167,272,159
Prepays and other noncurrent assets	772,836	607,069
Non-depreciable capital assets	29,224,016	28,983,065
Depreciable capital assets, net	32,739,999	38,325,911
Total capital assets, net	61,964,015	67,308,976
Total noncurrent assets	394,933,229	388,069,408
Total assets	581,785,787	586,905,546
Deferred outflows of resources		
Deferred outflows from pension	24,053,182	29,472,454
Deferred outflows from OPEB	1,160,185	694,594
Total deferred outflows of resources	25,213,367	30,167,048

New Jersey Economic Development Authority
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Statements of Net Position (continued)

	December 31	
	2017	2016
Liabilities		
Current liabilities:		
Accrued liabilities	\$ 6,706,864	\$ 6,661,218
Pension payable	2,194,698	2,011,757
Unearned lease revenues	1,430,185	1,265,425
Escrow deposits	3,704,123	1,568,182
Notes payable	1,126,654	973,415
Accrued interest payable	–	29,610
Total current liabilities	15,162,524	12,509,607
Net pension liability	55,148,355	67,068,246
Other postemployment benefits liability	5,306,586	3,599,309
Notes payable	–	1,291,011
Unearned lease revenues	7,903,859	8,957,707
Accrued guarantee losses	884,741	1,176,274
Compensated absences	1,026,697	985,155
Total noncurrent liabilities	70,270,238	83,077,702
Total liabilities	85,432,762	95,587,309
Deferred inflows of resources		
Deferred inflows from pension	11,069,760	–
Net position		
Net investment in capital assets	59,699,588	58,100,060
Restricted by Federal agreement	33,454,700	33,287,850
Unrestricted	417,342,344	430,097,375
Total net position	\$ 510,496,632	\$ 521,485,285

See accompanying notes.

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Statements of Revenues, Expenses and Changes in Net Position

	Year Ended December 31	
	2017	2016
Operating revenues		
Financing fees	\$ 20,885,394	\$ 12,900,490
Interest income – notes	5,133,351	5,148,779
Financing lease revenue	119,014	119,014
Operating lease revenue	9,380,343	10,076,921
Agency fees	2,169,292	2,135,575
Program services	1,845,350	746,064
Real estate development	1,392,300	905,234
Distributions and warrants	7,312,048	19,196,536
Grant revenue	134,453	10,831,972
Other	1,731,032	1,217,740
Total operating revenue	<u>50,102,577</u>	<u>63,278,325</u>
Operating expenses		
Salaries and benefits	30,235,225	32,314,960
General and administrative	5,563,383	5,603,747
Interest	120,438	198,803
Program costs	7,550,307	7,297,282
Depreciation	5,318,830	6,013,587
Loss (recovery) provisions – net	7,340,180	(5,879,419)
Total operating expenses	<u>56,128,363</u>	<u>45,548,960</u>
Operating (loss) income	<u>(6,025,786)</u>	<u>17,729,365</u>
Nonoperating revenues and expenses		
Interest income – investments	3,175,991	2,324,584
Unrealized loss in investment securities	(890,424)	(209,574)
Gain on sale of assets – net	–	5,642,596
State appropriations	27,008,772	19,703,582
Federal appropriations	42,618,873	44,240,190
Program payments	(76,876,079)	(73,268,795)
Nonoperating expenses – net	<u>(4,962,867)</u>	<u>(1,567,417)</u>
(Loss) income before special item	<u>(10,988,653)</u>	16,161,948
Special item – CCURLP dissolution	–	(6,373,105)
Change in net position	<u>(10,988,653)</u>	9,788,843
Net position – beginning of year (restated for GASB 75)	<u>521,485,285</u>	511,696,442
Net position – end of year	<u>\$ 510,496,632</u>	<u>\$ 521,485,285</u>

See accompanying notes.

New Jersey Economic Development Authority
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Statements of Cash Flows

	Year Ended December 31	
	2017	2016
Cash flows from operating activities		
Cash receipts from financing fees	\$ 20,895,019	\$ 13,504,141
Interest from notes	4,321,647	3,944,112
Lease rents	8,579,473	8,921,880
Grants	134,453	10,831,972
Agency fees	2,169,292	2,135,575
Program services	3,469,997	1,948,139
Distributions	4,213	653,951
Real estate development	1,060,579	550,536
General and administrative expenses paid	(29,784,588)	(27,941,489)
Program costs paid	(10,593,565)	(6,744,809)
Collection of notes receivable	20,788,490	30,895,182
Loans disbursed	(34,128,137)	(39,484,058)
Guarantee payments	(32,348)	-
Deposits received	29,606,908	21,317,197
Deposits released	(27,470,967)	(24,080,312)
Net cash used in operating activities	<u>(10,979,534)</u>	<u>(3,547,983)</u>
Cash flows from noncapital financing activities		
Payment of notes and bonds	-	(6,000,000)
Interest paid on notes and revenue bonds	(23,736)	(57,110)
Issuance and servicing costs paid	-	(5,926)
Appropriations received	65,123,434	57,100,754
Program payments	(69,215,432)	(66,208,964)
Net cash used in noncapital financing activities	<u>(4,115,734)</u>	<u>(15,171,246)</u>
Cash flows from capital and related financing activities		
Payment of bonds and notes	(1,137,772)	(1,032,252)
Interest paid on bonds and notes	(126,312)	(176,604)
Purchase of capital assets	(240,951)	-
Grant repayments related to capital asset sale	-	(1,863,246)
Sale of capital assets	-	18,472,744
Net cash (used in) provided by capital and related financing activities	<u>(1,505,035)</u>	<u>15,400,642</u>
Cash flows from investing activities		
Interest from investments	3,025,219	2,169,445
Return on capital investments	5,739,280	25,177,266
Purchase of investments	(2,604,320)	(2,096,514)
Proceeds from sales and maturities of investments	166,669	4,196,075
Net cash provided by investing activities	<u>6,326,848</u>	<u>29,446,272</u>
Net (decrease) increase in cash and cash equivalents	<u>(10,273,455)</u>	<u>26,127,685</u>
Cash and cash equivalents – beginning of year	<u>101,041,548</u>	<u>74,913,863</u>
Cash and cash equivalents – end of year	<u>\$ 90,768,093</u>	<u>\$ 101,041,548</u>

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Statements of Cash Flows (continued)

	Year Ended December 31	
	2017	2016
Reconciliation of operating income (loss) to net cash used in operating activities		
Operating (loss) income	\$ (6,025,786)	\$ 17,729,365
Adjustments to reconcile operating (loss) income to net cash used in operating activities:		
Loss provisions-net	7,340,180	(5,879,419)
Depreciation	5,318,830	6,013,587
Amortization of discounts	(741,227)	(917,426)
Cash provided by nonoperating activities	150,048	239,640
Change in assets and liabilities:		
Notes receivables	(13,365,073)	(8,625,944)
Accrued interest receivables-notes	54,549	(369,424)
Lease payment receivables	100,000	100,000
Other receivables	(3,778,227)	2,260,160
Prepays and other noncurrent assets	(163,123)	176,973
Capital investments	(7,307,835)	(18,542,585)
Accrued liabilities	6,031,864	9,009,049
Unearned lease revenues	(889,088)	(1,336,917)
Accrued interest payables	(29,610)	(34,911)
Deposits	2,135,941	(2,763,115)
Other liabilities	189,023	(607,016)
Net cash used in operating activities	\$ (10,979,534)	\$ (3,547,983)
Noncash investing activities		
Unrealized loss in investment securities	\$ (890,424)	\$ (209,574)

See accompanying notes.

New Jersey Economic Development Authority
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Notes to Financial Statements

December 31, 2017 and 2016

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)

Note 1: Nature of the Authority (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 financial statements include the accounts of the Authority and its blended component unit, the Camden County Urban Renewal Limited Partnership ("CCURLP"). All intercompany transactions and balances are eliminated.

CCURLP is a real estate joint venture which provides services for the exclusive benefit of the Authority. CCURLP is a Limited Partnership made up of two corporate entities, Bergen of New Jersey, Inc. and Aegis Camden Partners, Inc. Bergen has a 33.33% interest in CCURLP and Aegis has 66.67% interest in CCURLP. The Boards of all three entities are made up of Authority officers and CCURLP actions were subject to Authority Board approval. On January 30, 2014 the Authority and CCURLP entered into a sale agreement with Cooper's Ferry Partnership ("Cooper's") to sell the CCURLP building and the Authority's land. The purchase closed as of December 30, 2014. The proceeds from the sale were then used to defease the 2002 Series A and B Bonds. The Authority continued to have rights in the CCURLP entity as of December 31, 2014 as the related debt was not redeemed until February 2015. As of December 31, 2015, the entity continued to exist as a legally-separate entity, although was inactive during 2015. As the Board of

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

Note 1: Nature of the Authority (continued)

the Authority is the same as the Board of CCURLP and the Authority has operational responsibility for CCURLP, it is considered a blended component unit. CCURLP was formally dissolved November 4, 2016.

The Authority’s financial statements do not include the accounts of the 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 Company’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 the NJCDE, effectively ceasing operations and dissolving the NJCDE. All remaining liabilities were transferred to Authority and will be paid when due. As of December 20, 2017 (prior to distribution) and December 31, 2016, total NJCDE assets were \$1,948,451 and \$2,124,875, respectively.

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 \$47,243,943 and \$55,543,111 at December 31, 2017 and 2016, respectively. The following is a summary of the programs that the Authority manages on behalf of other State entities:

Department/Board	Program	2017	2016
Treasury	Local Development Financing Fund	\$ 43,941,235	\$ 41,632,676
Board of Public Utilities	BPU Clean Energy Program	3,302,708	13,910,435

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

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.

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

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

Note 2: Summary of Significant Accounting Policies (continued)

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 (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.

(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.

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

Note 2: Summary of Significant Accounting Policies (continued)

(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.

(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

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

Note 2: Summary of Significant Accounting Policies (continued)

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) New Accounting Standards Adopted

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued in June 2015. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of both Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The scope of this Statement addresses accounting

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

Note 2: Summary of Significant Accounting Policies (continued)

and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a non-employer entity provides financial support for OPEB of employees of another entity. In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and non-employer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, non-employer contributing entities, the OPEB plan administrator, and the plan members.

The Statement is effective for fiscal years beginning after June 15, 2017; however, the Authority has elected early adoption of this Statement during fiscal year 2017, effective January 1, 2016. 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.

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

Note 2: Summary of Significant Accounting Policies (continued)

As a result, the following restatements have been made to the Authority's financial statements.

	As Previously Reported	Adjustment	Restated
As of January 1, 2016			
Net position	\$ 513,596,442	\$ (1,900,000)	\$ 511,696,442
For year ended December 31, 2016			
Salaries and benefits	31,310,245	1,004,715	32,314,960
Operating expenses	44,544,245	1,004,715	45,548,960
Operating income	18,734,080	(1,004,715)	17,729,365
Change in net position	10,793,558	(1,004,715)	9,788,843
As of December 31, 2016			
Other postemployment benefits liability (GASB 75)	–	3,599,309	3,599,309
Deferred outflow of resources from OPEB	–	694,594	694,594
Net position	524,390,000	(2,904,715)	521,485,285

Government Accounting Standards Board (“GASB”) Statement No. 85, *Omnibus 2017*, was issued in March 2017. The primary objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The various topics that may pertain to the Authority's financial reporting include: blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation, measuring certain money market investments and participating interest-earning investment contracts at amortized cost, timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus, and classifying employer-paid member contributions for OPEB.

The Statement is effective for fiscal years beginning after June 15, 2017; however the Authority elected early adoption in 2017. The adoption of this Statement did not have a significant impact on the Authority's financial statements.

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

Note 2: Summary of Significant Accounting Policies (continued)

(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.

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 Authority is in the process of evaluating the impact of its adoption on the 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

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

Note 2: Summary of Significant Accounting Policies (continued)

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.

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.

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, 2017, the Authority's bank balance was \$27,070,416. 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

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Notes to Financial Statements (continued)

Note 3: Deposits and Investments (continued)

institution's trust department or agent but not in the government's (NJEDA) name. At December 31, 2017 and 2016, 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, 2017 and 2016 were as follows:

Deposit Type	2017	2016
NOW Accounts	\$ 13,851,759	\$ 13,720,299
Money Market Accounts	9,192,734	9,175,248
Total deposits	<u>\$ 23,044,493</u>	<u>\$ 22,895,547</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.

As of December 31, 2017 the Authority's total investments, excluding capital investments, amounted to \$224,746,228. 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/A1 by Standard & Poors or 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

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Notes to Financial Statements (continued)

Note 3: Deposits and Investments (continued)

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, 2017 and 2016, the Authority's balance in the NJCMF is \$67,556,931 and \$78,077,940, 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 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, 2017 and December 31, 2016, 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 10% 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, 2017 more than 5% of the Authority's investments are in: Federal Home Loan Bank ("FHLB"), Federal Home Loan

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Notes to Financial Statements (continued)

Note 3: Deposits and Investments (continued)

Mortgage Corp (“FHLMC”), and Federal National Mortgage Association (“FNMA”). These investments are 8.44% (\$19,806,129), 5.40% (\$12,668,453), and 9.17% (\$21,504,702), respectively, of the Authority’s total investments. These three investments are included in the U.S. Government Agency 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 A/A+/AA/AA+/AA-/AAA, by S&P. Municipal bonds were rated AAA and AA 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.

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.

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Notes to Financial Statements (continued)

Note 3: Deposits and Investments (continued)

As of December 31, 2017 and 2016, the Authority had the following investments and maturities:

Investment Type	Level	December 31, 2017			Fair Value as of December 31, 2016
		Fair Value	Investments Less than 1 Year	Maturities 1-5 Years	
Investments by fair value level					
Debt Securities:					
U.S. Treasuries	2	\$ 97,552,733	\$ 35,697,619	\$ 61,855,114	\$ 90,174,402
U.S. Agencies	2	56,886,771	19,874,706	37,012,065	59,655,335
Corporate Bonds	2	62,043,324	17,053,555	44,989,769	65,049,513
Municipal Bonds	2	8,263,400	3,272,550	4,990,850	8,319,752
Mutual Bond Funds	1	166,669	166,669	—	68,061
Total investments by fair value level		224,912,897	76,065,099	148,847,798	223,267,063
Investment Pool at NAV					
State of NJ Cash Management Fund		67,556,931			78,077,940
Total investments measured at fair value		292,469,828			301,345,003
Less amounts reported as cash equivalents		(67,723,600)			(78,146,001)
Total investments		\$ 224,746,228			\$ 223,199,002

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

(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 following:

The Authority is 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, 2017 and 2016, the aggregate value of the Authority's investment in these funds is \$9,797,772 and \$8,906,724, 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

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Notes to Financial Statements (continued)

Note 3: Deposits and Investments (continued)

to further the economic development objectives of the Authority. Accordingly, the Authority uses the cost method as the measurement basis.

At December 31, 2017, the Authority also held other equity investments of \$375,475. The investments were held in the form of stock.

Note 4: Notes Receivable

Notes receivable consist of the following:

	December 31	
	2017	2016
Economic Development Fund (“EDF”) loan program; interest ranging up to 6.0%; maximum term of 12 years	\$ 55,968,511	\$ 55,121,172
Economic Recovery Fund (“ERF”) loan and guarantee programs; interest ranging up to 9.8%; maximum term of 11 years	72,174,951	70,485,900
Hazardous Discharge Site Remediation (“HDSR”) loan program; interest ranging up to 5.0%; maximum term of 10 years	2,668,589	2,279,481
Municipal Economic Recovery Initiative (“MERI”) loan program; interest ranging up to 3.0%; maximum term of 10 years	278,939	645,621
Stronger NJ Business (SNJ) loan program; interest ranging up to 2.1%; maximum term of 30 years	68,113,012	61,515,508
	\$ 199,204,002	\$ 190,047,682

Aggregate Notes Receivable activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Loan Disbursements	Loan Receipts	Write-offs, Adjustments, Restructures – Net	Ending Balance	Amounts Due Within One Year
EDF/ERF	\$ 125,607,072	\$ 23,243,696	\$ (20,280,367)	\$ (426,939)	\$ 128,143,462	\$ 9,415,750
HDSR	2,279,481	530,549	(141,441)	–	2,668,589	68,205
MERI	645,621	–	(366,682)	–	278,939	26,521
SNJ	61,515,508	10,353,892	–	(3,756,388)	68,113,012	2,757,470
	\$ 190,047,682	\$ 34,128,137	\$ (20,788,490)	\$ (4,183,327)	\$ 199,204,002	\$ 12,267,946

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

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:

<u>Lease Description</u>	<u>2017</u>	<u>2016</u>
NY Daily News, through January 23, 2021	\$ 7,248,102	\$ 7,348,102
Unamortized discount	(357,042)	(476,056)
Aggregate lease payments receivable – net	<u>\$ 6,891,060</u>	<u>\$ 6,872,046</u>

Aggregate lease receipts due through 2021 are as follows:

2018	\$ 100,000
2019	100,000
2020	100,000
2021	6,948,102
	<u>\$ 7,248,102</u>

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Notes to Financial Statements (continued)

Note 5: Leases (continued)

Lease payments receivable activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Reductions	Ending Balance	Amount Receivable Within One Year
Gross receivable	\$ 7,348,102	\$ (100,000)	\$ 7,248,102	<u>\$ 100,000</u>
Discount	(476,056)	119,014	(357,042)	
Net receivable	<u>\$ 6,872,046</u>	<u>\$ 19,014</u>	<u>\$ 6,891,060</u>	

(b) Operating Leases

(i) Authority as Lessor

At December 31, 2017, capital assets with a carrying value of \$134,541,014 and accumulated depreciation of \$75,531,463 are leased to commercial enterprises. These leases generally provide the tenant with renewal and purchase options. Aggregate minimum lease receipts are expected as follows:

2018	\$ 6,139,229
2019	4,785,288
2020	4,243,041
2021	3,979,573
2022	3,893,160
2023–2027	8,768,737
2028–2032	420,300
2033–2037	420,300
2038–2042	420,300
2043–2044	168,120
	<u>\$ 33,238,048</u>

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Notes to Financial Statements (continued)

Note 5: Leases (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 \$102,517. Aggregate future lease obligations are as follows:

2018	\$ 110,956
2019	73,760
2020	30,391
2021	23,127
	<u>\$ 238,234</u>

Note 6: Capital Assets

Capital asset activity for the years ended December 31, 2017 and 2016 was as follows:

	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	<u>150,396,240</u>	<u>240,951</u>	<u>(4,757,524)</u>	<u>145,879,667</u>
Less: accumulated depreciation	83,087,264	5,318,830	(4,490,442)	83,915,652
Capital assets – net	<u>\$ 67,308,976</u>	<u>\$ (5,077,879)</u>	<u>\$ (267,082)</u>	<u>\$ 61,964,015</u>

	December 31, 2015	Additions	Reductions	December 31, 2016
Capital assets not being depreciated:				
Land	\$ 28,983,065	\$ -	\$ -	\$ 28,983,065
Capital assets being depreciated:				
Buildings	98,343,729	-	(11,863,759)	86,479,970
Leasehold improvements	47,195,145	-	(12,261,940)	34,933,205
Capital assets – gross	<u>174,521,939</u>	<u>-</u>	<u>(24,125,699)</u>	<u>150,396,240</u>
Less: accumulated depreciation	88,369,229	6,013,587	(11,295,552)	83,087,264
Capital assets – net	<u>\$ 86,152,710</u>	<u>\$ (6,013,587)</u>	<u>\$ (12,830,147)</u>	<u>\$ 67,308,976</u>

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

Note 6: Capital Assets (continued)

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.

In 2016, the Authority sold a five-story building, located in the City of Camden, known as the Waterfront Technology Center in Camden (“WTCC”), to the County of Camden, for the sale price of \$18 million. The WTCC was previously built by the Authority and used for both Authority staff and rental office space for technology related businesses. The County of Camden will use the building for county offices.

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	
	2017	2016
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 is subject to receipt of surcharge revenue.	\$ 1,126,654	\$ 2,000,000
City of Camden, NJ; interest at 6%; principal and interest due monthly with payments based solely on receipt of surcharge revenue. The note was scheduled to mature on 2/5/16; however, full repayment is subject to receipt of surcharge revenue.		264,426
	\$ 1,126,654	\$ 2,264,426

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Notes to Financial Statements (continued)

Note 7: Notes Payable (continued)

At December 31, 2017, aggregate debt service requirements of notes payable through 2018 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,126,654	\$ 29,105	\$ 1,155,759
Total	<u>\$ 1,126,654</u>	<u>\$ 29,105</u>	<u>\$ 1,155,759</u>

Notes payable activity for the years ended December 31, 2017 and 2016 was as follows:

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

<u>December 31,</u> <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31,</u> <u>2016</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
\$ 9,296,679	\$ —	\$ (7,032,253)	\$ 2,264,426	\$ 973,415

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.

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

Note 8: Commitments and Contingencies (continued)

(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, 2017, Debt was \$10,177,190 and Worth was \$192,650,369, with a ratio of 0.05 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, 2017, aggregate exposure and related worth within the Business Growth Fund account are both \$3,579,115.

(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, 2017, 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 (exposure and commitments) to Worth (the amount on deposit and available for payment) 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, 2017, Debt was \$4,793,367 and Worth was \$5,060,512, with a ratio of 0.95 to 1.

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Notes to Financial Statements (continued)

Note 8: Commitments and Contingencies (continued)

(b) Loan Program Commitments and Project Financings

At December 31, 2017, the Authority has \$19,453,028 of loan commitments not yet closed or disbursed and \$80,196,207 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).

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.

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Notes to Financial Statements (continued)

Note 8: Commitments and Contingencies (continued)

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, 2017 the aggregate exposure to the Authority for the remaining transactions described above is \$11,000,000. 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, 2017 state and federal appropriations and program payments were \$27,008,772, \$42,618,873, and \$76,876,079, 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.

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 7.34% of their annual compensation. The PERS also provides death and disability benefits. All benefits and contribution requirements are established, or amended, by State statute.

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Notes to Financial Statements (continued)

Note 11: Employee Benefits (continued)

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.

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 7.20% in State fiscal year ended June 30, 2017, and is 7.34% as of

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Notes to Financial Statements (continued)

Note 11: Employee Benefits (continued)

December 31, 2017. 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, 2017 and 2016 was 13.56% and 12.38% 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. Contributions to the pension plan from the Authority were \$2,011,757 and \$1,866,720 for the years ended December 31, 2017 and 2016.

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").

At December 31, 2017 and 2016, the Authority reported a liability of \$55.1 million and \$67.1 million for its proportionate share of the net pension liability for PERS. The net pension liability was measured as of June 30, 2017 and June 30, 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2016 and July 1, 2015. The actuarial valuations were rolled forward to June 30, 2017 and June 30, 2016 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

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Notes to Financial Statements (continued)

Note 11: Employee Benefits (continued)

projected contributions of all participating State agencies, actuarially determined. At December 31, 2017, the Authority's proportion was .23691% which was an increase of .01046% from its proportion measured as of December 31, 2016.

For the years ended December 31, 2017 and 2016, the Authority recognized pension expense of \$6,763,821 and \$8,811,092 for PERS. Pension expense is reported in the Authority's financial statements as part of salaries and benefits expense.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 375,523	\$ —
Changes of assumptions or other inputs	11,110,493	11,069,760
Changes in proportion	9,073,915	—
Difference between expected and actual experience	1,298,553	—
Contributions subsequent to the measurement date	2,194,698	—
	<u>\$ 24,053,182</u>	<u>\$ 11,069,760</u>

Deferred outflows of resources of \$2,194,698 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, 2018. 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 (2018)	\$ 4,436,514
Year 2 (2019)	4,436,514
Year 3 (2020)	3,632,169
Year 4 (2021)	(819,005)
Year 5 (2022)	(897,468)
	<u>\$ 10,788,724</u>

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Notes to Financial Statements (continued)

Note 11: Employee Benefits (continued)

At December 31, 2016, the Authority reported deferred outflows of resources of \$29,472,454 and deferred inflows of resources of \$0.

Actuarial Methods and Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined based on an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017 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 5.00% and 3.98% at June 30, 2017 and June 30, 2016. This single blended discount rate was based on the long-term rate of return of 7.00% and the municipal bond rates of 3.58% and 2.85% as of June 30, 2017 and 2016 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 2040.

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

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Notes to Financial Statements (continued)

Note 11: Employee Benefits (continued)

major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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:		
Absolute return/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
Public 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 5.00% 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, 2017:

	<u>1%</u> <u>Decrease</u>	<u>Discount Rate</u>	<u>1%</u> <u>Increase</u>
PERS (4.00%, 5.00%, 6.00%)	\$ 68,415,277	\$ 55,148,355	\$ 44,095,365

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Notes to Financial Statements (continued)

Note 11: Employee Benefits (continued)

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 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.

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Notes to Financial Statements (continued)

Note 11: Employee Benefits (continued)

The State has the authority to establish and amend the benefit provisions offered and contribution requirements.

As of January 1, 2016, the Authority adopted GASB Statement No. 75, “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*” (“GASB 75”). This Statement establishes guidelines for reporting costs associated with “other postemployment benefits” (“OPEB”) similar to accounting for pension under GASB 68, “*Accounting and Financial Reporting for Pensions*” and this Statement replaces GASB Statement No. 45. 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.

Employees Covered by Benefit Terms. At December 31, 2017 and 2016, the following employees were covered by the benefit terms:

	2017	2016
Active employees	163	158
Inactive employees and/or beneficiaries currently receiving benefit payments	35	35
Total membership	198	193

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, 2017 and 2016, the Authority’s average contribution rate was 8.65 and 7.15 percent of covered payroll. Employees are not required to contribute to the plan.

Net OPEB Liability

The Authority’s net OPEB liability was measured at December 31, 2017 and December 31, 2016 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, 2017.

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Notes to Financial Statements (continued)

Note 11: Employee Benefits (continued)

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, 2017.

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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table for 2017 and 2016:

Asset Class	Index	Target Allocation	Long-Term Expected Real Rate of Return
US cash	BAML 3-month treasury	6.86%	0.18%
US government bonds	Barclays government	49.14%	1.26%
US credit bonds	Barclays credit	39.67%	2.83%
US municipal bonds	Barclays muni index	4.33%	1.75%
Total		100.00%	

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Notes to Financial Statements (continued)

Note 11: Employee Benefits (continued)

Discount Rate. The discount rate used to measure the total OPEB liability was 4.0 percent at December 31, 2017 and December 31, 2016. 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, 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>

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Notes to Financial Statements (continued)

Note 11: Employee Benefits (continued)

For the year ended December 31, 2016:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Net OPEB liability at beginning of the year	\$ 33,151,654	\$ 31,251,654	\$ 1,900,000
Changes for the year:			
Service cost	1,835,900	–	1,835,900
Interest	1,386,524	–	1,386,524
Changes of assumptions	–	–	–
Employer Contributions	–	1,162,390	(1,162,390)
Net investment income	–	381,525	(381,525)
Benefit payments	(655,000)	(655,000)	–
Administrative expense	–	(20,800)	20,800
Net changes	2,567,424	868,115	1,699,309
Net OPEB liability at end of the year	<u>\$ 35,719,078</u>	<u>\$ 32,119,769</u>	<u>\$ 3,599,309</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.0 percent) or 1-percentage-point higher (5.0 percent) than the current discount rate:

	1% Decrease (3%)	Discount Rate (4%)	1% Increase (5%)
Net OPEB liability	\$ 13,125,869	\$ 5,306,586	\$ (821,413)

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

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Notes to Financial Statements (continued)

Note 11: Employee Benefits (continued)

	1% Decrease (7.6% decreasing to 3.7%)	Healthcare Cost Trend Rates (8.6% decreasing to 4.7%)	1% Increase (9.6% decreasing to 5.7%)
Net OPEB liability	\$ (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, 2017 and 2016, the Authority recognized OPEB expense of \$2,461,692 and \$2,167,055, respectively. OPEB expense is reported in the Authority’s financial statements as part of salaries and benefits expense. At December 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows	Deferred Outflows
Net difference between projected and actual earnings on OPEB plan investments	\$ —	\$ 1,160,185

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

Year Ended December 31:	
2018	\$ 333,458
2019	333,458
2020	333,460
2021	159,809

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Notes to Financial Statements (continued)

Note 11: Employee Benefits (continued)

At December 31, 2016, the Authority reported deferred outflows of resources of \$694,594.

Note 12: Compensated Absences

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the Authority recorded current liabilities in the amount of \$1,026,697 and \$985,155 as of December 31, 2017 and 2016, 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.

Note 13: Long-Term Liabilities

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

	Beginning Balance	Additions	Deductions	Ending Balance
Net pension liability	\$ 67,068,246	\$ –	\$ (11,919,891)	\$ 5,148,355
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	<u>\$ 83,077,702</u>	<u>\$ 2,068,052</u>	<u>\$ (14,875,516)</u>	<u>\$ 70,270,238</u>

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

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

Notes to Schedule:

Changes of assumptions: None

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

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Schedule of the Authority's OPEB Contributions

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	<i>(In Thousands)</i>									
Actuarial determined contribution	\$ 1,220	\$ 1,162	\$ 9,014	\$ 891	\$ 850	\$ 3,327	\$ 806	\$ 768	\$ 3,666	\$ 633
Employer contribution	1,220	1,162	9,014	891	850	3,327	806	768	3,666	633
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 14,108	\$ 16,246	\$ 15,819	\$ 14,535	\$ 10,971	\$ 10,472	\$ 12,062	\$ 13,183	\$ 13,770	\$ 11,115
Contributions as percentage of covered-employee payroll	8.65%	7.15%	56.98%	6.13%	7.75%	31.77%	6.68%	5.83%	26.62%	5.70%

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Notes to Schedule of the Authority's OPEB Contributions

Notes to Schedule:

Valuation Date	January 1, 2017 for years 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 2017 and 2016, Project Unit Credit Cost Method for 2015-2008
Amortization Method	Full recognition of unfunded liability as of December 31 for 2017 and 2016, Level Dollar Open (1 year) for 2015-2008
Asset Valuation Method	Market value
Inflation Rate	2.3% for 2017 and 2016, not indicated for 2015-2008
Investment Rate of Return	4.0%

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

	2017	2016	2015	2014
	PERS	PERS	PERS	PERS
Authority's proportion of the net pension liability	0.23691%	0.22645%	0.21713%	0.15290%
Authority's proportionate share of the net pension liability	\$ 55,148,355	\$ 67,068,246	\$ 48,740,925	\$ 28,627,890
Authority's covered payroll	\$ 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	340.44%	412.83%	315.80%	230.12%
Plan fiduciary net position as a percentage of the total pension liability	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.

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Schedule of the Authority's Contributions to the Public Employees' Retirement System (PERS)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually required contribution	\$ 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	\$ 743,700
Contributions in relation to the contractually required contribution	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	743,700
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 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	\$ 11,114,716
Contributions as a percentage of covered payroll	13.56%	12.38%	11.80%	8.67%	10.37%	11.35%	10.46%	9.80%	7.48%	6.69%

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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 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 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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