

Discussion Points

1. The Governor's FY 2019 Budget recommends a \$24.8 million appropriation for economic development programs administered by the New Jersey Economic Development Authority (EDA). Established in accordance with P.L.1974, c.80, the authority is an independent public entity located "in but not of" the Department of the Treasury. The primary mission of the authority is to strengthen the State's economy by providing financing to small and mid-sized businesses, administering tax incentives to retain and grow jobs, revitalizing communities through redevelopment initiatives, and supporting entrepreneurial development by providing access to training and mentoring programs.

In response to a FY 2018 OLS Discussion Point, the EDA provided select performance data that indicated in CY 2016 (the most recent year for which data were available) it provided more than \$1.562 billion in economic assistance to 571 projects in connection with 25 programs. These projects produced some \$2.405 billion in total investment and resulted in the creation of 10,216 new jobs.

The funding for the economic assistance was derived from a variety of sources. These sources included federal funds awarded to the EDA to administer certain programs, appropriations of State funds to reimburse developers through the awarding of grants for certain costs incurred in connection with qualified projects, the approval of State tax credits for making certain investments or creating certain jobs, and funding made available from the authority's own resources, including resources that were generated by application and program fees, interest on the repayment of loans made to businesses, and income from the investment of dedicated assets.

The individual projects that received economic assistance in CY 2016 were selected or approved for award in most cases after successfully demonstrating the ability of the business or other entity to meet certain requirements and comply with the terms and conditions of project agreements. These requirements are typically provided by policies and regulations that have been adopted by the EDA, but also are established by State and federal statutes that have been enacted as a means to encourage the growth and development of certain types of businesses, foster the creation of jobs in certain targeted industries, or allow the investment of capital in certain communities across the State.

- **Question:** For CY 2017 and CY 2018 to date, please provide performance data for all programs and initiatives administered by the EDA, including the number of projects assisted, the total dollar amount of assistance provided, the public/private investment generated, the estimated number of new permanent jobs, the estimated number of construction jobs, and the estimated number of retained "at risk" jobs. Please segregate the data for those years by program or initiative and also identify the source of funds that were used to provide assistance. If federal resources were used, what was the specific program through which the funds were provided?

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New Jersey Economic Development Authority CY 2017 Activity Report By Financing Program							
Program	# of Projects	Total EDA Assistance	Total Project Cost/ Investment	Est New Jobs	Est Construction Jobs	Retained Jobs	Source of Funds
Angel Investor	256	\$11,178,735	\$111,000,000	N/A	N/A	N/A	State Tax Credit
NOL Program	39	\$46,204,131	N/A	N/A	N/A	N/A	State Tax Credit
EOA ERG (Executed Pending Certification)	2	\$6,793,474	\$53,969,271	346	271	0	State Tax Credit
EOA ERG (Completed & Certified)	1	\$9,590,284	\$49,577,801	150	393	0	State Tax Credit
EOA Grow NJ (Executed Pending Certification)	37	\$740,478,925	\$699,926,882	4,510	3,041	5,633	State Tax Credit
EOA GROW NJ (Completed & Certified)	9	\$194,178,540	\$129,810,121	1,130	121	750	State Tax Credit
Legacy ERG (Executed Pending Certification)	1	\$390,000,000	\$3,117,245,647	16,200	13,730	0	State Appropriation
Legacy ERG (Completed & Certified)	1	\$8,358,889	\$44,164,828	105	145	0	State Appropriation
UTHTC (Completed & Certified)	3	\$85,776,911	\$544,550,637	43	1,811	0	State Tax Credit
GSGZ BLI & BII	2	\$40,000	\$244,821	9	3	38	EDA Grant
Energy Resilience Bank	4	\$35,690,705	\$72,308,310	0	0	0	Federal*
Direct Loan	9	\$9,042,391	\$12,926,604	56	15	190	EDA Loan
ERB – Camden	3	\$2,197,721	\$11,788,659	4	67	0	State Appropriation
Haz. Site Remediation – Commercial	27	\$1,355,689	\$3,646,243	0	0	0	State Appropriation
Haz. Site Remediation - Municipal	51	\$15,775,732	\$19,861,976	0	0	0	State Appropriation
Local Development Financing Fund	1	\$2,000,000	\$4,811,100	16	0	62	
Main Street Business Assistance Program	4	\$2,500,000	\$6,577,500	25	0	60	EDA Loan
Stronger NJ NCR Program	2	\$5,787,790	\$5,787,790	0	50	0	Federal*
Edison Innovation VC Growth Fund	1	\$650,000	\$650,000	24	0	11	EDA Loan
Tax-Exempt Bond Financing Program	21	\$478,517,942	\$558,668,350	893	1,697	3,946	Conduit Issuer
Stronger NJ Business Loan Program	16	\$6,546,670	\$10,735,457	21	1	75	Federal*
Premier Lender Program	16	\$16,562,500	\$57,558,738	318	15	792	EDA Loan
Technology Shared Space Loan	1	\$61,261	\$76,576	2	0	0	EDA Loan
Sales and Use Tax Exemption Program	1	\$1,420,020	\$21,000,000	61	0	252	State Tax Credit
Petroleum Storage Tank Program	42	\$7,038,265	\$7,762,094	0	0	0	State Appropriation
Totals	550	\$2,077,746,575	\$5,544,649,405	23,913	21,360	11,809	

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New Jersey Economic Development Authority CY 2018 Activity Report (through March 2018) By Financing Program							
Program	# of Projects	Total EDA Assistance	Total Project Cost/ Investment	Est New Jobs	Est Construction Jobs	Retained Jobs	Source of Funds
EOA Grow NJ (Executed Pending Certification)	11	\$277,514,028	\$375,507,232	1,221	1,329	3,066	State Tax Credit
GSGZ BLI & BII	5	\$92,058	\$185,833	62	0	6	EDA Grant
Energy Resilience Bank	2	\$3,918,000	\$3,918,000	0	0	0	Federal*
Direct Loan	1	\$232,000	\$233,150	2	0	2	EDA Loan
Haz. Site Remediation – Commercial	4	\$229,165	\$257,250	0	0	0	State Appropriation
Haz. Site Remediation - Municipal	9	\$2,237,453	\$2,535,657	0	0	0	State Appropriation
Stronger NJ NCR Program	1	\$253,000	\$253,000	0	3	0	Federal*
Premier Lender Program	9	\$8,413,975	\$35,892,000	97	0	462	EDA Loan
Petroleum Storage Tank Program	1	\$4,883	\$5,871	0	0	0	State Appropriation
Totals	43	\$292,894,562	\$418,787,993	1,382	1,332	3,536	

NOTE: CY2018 and CY2019 (through March 2018) activity represent closed projects only; in the case of Grow NJ, ERG, and UTHTC, this is not a list of all approved projects - projects are included if they have 1) executed grant agreements, or, 2) if they have completed and certified projects, as specified in the chart above.

*Funded through New Jersey's HUD Community Development Block Grant Disaster Recovery (CDBG-DR) allocation

2. In response to a FY 2018 OLS Discussion Point concerning the number of projects that received EDA assistance in CY 2016 and CY 2017 that were small businesses, the EDA reported, "Utilizing the United States Small Business Administration's general average of 500 employees across industry sectors, 515 projects out of 559 projects or 92 percent – meet the definition of a small business. These projects closed in assistance totaling \$704.6 million. Additionally, 20 percent of companies that closed on assistance through the EDA's traditional small business and technology lending programs identified as a "women's business enterprise" or a minority business enterprise." The authority noted that it established a partnership with the Union County Economic Development Corporation (UCEDC) to increase training and technical assistance services available to entrepreneurs and small business in New Jersey, with a particular focus on outreach to minority-owned and women-owned businesses. The EDA reported that in 2016, the UCEDC trained or mentored more than 2,000 entrepreneurs, conducted 123 business training workshops, and provided \$3.8 million in loans to 87 small businesses, 78 percent of which were minority-owned or women-owned enterprises.

The EDA also stated that the manufacturing sector continued to express strong interest in participating in the authority's assistance programs. In 2016, the authority closed on assistance totaling \$333.8 million to support manufacturers expecting to create 3,381 new jobs, compared to \$275.8 million in assistance in 2015 to manufacturers that was expected to generate 1,818 new jobs.

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- **Question:** Of the projects that received assistance in CY 2017 and CY 2018, how many projects were undertaken by businesses or other entities that can be classified as “small businesses” using the United States Small Business Administration’s definition of “small business” for purposes of federal government programs, and what was the total amount of assistance provided to those projects? How many projects were undertaken by businesses or other entities that can be classified as a “women’s business enterprise,” a “minority business enterprise,” or a “veteran business enterprise” using the definitions for those terms provided by section 1 of P.L.1985, c.482 (N.J.S.A.40A:11-41), and what was the total amount of assistance provided to those projects? Were there any identifiable trends in the types of businesses receiving assistance in CY 2017 and CY 2018 to date in comparison to businesses that received assistance through EDA-administered programs in prior years?

Utilizing the United States Small Business Administration’s general average of 500 employees across industry sectors, 440 projects out of 487 projects – or 90 percent – meet the definition of a “small business.” These 440 projects closed on assistance totaling \$862.2 million. Note, the 487-project total (reflecting CY 2017 and CY 2018 activity through March 2018) excludes the Hazardous Site Remediation-Municipal, Stronger NJ NCR and Petroleum Storage Tank Program projects listed in the preceding charts as assistance went to municipalities and property owners, and not businesses.

Through EDA’s traditional small business lending programs, 51 companies closed on financing assistance totaling \$41.7 million; of the 51 companies, 18 percent identified as a “women’s business enterprise” or a “minority business enterprise.” In addition to financing, 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, with a particular focus on extending our reach to minority- and woman-owned enterprises. In 2017, UCEDC trained or mentored nearly 2,390 entrepreneurs, conducted 138 business training workshops, and provided \$9.6 million in loans to 61 small businesses, 54% of which were minority-owned enterprises and 69% of which were woman-owned enterprises.

As it relates to identifiable trends, we are pleased to report increased activity under our small business lending programs when comparing 2017 to 2016. This reflects that companies representing a diverse range of industries are in a position to borrow funds to either grow or maintain operations in New Jersey. This upward trend is also illustrated through the Department of Labor and Workforce Development’s latest employment data released in March 2018, which shows over the year March 2017-March 2018, employment in New Jersey was higher by 67,100, with the majority of the gains recorded by private sector employers. The Department reported further that in March 2018, employment increases were recorded in four out of nine major private industry sectors, including leisure and hospitality, professional and business services, manufacturing, and trade, transportation, and utilities.

3. Governmental Accounting Standards Board Statement No. 77, “Tax Abatement Disclosure,” requires governments that enter into tax abatement agreements to disclose: (1) descriptive information about the tax abatement agreement (such as the tax being abated and the authority under which tax abatements are provided); (2) the gross dollar amount of taxes abated in the accounting period; and (3) commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. In Note 12G of the New Jersey Comprehensive Annual Financial Report for the fiscal year ending June 30, 2017, the State reported that FY 2017 revenues reduced by

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abatement programs totaled \$209.2 million. This number does not include grant payments under economic development programs.

In response to a FY 2018 OLS Discussion Point, the EDA provided detailed information on accrued liabilities under EDA-administered programs that are financed with general State resources. In total, the EDA estimated future obligations for FY 2018 through FY 2021 as follows: FY 2018 - \$533.4 million; FY 2019 - \$877.0 million; FY 2020 - \$1.014 billion; and FY 2021 - \$1.028 billion.

It is important to note, however, that the award amounts are projections of future obligations that represent, in most cases, the maximum amount of State resources that may be required to pay grants and tax credit awards issued by the EDA. Actual amounts may be less in any given year if businesses fail to meet certain requirements or do not adhere to the terms and conditions of project agreements, or if tax credits awarded once finally issued to businesses are not fully utilized.

- **Question:** Please provide, by program, the current dollar amount of all accrued liabilities under EDA-administered programs that are financed with general State resources, as opposed to the EDA's own financial resources or funds awarded by the federal government. What dollar amount of the total represents: 1) outstanding, unpaid liabilities that have accrued in the past; and 2) liabilities that will become payable in the future under finalized agreements? For FY 2018 (updated) through 2022, please project each program's payable obligations. Please detail, by program, the size of capital investments and the number of jobs the incentive agreements support.

Amounts displayed in the chart below are projections that represent the maximum amount of State resources that may be required; actual payments will not exceed the appropriation for the programs. Actual amounts may be less in any given year if businesses fail to meet certain requirements or do not adhere to the terms and conditions of project agreements, or if businesses do not utilize award amounts to the fullest extent allowed by law.

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EDA–Administered Programs Financed w/ General State Resources
Projected Obligations by Fiscal Year (2018-2022)*
(in thousands of dollars)

Program	Award Amount	Private Capital Investment	New / Retained Jobs	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Grow NJ (EOA)	\$4,706,665	\$4,553,477	30,112/35,772	\$180,736	\$306,669	\$434,783	\$455,097	\$467,781
Grow NJ (Legacy)	\$529,731	\$1,022,738	2,523/6,685	\$40,941	\$52,410	\$52,410	\$52,410	\$52,410
ERG – Commercial (Legacy and EOA)**	\$891,867	\$5,871,120	N/A	\$10,776	\$14,342	\$77,556	\$94,845	\$98,571
ERG – Residential (EOA)**	\$649,107	\$2,494,546	N/A	\$28,080	\$47,073	\$63,675	\$63,675	\$63,675
UTHTC (Legacy)	\$1,237,172	\$3,031,318	3,693/2,935	\$99,449	\$107,658	\$110,958	\$110,958	\$106,793
BEIP (Conversion)	\$1,518,713	\$12,190,670	81,024	\$21,876	\$127,906	\$186,127	\$186,127	\$225,205
BEIP (Legacy)***	N/A	N/A	N/A	\$49,326	\$50,584	\$51,746	\$52,801	\$53,394
BRRAG (Legacy)	\$125,054	\$2,084,810	31,654	\$13,057	\$10,940	\$8,681	\$6,849	\$0
Brownfields	\$277,000	\$378,000	N/A	\$16,171	\$59,465	\$10,265	\$5,365	\$5,365
NOL****	\$870,428	N/A	N/A	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
Film/Digital Media	\$7,637	N/A	N/A	\$0	\$0	\$0	\$0	\$0
Angel Investor****	\$12,545	N/A	N/A	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
TOTAL				\$545,412	\$862,047	\$1,081,201	\$1,113,127	\$1,158,194

N/A - There is no legislative requirement under these programs related to capital investment, job creation or retention.

*Activity and projections as of March 2018. These are estimated figures subject to change. While the EDA Board's approval of an application represents the opportunity for a project to realize approved awards, companies must certify that they have satisfied specific legislative requirements before they receive any funds. The above Approved Award Amount figures and related projections are subject to appropriation and an applicant's performance obligations under the respective grant agreements. Please visit www.njeda.com/public_information/incentives_activity for up to date activity under respective programs and a more detailed overview of statutory and annual reporting requirements.

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** ERG Commercial (legacy and EOA) are cash reimbursement incentives; ERG Residential is a tax credit incentive.

*** The BEIP projections for FY18-FY22 are a cumulative total. If there was an appropriation, the amount of the appropriation would reduce the cumulative BEIP liability across the projection periods. For instance, if a full appropriation for FY18 was made, the FY19 liability would be \$1,258.

**** Per P.L. 1997, c. 334, NOL (Technology Business Tax Certificate Transfer Program) is authorized \$60 million annually; per P.L. 2014, c. 14, the Angel Investor Tax Credit Program is authorized \$25 million annually. Actual amounts may be less in any given year based on approvals and utilization.

4. Section 21 of P.L.2013, c.161 requires the EDA to submit a report to the Governor and the Legislature providing a comprehensive review of the economic incentive programs under the authority's jurisdiction by July 1, 2018. The report is to place a particular emphasis on the recalibration of the State's economic incentive programs and the effectiveness of those programs on economic development and private-sector job retention and growth. The EDA contracted with the Edward J. Bloustein School of Planning and Public Policy at Rutgers University to complete the evaluation.

On January 19, 2018, the Governor issued Executive Order No. 3 ("E.O. 3"), which directs the Office of the State Comptroller (OSC) to complete a performance audit of the Grow New Jersey Assistance Program and the Economic Redevelopment and Growth Grant program, and their predecessor programs, from 2010 onward. E.O. 3 requires the audit to include: (1) a comparison of the actual economic benefits realized due to an incentive award against the projected economic benefits asserted or considered in evaluating applications approved for incentive awards; (2) information on the types of jobs created through each program and the locations of those jobs; (3) a review of the decision-making process regarding the acceptance of incentive award applications; and (4) an examination of the application process for incentive awards and information regarding administrative costs incurred by the EDA in processing applications. The OSC is required to complete its audit by December 31, 2018.

- **Question:** Please provide an update regarding the review of the State's economic development programs pursuant to P.L.2013, c.161. Will the review be completed by the statutory deadline of July 1, 2018? If not, when does the EDA anticipate the review will be completed?

The review will be completed by the Edward J. Bloustein School of Planning and Public Policy at Rutgers University and transmitted to the Governor and Legislature on or about the statutory deadline of July 1, 2018.

- **Question:** Please provide an update regarding the State Comptroller's audit of the Grow New Jersey Assistance Program and the Economic Redevelopment and Growth Grant program. Has the OSC started its audit? With a review of economic development programs required by P.L.2013, c.161, why was it necessary for the OSC to audit these initiatives? How will the OSC review differ from the review being conducted by Rutgers University? Is the OSC audit on schedule to be completed by the December 31, 2018 deadline?

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The Office of the State Comptroller has started its audit, per Executive Order #3, and the EDA continues to provide information, as requested. The EDA defers to the Office of the State Comptroller with regard to the scope of the review and the schedule.

5. The federal “Small Business Jobs Act of 2010,” (Pub.L.111-240) created the \$1.5 billion State Small Business Credit Initiative (SSBCI). Participating states are required to use funds awarded for programs that leverage private lending to help finance capital investments of creditworthy small businesses and manufacturers that have been denied access to the loans they need to expand and create jobs. According to the [SSBCI Summary of States Annual Report](#) for 2016, New Jersey’s SSBCI allocation totaled approximately \$33.9 million. In response to an FY 2018 OLS Discussion Point, the EDA indicated that New Jersey was to receive a revised \$33.3 million through the SSBCI. The table below shows the programs supported by New Jersey’s portion of SSBCI funds and the total amount expended for each program as of December 31, 2016.

Program	Amount Allocated	Amount Expended
New Jersey Credit Guarantee Program	\$3,227,500	\$2,227,500
New Jersey Direct Loan Program	\$9,250,000	\$7,384,500
New Jersey Loan Participation Program	\$16,071,686	\$10,313,900
New Jersey Venture Capital Program	\$5,345,965	\$5,345,965
TOTAL	\$33,895,151	\$25,271,865

In response to a FY 2018 OLS Discussion Point, the EDA indicated that it had approved assistance through its four approved SSBCI programs totaling more than \$33.4 million. Of that amount, \$25.2 million had closed, leveraging over \$120.1 million in total public/private investment. The EDA utilized SSBCI funds to make capital available to financial intermediary organizations to assist micro-enterprises and small companies that do not qualify for traditional bank financing. Two Community Development Financial Institutions receiving loans with SSBCI funds provided over \$580,000 in loans and line of credit guarantees to nine businesses. The EDA also closed on direct loans, participations, and guarantees to assist 30 small businesses located throughout the State. The \$25.2 million in closed financing included \$5.3 million invested in three venture capital funds. This investment provided an additional private financing of approximately \$9.8 million and caused other concurrent private financing of approximately \$43.3 million in 18 regionally based emerging technology businesses.

The EDA noted that it requires companies applying for assistance under its lending programs to provide the number of new jobs expected to be created within two years of the loan closing, and to provide the number of new jobs that will be maintained in New Jersey. The 30 businesses supported with loans, credit guarantees, and loan participations utilizing SSBCI funds anticipated the creation of 456 new jobs and the maintenance of 1,611 existing employees. The 18 businesses that received venture fund investments expected to create a total of 230 new jobs and maintain 537 employees.

- Question:** Please provide an update on EDA’s progress in using the federal \$33.3 million State Small Business Credit Initiative award. Please identify the specific EDA programs receiving funding as a result of the federal credit initiative, and for each program detail the amount allocated, the amount already expended or committed, and any metrics on the expected economic benefits to New Jersey resulting from the investments receiving assistance. When is the deadline to expend all program funds? If the deadline has passed

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how much of the award reverted to the federal government, and what factors contributed to these funds not being spent by the deadline?

The EDA has approved assistance through its four approved SSBCI programs – Direct Loan, Loan Participation, Credit Guarantee and Venture Capital Fund Programs – totaling \$33.3 million. All amounts listed have been obligated and the EDA has successfully completed its reporting and associated obligations related to the SSBCI allocation. The Allocation Agreement with the United States Department of Treasury expired on March 31, 2017 (note, there was no deadline to expend all program funds). No dollars have or will revert to the federal government; they are revolved back into EDA loan and guarantee programs.

As noted last year, the EDA utilized SSBCI funds to make capital available to financial intermediary organizations to assist micro-enterprises and small companies not qualified for traditional bank financing. The two Community Development Financial Institutions (CDFIs) receiving loans supported with SSBCI funds were able to provide over \$580,000 in loans and line of credit guarantees to nine businesses, of which eight were minority- or women-owned enterprises.

The EDA also utilized SSBCI funds to invest in three venture capital funds, which provided additional private financing of approximately \$9.8 million and caused other concurrent private financing of approximately \$43.3 million in 18 regionally-based emerging technology businesses. The 18 businesses that received venture fund investments expected to create a total of 230 new jobs and maintain 537 employees.

Through April 2018, the EDA has closed on SSBCI-supported direct loans, participations and/or guarantees to assist 41 small businesses located throughout the State. These businesses anticipate the creation of 546 new jobs and the maintenance of 1,949 existing employees. Small businesses assisted over the last year include an animal hospital in Swedesboro, a trucking company in North Bergen, a sign and awning supplier in Bloomfield, a perfumes and cosmetics wholesaler in Elizabeth, a precast manufacturing company in Farmingdale, a pogo stick manufacturer in Howell, a technology company in Lumberton, and a spine and rehabilitation center in Oakland.

6. P.L.2013, c.14 created the Angel Investor Tax Credit Program through which the EDA is authorized to award corporation business tax and gross income tax credits to certain individuals and businesses that make qualified investments in New Jersey emerging technology companies. Subject to certain limitations, the tax credits equal 10 percent of an individual's or a business's qualified investment in an emerging technology company with fewer than 225 employees, of whom at least 75 percent are filling a position in New Jersey. Purchase, production, and research agreements qualify as creditable investments. The tax credit program is subject to a \$25.0 million annual cap. In addition, tax credit recipients cannot claim tax credits for that part of an investment in a single company that exceeds \$500,000.

The EDA launched the Angel Investor Tax Credit Program in July 1, 2013. Since that time, the EDA has awarded \$22.3 million in tax credits in connection with 680 investments (totaling \$234.3 million) in 53 New Jersey emerging technology companies based on data published in EDA Annual Reports.

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P.L.2017, c.40 expanded eligibility for tax credits under the Angel Investor Tax Credit Program to investments in the holding company of a qualified New Jersey emerging technology business and to companies engaging in carbon footprint reduction technology research. Carbon footprint reduction technology increases energy efficiency, develops and delivers renewable or non-carbon emitting energy technologies, develops innovative carbon emissions abatement with significant carbon emissions reduction potential, or promotes measurable electricity end-use energy efficiency.

- Question:** Please discuss the effect of P.L.2017, c.40 on the Angel Investor Tax Credit Program. Please identify each holding company in which a qualified investment was made. Please identify each qualified investment made in a company engaging in carbon footprint reduction technology research that would not have qualified for a tax credit prior to the enactment of P.L.2017. c.40.

As a result of P.L. 2017, c.40, 39 holding company applications were approved for investments in three companies in calendar year 2017, as detailed below:

Investor	Company	Investment	Proposed Tax Credit
Daniel K. Flatley	Lumeta Corporation	\$ 764,520	\$ 76,452.00
Daniel K. Flatley	Lumeta Corporation	\$ 312,500	\$ 31,250.00
Daniel K. Flatley	Lumeta Corporation	\$ 187,500	\$ 18,750.00
Daniel K. Flatley	Lumeta Corporation	\$ 250,000	\$ 25,000.00
Daniel K. Flatley	Lumeta Corporation	\$ 375,000	\$ 37,500.00
Daniel K. Flatley	Lumeta Corporation	\$ 222,340	\$ 22,234.03
Bernard B Markey	Lumeta Corporation	\$ 37,500	\$ 3,750.00
Daniel F McLaughlin	Lumeta Corporation	\$ 200,000	\$ 20,000.00
Daniel F McLaughlin	Lumeta Corporation	\$ 62,500	\$ 6,250.00
Daniel F McLaughlin	Lumeta Corporation	\$ 37,500	\$ 3,750.00
Daniel F McLaughlin	Lumeta Corporation	\$ 50,000	\$ 5,000.00
Daniel F McLaughlin	Lumeta Corporation	\$ 250,000	\$ 25,000.00
Daniel F McLaughlin	Lumeta Corporation	\$ 100,000	\$ 10,000.00
Patrick G. Donnellan	Lumeta Corporation	\$ 425,000	\$ 42,500.00
Patrick G. Donnellan	Lumeta Corporation	\$ 132,813	\$ 13,281.30
Patrick G. Donnellan	Lumeta Corporation	\$ 79,688	\$ 7,968.80
Patrick G. Donnellan	Lumeta Corporation	\$ 106,250	\$ 10,625.00
Patrick G. Donnellan	Lumeta Corporation	\$ 318,850	\$ 31,885.00
Patrick G. Donnellan	Lumeta Corporation	\$ 111,329	\$ 11,132.90
Anthony Grillo	Lumeta Corporation	\$ 300,000	\$ 30,000.00
Anthony Grillo	Lumeta Corporation	\$ 93,750	\$ 9,375.00
Anthony Grillo	Lumeta Corporation	\$ 56,250	\$ 5,625.00
Anthony Grillo	Lumeta Corporation	\$ 75,000	\$ 7,500.00
Anthony Grillo	Lumeta Corporation	\$ 225,000	\$ 22,500.00
Anthony Grillo	Lumeta Corporation	\$ 200,001	\$ 20,000.10

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Gary A. Squires	Lumeta Corporation	\$ 50,000	\$ 5,000.00
Gary A. Squires	Lumeta Corporation	\$ 50,000	\$ 5,000.00
Kathryn M. Kinnamon	Lumeta Corporation	\$ 15,625	\$ 1,562.50
Kathryn M. Kinnamon	Lumeta Corporation	\$ 20,000	\$ 2,000.00
Navigator Partners, LLC	Lumeta Corporation	\$ 150,000	\$ 15,000.00
Navigator Partners, LLC	Lumeta Corporation	\$ 46,875	\$ 4,687.50
Navigator Partners, LLC	Lumeta Corporation	\$ 28,125	\$ 2,812.50
Navigator Partners, LLC	Lumeta Corporation	\$ 37,660	\$ 3,766.00
Navigator Partners, LLC	Lumeta Corporation	\$ 37,500	\$ 3,750.00
Navigator Partners, LLC	Lumeta Corporation	\$ 31,353	\$ 3,135.30
Patrick McGowan	Lumeta Corporation	\$ 250,000	\$ 25,000.00
Patrick McGowan	Lumeta Corporation	\$ 125,000	\$ 12,500.00
Herbert Conrad	Matinas Biopharma Holdings Inc.	\$ 937,500	\$ 93,750.00
Kenneth deRegt	OpenDoor Securities LLC	\$ 250,000	\$ 25,000.00
	Total 2017	\$ 7,002,929	\$ 700,292.93

- Question:** Does the EDA have any evidence that suggests the program is succeeding in encouraging investment in New Jersey emerging technology companies that would not have been made or would have been made at lesser amounts but for the tax credit provided by the program? Are there any examples of New Jersey emerging technology companies that have successfully “graduated” from the program and are no longer eligible for the benefit because they have outgrown the size limitations specified by the program’s enabling statute? What percentage of the \$234.3 million in investments made in New Jersey emerging technology companies would have been made regardless of the tax credit provided by the program?

EDA is aware of several early-stage emerging technology companies that include information on the Angel Investor Tax Credit Program in their investor pitch. The ability for investors to enhance their Investor Rate of Return is of interest and support through the program can allow this.

7. P.L.2015, c.194 permitted certain businesses that previously had been approved for a grant award under the Business Employment Incentive Program (BEIP) to convert the amount of any outstanding grant commitments into tax credits by July 11, 2016. Businesses that did not elect to convert are dependent on the Legislature and the Governor for future appropriations to pay the balance of any outstanding grant commitments.

Tax credits were permitted to be taken by the business to reduce the business’s corporation business tax or insurance premiums tax liability, or if the business did not pay those taxes, to be sold or assigned to another taxpayer through the issuance of a tax credit transfer certificate. A business’s tax credits are not issued all at once in one year for the full amount of the business’s outstanding grant commitments, but through certificates in annual installments.

Discussion Points (Cont'd)

In response to an OLS inquiry in the fall of 2016, the EDA indicated that as of July 12, 2016, 213 out of 253 businesses with outstanding BEIP commitments had elected to convert their grants to tax credits. The cumulative amount of BEIP tax credits was expected to total \$1.082 billion between FY 2017 and FY 2025, while the cumulative liability of those businesses that did not participate totaled \$49.3 million through FY 2025. In response to a FY 2018 OLS Discussion Point, the EDA noted that eight businesses that opted to convert their grants to tax credits had terminated their agreements since the fall of 2016 while 205 companies remained in the program.

According to the [FY 2019 New Jersey Tax Expenditure Report](#), no BEIP tax credits were issued in FY 2017, \$21.9 million in tax credits were issued in FY 2018, and \$128.1 million in tax credits are anticipated to be issued in FY 2019. Information available through the State accounting system shows no BEIP grant payments since FY 2014.

- Question:** Please provide an update on the implementation and administration of P.L.2015, c.194. How many additional businesses that elected to participate in the conversion process have terminated their agreements? What is the current cumulative value of those outstanding grants that are expected to be satisfied through tax credits? What is the total amount of tax credits issued to businesses to date? How many businesses received tax credits? What was the total amount issued to businesses, broken down by the tax to which the credit may be applied? What is the total amount of tax credits that are expected to be issued to businesses in each year from FY 2018 through FY 2025? Please explain why the value of BEIP tax credits is anticipated to increase from \$21.9 million in FY 2018 to \$128.1 million in FY 2019.

The EDA continues to work with all businesses that opted-in for a tax credit. Through March 2018, two additional companies formally terminated their BEIP Agreements; 144 businesses have received their tax credit, totaling \$21.6 million. As demonstrated in the chart below, there is a projected cumulative value of \$876.8 million of grants that are expected to be satisfied through tax credits.

As dictated by the legislation, the formula for how tax credits were to be paid is causing the increase from \$21.9 million in FY2018 to \$127.7 million in FY2019. Specifically, FY2018 only provided a 5% tax credit of all outstanding liabilities owed to companies opting in for annual years 2007-2013. Whereas, FY2019 calls for a 20% tax credit of all outstanding liabilities owed to companies opting in for annual years 2007-2013, in addition to a 25% tax credit of all outstanding liabilities owed to companies opting in for annual years 2014 and 2015. Therefore, the increase in the percentage of the tax credits to be issued for annual years 2007-2013, as well as adding in annual years 2014 and 2015, are the drivers of the increase.

BEIP Tax Credits (000's omitted)								
FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	Total
\$21,876	\$127,906	\$186,127	\$186,127	\$225,205	\$84,626	\$45,549	\$865	\$878,282

- Question:** Please provide an update regarding the status of BEIP grant payments to businesses that chose not to participate in the conversion process. What is the total amount of BEIP grant payments issued in FY 2016 and FY 2017? What is the total amount of BEIP grant payments made to businesses in FY 2018? What amount remains outstanding? What amount

Discussion Points (Cont'd)

is scheduled to be paid in FY 2019? From what sources of funds are these payments made? Are the BEIP grant payments made by the Treasury Department or by the EDA out of funds that were previously appropriated to EDA? What is the total value of any unexpended BEIP funds that is still held by the EDA?

Those businesses that elected to not participate in the conversion process are subject to appropriations in the budget; no such appropriation has been included in the FY18 or proposed FY19 budget.

8. On October 29, 2012, Superstorm Sandy made landfall in New Jersey. The federal “Disaster Relief Appropriations Act of 2013” (Pub.L.112-3) has supported the State’s storm recovery efforts. In implementing the law, the United States Department of Housing and Urban Development (HUD) has allocated \$4.2 billion in Community Development Block Grant – Disaster Recovery Funds (CDBG-DR Funds) to New Jersey.

The State’s action plan originally assigned \$100 million to the EDA for the creation and administration of the Stronger NJ Business Loan Program. Creditworthy businesses and non-profit organizations were permitted to apply for no-cost loans of up to \$5 million for a 24-month period to redress the uncompensated costs they incurred in improving their storm-damaged properties and to expand existing and form new businesses in impacted areas. Loans can be used for renovation, new construction, equipment, and working capital. They may have maturity periods exceeding 24 months, but the EDA will charge interest after two years. On April 15, 2016, HUD approved the use of an additional \$24 million from the State’s CDBG-DR allocation for the Stronger NJ Business Loan Program to satisfy all eligible applicants and all waitlisted applicants in the program (Action Plan Amendment 18).

According to the CDBG-DR Performance Report for the fourth quarter of 2017, the Stronger NJ Business Loan Program has approved 123 applications to provide loans totaling \$89.1 million to businesses throughout the State. Overall, 120 applicants have received one or more award disbursements totaling \$74.5 million. Of the approved applications, 100 are considered fully disbursed. The EDA website notes, “At this time, due to the high volume of applications already received, EDA will not be accepting new applications for the Stronger NJ Business Loan Program.”

- **Question:** Please update the following information for the Stronger NJ Business Loan Program: a) the number of applicants approved for financial assistance; b) the dollar value of the approved financial assistance; c) the dollar value of the financial assistance that has already been disbursed; and d) the total amount of loan repayments received. For what purposes have any loan repayments been utilized?

The EDA has approved 121 businesses for over \$83.5 million in financial assistance; all 121 businesses have received at least one disbursement, for a total of \$77.67 million expended to date. As of March 31, 2018, the EDA has received \$4.8 million in loan repayments, which have been remitted back to the Department of Community Affairs.

- **Question:** Given that the Stronger NJ Business Loan Program has \$74.5 million in approved financial aid disbursements approved through December 31, 2017 and that the EDA is no longer accepting new loan applications, does the EDA anticipate that the entire

Discussion Points (Cont'd)

allocation of CDBG-DR funds will be expended? What amount does the EDA anticipate will be expended for loan disbursements in FY 2018 and FY 2019, respectively? If not, does the EDA anticipate that unexpended program funds will be transferred to support other CDBG-DR programs?

Over time, many of the large construction projects that were projected for the loan portfolio never came to fruition, which has led to unspent balances. The EDA anticipates approximately \$2.4 million in additional approvals with all disbursements, totaling \$85.9 million, to be expended by the end of calendar year 2019.

Currently, the EDA is engaged in working with the Department of Community Affairs and the Governor's Office to best utilize the unspent balances, which will require a substantial Action Plan amendment from the State.

9. The EDA and the Board of Public Utilities (BPU) jointly administer the New Jersey Energy Resilience Bank, a federally-funded program financing public and private energy resilience infrastructure projects in qualified municipalities. The agencies collaboratively designed the program, while the BPU performs the technical review of proposed projects and the EDA performs the financial and applicant due diligence reviews. Both agencies must approve projects for financial assistance. In May 2014, the New Jersey Energy Resilience Bank received a \$200 million endowment out of Community Development Block Grant – Disaster Recovery (CDBG-DR) funds awarded to the State by the federal Department of Housing and Urban Development under the federal "Disaster Relief Appropriations Act of 2013" (Pub.L.112-3).

The EDA announced the New Jersey Energy Resilience Bank's launch on October 20, 2014. The program strives to keep critical facilities operational during power outages through the installation of distributed energy resource systems. The term refers to smaller, decentralized energy generation technologies installed at and serving local facilities that are interconnected with the electrical grid but capable of operating independently. Examples include combined heat and power (cogeneration) plants, fuel cells, and solar generation systems with energy storage technologies. Section 3.5.2 of CDBG-DR Action Plan Amendment Number 7 identified the potential beneficiaries of New Jersey Energy Resilience Bank financing: water and wastewater treatment plants, public housing, hospitals, emergency response facilities, municipal town centers, correctional facilities, transportation and transit networks, regional high schools that can function as emergency shelters, and private sector facilities performing critical emergency functions, such as liquid fuel refineries, distribution facilities, and pipelines.

The first Energy Resilience Bank funding round reserved up to \$65 million for water and wastewater treatment plants. Program requirements were amended in April 2016 to remove the \$65 million set aside for water and wastewater treatment facilities. Applicants were then permitted to apply for funding from the entire \$200 million allocation to support projects at hospitals and water and wastewater treatment plants. Applications were accepted on a rolling basis and reviewed and submitted to the EDA Board for approval on a first-received, first-ready basis. The Energy Resilience Bank program application window closed on September 30, 2016. There is no maximum award for individual projects, except for a \$500,000 project maximum for electricity storage equipment. It was anticipated that submitted applications would utilize all available funding and no additional funding was anticipated. All CDBG-DR funds must be expended by September 30, 2020.

Discussion Points (Cont'd)

EDA Board Minutes indicate that nine projects have received a total of \$108.4 million in funding through the Energy Resilience Bank. According to the CDBG-DR Performance Report for the fourth quarter of 2017, Energy Resilience Bank program expenditures total \$3.9 million. The “Sandy Recovery Program Dashboard,” available through www.renewjerseystronger.org, shows that \$10.5 million has been disbursed.

- Question:** Please share: a) the number of applications submitted to the New Jersey Energy Resilience Bank; b) the total amount of financial assistance sought; and c) the total generation capacity of all proposed combined heat and power generation installations. Please list the projects that have secured an incentive award, including the generation capacity of any approved combined heat and power plants. Why did the EDA eliminate the \$65 million set-aside for water and wastewater treatment facilities?

The application process consisted of a submittal of an intake form with specific project details for review; in total 20 applicants formally submitted an intake form. As detailed in the chart below, 11 of those projects have received preliminary approval from the EDA Board for over \$164 million in funding requested with a total generation capacity of nearly 30 megawatts; 10 of these projects have also received the required approval from the New Jersey Department of Environmental Protection.

As the Program evolved it became apparent that the full \$65 million allocated for the Water/Wastewater Treatment facilities was not going to be fully utilized; however, the demand from the hospital community was robust so the dedicated Water/Wastewater Treatment allocation was removed to allow for funding of other sectors. This strong demand from the hospitals is evidenced as 78% of the funding approved has been for hospital projects.

ERB Projects Presented to NJEDA Board	ERB Funding Amount	CHP Capacity (megawatt)
St Peter's University Hospital	\$8,125,240	2
Cooper University Hospital	\$28,202,205	4.4
Bergen County Utilities Authority	\$26,990,350	Resiliency Project
South Monmouth Regional Utilities Authority	\$3,918,000	0.27
RWJBarnabas Health - Livingston	\$12,858,502	2.5
Hunterdon Medical Center	\$9,527,715	1.98
RWJBarnabas Health - Newark Beth Israel	\$15,176,079	2
Trinitas Medical Center (Elizabeth)	\$9,601,056	2
Ocean County Utilities Authority	\$5,080,000	0.4
RWJBarnabas Health - Jersey City	\$8,526,758	1.4
University Hospital (Rutgers Newark)	\$36,267,500	13
ERB Projects Presented to NJEDA Board	\$164,273,405	29.95

- Question:** Please indicate the total amount of Energy Resilience Bank funds expended in FY 2018 to date. What amount does the EDA anticipate will be expended for Energy Resilience Bank projects in FY 2019? What factors account for the slow pace of Energy Resilience Bank expenditures? If there are unallocated program funds, does the EDA anticipate re-opening the application process? Does the EDA anticipate all projects will be completed by the September 30, 2020 deadline?

Discussion Points (Cont'd)

Cumulatively, the EDA has expended over \$13.4 million to date with the anticipation of an additional \$45 million expended through FY2019. The complexity of the projects and the federal requirements dictated by CDBG-DR funding causes a long lead time before the projects can actually commence; however, once the requirements are satisfied and the detailed specifications are complete, significant expenditures follow. While the EDA anticipates the ERB Program—with its current pipeline—to utilize all funding, the EDA works closely with the Department of Community Affairs and the Governor's Office to best utilize any excess funding from the EDA programs and other programs statewide, which would require a substantial Action Plan amendment from the State.

The EDA continues to work with its applicants to move the projects forward in an expediated manner. However, if there are delays, HUD has approved an extension, allowing applicants to extend beyond the September 30, 2020 deadline.

10. On January 8, 2018, the EDA issued \$375.7 million in State Lease Revenue Bonds to finance the redevelopment and rehabilitation of certain State office buildings and facilities. The bond proceeds will support the replacement of office buildings that house the Department of Agriculture, Department of Health (Health Administration and Health Lab) and the Division of Taxation in the Department of the Treasury and the construction of new facilities for the New Jersey Training School (operated by the Juvenile Justice Commission) currently located in Monroe Township (Middlesex County).

In a memorandum to EDA Board members made public on December 12, 2017, the President and Chief Operating Officer outlined a request to approve a comprehensive development budget for the construction of the Agriculture, Health and Taxation buildings, and related site improvements, and the demolition of the existing Agriculture and Health Buildings in an amount not to exceed \$226.3 million (excluding the cost of bond issuance, capitalized interest, and the bond underwriter's discount). The proposed budget indicates that Agriculture and Health building project activities will cost \$110.0 million and Division of Taxation building project activities will cost \$116.3 million. In response to an FY 2018 OLS Discussion Point, the EDA noted that construction was scheduled to begin in May 2018 and end in November 2019. Building demolition, if required, would occur in September 2019.

- **Question:** Please provide an update on the status of the State office building project. Please indicate the total amount expended for the Agriculture and Health buildings project in FY 2018 and the activities for which those funds were expended. Please indicate the total amount expended for the Taxation building project in FY 2018 and the activities for which those funds were expended. What amount does the EDA anticipate will be expended for each project in FY 2019? Is the construction phase of these projects still scheduled to begin in May 2018? If not, what is the new target date for construction to begin? Please identify the reasons for any delay in the project timetable.

On January 8, 2018, state government bonds associated with the project were closed on. However, following the change in Administrations, a decision was made to review and consider all factors associated with the project. That review is coming to a close and has involved various departments including Treasury, DCA and EDA. Given this review, the projected budget and schedule are not yet finalized.

Discussion Points (Cont'd)

Health/Agriculture - In 2017, a total of \$1.683 million was expended; in 2018, a total of \$169,629 has been expended (through March 2018).

Taxation – In 2017, a total of \$1.676 million was expended; in 2018, a total of \$561,673 has been expended (through April 2018).

Funds were used for costs related to project management, loan interest, architectural and engineering, construction management, survey, title, appraisal, and an environmental consultant.

11. The Governor's FY 2019 Budget recommends a \$10.0 million General Fund appropriation for the payment of State Economic Redevelopment and Growth (ERG) grants. The Executive also intends to carry forward \$4.0 million in unspent FY 2018 ERG fund balances to FY 2019. Annual budget language has also permitted the Office of Management and Budget to appropriate additional amounts to the program to meet payment obligations. In FY 2018 the program received a General Fund appropriation of \$10.0 million plus \$4.7 million in FY 2017 carryforward funds for the payment of State ERG grants in the current fiscal year. Of the total amount authorized (\$14.7 million), \$5.4 million has been expended and \$9.3 remains unexpended. From FY 2013 through FY 2017, 66.2 percent of funds appropriated for State ERG grants lapsed to the General Fund.

N.J.S.A.52:27D-489c et seq. provides the statutory authority for the ERG program. The portion of the program that involves a tax-increment financing mechanism for commercial redevelopment projects in eligible geographic areas has a State and municipal component. Under the State component, ERG reimbursements are available for commercial redevelopment projects that meet two financial criteria. First, the financial assistance must close a project financing gap that would prevent a project's realization. Second, the project must yield fiscal benefits to the State over a period of up to 20 years that exceed the incentive being provided by the program. There are no capital investment and job creation thresholds. State ERG awards: 1) equal up to 75 percent of the annual incremental State tax revenue attributable to a project (or up to 85 percent in a Garden State Growth Zone, a designation comprising the cities of Atlantic City, Camden, Passaic, Paterson, and Trenton); 2) cannot exceed 30 percent of total project cost in conjunction with any municipal ERG award (or 40 percent in a Garden State Growth Zone municipality) and 3) are paid in up to 20 annual installments. Aggregate State ERG reimbursement payments for commercial redevelopment projects are uncapped, but the EDA may only consider applications received prior to July 1, 2019. All ERG recipients obtain their reimbursement only after project completion.

According to program activity reports, the EDA has, since program inception, approved \$891.8 million in ERG grant awards. In response to a FY 2018 OLS Discussion Point, the EDA indicated that 13 projects were expected to receive FY 2017 ERG grant payments totaling \$9.5 million; 21 projects were expected to receive FY 2018 ERG grant payments totaling \$12.2 million.

- **Question:** Please identify, by name, location, and amount, each project that has received or is expected to receive an ERG grant payment in FY 2018. Please also provide similar information for projects that are expected to receive a grant payment in FY 2019. What is the total amount of ERG grant obligations that has accrued but remains unpaid?

Amounts displayed in the chart below are projections that represent the maximum amount of State resources that may be required; actual payments will not exceed the appropriation for the program.

Discussion Points (Cont'd)

Actual amounts may be less in any given year if a project fails to meet certain requirements or does not adhere to the terms and conditions of project agreements.

Commercial ERG (\$000's omitted)	Location	FY18	FY19
810 Broad Street/Indigo Hotel	Newark	\$211	\$350
30 West Pershing, LLC	Edison	\$498	\$498
Catellus/Teterboro Urban Renew	Teterboro	\$0	\$2,387
CDIP-Paulsboro	Paulsboro	\$0	\$63
DGMB (Margaritaville)	Atlantic City	\$1,220	\$1,012*
DVL, Inc	Kearny	\$204	\$1,550
East Grand Assoc.	Elizabeth	\$175	\$240
Harrah's	Atlantic City	\$1,000	\$300
Harrison Hotel	Harrison	\$552	\$552
Jersey Gardens	Elizabeth	\$551	\$865
Just Greens dba Aerofarms	Newark	\$0	\$111
Mount Laurel Development	Mt. Laurel	\$583	\$583
MSST Fidelco	Jersey City	\$384	\$400
Newport Office	Jersey City	\$450	\$470
Port Imperial	Weehawken	\$300	\$355
RBH Teacher's Village	Newark	\$1,027	\$1,027
Saker	Somerville	\$512	\$512
TDAF I - Pru Hotel	Newark	\$431	\$500
TDAF I Springfield Avenue	Newark	\$323	\$409
Tropicana Atlantic City Corp	Atlantic City	\$615	\$418
VNO Wayne Town Center, LLC	Wayne	\$1,740	\$1,740
Total ERG Commercial		\$10,776	\$14,342

*In FY19, DGMB will reach its maximum reimbursement under ERG; no additional reimbursements are expected.

- Question:** How many new projects does the EDA anticipate approving under the ERG program in FY 2018 and FY 2019? How many previously approved projects will be completed and newly begin receiving awards in FY 2018 and FY 2019? How many ERG projects were withdrawn or expunged in FY 2017 and FY 2018?

The NJEDA anticipates approving two projects in SFY18 and SFY19. Seven projects have begun receiving payments in SFY2018 and it is anticipated that four additional projects will begin receiving payments in SFY19. In total four projects were terminated in SFY17 and SFY18.

12. The Brownfield Site Reimbursement Fund was supported by \$19.1 million in State funds in FY 2018 as follows: (1) a General Fund appropriation of \$14.8 million; (2) \$2.3 million in FY 2017 carry forward funds; and (3) a \$2.0 million appropriation from certain constitutionally dedicated corporation business tax moneys. The Governor's FY 2019 Budget recommends a \$14.8 million General Fund

Discussion Points (Cont'd)

appropriation for the Brownfield Site Reimbursement Fund. The Executive also intends to carry forward \$3.0 million in unspent FY 2018 fund balances to FY 2019.

P.L.1997, c.278 created the Brownfield Site Reimbursement Fund whose balances finance the Brownfields and Contaminated Site Remediation Program (N.J.S.A.58:10B-30). The program reimburses qualified developers for up to 75 percent of the costs incurred in remediating abandoned or underused, contaminated commercial and industrial properties. To be eligible, a project must generate incremental State tax revenues in excess of the State reimbursement. Statutes require the deposit of State tax revenue generated by the redeveloped sites into the Brownfield Site Reimbursement Fund. In actuality, the fund has received its resources from annual appropriations (some of which represent uncommitted funds from the Global Warming Solutions Fund) through the State budget and, pursuant to budget language, from that portion of the constitutional dedication of four percent of annual corporation business tax collections for environmental purposes that support the remediation of the discharges of hazardous substances. Annual budget language has also permitted the Office of Management and Budget to appropriate additional amounts to the fund to meet payment obligations.

In response to a FY 2018 OLS Discussion Point, the EDA indicated that 23 projects were expected to receive FY 2017 Brownfields reimbursement payments totaling \$8.4 million; 22 projects were expected to receive FY 2018 payments totaling \$11.0 million.

- Question:** Please identify, by name, location, and award amount, each project that has received or is expected to receive a payment under the Brownfields and Contaminated Site Remediation Program in FY 2018. Please also provide similar information for projects that are expected to receive a payment in FY 2019. What is the total value of outstanding EDA obligations to developers under this program?

Amounts displayed in the chart below are projections that represent the maximum amount of State resources that may be required; actual payments will not exceed the appropriation for the program. Actual amounts may be less in any given year if a project fails to meet certain requirements or does not adhere to the terms and conditions of project agreements.

Brownfields (\$000's omitted)	Location	SFY18	SFY19
PT Maxwell	Hoboken	\$4,685	\$1,500
183 Foundry Street, LLC	Newark	\$0	\$45
Ameream LLC	East Rutherford	\$0	\$24,000
Arctic Realty	Atlantic City	\$0	\$200
Autozone	Jersey City	\$0	\$196
Autozone	North Bergen	\$0	\$84
Beacon/Baldwin Urban Renewal	Jersey City	\$0	\$250
Clinton Township Realty	Clinton	\$150	\$0
F. Greek Newco 377, LLC	Carteret	\$586	\$100
Former APA Transport	North Bergen	\$0	\$8,000
Fraternity Meadows	Secaucus	\$1,326	\$800
Gargant Corp. aka Witten Ash	Jersey City	\$0	\$20

Discussion Points (Cont'd)

J. Supor	Harrison	\$0	\$30
New Meadowlands Stadium	East Rutherford	\$0	\$7,400
Newport Development	Jersey City	\$5,500	\$1,300
Port Imperial South	Weehawken	\$1,000	\$1,000
Prologis Teterboro	Teterboro	\$0	\$14,000
Regency at Long Valley	Long Valley	\$0	\$40
Rock GW LLC - Florham Park	Florham Park	\$2,355	\$0
Wood-Ridge Development	Somerset	\$569	\$500
Total by SFY		\$16,171	\$59,465

- Question:** How many new projects does the EDA anticipate approving under the Brownfields and Contaminated Site Remediation Program in FY 2018 and FY 2019? How many previously approved projects will be completed and newly begin receiving payments in FY 2018 and FY 2019? How many projects were withdrawn or expunged in FY 2017 and FY 2018?

Two projects have begun receiving payments in SFY2018 and it is anticipated that seven additional projects will begin receiving payments in SFY19. In total seven projects were terminated in SFY17 and SFY18.

13. A proposed language provision (section 91 of the General Provisions, Page F-11) in the Governor's FY 2019 Budget provides for use as General Fund revenue amounts paid by the EDA to the State from the sale of the land of the former Riverfront State prison in Camden. This proposed language is identical to the language included in the FY 2018 Appropriations Act. In response to a FY 2017 OLS Discussion Point, the EDA indicated that the amount of revenue anticipated to be diverted to the General Fund from the sale of the land was \$5.0 million. The Governor's FY 2019 Budget anticipates the receipt of the \$5.0 million in FY 2019.

Riverfront State Prison was a former State prison situated on a 16-acre parcel of land on the waterfront of the City of Camden. The construction of the prison was completed for a cost of \$31 million in August 1985. In June 2009, the prison was closed. The inmates who had been housed at the prison were transferred to other facilities. In October 2009, the State House Commission declared the prison to be surplus to the needs of the State, and established a sale process that provided for the property to be turned over to the EDA, which would then sell it to a purchaser through a negotiated sale or a request-for-proposal procedure. Later that year, the prison was demolished using funds made available by the Delaware River Port Authority.

Subsequently, P.L.2013, c.22 formalized the transfer of the property to the EDA for the sum of \$1 and authorized the EDA to arrange for the sale and conveyance of the property on which the prison had been located in accordance with the terms and conditions previously established by the State House Commission. The law also specified the use of the proceeds from the sale. The net proceeds from the sale and conveyance after deduction of costs, expenses and fees incurred by the EDA for the sale and conveyance, are to be paid by the EDA as follows: 1) an amount equal to the appraised value of the property prior to the demolition and site improvements of the prison shall be paid to the State; and 2) any amount remaining shall be retained and utilized by the EDA for projects within Camden.

Discussion Points (Cont'd)

In November 2016, the EDA released a Request for Qualifications (RFQ) seeking eligible respondents for the purchase and development of the former Riverfront Prison site. Qualifications were initially due March 1, 2017. The due date was extended to April 12, 2017, and then to May 24, 2017. Information available through the EDA website indicates that no proposals were received for the purchase and development of the Riverfront Prison Site. The website also states, "The EDA is currently working with the New Jersey Department of the Treasury to explore options and next steps. As the sale of the property is governed by P.L.2013, c.22, as well as the New Jersey State House Commission-approved Procedures for the Disposition of the Riverfront State Prison Property, at this time the EDA cannot negotiate with interested parties."

- **Question:** Please provide an update on the sale of the former prison property in Camden. What additional steps has the EDA taken to market the property following the RFQ deadline? Is there any indication why potential developers did not participate in the RFQ process? What steps does the EDA anticipate taking to move the sale to completion in FY 2019?

The EDA received no responses to the RFQ issued in 2017. Since that time, the development of Cooper's Poynt Waterfront Park was completed on the site, providing a 5-acre green space featuring trails, a state-of-the-art playground and new lighting. We believe completion of the park, along with continued corporate and investment activity in the City of Camden, will help to attract more interest from the development community. The EDA is preparing to issue a new RFQ by the second quarter of 2018 and will undertake an aggressive marketing and outreach campaign to raise awareness of this unique development opportunity.