Discussion Points

1. Established in accordance with P.L.1974, c.80, the New Jersey Economic Development Authority (EDA) is an independent public authority located "in, but not of," the Department of the Treasury. Its primary mission is to assist in the creation of employment opportunities through the provision of financial assistance to for-profit and not-for-profit enterprises. To that end the authority runs a myriad of financial assistance programs that it pays for out of its own financial resources. But the EDA also administers several economic development incentive programs that rely on the State's general financial resources as their funding mechanism. For example, the authority operates the Economic Redevelopment and Growth grant program under which developers receive multi-year grant payments from the State in support of qualifying projects. Other EDA-administered programs, such as the Grow New Jersey Assistance Program, reduce State revenue collections by granting incentive tax credits to eligible enterprises. The **accrued liabilities of the EDA-administered incentive programs that rely on general State resources**, however, do not appear to be aggregated and published; which, if true, would complicate the formulation of effective budgetary and fiscal policies.

- ***Questions:*** **Please delineate, by program, the current dollar amount of all accrued liabilities under EDA-administered economic development programs that are financed with general State resources, as opposed to the EDA's own financial resources. What dollar amount of the total represents: a) outstanding, unpaid liabilities that have accrued in the past; and b) liabilities that will become payable in the future under concluded agreements? Please detail, by program, the size of capital investments and the number of jobs the incentive agreements support.**

The EDA administers various programs that are financed with general State resources, including grants and tax credits funded respectively through annual appropriations and reimbursement of State revenues generated by eligible projects. Specifically, the EDA administers three (3) programs which are funded through annual appropriations, the Business Employment Incentive Program (BEIP), Economic Redevelopment and Growth (ERG) Program (commercial projects) and, the Brownfields and Contaminated Site Remediation Program.

In addition, the following programs provide tax credits to eligible projects which are financed through reimbursement of State revenues: the Grow New Jersey Assistance (Grow NJ) Program, residential projects under the new ERG, the Urban Transit Hub Tax Credit (UTHTC) Program, Business Retention and Relocation Assistance Grant (BRRAG) Program, Technology Business Tax Certificate Transfer (NOL) Program, Film and Digital Media Tax Credit Program, and Angel Investor Tax Credit Program.

The following provides a summary of the award amounts, capital investment, new and retained jobs and projected obligations for each program:

Discussion Points (Cont'd)

EDA-Administered Programs w/ Projected Obligations by Fiscal Year (2015-2019)

(thousands of dollars)

Program	Award Amount	Capital Investment	New / Retained Jobs	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Grow NJ (New)	$298,399	$253,619	2898/2587	$0	$171,764	$188,940	$207,834	$228,618
Grow NJ (Legacy)	$541,731	$810,757	2723/6685	$12,359	$36,004	$50,846	$54,182	$54,182
ERG (New)	$79,690	$308,518	393/0	$0	$32,000	$35,200	$38,720	$42,592
ERG (Legacy)	$856,546	$4,646,417	15898	$13,791	$17,755	$22,632	$28,258	$33,779
UTHTC (Legacy)	$1,352,720	$3,262,661	3720/2935	$117,157	$135,968	$135,968	$135,968	$135,968
BEIP (Legacy)	$1,567,957	$12,472,875	84409	$175,000	$175,000	$175,000	$175,000	$175,000
BRRAG (Legacy)	$123,946	$2,069,632	31162	$20,000	$20,000	$20,000	$20,000	$20,000
Brownfields	$277,000	$378,000	N/A	$10,000	$77,000	$20,000	$20,000	$20,000
NOL	$773,000	N/A	N/A	$60,000	$60,000	$60,000	$60,000	$60,000
Film/Digital Media	$7,920	N/A	N/A	$10,000	$0	$0	$0	$0
Angel Investor	$1,529	N/A	N/A	$25,000	$25,000	$25,000	$25,000	$25,000

2. P.L.2013, c.161, the **"New Jersey Economic Opportunity Act of 2013," restructured the State's economic development incentive programs** effective September 18, 2013. The law discontinued the EDA-administered Business Employment Incentive Program (BEIP), Business Retention and Relocation Assistance Grant (BRRAG) program, and Urban Transit Hub Tax Credit program by closing them to new applicants. In contrast, the law retained and expanded the EDA-administered Economic Redevelopment and Growth Grant (ERG) and Grow New Jersey Assistance (GROW NJ) programs. Both now have lower eligibility thresholds than before and a greater geographic reach. Applications for the two revised programs became available on November 19, 2013.

N.J.S.A.52:27D-489c et seq. provides the statutory authority for the **ERG program**. The tax-increment financing mechanism for redevelopment projects in eligible geographic areas has a State and a municipal component. State ERG reimbursements are available for **commercial redevelopment projects** that meet two financial criteria. First, the financial assistance must close a project financing gap that otherwise 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 equal or exceed 110 percent of the tax credit amount. There are no capital investment and job creation or retention thresholds. State ERG awards: a) 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 Camden, Passaic, Paterson, and Trenton); b) 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 c) are paid in up to 20 annual installments.

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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 reimbursements only after project completion.

A separate $600 million State ERG tax credit program applies to **residential redevelopment projects** in eligible geographic areas. Because these projects do not tend to create or retain permanent full-time jobs, they are unlikely to generate fiscal benefits to the State at a level that would allow ERG reimbursements to close project financing gaps. Thus this separate tax credit program waived the requirement that residential redevelopment projects must generate fiscal benefits to the State in excess of the incentive amount. Under the program, projects may receive State ERG tax credits if they meet two financial conditions. First, the financial assistance must close a project financing gap that otherwise would be likely to prevent a project's realization. Second, the project must have minimum project costs ranging from $5.0 million to $17.5 million, depending on its specific location. Tax credit awards are authorized for taxpayer use in up to ten annual installments following project completion and 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). The application deadline for residential redevelopment projects is July 1, 2015. All approved grants are listed at http://www.njeda.com/web/pdf/ERG_Activity.pdf.

N.J.S.A.34:1B-243 et seq. establishes the statutory authority for the **GROW NJ tax credit program**, which is intended to encourage job creation and retention. There is no cap on the aggregate dollar amount of tax credit awards, but the EDA may only consider applications submitted prior to July 1, 2019. GROW NJ tax credits are available for eligible projects located in certain geographic areas that meet two financial conditions. First, the financial assistance must be a material factor in a project's realization. Second, the project must yield fiscal benefits to the State over a period of up to 20 years (or up to 30 years in the case of a "mega project" or a project in a Garden State Growth Zone, or up to 35 years if a project is located in the city of Camden) that equal or exceed 110 percent of the tax credit amount (or 100 percent in the case of the city of Camden). Minimum capital investment and full-time employment requirements vary depending on project characteristics. The EDA may grant individual tax credits for up to ten years in amounts ranging from $500 to $15,000 per year for each job created, depending on project attributes. Credit amounts for retained jobs are generally 50 percent of those for new jobs (except that certain limited projects earn job retention tax credits equal to the 100-percent rate of new full-time positions). Tax credit recipients must maintain the project and related employment for 1.5 times the period in which they receive tax credits. Businesses forfeit outstanding tax credit amounts if their full-time workforce falls below certain thresholds. Tax credits are only certified for taxpayer use after project completion. All approved tax credits are listed at http://www.njeda.com/web/pdf/Approved_Grow.pdf.

- ***Questions:*** **Has the EDA ruled on all Economic Redevelopment and Growth Grant (ERG) and Grow New Jersey Assistance (GROW NJ) program applications that the**

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authority has received under pre-P.L.2013, c.161 program specifications? Please provide the following data for each of the ERG and GROW NJ programs under their pre-P.L.2013, c.161 permutations: a) the number and nominal dollar value of incentive awards approved; b) the number and nominal dollar value of incentive awards finalized; c) the nominal dollar value of incentive awards that taxpayers have used to date; and d) the nominal dollar value of approved and finalized incentive awards that taxpayers have not yet used.

The EDA has processed all applications for assistance under the ERG and Grow NJ programs under pre-P.L. 2013, c. 161 (Legacy) program specifications, as follows:

ERG Program	**Award Amount**
810 Broad Street/Indigo Hotel	$ 4,700,238
Ameream LLC/(American Dream)	$ 390,000,000
Buffalo Pike Assoc.	$ 11,432,283
Catellus/Teterboro Urban Ren	$ 18,771,345
DGMB (Margaritaville)	$ 5,055,556
Eatontown Monmouth Mall (Vornado)	$ 4,109,172
Fountains (Ironstate/Pier Village)	$ 8,401,459
Hanover Ridgedale LLC	$ 4,109,734
Harrah's	$ 24,128,000
Harrison Hotel	$ 7,250,987
Jersey Gardens	$ 7,961,200
MSST Fidelco	$ 5,640,161
Newport Office	$ 14,600,000
Port Imperial	$ 8,893,049
RBH – Newark	$ 20,548,344
Revel	$ 261,364,000
Saker	$ 5,000,000
TDAF I – Pru Hotel	$ 6,583,637
TDAF I Springfield Avenue	$ 8,358,889
VNO Wayne Town Center, LLC	$ 13,513,000
Williamstown Square Urban	$ 11,968,365

Grow NJ Program	**Award Amount**
151 Foods LLC (Amoroso)	$ 20,700,000
Dress Barn (Ascena)	$ 32,400,000
Automatic Switch Company	$ 24,500,000
Burlington Coat Factory	$ 40,000,000
Deep Foods/Nandan	$ 27,000,000
Destination Maternity	$ 40,000,000
Flight Safety International	$ 6,780,000

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Honeywell	$	40,000,000
Imperial Bag & Paper Co	$	29,120,000
Lockheed Martin Corporation	$	40,000,000
MSKCC Properties, LLC	$	7,910,000
Maplewood Beverage	$	18,900,000
Mastertaste Inc	$	12,000,000
Medco	$	40,000,000
NRG Energy, Inc.	$	37,520,000
Royal Wine	$	22,890,000
Siemens Healthcare	$	36,654,000
Soundview Paper LLC	$	25,450,000
United Parcel Service	$	40,000,000

Of the 20 ERG Legacy projects approved under pre-P.L. 2013, c. 161 program specifications, 14 are in-construction and six (6) have completed construction. One (1) project received its reimbursement in FY 2013 for approximately $555,000; and, four (4) are anticipated to be paid in FY 2014 for approximately $2 million (ERG payments are made over 20 years, in varying amounts depending on completion of construction and the eligible amount of tax reimbursement). Of the Grow NJ Legacy projects approved to date, no projects have completed construction or received funding.

Finally, no tax credits have been issued under the ERG or Grow NJ programs to date.

- **Please list all ERG and GROW NJ incentive awards the EDA has approved in accordance with P.L.2013, c.161's program revisions. Would any of the projects not have qualified for incentives previously? Has the EDA noticed an uptick in ERG and GROW NJ incentive applications following the enactment of P.L.2013, c.161? How many ERG and GROW NJ applications is the EDA currently evaluating? Considering the applications and inquiries the EDA has received to date, does the authority project that the $600 million cap on aggregate ERG tax credit awards for residential redevelopment projects will suffice to meet demand? What is the EDA's projected range of the cumulative dollar value of the revised GROW NJ program through its July 1, 2019 application deadline?**

The following lists the projects approved for assistance under the Grow NJ and ERG programs pursuant to P.L. 2013, c. 161:

Grow New Jersey Assistance Program

Company	Location	Award Amount
IDT Corporation	Newark	$24,320,000
Marathon Data Operating Co, LLC	Neptune	$3,240,000
VF Sportswear	Jersey City	$13,125,000

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WebiMax, LLC	Camden	$12,750,000
Biovail Americas Corp	Bridgewater	$39,502,500
Ardagh Glass Inc	Salem	$20,100,000
Forbes Media LLC & Forbes Media Holdings LLC	Jersey City	$27,125,000
LiDestri Foods & Pennsauken Packing Co, LLC	Pennsauken	$6,247,500
Stericycle, Inc	Woodbridge	$2,940,000
Vintage Pharmaceuticals, LLC	Cranbury	$972,970
Wenner Bread Products, Inc	New Brunswick	$30,360,000
Liscio's Italian Bakery, Inc	Glassboro	$13,515,000
Sandoz, Inc	Plainsboro	$9,180,000
Stoncor Group Inc	Pennsauken	$9,987,500
TR US Inc	Hoboken	$25,987,500
Dietz & Watson and Black Bear Distribution	Delanco	$30,855,000
Procedyne Corp	New Brunswick	$1,408,750
Sony Music Entertainment	Rutherford	$1,625,000
Association Headquarters	Mt. Laurel	$4,425,000
ENER-G Rudox Inc	E. Rutherford	$975,000
SodaStream USA, Inc	Pennsauken	$3,527,500
Sys-tech Solutions Inc	Plainsboro	$11,775,000
United Water Management and Services Inc & United Water, Inc	Paramus	$5,512,500
Total		**$299,456,720**

ERG Program – Residential

Company	**Location**	**Award Amount**
Four Corners Millennium Project Urban Renewal Entity	Newark	$19,454,586
PRC Campus Centers	Ewing	$15,767,702
Paterson Commons II Urban Renewal Assoc, LLC	Paterson	$7,833,944
Broadway Associates	Camden	$13,491,661
Washington Street University Hsg Urban Renewal Assoc	Newark	$23,142,465
Total		**$79,690,358**

The Grow NJ projects awarded would have been eligible under the requirements established prior to the enactment of P.L. 2013, c. 161. However the award levels would vary, as the awards are calculated differently.

In addition, the five (5) approvals under the ERG Program are for residential projects and the awards are tax credit based, which is new under P.L. 2013, c. 61. Under the prior UTHTC program which provided incentives for residential projects, all but the PRC Campus Centers project in Ewing would be eligible, as Ewing was not an eligible municipality under the UTHTC program. The EDA has experienced a significant amount of interest and an increase in the

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number of applications since the enactment of P.L. 2013, c. 161. Currently, EDA is reviewing 18 Grow NJ applications, 22 ERG-Residential applications and six (6) ERG-Commercial applications.

At this time, the $600 million allocation for ERG-residential projects appears to be sufficient for the current demand, given the number of applications received, current inquiries and parameters of the program.

Finally, the revised Grow NJ program has not been in the market place long enough to accurately project the cumulative dollar value.

3. P.L.2013, c.161 declared the cities of Camden, Passaic, Paterson, and Trenton blighted areas in need of rehabilitation and designated them as New Jersey's first and only **Garden State Growth Zones (GSGZ)**. This designation provides businesses that invest in the four municipalities with reduced eligibility requirements and higher incentive payments under the EDA-administered Economic Redevelopment and Growth Grant (ERG) and Grow New Jersey Assistance (GROW NJ) programs. For example, under the GROW NJ job creation and retention tax credit program, companies' minimum capital investment requirements are one-third lower and minimum full-time employment requirements one-fourth lower in GSGZs than in other eligible areas. Under ERG, for example, the maximum amount of any redevelopment incentive grant in GSGZs is 40 percent of total project costs instead of 30 percent in other eligible areas.

Furthermore, the law authorizes the four GSGZ municipalities to opt into a property tax exemption program within 90 days of September 18, 2013. A participating municipality may confer a 20-year property tax abatement on any new construction, improvement, and substantial rehabilitation of structures on real property that is undertaken by redevelopers qualifying as Garden State Growth Zone Development Entities. The exemption equals 100 percent of the value of the improvement for the first ten years after the issuance of a certificate of occupancy. Over the next ten years the exemption percentage declines gradually. Anyone who does not qualify as a Garden State Growth Zone Development Entity can still receive a five-year property tax exemption equal to 100 percent of the value of any new construction, improvement, and substantial rehabilitation of structures on real property.

- ***Questions:*** **Please indicate whether Camden, Passaic, Paterson, and Trenton have opted into the property tax abatement program for real estate improvements that P.L.2013, c.161 authorized for the four Garden State Growth Zone (GSGZ) municipalities. If applicable, for each of the four municipalities, please set forth the aggregate value of all real property improvements that have obtained property tax abatements pursuant to P.L.2013, c.161 and the ensuing property tax savings to the taxpayers owning those improvements.**

Currently, Camden, Trenton and Paterson have opted into the property tax abatement program authorized under P.L. 2013, c. 161. In terms of property tax savings from real property

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improvements resulting from eligible projects, that information is not available through EDA as one (1) project under Grow NJ is for a tenant of a facility and the Authority does not require tax information from the property owner; and two (2) projects under the ERG-Residential Program are utilizing the Housing and Mortgage Finance Agency (HMFA)-supported PILOT program in conjunction with HMFA's funding.

- **Please list any incentive awards the EDA has made in accordance with P.L.2013, c.161 under the Economic Redevelopment and Growth Grant and Grow New Jersey Assistance programs to businesses investing in the four GSGZ municipalities. Would any of the projects not have qualified for the incentives under the programs' standard terms? How many applications for incentive awards under the GSGZ designation is the EDA currently evaluating?**

The EDA has approved two (2) projects under the ERG-Residential Program – Paterson Commons II Urban Renewal Assoc, LLC in Paterson for $7,833,944 and Broadway Associates in Camden for $13,491,661. In addition, one (1) project – WebiMax, LLC in Camden – has been approved for $12,750,000 under the Grow NJ Program. All of the GSGZ projects approved would qualify under standard terms. Finally, EDA is currently evaluating 12 applications (4 Grow NJ/ 8 ERG) for projects located in GSGZs.

4. P.L.2013, c.161 recalibrated the EDA-administered **Grow New Jersey Assistance (GROW NJ) program** effective as of September 18, 2013. One of the revisions created a **"mega project"** category that allows for enhanced tax credit amounts. Notably, along with projects in the Garden State Growth Zone municipalities of Camden, Passaic, Paterson, and Trenton; "mega projects" qualify for the program's largest annual tax credit amounts of up to $15,000 per new full-time job for a period of up to ten years. Depending on project type, all other projects may earn maximum credits ranging from $2,000 to $12,000 per new full-time position for a period of up to ten years. In addition, full-time jobs retained at a project site are typically eligible for 50 percent of the tax credit amount for new full-time positions. However, retained full-time positions qualify for 100 percent of the new full-time position tax credit amount if they are part of a "mega project" in a Garden State Growth Zone municipality or of a "mega project" involving the United States headquarters of an automobile manufacturer located in a priority area. (Full-time jobs retained at a new facility that replaces a facility that has been substantially damaged in a federally-declared disaster also qualify for the 100-percent rate). Lastly, "mega projects" also benefit from relaxed net benefit test requirements. Specifically, to qualify for a GROW NJ tax credit, a project must typically yield fiscal benefits to the State over a period of up to 20 years that equal or exceed 110 percent of the tax credit amount. For "mega projects," however, the calculation considers 30 years of benefits. (The only other easing of the net benefit test concerns projects in Garden State Growth Zones for which the EDA shall also consider 30 years of fiscal benefits and projects in the City of Camden for which the EDA shall consider 35 years of fiscal benefits against a lower threshold of at least 100 percent of the tax credit amount).

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A business must apply for a GROW NJ tax credit by September 18, 2017 to attain "mega project" status. A "mega project" is an eligible business facility project located in an "urban transit hub" whose capital investment exceeds $50 million and whose count of new and retained full-time positions exceeds 250. In addition, "mega projects" are eligible business facility projects whose count of new and retained full-time positions exceeds 1,000, or whose capital investment exceeds $20 million and whose count of new and retained full-time positions exceeds 250 if the business facility is located in either: a) a port district and houses a business in the logistics, manufacturing, energy, defense or maritime industries; or b) an aviation district and houses a business in the aviation industry; or c) a Garden State Growth Zone; or d) a priority area and houses the United States headquarters and related facilities of an automobile manufacturer. News reports have identified Subaru of America, Inc., as a potential beneficiary of "mega project" status. Currently headquartered in Cherry Hill, the company has reportedly been looking to expand its headquarters and to possibly relocate.

- ***Questions:*** **Please list all GROW NJ tax credit awards the EDA has approved in accordance with P.L.2013, c.161 to: a) "mega projects" and b) projects whose retained jobs have earned 100 percent, instead of the standard 50 percent, of the new full-time position tax credit amount. How many GROW NJ applications is the EDA currently evaluating for: a) "mega project" status; and b) tax credits for retained full-time positions that equal the 100-percent rate for new full-time positions? Has Subaru of America, Inc applied for a GROW NJ tax credit?**

The EDA has approved one (1) mega project under the Grow NJ Program – Dietz & Watson and Black Bear Distribution, in Delanco Twp. for $30,855,000. Currently, up to six (6) projects are being evaluated which may qualify under "mega project" status. Two projects under consideration may have retained full-time positions that equal the 100 percent rate for new full-time positions.

5. Since opening on April 2, 2012, the **Revel Casino in Atlantic City** reportedly has failed to turn a profit. After casino owners wound up filing for Chapter 11 bankruptcy protection on March 27, 2013, the United States Bankruptcy Court for the District of New Jersey approved a reorganization plan on May 12, 2013. Revel's outstanding debt was slashed from $1.52 billion to $272 million. In return, its creditors took an 82 percent ownership interest in the company. Yet even after the offloading of the bulk of the debt service payments, the casino reportedly continued to accumulate losses of such magnitude that the creditors-turned-owners, of whom Chatham Asset Management, LLC is the most significant, were actively considering selling the casino or initiating a second bankruptcy proceeding.

New Jersey has a vested financial interest in the project. On February 1, 2011, the EDA approved an Economic Redevelopment and Growth Grant (ERG) of up to $261.4 million to Revel Atlantic City, LLC and Revel Entertainment Group, LLC to support the completion of the construction of the then-unfinished casino. The February 1, 2011 EDA Board Memo on the grant award shows

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that the EDA anticipated the project to represent a $1.6 billion capital investment, create 5,500 full-time jobs, and generate $650 million of incremental direct State and local tax revenues over the grant's 20-year period. The project's actual performance, though, has trailed expectations. As of February 3, 2014, it had only 2,748 employees, of whom 1,762 were in full-time positions.

The State, however, has not yet been obligated to make any grant payment because the final grant agreement had not yet been closed, as the EDA related in reply to EDA Discussion Point #5 in the OLS FY 2013-2014 Department of the Treasury Budget Analysis. Even if the agreement were finalized, the nature of the grant program means that the State would not be making a one-time upfront payment of the full grant amount. Under the performance-based tax-increment financing program, the final grant amount will instead equal 75 percent of certain State tax collections the casino *actually* generates over 20 years. The original agreement also granted the EDA a cash distribution interest of 20 percent of the management's initial 10 percent ownership. While not absorbing any of the casino's losses, the authority would share in any profits until it recoups its full investment.

The EDA approved the Revel grant under the terms of the ERG program as it existed prior to the revisions of P.L.2013, c.161, the "New Jersey Economic Opportunity Act of 2013." P.L.2009, c.90 created the program as a tax-increment financing mechanism with a State and a municipal component (N.J.S.A.52:27D-489a et seq.). The law authorized, but did not require, the awarding of State ERG payments for eligible redevelopment projects in certain areas of New Jersey that would yield fiscal net benefits to the State and that would not occur absent the financial assistance. State ERG payments could equal up to 75 percent of the annual incremental State tax revenue attributable to a project and could be authorized for up to 20 years. But the combined amount of State and municipal ERG grant payments could not exceed 20 percent of a project's total cost. Disbursements commence after a project's completion. All approved State ERG grants are listed at http://www.njeda.com/web/pdf/ERG_Activity.pdf.

- **Questions: Please indicate whether the EDA has closed the Economic Redevelopment and Growth Grant (ERG) agreement for the Revel Casino. If not, please share the reason(s) for not closing the agreement. If the agreement has been closed, please specify the amount of State tax revenues collected to date from the casino and the ERG reimbursements actually made to the casino's owners. According to the projections used in the original award calculation, what amount of State tax revenues and ERG payments should the project have generated to date? What is the financial impact of the casino's bankruptcy-induced reorganization on the State? Did the conversion of the casino's debt into equity dilute the EDA's cash distribution interest of 20 percent of the management's initial 10 percent ownership? Please provide an up-to-date assessment of the project's viability.**

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The EDA has closed on its final agreement with Revel however, pursuant to the Division of Taxation the casino has not reported sufficient revenues to qualify for reimbursement. Under the ERG agreement, the amount of State tax revenues was projected to be approximately $14 million and payment under the program was estimated to be approximately $600,000 to date. The financial impact of Revel's bankruptcy and reorganization to the State is not yet known, and at this time, the EDA does not have any insight to assess the project's viability. Finally, under the ERG agreement with Revel, EDA is due a cash distribution upon the generation of excess profits, therefore, a cash distribution was not due at the time of conversion of the casino's debt into equity.

- **Given the $1.6 billion in capital investments, the creation of 5,500 full-time jobs, and the generation of $650 million of incremental direct State and local tax revenues over the grant's 20-year period that were anticipated in the EDA grant award for the Revel Casino project; does the EDA still deem such economic performance realistically attainable? If not, what factor(s) account for any errors in the forecast and what lessons has the EDA learned from the Revel experience regarding the method the authority uses in analyzing the economic, financial, and fiscal implications of proposed projects? To what extent do Revel's troubles raise concerns about the accuracy and reliability of the EDA's net benefit model?**

The ability of Revel to achieve the economic performance anticipated under the ERG Program has been significantly impacted by numerous factors, including the lingering national recession, increased gaming competition from other states and the devastation resulting from Superstorm Sandy. Despite the discrepancy in the economic projections forecast for the casino, the EDA believes its net benefit model, which ensures that incentives will result in net positive economic benefits equaling 110 percent of the amount of assistance to the State, is sound.

6. P.L.2013, c.161 closed the EDA-administered **Business Employment Incentive Program (BEIP)** to new applicants effective on September 18, 2013. The law did not cancel the future disbursement of any previously approved BEIP grant payment and instructed the EDA to rule by December 31, 2013 on all BEIP grant applications it had received prior to September 18, 2013.

N.J.S.A.34:1B-124 et seq. established the statutory authority for the BEIP program under which the EDA provided grants to businesses that create jobs in New Jersey. BEIP grants could be awarded for up to ten years and could equal between 10% and 80% of the total amount of State income taxes withheld by the grant receiving business from wages of new employees subject to the grant agreement. To qualify for a grant, an applicant had to certify that receipt of the grant was a "material factor" in the business' decision to invest in New Jersey. As of December 31, 2013, the EDA had executed 499 BEIP grant agreements with a cumulative grant amount of $1.59 billion (of which $1.51 billion was disbursed) since the program's inception in 1996. In all, executed BEIP grants covered 105,800 new jobs and capital investments totaling $12.6 billion. According to the Fiscal Year 2012 Annual Report for BEIP, in FY 2012, the EDA executed 41 BEIP

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agreements representing a State commitment of $71.9 million over the terms of the grants. The authority expects the projects to create 3,892 new jobs over the next two years and the grantees' total capital investment to reach $349.0 million. The comprehensive list of executed BEIP agreements can be found at http://www.njeda.com/web/pdf/BEIP_Activity_Alphabetical.pdf.

The FY 2015 Governor's Budget includes $175.0 million for BEIP grants, the same amount as is appropriated for the program in FY 2014 (page D-376). Responding to EDA Discussion Point #5 in the OLS FY 2012-2013 Department of the Treasury Budget Analysis, the EDA related that it had $672.0 million in outstanding BEIP grant payment obligations dating as far back as calendar year 2008. In a written reply to a follow-up question asked by the Senate Budget and Appropriations Committee during its April 11, 2013 budget hearing on the Department of the Treasury, the EDA stated that a year later the payment backlog approximated $500 million owed to roughly 280 businesses. In its answer to EDA Discussion Point #2 in the OLS FY 2013-2014 Department of the Treasury Budget Analysis, the EDA specified that it had met most of its BEIP payment requirements dating from 2008 and 2009, and some of the 2010 payment requirements. The OLS notes that the amount of outstanding BEIP payment obligations does not include required future debt service payments on bonds the EDA issued in 2004 and 2005 to finance BEIP grants. According to the State of New Jersey Fiscal Year 2013 Debt Report, as of June 30, 2013, some $70.4 million in debt service payments remained outstanding on the bonds through final maturity on November 1, 2015.

- ***Questions:*** **Please specify the current dollar value of all accrued payment obligations under existing BEIP agreements. What dollar amount of the total represents: a) outstanding payment obligations that have become payable in the past; and b) outstanding payment obligations that will come due in the future under concluded grant agreements? What is the number of businesses that are owed BEIP payments that have become payable in the past? Have all FY 2008, 2009, 2010, 2011, and 2012 obligations been paid? Please provide a projection of the year in which the last BEIP payment will be due. Has the EDA ruled on all BEIP grant applications that have been submitted? What is the number of new BEIP grants the EDA approved from January 1, 2013 through December 31, 2013 and their aggregate dollar amount?**

Currently, BEIP obligations are estimated to be approximately $650 million. Approximately 400 businesses have submitted expenses for payment. Some invoices from 2008, 2009, and 2010 remain outstanding for various reasons. A majority of 2011 and 2012 obligations remain outstanding. It is estimated that payments will be made for the next 10-12 years, consistent with the applicable statute. Finally, EDA has advanced all remaining BEIP applications, of which 17 were approved from January 1 through Dec 31, 2013 for an aggregate amount of $18.7 million.

Discussion Points (Cont'd)

7. P.L.2013, c.161 closed the EDA-administered **Business Retention and Relocation Assistance Grant (BRRAG)** tax credit program to new applicants effective on September 18, 2013. The law did not cancel any previously approved but not yet used tax credit awards and instructed the EDA to rule by December 31, 2013 on all BRRAG applications it had received prior to September 18, 2013.

The BRRAG program had a $20 million aggregate cap on the total dollar value of tax credits that taxpayers may apply against tax liabilities in a given tax period with a requirement that tax credits may only be used in the tax periods for which they are issued. Tax credits were available under the corporation business and insurance premiums taxes to businesses that relocated operations within New Jersey and retained jobs or that maintained jobs at a current location and made a qualified capital investment (N.J.S.A.34:1B-112 et seq.). The per-employee tax credit ranged from $1,500 to $9,000 depending on the number of full-time positions retained. Businesses earned a tax credit bonus of 50 percent of the base amount if they relocated at least 2,000 jobs from a location in New Jersey into a designated urban area. They could earn another 50 percent bonus if their capital investment was at least twice the amount of tax credits granted prior to the application of a bonus. In addition to the receipt of the tax credit being a material factor in the business' decision to retain full-time positions in New Jersey, an applicant business had to demonstrate that the tax credit would yield a net fiscal benefit to the State. Tax credit awards were only certified for use upon project completion. Since inception in 2005 through January 10, 2014, the EDA signed BRRAG agreements totaling an estimated $123.9 million in tax credits for 82 projects representing an estimated $2.07 billion in capital investments and 31,162 in retained jobs. The EDA lists all BRRAG agreements at http://www.njeda.com/web/pdf/BRRAG_activity.pdf.

In its answer to EDA Discussion Point #3 in the OLS FY 2013-2014 Department of the Treasury Budget Analysis, the EDA displayed the schedule of BRRAG tax credits authorized for each tax period. In the aggregate, the EDA had awarded $110.4 million in tax credits that had to be taken from tax period 2012 through tax period 2021. The total cap for the ten-year period was $200.0 million and unallocated cap space of at least $3.4 million remained in every tax period.

- ***Questions:*** **What cumulative BRRAG tax credit amounts has the EDA awarded to date for tax period 2013 and every tax period thereafter? What tax credit amount did taxpayers apply against their tax liabilities in tax period 2013? Have taxpayers used the full amount of their approved BRRAG tax credits in tax periods 2012 and 2013? If not, what amount of approved tax period 2012 and 2013 tax credits was forfeited and what amount did the EDA authorize for carryover to future tax periods? Has the EDA ruled on all BRRAG applications that have been submitted? What is the number of new BRRAG tax credits the EDA approved from January 1, 2013 through December 31, 2013 and their aggregate dollar amount?**

Discussion Points (Cont'd)

The aggregate amount of BRRAG tax credits issued for tax period 2013 and thereafter, is approximately $10 million. The EDA does not monitor usage of tax credits against tax liabilities, however, no tax credits were forfeited or transferred in tax periods 2012 and 2013, approximately $2.6 million of the tax credits were sold to other entities in 2013, and approximately $1 million in credits were carried forward to 2014. The following provides an estimate of future tax credits:

CY 2014	$11,925,149
CY 2015	$14,325,750
CY 2015	$11,325,750
CY 2016	$11,927,250
CY 2017	$17,164,750
CY 2018	$11,020,500
CY 2019	$ 8,761,500
CY 2020	$ 8,761,500
CY 2021	$ 1,912,500

Finally, EDA has reviewed all remaining BRRAG applications, and from January through December 2013, two (2) BRRAGs were approved for $356,250.

8. P.L.2013, c.161 closed the EDA-administered **Urban Transit Hub Tax Credit program** to new applicants effective on September 18, 2013. The law, however, honors any previously approved but not yet used tax credit awards. It also instructed the EDA to rule by December 31, 2013 on all tax credit applications for commercial projects it had received prior to September 18, 2013 and within 120 days of September 18, 2013 on all tax credit applications for residential projects the EDA had received as part of the 2012 Urban Transit Hub Tax Credit Residential Competitive Solicitation. The law also authorized the EDA to raise the program's $1.75 billion lifetime cap so as to accommodate all credit-eligible applications received under the competitive solicitation. (The authority had also replied previously to EDA Discussion Point #6 in the OLS FY 2013-2014 Department of the Treasury Budget Analysis that it had turned away potential applicants because of the limited availability of cap space.) Lastly, the law removed the $100 million offshore wind project dedication from the $1.75 billion cap, thereby freezing up another $100 million in tax credit capacity for other programs subject to the cap.

P.L.2007, c.346 originally established the Urban Transit Hub Tax Credit program (N.J.S.A.34:1B-207 et seq.), under which the EDA was authorized to award tax credits to taxpayers who invested at least $50 million in real property situated in urban transit hubs. Subject to certain qualifying criteria, capital investments in business facilities could earn tax credits of up to 100 percent of the investment, residential investments of up to 35 percent of the investment, and mixed use projects either of up to 35 percent for the entire investment or of up to 35 percent for the project's residential component if it represented at least a $17.5 million capital investment and of up to 100 percent for the project's business facility component if it represented at least a

Discussion Points (Cont'd)

$17.5 million capital investment. But taxpayers will receive their finalized tax credit awards only after project completion. Urban transit hubs were the area within a one-half mile radius around a rail or light rail station in Camden, East Orange, Elizabeth, Hoboken, Jersey City, Newark, New Brunswick, Paterson, and Trenton, with the Camden urban transit hub covering the area within a one-mile radius around a rail or light rail station. In addition, there was an urban transit hub in the area within a one-mile radius of a rail or light rail station that was subject to a Choice Neighborhoods Transformation Plan. (The only New Jersey Choice Neighborhood is currently in Jersey City at the McGinley Square – Montgomery Corridor.) Acute care medical facilities and closed hospitals located within a one-mile radius of a rail or light rail station also qualified for tax credits.

The tax credit program had a $1.75 billion lifetime cap, which the EDA could raise if it wished to approve all responsive tax credit applications for residential construction projects submitted under the 2012 Urban Transit Hub Tax Credit Residential Competitive Solicitation. As of January 10, 2014, the authority had awarded $1.95 billion in tax credits under the following subcomponents of the cap: $834 million for commercial construction projects, $486 million for residential construction projects, and $635 million for the Grow New Jersey Assistance Program. In February 2012, Daily News L.P. became the first certified Urban Transit Hub Tax Credit recipient when it received a $41.65 million credit, which will be divided into ten annual installments. In response to EDA Discussion Point #6, the EDA anticipated certifying approximately $25 million in tax credits for five applicants in FY 2014. For a listing of approved Urban Transit Hub Tax Credit agreements please consult http://www.njeda.com/web/pdf/HUB_Activity.pdf.

- ***Questions:*** **Please provide an accounting of the Urban Transit Hub Tax Credit program cap. Has the EDA ruled on all tax credit applications that will be counted against the cap? If so, what are the final cap amount and its distribution among its subcomponents: commercial construction, residential construction, and the Grow New Jersey Assistance Program? Please list the residential projects, and the associated approved tax credit amounts, that benefitted from P.L.2013, c.161 authorizing the EDA to raise the program's $1.75 billion lifetime cap so as to accommodate all meritorious tax credit applications for residential construction projects under the 2012 Urban Transit Hub Tax Credit Residential Competitive Solicitation. Are all 24 projects receiving Grow New Jersey Assistance tax credits, as of January 10, 2014, counted against the $1.75 billion cap or has the EDA already awarded some tax credits under the revised program pursuant to P.L.2013, c.161?**

The EDA has ruled on all tax credit applications that will be counted against the cap under the Urban Transit Hub Tax Credit (UTHTC) Program. The final cap amount and distribution is as follows:

Discussion Points (Cont'd)

UTHTC – Commercial	$	834,099,861
UTHTC – Residential	$	347,583,228*
Grow NJ (Legacy)	$	541,731,293
Total	**$**	**1,723,414,382**

**This does not include the $138,037,756 authorized under P.L. 2013, c. 161 and described below.*

The following lists the residential projects and the associated approved tax credit amounts that benefitted from P.L. 2013, c. 161 authorizing the EDA to increase the program's $1.75 billion lifetime cap to accommodate all meritorious tax credit applications for residential construction projects under the 2012 Urban Transit Hub Tax Credit Residential Competitive Solicitation (noted as EOA UTHTC – Residential in the above chart):

TDAF I Springfield Avenue Holding Urban Renewal Co, LLC	$	23,831,845
Harborside Unit A, LLC	$	33,000,000
Matrix Upper Lot Urban Renewal, LLC	$	28,429,000
Two Center Street Urban Renewal, LLC	$	33,000,000
PHMII Associates, LLC	$	19,776,911
Total	**$**	**138,037,756**

Finally, 19 projects are counted against the $1.75 billion cap and five (5) projects were approved under P.L. 2013, c. 161, as of January 10, 2014.

- **Please indicate the number and nominal dollar value of Urban Transit Hub Tax Credit awards the EDA expects to have finalized for taxpayer use by the end of FY 2015. What is the total tax credit amount that has been applied against tax liabilities to date relative to the tax credit amount that the EDA has approved but that has not yet been applied against tax liabilities?**

The EDA expects it will certify 27 companies for compliance under the Urban Transit Hub Tax Credit Program by the end of FY 2015 in an approximate amount of $131.3 million.

9. On December 12, 2013, the EDA approved a $105.6 million commercial **Urban Transit Hub Tax Credit for MMC-DB Group, LLC** in support of the group's mixed use construction project on the campus of St. Joseph's Regional Medical Center in Paterson. The group is a joint venture between Medical Missions for Children, Inc., a non-profit organization headquartered at St. Joseph's Children Hospital, and HPF VIII Paterson, LLC, which is controlled by The Hampshire Companies, LLC, a real estate firm headquartered in Morristown, NJ. The project has two components, namely the construction of a first tower that will house a medical teaching and office facility and of a second tower that will house a Hilton Garden Inn hotel and conference center with a parking facility. The project's estimated capital investments total $138.6 million, of which the State will ultimately assume $105.6 million by means of the tax credit. The project is

Discussion Points (Cont'd)

forecast to create 321 new jobs by April 26, 2017. If all goes according to plan, the State will thus support each job created with a $328,845 tax credit.

The project is the second largest tax credit recipient among the 12 projects approved for commercial Urban Transit Hub Tax Credits, according to the January 10, 2014 activity report. It is also one of three projects that have received the highest possible tax credit rate of 100 percent of credit-eligible capital investments. The MMC-DB Group, LLC project is unique among the 12 projects in two aspects that relate to the tax credit program's requirement that a project's fiscal benefits to State and local governments must be at least 110 percent of its tax credit amount. Notably, the Paterson project is the only project whose net benefit calculation considers 30 years of fiscal benefits to the State and local governments in accordance with a provision in P.L.2013, c.161 mandating that the time horizon be 30 years, as opposed to the usual maximum of 20 years, if a commercial project is located on or adjacent to the campus of an acute care medical facility and if the capital investment exceeds $100 million. This provision effectively increases the project's permissible tax credit amount. In addition, the project stands alone in showing an estimated aggregate fiscal benefit to the State and local governments ($80.0 million) on the tax credit program's January 10, 2014 activity report that is less than the tax credit award ($105.6 million). These numbers suggest a violation of the statutory net benefit requirement. But the EDA memorandum on the tax credit award, dated December 10, 2013, affirms that the project passed the net benefit test; and clarifies that the tax credit amount is a nominal amount, whereas the benefit amount is a time-adjusted present value amount that was discounted by six percent annually over 30 years.

The table on the next page displays each project's approved tax credit, tax credit-eligible capital investment, and tax credit rate, which is the quotient of dividing a project's approved tax credit by its eligible capital investment. The table combines the tax credit awards to Newark Farmers Market, LLC and Wakefern Food Corp., which the EDA shows as two different credit recipients under one Newark project.

Discussion Points (Cont'd)

Urban Transit Hub Tax Credit Program: Commercial Projects

Project	Municipality	Approved Tax Credit	Eligible Capital Investment	Tax Credit Rate
MMC-DB Group LLC	Paterson	$105,559,214	$105,559,214	100.0%
Panasonic Corporation of North America	Newark	$102,408,062	$102,408,062	100.0%
Pearson Inc.	Hoboken	$82,548,489	$82,548,489	100.0%
Wakefern Food Corp.	Elizabeth	$58,000,000	$65,385,000	88.7%
Newark Farmers Market, LLC and Wakefern Food Corp.	Newark	$45,000,000	$55,000,000	81.8%
Goya Foods, Inc.	Jersey City	$81,901,205	$100,441,239	81.5%
CSC TKR, LLC	Newark	$37,451,378	$46,814,223	80.0%
Campbell Soup Company	Camden	$34,191,809	$51,998,000	65.8%
Prudential Financial Inc.	Newark	$210,828,357	$393,000,000	53.6%
Daily News, L.P.	Jersey City	$41,650,000	$100,695,000	41.4%
Ahold eCommerce Sales Company LLC	Jersey City	$34,561,347	$90,706,585	38.1%
	TOTAL	**$834,099,861**	**$1,194,555,812**	**69.8%**

- ***Questions:*** **In light of tax credit rates ranging from 38.1 percent to 100.0 percent of tax credit eligible capital investments under the commercial Urban Transit Hub Tax Credit program, please describe the method the EDA employed in determining a specific project's tax credit rate. Did the EDA use a formulaic approach or did it have some degree of discretion? What principles guided the EDA's use of any discretion?**

In reviewing the projects proposed for eligibility under the Urban Transit Hub Tax Credit (UTHTC) Program, the EDA follows requirements established in statute and uses analytics included in the economic impact model on net benefits approved by the EDA Board. Specifically, projects which create 200 or more full-time jobs that are new to the State are, per statue, eligible for at the highest 100 percent award rate provided all the other criteria are met, including that the project provide a net benefit to the State supporting the award calculation.
Businesses that do not represent that they will create the 200 new jobs required to receive the 100 percent award at the time of application are approved at the 80 percent rate. EDA confirms, each year, that the company has at least 200 new jobs at the project site and if the company does not, then the award is reduced by 20 percent for that year. In the event that a project's full award does not meet the 110 percent net benefits threshold established by the EDA Board, the businesses' award is reduced until it satisfies that requirement.

- **Please set forth the reason(s) for which the MMC-DB Group, LLC project in Paterson received the highest possible tax credit rate of 100 percent of eligible capital investments. Given that the project is the only one showing an estimated aggregate fiscal benefit to the State and local governments ($80.0 million) that is less than the tax credit award ($105.6 million) on the tax credit program's January**

Discussion Points (Cont'd)

10, 2014 activity report, is it fair to perceive the project as having the highest risk of all tax credit projects of not generating fiscal benefits to the State and local governments in excess of the tax credit amount? If so, why did the EDA take the highest risk, relative to all approved projects, of awarding a tax credit at the limit of the net benefit test to the MMC-DB Group, LLC project?

Pursuant to the New Jersey Economic Opportunity Act of 2013, c. 161, eligible projects located in Paterson, received by the Authority prior to the effective date of P.L. 2013, c. 161, with a qualified business facility located on or adjacent to the campus of an acute care medical facility, awards equal to 100 percent of the investment could be made for projects employing more than 200 full-time employees and investing more than $100,000,000.

Provisions in the statute include that the minimum number of full-time employees required for eligibility under the program may be employed by any number of tenants or other occupants of the facility, in the aggregate, and the initial satisfaction of such requirement following completion of the project shall be deemed to satisfy the employment requirements of the program in all respects, and, if the capital investment in the facility exceeds $100,000,000, the determination of the net positive benefit yield shall be based on the benefits generated during a period of up to 30 years following the completion of the project, as determined by the EDA. In the instance that the business's actual capital investment falls below $100,000,000 thereby resulting in a net benefit term of 20 years, the amount of the tax credits shall be reduced nominally to approximately $83 million as it will be the limiting factor (and not total eligible capital investment).

The $80 million estimated aggregate fiscal benefit to the State and local governments generated by the MMC-DB Group, LLC project in Paterson, as listed on the UTHTC Program's January 10, 2014 activity report is at present value, utilizing a 6 percent discount rate but it inadvertently included the adjustment for the 110 percent calculation. The actual total present value of the total net benefit for the project is $87.6 million, and, to confirm this amount met the 110 percent standard on a PV basis (which was approximately $79.7 mm pv) and was in-fact limited by the eligible capital cost.

With the actual net present value, prior to discounting in excess of $210 million over 30 years and, the project expected to create over 200 full-time jobs that are new to the State, the EDA doesn't consider the project to present any more or less risk of meeting the standards for eligibility than any other project limited to the 110 percent net economic benefit test.

- **In evaluating individual applications, does the EDA typically calculate a project's fiscal benefits to the State on a present value basis and the cost of tax credits on a nominal basis?**

Discussion Points (Cont'd)

Both the fiscal benefits to the State and the cost of tax credits are calculated on a present value basis. However, for the purposes of reporting project approvals, the EDA utilizes the nominal tax credit amount.

10. On May 30, 2012, the Governor announced that the **State had entered into an agreement with Amazon.com**. The online retailer would begin constructing two warehousing and shipping facilities in New Jersey in 2013. The projects would represent an estimated capital investment of $130 million and would result in the creation of 1,500 permanent full-time jobs and thousands of temporary full-time seasonal and construction jobs. Moreover, since the warehousing and shipping facilities would establish nexus to New Jersey, Amazon.com reportedly agreed to begin collecting sales and use tax on taxable purchases by New Jersey residents on July 1, 2013. In return, the EDA would at a later date provide unspecified financial incentives to Amazon.com from among its economic development programs. On January 8, 2013, Amazon.com announced that it had selected Robbinsville, Mercer County, as the site of one of its fulfillment centers and that the facility would be operational by March 2014. News reports detailed that the company would pay more than $22 million in property taxes and intended to invest more than $200 million in the facility and create 700 full-time jobs. In its answer to EDA Discussion Point #9 in the OLS FY 2013-2014 Department of the Treasury Budget Analysis, the EDA stated that it was not a party to the formal agreement between Amazon.com and the State of New Jersey and that it could therefore not discuss any of the agreement's parameters. Moreover, the EDA noted that the online retailer had not yet applied for any financial assistance.

- ***Questions:*** **Has the EDA approved Amazon.com for any financial incentives in connection with the May 30, 2012 announcement of an agreement between the online retailer and the State of New Jersey? If so, please outline the financial incentives. Do the incentive agreements specify any recapture provisions that require the company to maintain a certain number of full-time jobs for a certain period of time in order to receive and keep its full financial assistance? In evaluating Amazon.com's applications for financial incentives, has the EDA performed a material factor and net benefit test? If so, please share the EDA's findings. If the EDA has not yet approved Amazon.com for any incentives, please indicate whether the company has applied for any incentives and by what date the EDA intends to make a decision on the application. Would it be possible for Amazon.com to secure financial assistance under any of the EDA's incentive programs for its Robbinsville distribution center if it submitted an application after: a) the construction's start; and b) the construction's completion? To the best of the EDA's knowledge, is Amazon.com on schedule to complete the construction of its Robbinsville warehouse by March 2014, as originally planned, and has Amazon.com decided on the site of its second New Jersey warehousing and shipping facility?**

Discussion Points (Cont'd)

The company has not applied for any financial incentives and thus, EDA has not approved any financial incentives for Amazon.com. With construction underway and nearing completion on the planned distribution center in Robbinsville, it is expected that an application will not be filed for the project. Finally, the EDA does not have any information pertaining to the company's plans for additional construction projects in New Jersey.

11. 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 they 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 into the Brownfield Site Reimbursement Fund of State tax revenue generated by redeveloped sites. In actuality, however, the fund receives its resources from direct General Fund appropriations 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 supports the remediation of the discharges of hazardous substances. Annual budget language also authorizes the Office of Management and Budget to appropriate additional amounts to the fund if necessary to meet payment obligations.

Imperfect information has hampered annual budget projections for the Brownfields and Contaminated Site Remediation Program to the point that the EDA could not provide any estimate of required program disbursements for FY 2014, FY 2015, and FY 2016 in its answer to EDA Discussion Point #10 in the OLS FY 2013-2014 Department of the Treasury Budget Analysis. To gain a better understanding of the program's future budgetary needs the EDA has commenced the implementation of a monitoring system for approved remediation and redevelopment projects, according to the authority's reply to EDA Discussion Point #10. The system's site visits and field reports would allow the EDA to better gauge each project's status, timeline, and finances; which, in turn, would enable the authority to determine required program disbursements in any given fiscal year. The EDA also expected the improved monitoring to result in the expungement from its records of long-standing, inactive projects which were once approved for financial assistance but have not reached completion. Doing so would reduce the program's total outstanding obligations. In reply to EDA Discussion Point #7 in the OLS FY 2012-2013 Department of the Treasury Budget Analysis, the EDA had conveyed that the State's aggregated program liability under memoranda of agreement with developers approximated $350 million over a 20-year repayment term. A year later, the EDA pegged the number at over $100 million in its response to EDA Discussion Point #10 in the OLS FY 2013-2014 Department of the Treasury Budget Analysis.

The FY 2015 program budget for payments to developers of brownfield sites is unclear. The Governor proposes a direct $18.2 million General Fund appropriation in FY 2015 for that purpose, the same amount as is appropriated for the program in FY 2014 (page D-376). But this number may only reflect a portion of total expected FY 2015 program disbursements.

Discussion Points (Cont'd)

Additional funding may materialize from unexpended account balances carried forward from prior fiscal years and amounts received from the constitutional dedication to environmental programs of four percent of annual corporation business tax collections. Through FY 2011 these alternative funding sources financed the entire program. Beginning in FY 2012, however, the State ceased to allocate collections from the constitutional dedication to the Brownfields and Contaminated Site Remediation Program and replaced them with annual General Fund appropriations. In general, in response to EDA Discussion Point #10 in the OLS FY 2013-2014 Department of the Treasury Budget Analysis, the EDA indicated that 11 applicants received $7.3 million in reimbursements in FY 2012 and 23 applicants $7.6 million in FY 2013. The authority also estimated that 25 projects would receive reimbursements in FY 2014 and related that no new reimbursement agreements were signed in FY 2013.

- ***Questions:*** **For each of FY 2013 and FY 2014, please provide the number of projects that received or are anticipated to receive reimbursements under the Brownfields and Contaminated Site Remediation Program as well as the aggregated disbursement amount. What amount of each year's funding originated in direct General Fund appropriations, the constitutional dedication of four percent of annual corporation business tax collections for environmental purposes, and unexpended account balances carried forward from prior fiscal years? Has the State concluded any new reimbursement agreements in FY 2014? What is the total outstanding program liability, as measured in reimbursement amounts that would eventually come due under memoranda of agreement that developers have signed with the State?**

In FY 2013, eight (8) projects received approximately $3.1 million and, in FY 2014, 12 projects received approximately $3.3 million under the Brownfields and Contaminated Site Remediation Program. The total amount of each year's funding originated in direct General Fund appropriations, and no new agreements were concluded in FY 2014. Finally, it is anticipated that the aggregate reimbursements under the program could reach $275 million over the next 10 years.

- **How many brownfield remediation and redevelopment projects does the EDA anticipate will receive reimbursements in FY 2015 and what is the total FY 2015 program budget? What amount of the FY 2015 funding is anticipated to originate from each of the following: direct General Fund appropriations, the constitutional dedication of four percent of annual corporation business tax collections for environmental purposes, and unexpended account balances carried forward from prior fiscal years? Does the State anticipate signing any new reimbursement agreements in FY 2015? What are the program's anticipated funding requirements for FY 2016 and FY 2017?**

Discussion Points (Cont'd)

The EDA works with the Department of Environmental Protection (DEP) to determine the projects which will be approved for eligible costs and thereafter, with the Division of Taxation in the Department of Treasury to confirm that approved projects have paid taxes sufficient for reimbursement under the program. While cost eligibility assessments are ongoing, they are not projected forward by DEP, and while reimbursements against taxes paid are verified annually by the Division of Taxation, they also are not projected forward for budgeting purposes. Finally, no new agreements are anticipated to be advanced in FY 2015.

- **Has the EDA fully implemented its monitoring system composed of site visits and field reports to better gauge current business activities on approved remediation and redevelopment project sites and the program's future budgetary demands? If not, please comment on the impediments to the monitoring system's full implementation. If applicable, please specify any expungement of outstanding program obligations that resulted from the enhanced monitoring. Would it be possible for terminated projects to become active again under previous memoranda of agreement or would new applications have to be submitted therefore if activity on the projects resumed?**

In June 2013, the EDA assigned dedicated staff to monitor projects under the program and conduct site visits to the 20 largest Brownfields projects. Currently, six (6) projects approved for approximately $7.5 million are expected to terminate their agreements. In general, if a project agreement is terminated, EDA will consider re-activating the project, but only through confirming the eligibility costs with DEP and by having the applicant enter into a new Brownfields Reimbursement Agreement that caps the amount of the reimbursement and limits the term of the clean up to a specific number of years.

12. The EDA operates the **Edison Innovation Clean Energy Manufacturing Fund (CEMF)** and the **Edison Innovation Green Growth Fund (GGF)**. The CEMF provides up to $3.3 million in financial assistance to an eligible company that manufactures renewable energy and energy-efficiency products in New Jersey. Up to $300,000 is available as a grant to assist with manufacturing site identification and procurement, design, as well as permits; and up to $3 million as a low-interest loan to support equipment purchases and facility construction and improvements. The GGF, in turn, offers up to $2 million in low-interest loans as growth capital to emerging companies that seek to develop competitive renewable energy and energy-efficiency products in New Jersey. The two programs receive their funding from the dedicated, off-budget Clean Energy Program, which New Jersey ratepayers finance via the societal benefits charge included in their electric and natural gas bills. Authorized as part of the "Electric Discount and Energy Competition Act," P.L.1999, c.23 (N.J.S.A.48:3-49 et seq.), the Clean Energy Program seeks to promote increased energy efficiency and the use of renewable energy sources, including wind, geothermal, and sustainable biomass.

Discussion Points (Cont'd)

CEMF program participation has not met initial expectations. The program's original $31.1 million budget for the 18-month period from January 2012 through June 2013 was reduced mid-period to $8.4 million (BPU Board Order dated November 20, 2012 Docket numbers EO07030203 and EO11100631V). At $2.4 million, actual program expenditures wound up significantly lower still. Responding to EDA Discussion Point #11 in the OLS FY 2013-2014 Department of the Treasury Budget Analysis, the EDA attributed the program's low pick-up rate to a downturn in New Jersey's solar market related to plunging Solar Renewable Energy Certificates (SRECs) prices and foreign competition in the renewable energy industry from China. For FY 2014, the Board adopted a $9.3 million revised program allocation (Board Order dated December 19, 2013, Docket number EO13050376V).

As to the GGF, the Board adopted a $5.7 million revised FY 2014 program allocation, some $3.7 million more than the $2.0 million actually expended in the 18-month period from January 2012 through June 2013 (Board Order dated December 19, 2013, Docket number EO13050376V). Originally, the program had a $3.9 million budget in the 18-month period, which was lowered mid-period to $3.4 million (BPU Board Order dated November 20, 2012 Docket numbers EO07030203 and EO11100631V).

- **Questions: For each of the Energy Manufacturing Fund (CEMF) and the Edison Innovation Green Growth Fund (GGF), please set forth: a) the number of applicants in each fiscal year; b) the number of businesses that received financial assistance awards in each fiscal year; c) the total dollar amount of financial assistance awarded in each fiscal year; d) the amount of financial assistance that has already been disbursed and is committed to be disbursed in the future; and e) the size of capital investments and the number of jobs the financial assistance is expected to create and retain in New Jersey.**

Edison Innovation Green Growth Fund

Company	Approval Date	Award Amount	Funded To Date	Jobs
FieldView	July 31, 2012	$1,000,000	$1,000,000	21
Locus Energy	Dec. 21, 2012	$1,454,000	$1,454,000	12
United Silicon Carbide	Aug. 2, 2013	$2,000,000	$1,730,000	19
Total		**$4,454,000**	**$4,184,000**	**52**

Clean Energy Manufacturing Fund

Company	Approval Date	Award Amount	Funded To Date	Jobs
Princeton Power Systems	May 3, 2010	$3,300,000	$3,300,000	32
Fluitec Wind	Aug 9, 2012	$3,300,000	$822,763	5
Noveda Technologies	Mar 5, 2010	$3,300,000	$2,527,517	16
Petra Solar	Dec 1, 2009	$3,300,000	$3,300,000	49
AppliCad	May 25, 2010	$982,000	$982,000	35
Total		**$14,182,000**	**$10,932,280**	**137**

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- **Given that the EDA responded to last year's EDA Discussion Point #11 that interest in the CEMF was lower than anticipated because of, in part, foreign competition in the renewable energy industry, what is the EDA's assessment of the prospects for growing New Jersey's clean energy manufacturing sector in general? Is the international marketplace too competitive and advanced for that industry to develop in New Jersey? Are more aggressive financial assistance programs than the CEMF and GGF needed to buoy the State's clean energy manufacturing sector?**

The EDA staff is seeing a slow, but steady increase in the number of companies interested in the CEMF and Green Growth fund. The slowdown in this sector, similar to last year, can be attributed, in part, to foreign competition and a reduction in federal spending and support. Furthermore, limited financial returns and the need for large capital investments have made it increasingly difficult for businesses to attract the required matching funds for these programs. With fiscal constraints at the State level, and absent Federal support and the follow on funding from the private capital markets, EDA does not anticipate a large uptick in the volume of projects in the upcoming fiscal year. As was seen with the Solar Renewable Energy Certificate (SREC) model, strong incentives will drive momentum in the industry; however, the approach must be balanced and measured to avoid non-qualified applicants and interest.

The EDA administers the Edison Innovation Angel Growth Fund and the Angel Investor Tax Credit Program. Both incentive programs are intended to encourage high net worth individuals to make equity placements into high-risk start-up ventures in New Jersey, or "angel investments." In August 2011, the EDA announced the creation of three programs that provide financing to emerging technology and life science companies that have attracted angel and venture capital investments: the Edison Innovation Angel Growth Fund, the Edison Innovation Venture Fund and the Edison Innovation Growth Stars Fund. The combined allocation for these programs was approximately $13 million. Under the Edison Innovation Angel Growth Fund, eligible companies can receive up to $250,000 in subordinated convertible loans at a fixed annual interest rate of four to 10 percent for a five-year term. Accordingly, the EDA's claim to loan repayment is subordinate to any senior bank debt. In return, the EDA obtains the right to convert the debt into equity in a future financing round and ten-year warrants that allow the EDA to acquire company shares at a determined strike price. To qualify for a loan, a C corporation must: have annual commercial revenues of $500,000; employ 75 percent of its employees in New Jersey or commit to growing 10 jobs over two (2) years with a minimum salary of $75,000; develop or own protected proprietary technology; and have attracted twice the loan amount from angel investors within 90 days prior to its loan application.

To date, the EDA has not received any applications under the Edison Innovation Angel Growth Fund; however, program demand may accelerate following the launch of the highly complementary Angel Investor Tax Credit Program on July 1, 2013. Established pursuant to P.L. 2013, c. 14, the Angel Investor Tax Credit Program provides corporation business and gross income tax credits for investments in New Jersey-based emerging technology businesses.

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Subject to certain limitations, the credits equal 10 percent of a taxpayer'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 permanent program is subject to a $25 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.

13. A former 1,126 acre federal military installation bordering the Monmouth County municipalities of Eatontown, Oceanport, and Tinton Falls, Fort Monmouth closed in September 2011. P.L.2010, c.51 established the **Fort Monmouth Economic Revitalization Authority (FMERA)** under EDA's supervision to implement the "Fort Monmouth Reuse and Redevelopment Plan," crafted by FMERA's predecessor authority, the Fort Monmouth Economic Revitalization Planning Authority. In redeveloping the fort for civilian use FMERA is to promote economic development, conserve natural resources, provide housing, and advance the overall quality of life in the affected communities and the State. FMERA expects to have the majority of the property conveyed to end-users within ten years, according to its reply to EDA Discussion Point #13 in the OLS FY 2013-2014 Department of the Treasury Budget Analysis.

A June 2012 Economic Development Conveyance agreement with the United States Army establishes a two-phased transfer process for the fort's premises to FMERA. The authority replied to EDA Discussion Point #13 that a first conveyance of 568 acres was to be completed by the end of 2013. Of the proceeds that will be realized over 20 years from selling and leasing those parcels to end-users, the United States Army would receive 60 percent and FMERA 40 percent. As of the writing of FMERA's response, negotiations on the modalities of transferring the remaining 558 acres to FMERA were ongoing but the authority anticipated taking possession thereof before the end of 2016. Instead of a revenue-sharing model FMERA considered offering the United States Army structured payments for second-phase properties.

FMERA has already sold or leased several properties to end-users. In September 2012, it approved a $2.7 million purchase agreement with AcuteCare Health Systems, LLC for the fort's former Paterson Army Health Clinic in Oceanport. The company will refurbish the property and use it to provide medical services to the elderly, veterans, and other patients in need. In January 2013, the Administration then announced that CommVault acquired a 55-acre parcel in Tinton Falls on which the company intended to build a corporate campus that would include its headquarters. In March 2012, the EDA awarded the project a Business Employment Incentive Program grant of up to $7.2 million for creating 250 new jobs and a $1.35 million Business Retention and Relocation Assistance Grant for retaining 300 employees in New Jersey.

Furthermore, in addressing EDA Discussion Point #13, FMERA related that it had approved the lease and sale of several properties to Tinton Falls and Monmouth County and that it had issued five pending Requests for Offers to Purchase (RFOTPs). One request concerned the renovation of 117 units of Officers Housing. Another RFOTP concluded with FMERA approving a purchase

Discussion Points (Cont'd)

and redevelopment agreement with HovWest Land Acquisiton LLC at its January 15, 2014 board meeting for the demolition of the 486 vacant housing units and a general purpose building in the 64-acre Howard Commons Area and their replacement with 275 townhomes for sale, a retail development, and 20.4 acres of open space and public recreation amenities. According to news reports, the developer will pay $7.23 million for the property. In addition, in its May 2013 newsletter, FMERA announced that it had issued an RFOTP to build a veterans community on the ten-acre Parcel V-I with a focus on providing permanent housing and community lifestyle for homeless veterans.

The Federal Emergency Management Agency complicated the implementation of the redevelopment plan by making 115 housing units on the former military installation available through April 1, 2014 to residents displaced by Superstorm Sandy. Replying to EDA Discussion Point #13, FMERA stated that the temporary housing in Buildings #360 and #365 did not affect redevelopment plans, as the structures were part of the prospective second-phase land transfer to FMERA. The temporary housing on the Suneagles Golf Course, however, takes place on a phase-one property, which has led FMERA to postpone the expected release of RFOTPs for the golf course and the attendant Megill Housing by one year to the spring of 2014.

- ***Questions:*** **Please report on the progress of Fort Monmouth's repurposing since March 2013. Has the Fort Monmouth Economic Revitalization Authority (FMERA) taken possession of all Phase 1 properties? If not, by what date is FMERA scheduled to do so? Has FMERA sold, leased or issued Requests for Offers to Purchase (RFOTP) for all Phase 1 properties? What amount has FMERA collected to date from the sale or lease of Phase 1 properties? Has FMERA reached an agreement with the United States Army as to the conveyance of Phase 2 properties? If so, what is the transfer's current timetable and the distribution formula between the United States Army and FMERA for sale and lease proceeds to be realized from Phase 2 parcels? If the United States Army has agreed to structured payments for the Phase 2 parcels, please detail the payment schedule.**

The Fort Monmouth Economic Revitalization Authority's (FMERA's) efforts to redevelop the former Fort Monmouth have progressed significantly since March 2013. The following is an outline of milestones over the past year:

- The FMERA Board approved the adoption of the Authority's Land Use Rules in June 2013. Professional planning consultant Phillips Preiss Grygiel (PPG) worked closely with the three host communities (Tinton Falls, Eatontown and Oceanport) and the County of Monmouth to translate design concepts from the Authority's Reuse and Redevelopment Plan into land use regulations.

- In July 2013, FMERA relocated its offices to the former Van Deusen Library on the Fort and began hosting its public Board meetings at the new site in August. FMERA utilized a grant

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from the U.S. Office of Economic Adjustment (OEA) and proceeds from its EDC Agreement to convert the 10,650-square foot building into professional administrative/office space. FMERA established a plan in coordination with the Army and the New Jersey State Police to facilitate unfettered public access.

- In August 2013, Monmouth County celebrated the opening of the Fort Monmouth Recreation Center in Tinton Falls. The facility, located in the Fort's former Teen Center and Pool, represented the first reuse of a Fort building for public recreation. The two properties total 22,636 square feet and sit on approximately 6.5 acres in the Tinton Falls Area of Charles Wood. Now managed by the Monmouth County Parks Department, the outdoor pool will operate on a seasonal basis, while the teen center is used year-round.

- In October 2013, the Board approved the selection of Langan-Matrix as the Authority's Environmental Advisory Consultant, in order to facilitate the conveyance of Fort property from the Army to FMERA.

- FMERA hosted the New Jersey Technology Council's Data Summit and Expo at Gibbs Hall in Eatontown in December 2013. The Summit brought over 225 technology professionals from all over northeastern United States to the Fort and provided FMERA and Cushman & Wakefield, FMERA's master broker, with the opportunity to showcase the property's many assets.

- In December 2013, the Authority issued an RFP for Professional Auctioneering Services for Personal Property soliciting Technical Proposals and Fee Proposals from qualified firms interested in performing the services as the auctioneer, conducting auctions to dispose of former Fort Monmouth personal property which will be conveyed from the Army to the Authority. Proposals in response to the RFP were due on February 21, 2014, and no responses were received. Accordingly, the Authority will engage the services of a licensed professional auctioneer following the prescribed selection procedures for non-response to RFP. FMERA staff anticipates engaging a professional auctioneering firm during the second quarter of 2014.

- In January 2014, the Board approved FMERA staff entering into exclusive negotiations with Kiely Realty Group, LLC, to advance a purchase agreement for Russel Hall, a 42,300-square foot administrative building located within the Fort's proposed historic district in Oceanport. In addition to successfully completing negotiations, FMERA's execution of the contract to sell the property is contingent on final approval of the terms and conditions of sale by the FMERA Board.

- Also in January 2014, the Board approved the execution of a Purchase and Sale and Redevelopment Agreement with HovWest Land Acquisition, LLC, for Howard Commons, a

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63.67-acre parcel in the Fort's Charles Wood Area. In addition to creating new housing, retail and community amenities, the development is expected to create 26 new jobs.

- In February 2014, the FMERA Board authorized the selection of Atlantic Golf Management (AGM) to continue operating the Suneagles Golf Course in Eatontown. To improve the golf course and its aesthetics, AGM plans to lease new golf carts and complete various improvements. Under the contract, AGM will provide services for an initial 12-month period, which FMERA may extend on a month-to-month basis if necessary.

- At the February 2014 meeting of the Authority, the Board authorized FMERA staff to terminate the RFOTP process for Parcel B without awarding a contract and issue a new RFOTP, in accordance with the Authority's Sales Rules. In March 2013, FMERA publicly issued the RFOTP for Parcel B. Four proposals were received for the parcel by the June 10, 2013 due date. Parcel B is a 55-acre tract in the Main Post's Eatontown Reuse Area. The Authority's Reuse Plan calls for Parcel B to be developed as a high quality lifestyle center with approximately 150,000 square feet of retail, restaurant, entertainment and other uses in a Main Street format, along with 302 mixed-income apartments. The new RFOTP for Parcel B will require that proposers meet the Plan's goal of creating a lifestyle town center as an exciting and attractive entry to the former fort's Main Post.

- On March 19, 2014, the Authority closed on the former Patterson Army Health Clinic with AcuteCare, which operates long term acute care facilities that provide diagnostic, medical treatment, and rehabilitation services to patients in New Jersey. The Clinic is a 98,000-square-foot medical facility located on Main Street in the Oceanport Reuse Area of the Main Post. The Authority received $797,024 at the closing for reinvestment in the redevelopment of Fort property, in accordance with the terms of the Economic Development Conveyance Agreement approved in June 2012.

- FMERA currently has 10 pending RFOTPs. In April 2013, FMERA received proposals for the Officers Housing parcel in the Main Post's Historic District in Oceanport. In June 2013, FMERA received proposals for Parcels C and C1, both in Tinton Falls. FMERA staff will present their recommendations to enter into exclusive negotiations with the highest ranked proposers for the Officers Housing parcel, Parcel C and Parcel C1, at the April 2014 public meeting of the Board. FMERA staff is currently evaluating proposals received for Parcel V-1 in Eatontown; the Charles Wood Firehouse, Pinebrook Road Commerce Center (Fabrication Shops) and the Pistol Range in Tinton Falls; and the Marina in Oceanport. On March 14, 2014 FMERA publicly issued two RFOTPs: the Fitness Center and the Main Post Chapel, both located in Oceanport. The Fitness Center and the Chapel proposals are due on May 9, 2014.

To date, FMERA has only taken title to Parcel E in Tinton Falls and the Clinic in Oceanport, which the Authority subsequently sold to CommVault Systems, Inc., and AcuteCare Health Systems, LLC, respectively. FMERA anticipates taking title to the remainder of the Phase 1 parcels by mid-

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year 2014. The land transfers have been delayed due to the Army's environmental clearance process.

Pursuant to the Phase 1 EDC agreement, FMERA and the Army will share the revenue from the sale of Phase 1 parcels. This equates to approximately 60 percent for the Army and 40 percent for FMERA over 20 years. As reported to the Office of Management and Budget during the FY2014 Budget process, FMERA received $3,837,580 from CommVault upon the closing of Parcel E in January 2013. In March 2014, the Authority received $797,024 from AcuteCare upon the closing of the Clinic Parcel. In addition, the Authority received a total of $287,666.93 under the Professional Management and Maintenance Services agreement for operation of the Suneagles Golf Course which expired March 31, 2014. The Professional Management and Maintenance Services contract was rebid and the new agreement for operation of the Suneagles Golf Course is for a 12-month period beginning April 1, 2014. Due to capital upgrades and equipment purchases the Authority will receive $62,500 under this agreement.

The conveyance of the Phase 2 parcels is currently being negotiated with the Army. FMERA is on track to execute a Phase 2 Agreement with the Army prior to the end of the third quarter of CY2014. At a March 2014 meeting, FMERA and the Army agreed in principle to FMERA's one-time buy-out of the Army's interests in the Phase 2 parcels. FMERA staff has drafted deal points which are currently under review by the Base Realignment and Closure (BRAC) Office. FMERA staff is preparing to present the deal points to the Authority's Board in Executive Session at its public meeting in April.

- **Please provide a status update for CommVault's corporate campus project and AcuteCare Health Systems' healthcare facility project. When are the capital projects forecast to be completed? What is the status of the RFOTP to build a veterans community on the ten-acre Parcel V-I with a focus on providing permanent housing and community lifestyle for homeless veterans? How many veterans is the facility expected to house?**

On January 29, 2013, the Authority closed on Parcel E with CommVault, one of the world's fastest growing data storage companies. CommVault plans to undertake a three-phase project on the 55-acre site in the Tinton Falls Reuse Area. The CommVault project is anticipated to be completed over approximately 10 years, and will include 275,000-650,000 square feet of state-of-the-art high-tech office/research space in one or more buildings on the site. The company expects to create 250 new jobs in the first three (3) years, and at full build-out, the new corporate headquarters could house up to 2,500 employees. CommVault's first phase, a 275,000 sf headquarters building, is currently under construction. The building is anticipated to be substantially complete by the 4th Quarter of 2014.

On March 19, 2014, the Authority closed on the Clinic Parcel with AcuteCare, a long term health facilities operator that provides diagnostic, medical treatment, and rehabilitation services. The

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Clinic, also known as Building 1075, is a 98,000-square-foot medical facility located on Main Street in the Oceanport Reuse Area of the Main Post. AcuteCare expects to make a capital investment of at least $5 million and create 50 new jobs. Renovation work is scheduled to commence by year-end 2014.

In September 2013, a RFOTP was publicly issued for Parcel V-1, a 10-acre tract in the Eatontown section of the former Fort. The tract can accommodate up to 120 units of housing. The Board approved making Parcel V-1 available for bids for the purpose of establishing a Veterans Community. Two (2) proposals were received by the December due date. These proposals are currently being evaluated and scored in accordance with the Authority's Sales Rules.

- **Did the temporary housing provided to residents displaced by Superstorm Sandy end on March 31, 2014? How many households, if any, still live in the temporary housing units today? Has FMERA already issued an RFOTP for the golf course and the attendant Megill Housing? If not, by what date does FMERA envision issuing such RFOTPs? What are FMERA's plans for Megill Housing?**

The interim housing on the former Fort is a FEMA initiative. FEMA retrofitted Buildings #360 and #365 in the Main Post's Lodging Area in Oceanport to house families displaced by Sandy. In addition, FEMA renovated additional housing units – the Megill Housing located on Fort Monmouth's golf course in Eatontown – to assist displaced citizens. The Army and FEMA have agreed to a four-month extension for the Main Post buildings, but no extension for the Megill area. FEMA intends to relocate any remaining Megill families to the Main Post buildings or other locations in Monmouth County by mid-May. As of April 15, there are 18 households in occupancy in the Lodging Area and 10 families staying in the Megill housing for a total of 28 occupied units.

FMERA plans to issue an RFOTP for the Suneagles Golf Course, including the Megill Housing area, in the coming weeks. The majority of the existing Megill Housing units, consisting of 42 duplex style structures, are envisioned in the Authority's Reuse and Redevelopment Plan to be demolished and replaced by a 150-room conference hotel.

14. On October 29, 2012, Superstorm Sandy made landfall in New Jersey. According to the preliminary damage assessment that the New Jersey Governor's Office released on November 28, 2012, the superstorm caused $29.4 billion in repair, response, and restoration expenses plus $7.4 billion in mitigation and prevention costs. Businesses in the 113 most impacted municipalities incurred an estimated $382 million in commercial property losses and $64 million in business interruption losses, as related in the "Community Development Block Grant Disaster Recovery Action Plan" published by the New Jersey Department of Community Affairs on March 12, 2013.

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In support of the State's storm recovery efforts the federal Disaster Relief Appropriations Act of 2013 (Pub.L. 113-2) allocated $1.8 billion in Community Development Block Grant – Disaster Recovery Funds to New Jersey. On April 29, 2013, the United States Department of Housing and Urban Development approved the Administration's "Community Development Block Grant Disaster Recovery Action Plan" for use of the funds. The plan assigned $460 million to the EDA for the creation and administration of four **Superstorm Sandy-related relief programs for impacted businesses**. The total may still rise pending additional funding rounds.

1) **Stronger NJ Business Grant Program** ($260 Million/$100 Million): The program extends grants and forgivable loans of up to $50,000 to small businesses and non-profit organizations to alleviate storm damage costs they could not recover from other sources. The financial assistance may be used to pay for costs related to rehabilitation, new construction, equipment, inventory, and working capital, but not to recover financial losses from the storm. The application deadline was December 31, 2013. The Sandy Transparency Portal run by the New Jersey Office of the State Comptroller indicates that, as of December 11, 2013, the EDA had approved $10.3 million in financial assistance to 160 recipients and disbursed $5.6 million.
2) **Stronger NJ Business Loan Program** ($100 Million): Creditworthy businesses and non-profit organizations may apply for no-cost loans of up to $5 million for a 24-month period to redress the uncompensated costs they incur 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 a maturity period exceeding 24 months, but the EDA will charge interest after two years. On its website the EDA notes that on account of the high volume of applications the review process may take several months. The Sandy Transparency Portal does not yet show any program activity.
3) **Stronger NJ Neighborhood and Community Revitalization Program** ($75 Million/$10 million set aside for program delivery): Three long-term economic revitalization programs support physical improvement projects in Sandy-affected communities and other activities that restore and strengthen local economies. The Sandy Transparency Portal does not yet show any activity for the programs. A $62.5 million program provides grants and loans of up to $10 million for physical improvements that have commercial, mixed, recreational or cultural uses. Eligible projects must be public improvement projects or must benefit a diversity of occupants in the same location. Single business projects are ineligible. The EDA reports on its website that the program is oversubscribed. Another program sets aside $10.0 million for grants to municipalities impacted by Superstorm Sandy for streetscape revitalization projects in established traditional business districts. Grants range from $125,000 to $1.5 million. The application deadline was January 21, 2014. A third program allocates $2.5

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million to Community Development Financial Institutions (CDFI) to fund loans to small businesses through currently existing lending programs. An individual CDFI may receive up to $500,000 in grant funds.

4) **Tourism Marketing Campaign** ($25 Million): The "Stronger than the Storm" tourism marketing campaign promoted the Jersey Shore in 2013. MWW Group received the $4.7 million contract to produce the advertisements. According to the Sandy Transparency Portal, some $21.75 million was spent through December 11, 2013.

- **Questions: Please provide the following data for each of the Stronger NJ Business Grant Program, Stronger NJ Business Loan Program, and the three subprograms of the Stronger NJ Neighborhood and Community Revitalization Program: a) the number of applicants approved for financial assistance; b) the dollar value of the approved financial assistance; and c) the dollar value of the financial assistance that has already been disbursed.**

As of April 30, 2014 -

Stronger NJ Business Grant Program: 412 grants approved for funds totaling approximately $19.92 million; and $16.13 million disbursed.

Stronger NJ Business Loan Program: 32 businesses approved for loans totaling more than $28.6 million; $4.26 million disbursed; and, of the 32 approved; seven (7) applications totaling over $7.8 million are pending DEP review, bringing the total of approved and pending DEP review to 32 applications totaling just over $28.6 million.

Stronger NJ Neighborhood and Community Revitalization (NCR) Program:

CDFI Support ($2.5 million):
Five (5) grants of $500,000 each awarded to five CDFIs to fund small business loans in the nine most impacted counties. CDFIs include New Jersey Community Capital (NJCC), Cooperative Business Assistance Corporation (CBAC), Greater Newark Enterprises Corporation (GNEC), UCEDC, and Intersect Fund Corporation (IFC) (not yet disbursed).

Streetscape" Projects:
Round One – $5 million – 20 applications submitted requesting over $17 million; four (4) municipalities recommended by EDA in February 2014 for a total of over $4.8 million – Highlands, Asbury Park, Keansburg, and Sea Isle City (projects currently proceeding through DEP Environmental and Historic Review process). Assuming approved, EDA will move to execute sub-recipient agreements.

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Round Two – $5 million – 13 applications submitted requesting over $10 million for the remainder of the total $10 million allocation. In April, the EDA Board approved the six (6) highest ranked – South Toms River, Hoboken, Long Branch, Atlantic City, Neptune and Margate. The seventh project will be undertaken by Belmar, which can only be partially funded ($604,476 of their $972,900 request) based on funding availability. All projects recommended for approval are subject to DEP Environmental and Historic Review process.

Development & Infrastructure ($52.5 million) – 80 intake forms received requesting over $224.3 million; $5 million has been approved for Seaside Park and Seaside Boro for demolition and debris removal following the September 2013 fire. Due to unanticipated demand, the EDA approved a review and scoring process in February 2014 to determine project approvals and funding levels. Through this process, priority will be given to applications from low-and moderate- income areas that were submitted during the initial six-week application period.

- **Given that the Stronger NJ Business Grant Program's application deadline passed, by what date does the EDA expect to have ruled on all applications? Does the $260 million program allocation permit the awarding of grants to all eligible applicants? If not, what method does the EDA employ to prioritize applications? Given that the Sandy Transparency Portal indicates that, as of December 11, 2013, the EDA had approved $10.3 million in financial assistance, what factors account for the delay in disbursing the funds? Please update the dollar amount of Stronger NJ Business Grant awards made to date, the dollar amount that has been disbursed, and the number of grant recipients.**

The EDA expects to rule on all completed Stronger NJ Business Grant program applications by early fall. Approved grant recipients have up to one year after approval to submit items for reimbursement.

The total amount allocated by the U.S. Department of Housing and Urban Development (HUD) for the Stronger NJ Business Grant Program is $100 million (originally $260 million, in January HUD authorized the transfer of $160 million to DCA residential programs).

As the Stronger NJ Business programs are funded by a Community Development Block Grant for Disaster Recovery (CDBG-DR) from HUD, it is taxpayer money that funds these grants, and there are strict federal requirements to which the EDA must comply to ensure eligibility. At this time, EDA business advisors continue to work with applicants to ensure completeness of their applications for final eligibility review.

HUD does not allow direct reimbursement with CDBG-DR dollars, except under limited circumstances. Therefore, it was not possible for the State to establish a program that would simply reimburse businesses for documented damages and/or loss of inventory due to the storm. In addition, HUD requires that there is no duplication of benefits from other public

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sources or insurance and only then allows a grant to be sized to an unmet need calculation. CDBG-DR funds are considered funds of last resort – awards are considered only after all other available funding streams have been exhausted. To determine the unmet need, we have had to ask businesses to project working capital revenues and expenses, among other requests.

As these are often small businesses that often don't have documentation of costs, leases etc., there is a tremendous amount of back and forth with applicants to determine actual damage, duplication of benefits and unmet need.

Based on feedback from applicants and staff observations, changes have been made to expedite the grant application and review process, while adhering to various applicable federal regulations, including: reducing the amount of documentation required to begin the grant review process; post-approval, targeting the expenses which can be processed for reimbursement most rapidly; leveraging federal partnerships, including SBA, to verify funding information to reduce burden on applicant; and implementing a "team approach" for each application so that there is always a business advisor available to answer questions about each application.

- **When does the EDA anticipate completing the application review process for the Stronger NJ Business Loan Program and issuing the first loans? Is the $100 million program allocation sufficient to issue loans to all eligible applicants? If not, what method does the EDA employ to prioritize applications? By what date does the EDA anticipate concluding the application review process for the three subprograms of the Stronger NJ Neighborhood and Community Revitalization Program and making the first financial assistance awards? Are the subprograms' allocations sufficient to meet the demands of all eligible applicants? If not, what method does the EDA employ to prioritize applications?**

The EDA expects to substantially complete its review of loan applications by year end 2014 and fully disburse funds by May 2015. EDA began accepting loan applications on July 1, 2013. Based on high demand for loans, applications are no longer being accepted. Completed loan applications are processed on a first-come, first-served basis. All applications undergo review for HUD eligibility followed by a review of the applicant's credit to ensure they can support the amount of the requested loan, followed by the underwriting process. The EDA review process for the Streetscape program has been concluded. A scoring process was employed to identify the most eligible projects among the pool of applicants. Any remaining projects from Round One, which concluded December 6, 2013, that reached the minimum scoring threshold were rolled into Round Two, for consideration for a grant from the remaining $5 million. The application deadline for Round Two was January 21, 2013.

- **Has the tourism marketing campaign been concluded? Does the EDA anticipate the receipt of additional funding for the Sandy–related relief programs?**

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The 2013 marketing campaign has concluded, and is being replaced with a new campaign with the theme "Going Strong." EDA is currently using $1.3 million in federal funding that remains from the $25 million allocated in 2013. The broadcast media campaign launched on April 7, 2014 and HUD's pending approval of an additional $5 million would allow for enhanced television and radio exposure in our target markets.

15. Power outages following Superstorm Sandy rendered fuel pumps and point-of-sale systems at many retail gas stations inoperable for days. Especially along evacuation routes such inoperability can impede the evacuation of endangered citizens and emergency operations. Under the Hazard Mitigation Grant Program, the Federal Emergency Management Agency therefore extended approximately $7 million to New Jersey for an initiative that would keep more gas stations located within one-quarter of a mile of evacuation routes running during future power outages. The EDA will disburse the federal funds through the nonpermanent **Retail Fuel Station – Energy Resiliency Program**. The application deadline was March 4, 2014.

Under the program the EDA awards grants of up to $65,000 for the permanent installation of back-up electric generator units at eligible retail fuel stations with a gasoline fuel storage capacity greater than 35,000 gallons. In addition, grant awards of up to $15,000 are available for eligible retail fuel stations with a gasoline fuel storage capacity ranging from 30,000 to 35,000 gallons for the permanent installation of back-up electric generators or the purchase of "quick connect" technology that allows for the ready connection of a portable generator to a gas station's emergency electrical panel. "Quick connect" technology and permanent back-up electric generators can only be acquired and installed after the signing of a grant agreement with the EDA. Upon receipt of the grant agreement a gas station owner has six months to purchase and install the "quick connect" technology and nine months to purchase and install a permanent back-up electric generator. If a station sustained verifiable physical damage as a result of Superstorm Sandy, the owner has 12 months to complete the work.

- ***Questions:*** **Please provide a status update on the Retail Fuel Station – Energy Resiliency Program. How many grant applications has the EDA received? By what date does the EDA expect to complete its application review process? What total dollar amount of financial assistance has the EDA awarded to date and to how many applicants? Please provide a distribution of grant recipients by county. Does the $7 million program budget satisfy all eligible grant applications? If not, what method does the EDA employ to prioritize applications?**

The EDA received 235 applications by the preliminary application deadline of March 21, 2014, of which, five (5) were withdrawn by applicant, 67 were denied by the Department of Environmental Protection (DEP) for failing to meet eligibility requirements, and 163 are active. Of the total active 163 applications, 34 are complete and 129 are incomplete and anticipated to be finalized by June 1, 2014. The supplemental application review process will begin after all

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preliminary applications are complete and reviewed for environmental and historic preservation requirements by the Federal Emergency Management Agency (FEMA), as tentatively scheduled to conclude September 1, 2014. To date, the EDA has not awarded any financial assistance under the program and it is expected that enough funding exists to satisfy all eligible grant applications.

16. The EDA administers the **Edison Innovation Angel Growth Fund** and the **Angel Investor Tax Credit Program**. Both incentive programs are intended to encourage high net worth individuals to make equity placements into high-risk start-up ventures in New Jersey, or "angel investments."

In August 2011, the EDA announced the creation of three programs that provide financing to emerging technology and life science companies that have attracted angel and venture capital investments: the Edison Innovation Angel Growth Fund, the Edison Innovation Venture Fund, and the Edison Innovation Growth Stars Fund. Their combined allocation approximated $13 million. Under the Edison Innovation Angel Growth Fund eligible companies can receive up to $250,000 in subordinated convertible loans at a fixed annual interest rate of four to ten percent for a five-year term. Put differently, the EDA's claim to loan repayment will be subordinate to any senior bank debt. In return, the EDA obtains the right to convert the debt into equity in a future financing round and ten-year warrants that allow the EDA to acquire company shares at a determined strike price. To qualify for a loan a C-corporation must: a) have annual commercial revenues of $500,000; b) employ 75 percent of its employees in New Jersey or commit to growing ten jobs over two years with a minimum salary of $75,000; c) develop or own protected proprietary technology; and d) have attracted twice the loan amount from angel investors within 90 days prior to its loan application. In addressing EDA Discussion Point #14 in the OLS FY 2013-2014 Department of the Treasury Budget Analysis, the EDA related that the Edison Innovation Angel Growth Fund had not yet received any applications for assistance. But the authority believed that program demand might accelerate following the launch of the "highly complementary" Angel Investor Tax Credit Program on July 1, 2013.

P.L.2013, c.14 created the Angel Investor Tax Credit Program under which the EDA grants corporation business and gross income tax credits for investing in New Jersey emerging technology businesses. Subject to certain limitations, the credits equal ten percent of a taxpayer'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 permanent program is subject to a $25 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.

- **Questions: Please indicate for the Edison Innovation Angel Growth Fund: a) the number of loan applications the EDA has received to date; b) the number of approved loans to date; c) the total dollar amount of the approved loans; and d)**

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the percentage of loan payments that is either late by 30 days or more. What is the unexpended and uncommitted portion of the roughly $13 million allocation to the Edison Innovation Angel Growth Fund, the Edison Innovation Venture Fund, and the Edison Innovation Growth Stars Fund combined? Are available balances sufficient to operate the Edison Innovation Angel Growth Fund in FY 2014 and FY 2015? Please explain the rationale for limiting program participation to C-Corporations, given that an ever increasing number of business founders prefer different forms of incorporation. Is the EDA considering eliminating or revamping the program in light of the enactment of the "New Jersey Angel Investor Tax Credit Act?"

The EDA has not received any applications for the Edison Innovation Angel Growth Fund. The market feedback has been that the revenue threshold of $500,000 of trailing 12-month revenues is difficult for the angel backed companies to achieve, and if they do achieve that threshold, the overall program cap of $250,000 per applicant is too low and not attractive. However, with the newly created Angel Investor Tax Credit Program, this sector of the market place and stage of company now has an alternative support mechanism from the State. The program is limited to entities formed as a C corporation as is the standard required by outside angel investors. Given that the EDA funds match outside investors, the market feedback has not provided any concern around this requirement. Furthermore, in order for the EDA to take a warrant position in these companies and share in the "upside" if there is ever a sale, the entity must be structured as a C corporation. Finally, available balances are sufficient to run the program in FY 2014 and 2015.

- **Please provide for the Angel Investor Tax Credit Program to date: a) the number of applicants; b) the number of tax credit awards; c) the number of tax credit recipients; d) the total dollar amount of the tax credit awards ; and e) the size of capital investments and the number of jobs the capital investments support in New Jersey. Does the early tax credit pick-up rate meet EDA expectations? If not, what factors hamper tax credit demand? Does the $25 million annual program cap satisfy tax credit demand? Has the EDA had to turn away or waitlist otherwise eligible applicants?**

The following provides information on the investments, to date, under the Angel Investor Tax Credit Program for CY 2013 and CY 2014. Thus far, the $25 million cap has been more than sufficient to support program demand. As indicated below, participation has been limited to multiple investments made in five (5) companies. The EDA continues to try and expand the program awareness through event attendance, marketing and outreach to accountants and entrepreneurs. The market feedback from the angel community on methods to enhance the program has largely focused on increasing the allowable percentage above the current 10 percent. Other neighboring states and countries have much higher credit percentages generally ranging from 25 to 100 percent and EDA believes a 25 percent increase in the credit could still be feasible under the existing $25 million cap.

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Angel Investor Tax Credit Program CY 2013		
Company	**# of Investments**	**Total Investment Amount**
Edge Therapeutics	11	$5,198,152
Princeton Power	9	$2,525,000
USCi	4	$4,750,000
Simphotek	2	$600,000
VectraCor	2	$1,000,000
Total	28	$14,073,152

Total Tax Credits 2013 – $1,407,315 and Average Tax Credit Amount – $50,261

Angel Investor Tax Credit Program CY 2014		
Company	**# of Investments**	**Total Investment Amounts**
Bat Blue	2	$650,000
VectraCor	2	$575,000
Total	**4**	**$1,225,000**

Total Tax Credits 2014 – $122,500 and Average Tax Credit Amount – $30,625

17. The federal Small Business Jobs Act of 2010, Pub.L. 111-240, created the $1.5 billion **State Small Business Credit Initiative**. Participating states must use the federal funds 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.

In September 2011, the United States Department of the Treasury issued a $33.8 million State Small Business Credit Initiative award to the State of New Jersey and released the first $11.1 million thereof. A second $11.1 million tranche followed in April 2013. The third and final installment will be made once New Jersey will have expended or obligated 80 percent of its previously received funds. Federal law requires that the State expend the full $33.8 million allocation by March 31, 2017. Any funds available after that date will revert to the federal government. As part of the allocation agreement, the State must file annual reports on its fund usage with the United States Department of the Treasury. The latter's Office of Inspector General found in its February 2013 audit report that New Jersey had complied with all federal requirements in administering the first $2.9 million in program funds it had disbursed as of June 30, 2012.

According to the allocation agreement, the EDA will use the federal moneys in support of four existing programs: a) $13.5 million for EDA's participation in small businesses' bank loans for investments in fixed assets and permanent working capital; b) $9.8 million for EDA's provision of direct loans to small business for investments in fixed assets and permanent working capital; c)

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$5.5 million for the EDA to guarantee up to 50 percent of bank loans of eligible small businesses for investments in fixed assets and permanent working capital; and d) $5.0 million for the New Jersey Venture Capital Fund Program under which the EDA would invest in early-stage New Jersey technology businesses with less than $3.0 million in annual revenue.

In addressing EDA Discussion Point #10 in the OLS FY 2012-2013 Department of the Treasury Budget Analysis, the EDA indicated that it had approved $9.6 million in project financing utilizing the first $11.1 million tranche received from the federal government. Of that amount, it allocated $5.0 million to the New Jersey Venture Capital Fund Program and selected two venture capital firms to invest that sum in an estimated 15 early-stage technology businesses. The EDA approved another $4.1 million for loans as well as loan and line of credit guarantees to small businesses under the Main Street Business Assistance Program and the Statewide Loan Pool. The EDA set aside the remaining $500,000 as a long-term, low-interest loan under the Loans to Lenders component of the Fund for Community Economic Development to the Greater Newark Enterprise Corporation, a non-profit organization issuing loans to small businesses in the greater Newark area. In replying to EDA Discussion Point #15 in the OLS FY 2013-2014 Department of the Treasury Budget Analysis a year later, the EDA noted that it had already expended $6.4 million and that the approved first-tranche spending was anticipated to create 312 full-time jobs and 103 construction jobs in New Jersey.

- ***Questions:*** **Please report on the EDA's progress in using the federal $33.8 million State Small Business Credit Initiative award. Please identify the specific EDA programs receiving funding, and for each program delineate the amount allocated, the amount that has already been expended or committed, and any metrics on the expected economic benefits to New Jersey resulting from the investments receiving financial assistance. What are the EDA's intended uses of the second $11.1 million tranche? By what date does the EDA expect to receive the third tranche of its State Small Business Credit Initiative award?**

The State has received $22.3 million of the $33.8 million that was awarded. To date, $15.3 million has been obligated to support EDA loan, guaranty and venture fund programs. Allocation has been used as follows: Venture Fund Investment Program ($8.3 million), Premier Lender Program ($9.5 million), Main Street Business Assistance Program (1.9 million) and Loans to Lenders Program ($1 million). Of the aggregate $15.3 million obligated, $9.7 million has closed to date: Venture Fund Program ($3 million), Premier Lender Program ($9.2 million), Main Street Business Assistance Program ($1.9 million) and Loans to Lenders ($1 million). The remaining $5.6 million has been committed as a funding source to existing approvals which have not yet closed: Venture Fund Program ($5.3 million) and Premier Lender Program ($300,000). The expected economic benefit resulting from the $15.3 million of financial assistance is the creation/retention of 411 full-time jobs in New Jersey. The EDA expects to receive the third tranche of funding by third quarter of 2014. Since the EDA has received the

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first and second tranches of SSBCI funds, draw down requirements under the allocation agreement have been satisfied and there is no concern regarding forfeiture of the third tranche. In 2013, the EDA supported more than 50 projects through its traditional small business lending programs – the Statewide Loan Pool Program, Main Street Business Assistance Program, New Jersey Business Growth Fund, and Small Business Fund. Assistance under these programs totaled over $24.7 million in 2013 compared to $12.2 million in 2012.

The EDA has also continued its strategic partnership with UCEDC to leverage resources and expand the array of training and technical assistance services available to New Jersey entrepreneurs and small businesses. With EDA support, last year UCEDC established a satellite office in Atlantic City with Main Street Atlantic City and is collaborating with other small business advocates, including Stand Up for Salem, the Latin American Economic Development Association and the Cumberland County One Stop Career Center. In 2013, UCEDC trained or mentored more than 1,500 entrepreneurs, held over 65 business training workshops across the State, and, provided close to $2.9 million in loans to 96 small businesses, 30-percent of which were minority- or woman-owned enterprises.

Through the Loans to Lenders, the EDA makes capital available to financial intermediary organizations who can effectively reach small businesses in local markets, including micro-lenders and Community Development Financial Organizations (CDFIs). These organizations have the ability to offer term loans and lines of credit to micro-enterprises and small businesses not qualified for traditional bank financing. The EDA also provided a total of $2.5 million to five CDFIs through the Stronger NJ Neighborhood and Community Revitalization (NCR) Program to expand their existing programs supporting recovery, extending the EDA's reach to small businesses.

18. Replying to EDA Discussion Point #5 in the OLS FY 2012-2013 Department of the Treasury Budget Analysis, the EDA noted that it launched the first phase of the **Incentives Data Management System (iDMS) portal** in February 2012. After completion of the project's first phase Business Employment Incentive Program (BEIP) grant recipients would be able to securely file and validate required annual compliance documents online. This web-based tool would reduce the need for nearly 400 BEIP recipients to send paper copies to the EDA and increase EDA processing efficiencies by ensuring that all necessary documents have been received and are in order prior to EDA review. Future project phases would expand the portal to all other incentive programs; allow for the automated review of compliance documentation; and facilitate data collection, validation, and reporting.

According to the EDA's response the following year to EDA Discussion Point #16 in the OLS FY 2013-2014 Department of the Treasury Budget Analysis, the iDMS' annual reporting module for BEIP was operational and 275 BEIP grant recipients filed their 2012 annual reports successfully on the new system. Work continued on the supplemental BEIP reporting module and the

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reporting module for the other incentive programs with the authority expecting the project to be completed within 12 months. Moreover, the EDA reported that the project's original cost estimate was $305,000, that its updated cost estimate equaled $289,000, and that any problems with the new program up to that point had been resolved under the original contract.

- ***Questions:*** **Please provide an update on the status of the Incentives Data Management System portal. Has the project been completed? If not, at which development stage is the project currently and by which date does the EDA expect its completion? If the project has been completed, please comment on the EDA's experiences with the new technology. Has staff productivity improved? What problems has the EDA encountered with the new technology, if any, and what amount would have to be expended to correct the problems? What is the current cost estimate or, if the project is already completed, its actual cost? If applicable, what factors account for any cost overrun?**

The EDA's Incentives Data Management System (IDMS) is fully operational for the purposes of BEIP Annual Reporting. Currently, programming is underway to allow applicants to file certification of costs, as well as job certification for the Grow New Jersey Assistance (Grow NJ) Program, Economic Redevelopment and Growth (ERG) Program, Urban Transit Hub Tax Credit (UTHTC) Program and Business Retention and Relocation Assistance Grant (BRRAG) Program. All programming changes and server capacity issues have been addressed to date, and are within budgeted costs of $305,000. Additional allocations, in the amount of approximately $60,000 may be required to finalize the programming features for the Grow NJ, ERG, UTHTC and BRRAG programs.