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***New Jersey
Economic
Development
Authority***

1978 Annual Report

New Jersey Economic Development Authority

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Commissioner of Labor & Industry
Ex-officio member

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Daniel J. O'Hern

Charles H. Marciante

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Executive Director

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Director of Finance

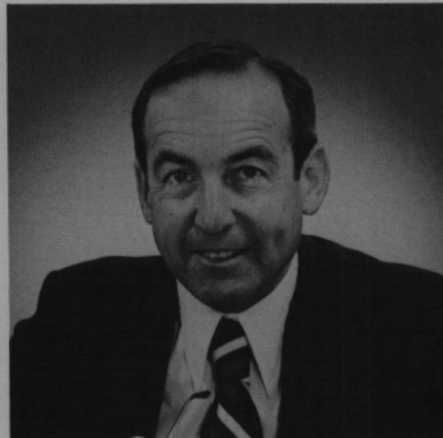
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Gerald J. Novak
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Manager of Budget & Accounting

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Public Member

Brendan Byrne
Governor



John J. Horn
Chairman



To The Governor And Members Of The Legislature:

I am pleased to submit the 1978 Annual Report of the New Jersey Economic Development Authority.

The growth and performance of the Authority in 1978 was exceptional. The agency's efforts have been instrumental in sparking a broad recovery in our economy, and offer hope for sustained growth in the year ahead.

In reviewing our record of achievement in economic development during 1978, the members and staff of the Authority acknowledge the forceful leadership provided by Governor Byrne, and the close partnership established with the Legislature. We look forward to another year of service in 1979.

Sincerely,

A handwritten signature in cursive script that reads "John J. Horn". The signature is written in dark ink and is positioned above the printed name.

John J. Horn,
Chairman

March 1, 1979

1978 At A Glance

	1978	1977	Cumulative Totals 1974-1978
Amount of financing	\$264,233,450	\$154,018,000	\$546,715,450
Number of projects	250	131	508
Total investment stimulated by financings	\$419,862,568	\$220,779,688	\$859,895,306
Permanent jobs to be created by financings (estimated)	11,921	10,302	26,930
Construction jobs to be created by financings (estimated)	4,834	3,079	10,122
Authority operating fund income	\$ 1,714,908	\$ 892,988	
Authority operating fund expenses	\$ 927,123	\$ 482,982	
Operating fund balance at December 31	\$ 1,486,682	\$ 698,897	

NOTE:

All figures for projects refer only to projects actually closed and settled during the applicable period. Figures for prior years have been restated accordingly. Project figures include revenue bond financings, loan guarantees, and direct loans.

**FINANCING FOR THIS PROJECT
PROVIDED THROUGH
NEW JERSEY
ECONOMIC DEVELOPMENT AUTHORITY**

**BRENDAN T. BYRNE
GOVERNOR
JOHN J. HORN
CHAIRMAN**

The New Jersey Economic Development Authority

The Authority is a governmental agency designed to arrange low-interest, long-term financing for industrial and commercial projects. The overall

objective of the Authority is to maintain and expand job opportunities, and to enlarge the tax base of state and local governments in New Jersey. The Authority is governed by a seven-member board consisting of the New Jersey Commissioner of Labor and Industry who serves as Chairman; the Commissioner of Community Affairs; the Commissioner of Environmental Protection; the State Treasurer; and three additional members appointed by the Governor and approved by the New Jersey Senate.

To accomplish its objectives, the Authority is empowered to issue tax-exempt industrial development bonds,

and to provide funds raised from its bond issues for financing eligible projects. The Authority is also authorized to guarantee loans, to enter into contracts, to buy and sell land, buildings, and other property, and to conduct studies related to its legislative mandate to stimulate employment and investment in New Jersey. The Authority cannot obligate the credit of the State of New Jersey. The Authority's operating costs are paid from financing fees charged to companies receiving assistance.



Message From The Executive Director



The Authority achieved a record year of economic development assistance for New Jersey during 1978. Here are the highlights.

Revenue Bond Financing: The Authority issued just over \$261 million of low interest revenue bonds, up 70% from the previous year. These financings, involving 245 different projects, are expected to generate over 11,000 new jobs for the state in the coming years. In addition, Congress amended the Internal Revenue Code to double (from \$5 million to \$10 million) the size of a project generally eligible for industrial revenue bond assistance. The change will spur significant increases in activity in 1979.

Loan Guarantees and Direct Loans:

The Authority closed just over \$5 million in loan guarantee and direct loan exposure on 12 financings during the year. These projects sparked more than \$20 million of private institutional lending and \$113 million of private investment, and will create or maintain approximately 1,000 jobs over the next several years.

The Legislature authorized the Authority to guarantee loans for working capital, and appropriated funds to begin this new program. The Governor abolished two small loan programs which had been operated by other agencies (the N.J. Urban Loan Authority and the N.J. Area Redevelopment Authority) and transferred their powers, duties, and assets to the Authority to achieve better management and program coordination. The Authority received a substantial grant from the federal government to establish a revolving loan guarantee program for businesses in distressed areas. Altogether, these new programs enlarged the asset base supporting our loan guarantee and direct loan capabilities to a total of \$31.9 million (up 28% over 1977) and provided a basis for substantially increased activity in future years.

Financial Assistance To Urban

Projects: The Authority provided \$43 million in financial assistance to projects in New Jersey's 30 "urban aid" municipalities, more than three times the 1977 total. This assistance is expected to generate approximately \$140 million in private investment in these communities.

Urban Real Estate Development:

Ground was broken for construction of Montgomery Industrial Center in Jersey City, the Authority's first urban industrial park, and the first industrial building at the project was begun by a private developer. Financing and plan approvals were obtained in connection with a second development, New Point Industrial Center in Elizabeth, and construction is expected to commence in the spring of 1979.

Trade Adjustment Assistance

Center: The Authority received a substantial grant from the federal government to administer a new program of management and financial assistance to New Jersey businesses whose sales and employment have been reduced by foreign imports. Many firms are expected to receive aid as a result of this new program.

Research and Policy Planning: A new staff unit was established to examine a broad range of economic development issues pertinent to the Authority's future role in state development. By year end, research was underway on such topics as the state's commercial fishing industry, the disposal of toxic industrial wastes, and the coordination of federal economic development aid to the state.

Targeting Authority Assistance: The Authority took the first step toward adoption of a far-reaching plan to direct a greater percentage of its financial assistance to businesses located in distressed communities. More than a hundred communities with high unemployment and low per capita income will be targeted for priority assistance from the Authority under the plan.

Internal Growth and Reorgani-

zation: The Authority staff doubled in size during the year, and was reorganized into four major operating units to provide increased middle management capabilities and clearer operating objectives. The Authority leased substantially larger headquarters in Trenton, and also opened a field office in Newark.

Operating Results: Authority revenues from financing fees and federal grants were sufficient to pay all operating expenses for the year, notwithstanding the substantial increase in personnel and related costs. We are gratified that for the fourth year in a row, the agency's administrative operations have not required any funds from the state treasury.

The results of our work were reflected in the expansion of New Jersey's economy in 1978. More than 93,000 new jobs were created statewide during the year, including 14,700 new manufacturing jobs. Total employment reached a record 3,190,000 and the state's unemployment rate dropped from 9.4% in 1977 to 7.2% in 1978.

The Authority now provides one of the nation's most comprehensive and aggressive job development programs. These new initiatives combined with reduced business taxes, persistent fiscal restraints on the part of state government, and increased business development assistance from the Department of Labor and Industry, have made New Jersey a leader among the states in the field of economic development.



Robert S. Powell, Jr.
Executive Director

March 1, 1979

Tax Exempt Revenue Bond Financing

The Authority issued tax exempt industrial revenue bonds during 1978 in an aggregate principal amount of \$261,408,450 to provide low-interest financing for 245 new projects.

These projects are expected to create approximately 11,000 permanent new jobs upon completion, and also will generate an estimated 4,400 construction jobs. (These figures are exclusive of Authority guarantees of taxable, or conventional loans, and direct loans.)

The number of projects receiving Authority revenue bond assistance during the year increased 85% over 1977, and the principal amount of bonds issued was up 70% over the previous year. This significant increase in performance was the result of the rapid growth in the New Jersey economy and the increased promotional efforts undertaken by the Authority during the year to encourage additional business investment.

The chart beginning on page 16 provides a detailed breakdown of projects approved during 1978. Here are some highlights.

Foreign Investment

Foreign investment has always been a key element in New Jersey's expansion. During 1978, the Authority assisted a number of foreign companies in establishing new business facilities here.

Takara Company, New Jersey, Inc. of Japan established a manufacturing facility in Franklin Township (Somerset County) with the assistance of a \$200,000 financing from the Authority. A new office and distribution facility was established in Parsippany (Morris County) by Shimano American Corporation, also of Japan, with the



assistance of a \$1,700,000 revenue bond financing from the Authority. Pandrol, Incorporated of Great Britain established a manufacturing facility in Logan Township (Gloucester County) with the assistance of a \$1,400,000 loan from the Authority, and another British company, Bertrand Freres Ltd. constructed an office and manufacturing center in Ramsey (Bergen County) with the help of a \$3,000,000 loan from the Authority.

New Businesses

The Authority's revenue bond assistance has been helpful to a number of new companies which have moved into New Jersey. Flexon Industries Corp. of New York established a new manufacturing facility in Newark that will create 119 new jobs, utilizing a \$2,200,000 low-interest loan from the Authority. Work Wear Corporation of Pennsylvania established a new manufacturing facility in Runnemede (Camden County) that will employ 100 people, with the assistance of a \$935,000 financing from the Authority. In Perth Amboy (Middlesex County), New York Pencil Company has established a new factory operation that will employ 200 people, with the aid of a low-interest loan. And Pressman Toy Co. established a toy manufacturing and distribution facility in New Brunswick (Middlesex County) with the aid of a \$1,000,000 Authority loan, which will employ 260 people.

Overall during 1978, 20 new businesses moved to New Jersey and received Authority assistance. These projects are expected to create over 1,700 new jobs and more than \$22 million of private investment in the state.

In addition, the Authority continued to work closely with New Jersey real estate developers to assist them in arranging attractive financing for the construction of new industrial and office facilities to be leased to businesses expanding or moving into New Jersey. The Authority's low-interest revenue bond financing became even more important near the end of 1978, as conventional interest rates soared. The Authority anticipates continued cooperation with private real estate developers during 1979 to produce additional facilities that will attract new jobs and investments in New Jersey.

Changes in Eligibility Rules

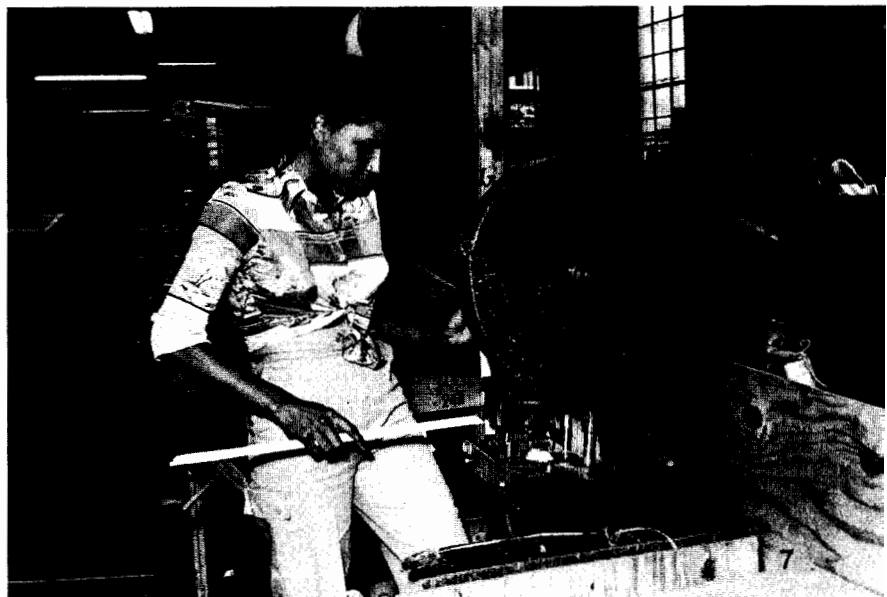
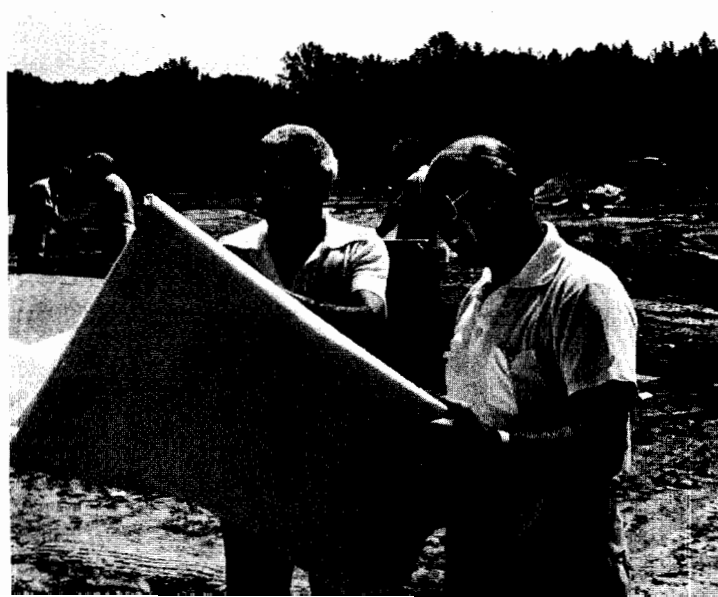
Congress enacted a significant change in the law governing industrial revenue bond financing during 1978 which will have important implications for the Authority's assistance program.

The Revenue Act of 1978 will permit the Authority generally to provide low interest financing for projects costing up to \$10 million, effective January 1, 1979. Previously, such financing was limited generally to projects involving capital expenditures of no more than \$5 million.

The doubling of this capital expenditure ceiling can be expected to result in a significant increase in incentive financing for New Jersey businesses in the coming years.

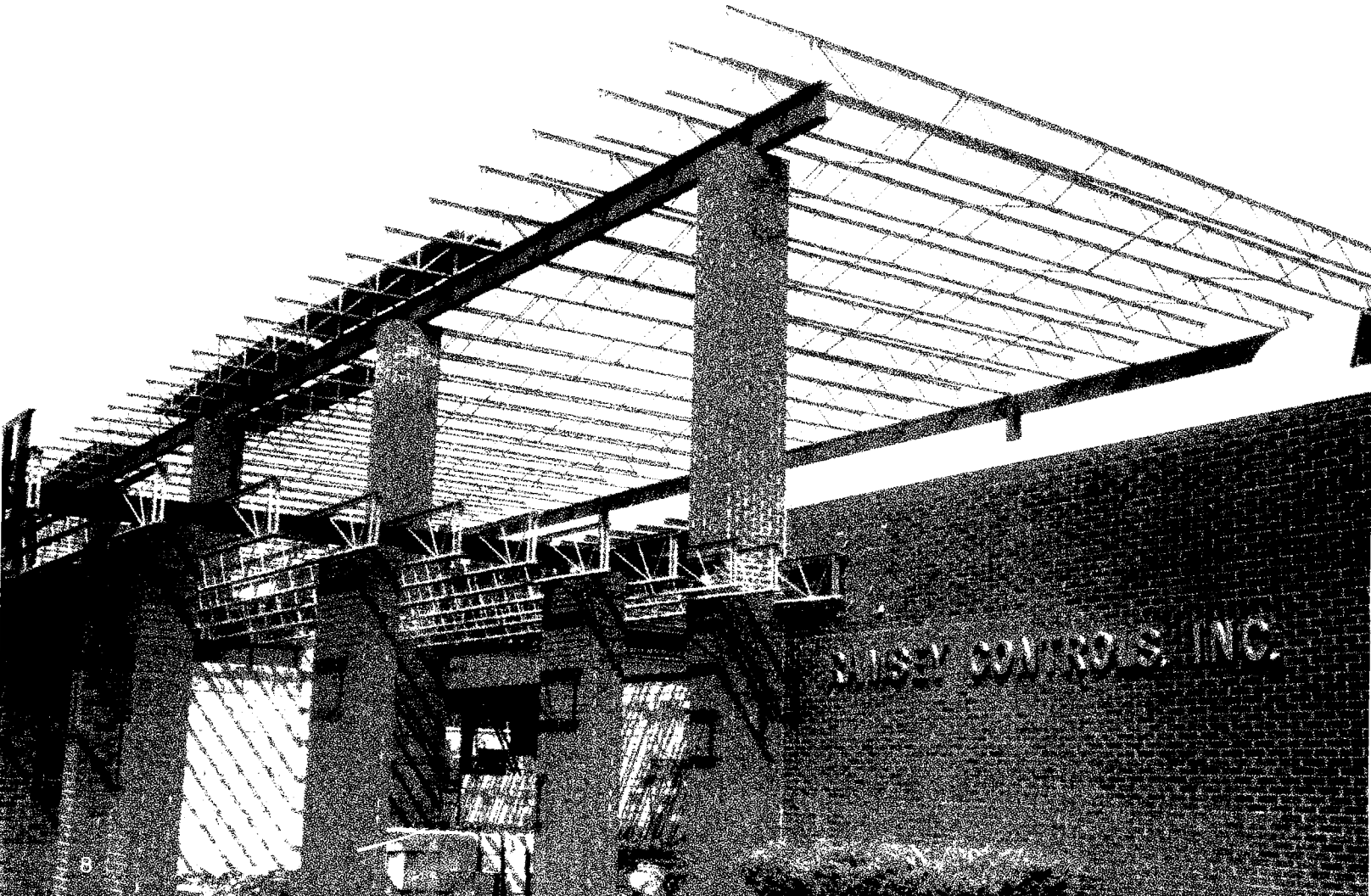
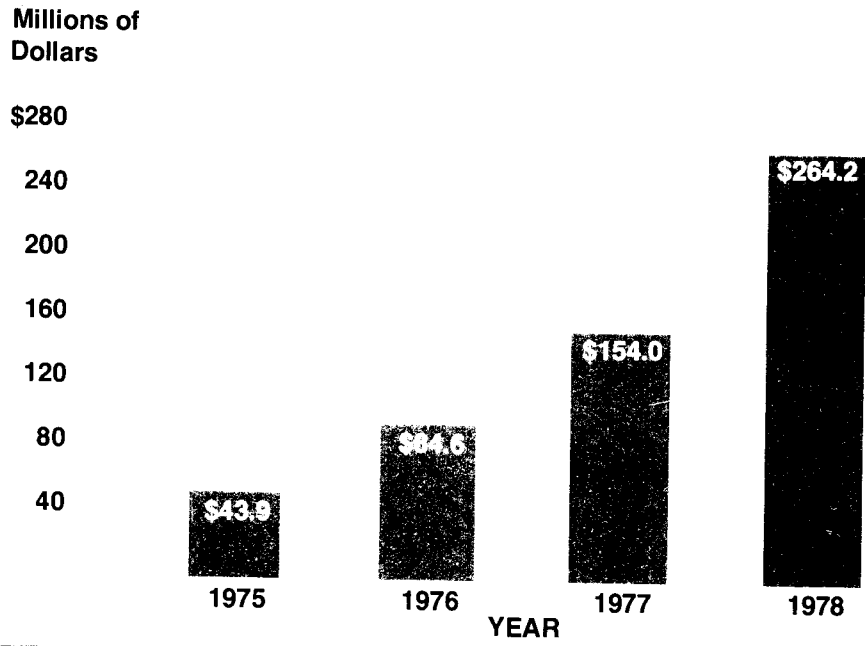
Targeting Authority Assistance to Distressed Communities

In December, 1978 the Authority proposed for public comment new guidelines for financial assistance which would significantly increase the proportion of Authority assistance going to projects located in economically disadvantaged municipalities. This "targeting plan," as it is called, would generally limit financial assistance to projects located in 116 municipalities which have demonstrated persistent and above-average unemployment, and low per-capita income. Under the plan, certain types of projects would be exempt from these geographic restrictions, including manufacturing and industrial projects. The proposal is designed to achieve a more efficient allocation of tax exempt credit within the state, and to induce private developers to place their investments in communities with the greatest need for jobs and tax ratables. Final action on the proposal is anticipated in early 1979.



New Jersey Economic Development Authority

Amount of Financing
1975 — 1978



How Tax Exempt Bond Financing Works

The Authority is empowered to issue bonds to raise funds for the financing of industrial and commercial projects which provide employment and tax revenues for the state. Subject to the terms and conditions of the Internal Revenue Code, the interest income earned on these "industrial development bonds," as they are known, is exempt from federal taxation. State law also exempts the interest income from most New Jersey taxes.

A company seeking a low interest loan submits an application to the Authority for determination of legal eligibility and compliance with Authority policies and objectives. When the applicant, working with the Authority's staff, has identified a lender willing to participate in the financing, the Authority agrees to issue its bonds to the lender, and thereby to borrow the funds needed to pay for the project.

The company makes the principal and interest payments on the bonds. The lender (bondholder) purchases the bonds with the understanding that neither the state nor the Authority makes any guarantee of payment on the bonds. (The Authority does have a guarantee program, but it is used selectively, and only after a thorough financial analysis of the project.) The bonds are secured by a loan agreement with the company plus a mortgage on the assets of the project.

New Jersey Economic Development Authority

Financial Assistance to Projects in "Urban Aid" Cities 1975-1978

Millions of Dollars

\$50

40

30

20

10

0

\$8.8

\$5.5

\$12.4

\$43.0

1975

1976

1977

1978

YEAR

Because the bonds are tax exempt, the lender (bond purchaser) can reduce the interest rate on financing arranged through the Authority, and still obtain an attractive after-tax return on the loan. Tax exempt interest rates are usually 65%-75% of conventional, taxable interest rates.

The savings can make a considerable difference between an attractive and unattractive investment. A \$1 million, 20-year conventional mortgage with a 10% interest rate requires payments over the life of the mortgage of

approximately \$2,300,000. The same financing with a tax exempt interest rate of 8% requires total payments of approximately \$2,000,000, or a savings of \$300,000.

Such savings provide an inducement for firms to locate or expand in the state, and strengthen the borrowing capacity of many businesses whose earnings may not be sufficient to pay debt service on a conventional loan.



Loan Guarantees And Direct Loans

The Authority guaranteed portions of eleven loans and made two direct loans during 1978. These projects involved an Authority exposure of \$5,040,500 on financings totaling \$20,465,000.

Approximately \$114,000,000 of new private investment and over 1,000 new jobs will be stimulated by these projects. Two-thirds of the Authority's loan guarantee and direct loan assistance is directed to projects located in "urban aid" municipalities.

From the inception of the loan guarantee and direct loan programs through December 31, 1978 the Authority has provided loan guarantees of \$8,642,182 on total financings amounting to \$44,460,000 and direct loans of \$13,430,000. At December 31, 1978 the Authority's reserve funds which secure loan guarantees had an aggregate net balance of \$18,223,659. The Authority limits the exposure of the reserve funds to a maximum of three times fund balances.

During 1978, the Authority made payments totaling \$345,903 on one defaulted project, in accordance with its guarantee agreements. The Authority offset a portion of these payments by liquidating collateral which the Authority held to secure its guarantees on this project. At December 31, 1978, one other loan partially guaranteed by the Authority

was in default. The lender has not called on the Authority for payment. The Authority has significant collateral in connection with this project. In the opinion of the management of the Authority, there will be no material impact on the Authority's reserves if payment of the guarantee is required.

In addition, the Authority has allowances for losses on certain loans and loan guarantees of the N.J. Urban Loan Authority and the N.J. Area Redevelopment Authority which were transferred by the Governor to the Economic Development Authority in April, 1978.

Here are examples of projects which were made possible by the Authority's loan guarantee and direct loan programs.

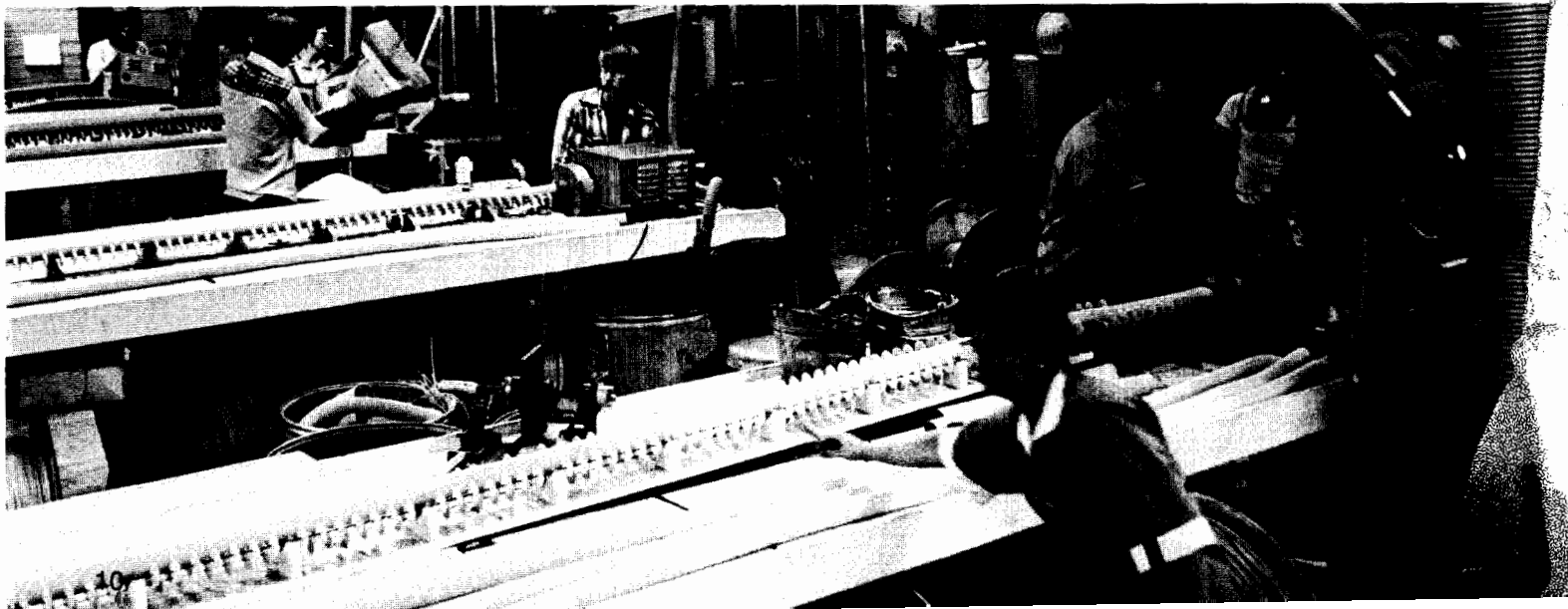
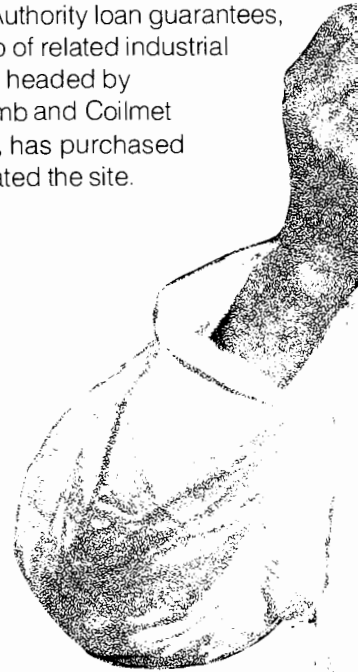
Alkon Corporation

The Authority helped to organize a \$1,850,000 financial package in conjunction with Prospect Park National Bank to permit the acquisition of this company located in Wayne by several of its senior employees. The firm was formerly known as Fluid Components, a Division of Gould, Inc. The company was scheduled to be liquidated or relocated to another state. The management of this division worked closely with the Authority and the bank to structure a financing to permit the acquisition of the facility and the provision of working capital for its continued operations. The Authority guaranteed 30% of a \$1,250,000 fixed asset loan, and 30% of a \$600,000 working capital loan to achieve this result.

The financing resulted in the maintenance of 125 jobs, and an estimated 20 new jobs within several years as a result of the company's expected growth. The financing was a primary factor in keeping the facility in operation in New Jersey. The firm manufactures a complete line of pneumatic fluid power components including cylinders, valves, and flow-controls which are sold to the manufacturers of industrial machinery.

L.R. Edgcomb (Coilmet Corporation)

Several years ago, a large manufacturing firm closed its operations in New Brunswick, vacating some 200,000 square feet of industrial space and idling hundreds of workers. With the help of Authority loan guarantees, a new group of related industrial companies, headed by L.R. Edgcomb and Coilmet Corporation, has purchased and reactivated the site.



The new owners are engaged in the processing, slitting, and sales of steel coils. Working with Midlantic National Bank, National State Bank, and the former owner of the site, the Authority arranged a package of fixed asset financing totaling \$2,180,000 to enable the purchaser to establish operations there. The Authority has guaranteed 30% of the financing. An estimated 43 new jobs are expected to be created by this project, and a sizable tax ratable in New Brunswick has been stabilized.

Seabrook Brothers and Sons, Inc.

For several years the Authority has worked closely with agricultural leaders in Southern New Jersey to help revive the area's once-thriving food processing industry. During 1977 the Authority sponsored a feasibility study which determined that certain vegetable processing operations could operate profitably in the area.

In 1978 the Authority helped to organize more than \$10 million of federal, state, and private financing for a new 129,000 square foot green bean processing plant constructed in Upper Deerfield (Cumberland County) and owned and operated by Seabrook Brothers and Sons, Inc. The new plant can process 30 million pounds of green beans annually grown by New Jersey farmers, and will employ 35 people year-round, and 270 people during peak production periods.

The project is the result of an imaginative public-private partnership. With the help of the Authority's feasibility study, the new firm secured a \$8,250,000 first mortgage loan from First Pennsylvania Bank with a 90% guarantee from the U.S. Farmers Home Administration. Local investors, including several farmers, contributed

substantial equity. To close a critical gap in the financing, the Authority guaranteed 90% of a \$500,000 second mortgage loan made by United Jersey Bank/Cumberland.

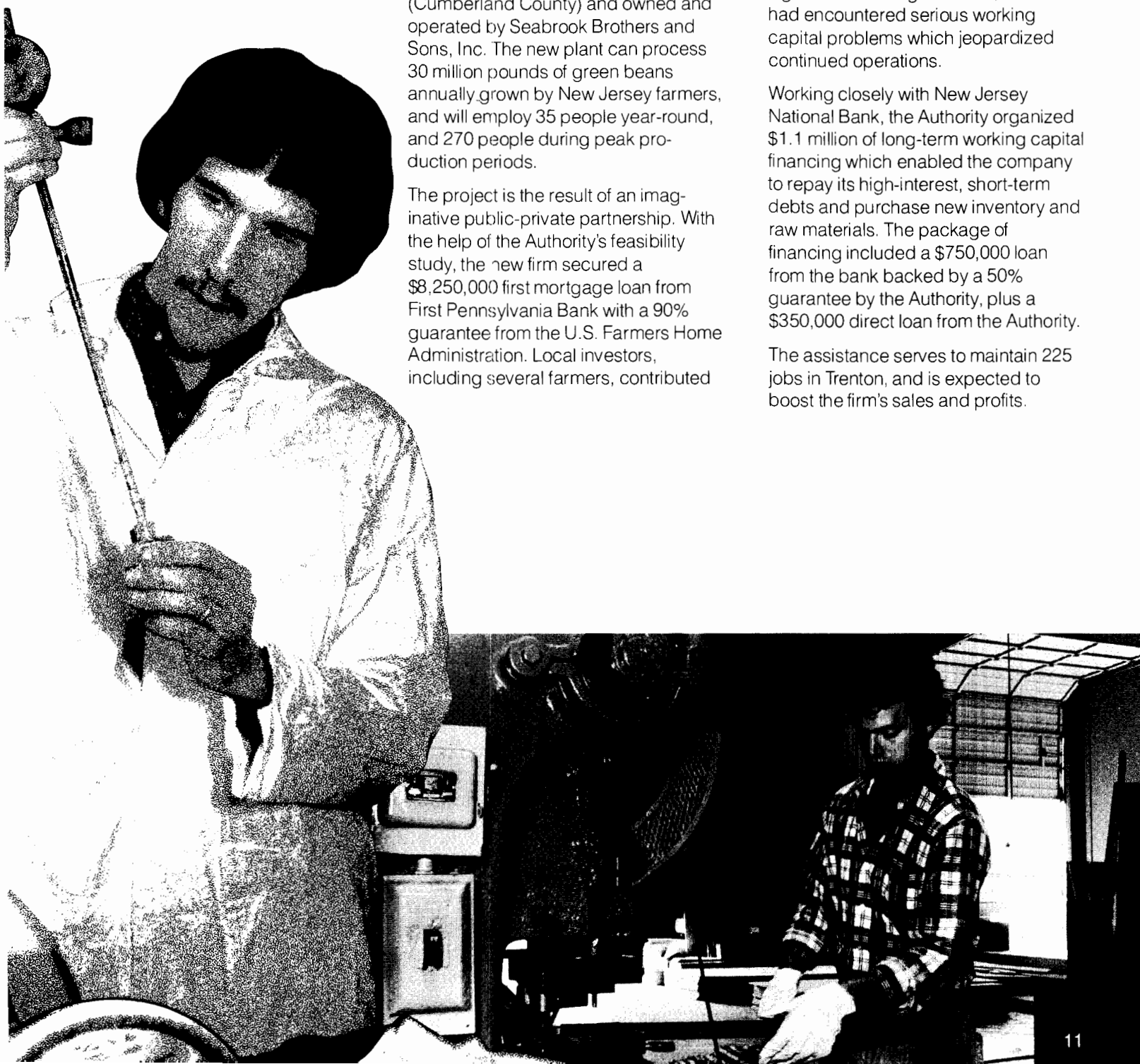
The new plant will generate millions of dollars of income for New Jersey farmers, and will help to reverse the exodus of food processors from the state.

Star Porcelain Co.

Since 1899 this Trenton firm has manufactured industrial porcelain products. In recent years, despite a significant backlog of orders, the firm had encountered serious working capital problems which jeopardized continued operations.

Working closely with New Jersey National Bank, the Authority organized \$1.1 million of long-term working capital financing which enabled the company to repay its high-interest, short-term debts and purchase new inventory and raw materials. The package of financing included a \$750,000 loan from the bank backed by a 50% guarantee by the Authority, plus a \$350,000 direct loan from the Authority.

The assistance serves to maintain 225 jobs in Trenton, and is expected to boost the firm's sales and profits.



Loan Guarantee and Direct Loan Programs

The Authority is empowered to guarantee loans and bond issues and to make direct loans to assist in the financing of eligible job development projects. Authority loan guarantees are secured by and payable from cash and securities held in several restricted accounts. Direct loans are made from two accounts funded with appropriations from the Legislature and a grant received from the federal government. The Authority's direct loan and loan guarantee obligations are not backed by the State of New Jersey.

These programs place highest priority on projects located in communities with high unemployment and low income, job intensive projects, and projects involving new businesses. The Authority also must determine that there is a reasonable prospect of repayment of a direct or guaranteed loan.

Fixed Asset Loan Guarantees

The Authority may guarantee up to 30% (not to exceed \$1 million) of a loan or bond issue to enable a business to purchase fixed assets such as a building or equipment. The Legislature appropriated \$10 million to the Authority in 1975 to establish a reserve account to secure these guarantees.

Working Capital Loan Guarantees

In 1978, the Legislature authorized the Authority to guarantee working capital loans, and appropriated \$3 million for a reserve to secure such guarantees. The Authority may guarantee up to 50% (not to exceed \$300,000) of a working capital loan, which may be used for the purchase of inventory, debt refinancing, support of accounts receivable, or other operating expenses.

In addition, the Authority was awarded a \$2.6 million grant in 1978 from the U.S. Economic Development Administration to establish a reserve account to secure loan guarantees of up to 90% (not to exceed \$300,000) of fixed asset or working capital loans made by banks to eligible firms located in communities with high unemployment and low income.

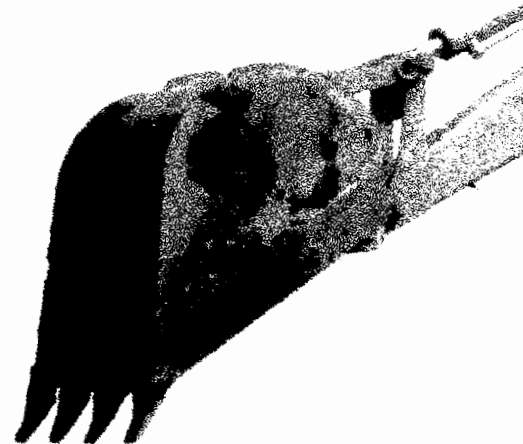
Direct Loans

The Authority received a \$13 million grant in 1976 from the U.S. Economic Development Administration to establish a revolving loan fund. The fund is designed to assist firms whose continued operations and employment are threatened by financial adversity. The entire grant amount was loaned to the Okonite Employee Stock Ownership Trust (ESOT) in 1976 as part of a plan to purchase the firm from its bankrupt owner, and save approximately 1,000 jobs. The Authority is permitted to keep the loan repayments from the Okonite ESOT and use the funds for additional direct loans. Through December 31, 1978 the Authority has received \$260,000 from the Okonite ESOT. As of December 31, 1978 the Authority has made two "second generation" loans from this account totaling \$150,000.

In February, 1978 Governor Byrne submitted a reorganization plan to the Legislature which abolished the N.J. Urban Loan Authority (ULA) and the N.J. Area Redevelopment Authority (ARA) and transferred their respective powers, duties, assets and liabilities to the Economic Development Authority. The plan became effective in April, 1978, and provided the Authority with additional direct loan and loan guarantee capabilities.

The ULA was empowered to make direct loans, and 90% loan guarantees, up to \$250,000 per project. The ULA portfolio transferred to the Authority consisted of 57 projects and \$3,484,212 of aggregate ULA loan and guarantee exposure. At December 31, 1978 the program had net assets available for new loans and guarantees of approximately \$750,000.

The ARA program transferred to the Authority originally was designed to provide funds to local development corporations to be utilized as the required local matching share of business loans made by the U.S. Economic Development Administration. Most of the funds for these ARA loans were borrowed from the state, and must be repaid, so the program has few net assets of its own. The Authority has devised other means of meeting the objectives of the ARA, so the program is not expected to be active. The ARA portfolio transferred to the Authority consists of 15 active loans with an aggregate balance due of \$1,542,499 at December 31, 1978.



New Jersey Economic Development Authority

1978 Loan Guarantees and Direct Loans

Company	Project Location	Total Project Cost	Loan Amount	NJEDA Guarantee	NJEDA Direct Loan	New or Maintained Jobs	Description (See notes below)
Alkon Corporation	Wayne (Passaic)	\$ 2,750,000	\$ 1,250,000	\$ 375,000 (30%)		145	F/A Manufacturing
			600,000	180,000 (30%)			W/C Manufacturing
Coilmet Corporation	New Brunswick (Middlesex)	180,000	180,000	54,000 (30%)		4	F/A Manufacturing
Frank Grasso and Sons	Pleasantville (Atlantic)	100,000	100,000	90,000 (90%)		6	U/L Manufacturing
Jerome Industries, Inc.	Orange (Essex)	250,000	250,000	225,000 (90%)		50	U/L Manufacturing
Kenrich Petrochemicals, Inc.	Bayonne (Hudson)	967,000	750,000	225,000 (30%)		43	F/A Manufacturing
L.R. Edgcomb	New Brunswick (Middlesex)	2,815,000	2,000,000	600,000 (30%)		39	F/A Manufacturing
Raritan River Steel Co.	Perth Amboy (Middlesex)	94,000,000	12,000,000	1,575,000 (12½%)		450	F/A Manufacturing
RKL Controls, Inc.	Lumberton (Burlington)	705,000	705,000	211,500 (30%)		37	F/A Manufacturing
Sandown Properties	Little Falls (Passaic)	1,000,000	1,000,000	300,000 (30%)		46	F/A Commercial
Seabrook Brothers & Sons, Inc.	Upper Deerfield (Cumberland)	9,750,000	500,000	450,000 (90%)		35	F/A Manufacturing
Star Porcelain Company	Trenton (Mercer)	1,100,000	1,100,000	375,000 (50%)	\$ 350,000	225	U/L, R/L, W/C Manufacturing
Walters Polish-American Delicatessen	Camden (Camden)	30,000	30,000		30,000	4	U/L Commercial
1978 (12 Projects)	Totals	\$113,647,000	\$ 20,465,000	\$4,660,500	\$ 380,000	1,084	
1977 (6 Projects)	Totals	5,557,000	4,360,000	\$1,346,606	50,000	479	
1976 (4 Projects)	Totals	53,960,000	19,635,000	\$2,635,076	13,000,000	1,396	
Cumulative Totals		\$173,164,000	\$ 44,460,000	\$8,642,182	\$13,430,000	2,959	

Key to Symbols:

F/A = Fixed Asset fund
 W/C = Working Capital fund
 R/L = Revolving Loan fund
 U/L = Urban Loan fund



Trade Adjustment Assistance

The Authority was selected by the U.S. Economic Development Administration in 1978 to operate a Trade Adjustment Assistance Center (TAAC) for the purpose of providing financial and business assistance to New Jersey firms adversely affected by foreign imports. The Authority was awarded a \$700,000 grant from USEDA to pay for the full cost of the program.

TAAC provides assistance pursuant to the Trade Act of 1974 to manufacturing firms throughout New Jersey. Approximately 30 New Jersey companies received Trade Act assistance from the federal government during 1978. Two kinds of assistance are provided through TAAC:

- Business consultation on financial, marketing, engineering, and management problems. This service is available through TAAC to most firms at no charge in amounts up to \$10,000.
- Financial assistance in the form of 90% government guaranteed bank loans up to \$3 million and/or direct government loans up to \$1 million for working capital or fixed asset financing.

TAAC will help firms become certified for assistance. In addition, TAAC will help firms obtain the needed consulting expertise and will assist in preparation of a loan guarantee or direct loan application to the U.S. Economic Development Administration.

The value of trade adjustment assistance is illustrated by the case of Nu-Craft Manufacturing Corporation of Paterson, New Jersey. This manufacturer of handbag frames and accessories had experienced sales and employment declines resulting from import competition. The company was certified for assistance in March 1978, and then received consulting assistance to prepare a recovery plan and a loan application. In October, the company received a \$925,000 federal loan to provide working capital and funds for the acquisition of new equipment. The loan has enabled the firm to become competitive again and to increase employment by 35 people.

Urban Real Estate Development

The Authority made considerable progress in 1978 in its program of real estate development in urban areas. This program involves the acquisition and improvement by the Authority of sizable tracts of land in older core city areas, and the marketing of these sites to industrial firms as locations for new facilities. The purpose of the program is to encourage industry to locate or expand facilities in areas of high unemployment, by offering modern, secure, and well-designed business parks on competitive financial terms.

Montgomery Industrial Center

In November the Authority broke ground on construction of a 32-acre development in Jersey City known as Montgomery Industrial Center. The Authority will invest approximately \$2 million in land and site improvements, and will subdivide the site into industrial

building lots which are expected to accommodate up to 650,000 square feet of new facilities over the next five years. By year end, the Authority also had executed a land lease with a private developer for 3 acres of land with options on additional acreage. The developer has begun construction of a 60,000 square foot industrial building which will be ready for occupancy by the spring of 1979. The entire project is assisted by a property tax abatement agreement with the City of Jersey City and a grant of \$567,837 from the U.S. Economic Development Administration to pay a portion of the site improvement costs.



New Point Industrial Center

Plan approvals and financing arrangements were completed at year end for the development of New Point Industrial Center in Elizabeth, the Authority's second urban real estate project. This 30-acre site will be acquired and improved by the Authority at a cost of approximately \$2 million with site work scheduled to commence in the spring of 1979. This project also will be aided by a tax abatement agreement from the City of Elizabeth as well as a grant of \$600,000 from the U.S. Economic Development Administration. Another 600,000 square feet of industrial space is expected to be constructed in this project over the next five years.

These first two real estate developments have been made possible in part by an appropriation of \$3 million to the Authority by the Legislature. The appropriation established a revolving development fund which the Authority may use for additional projects as the investment in these first two projects is recovered. The Authority investment in these first two projects is expected to generate more than \$20 million of private sector investment during the next five years.

During the year, the Authority also helped to organize private development of several other large urban real estate projects.

The Authority worked closely with local officials in Irvington and Maplewood to resolve financing, zoning, and tax problems associated with development of the former Olympic Park site, a 40-acre tract divided by the boundary line of the two towns. By mid-year, a private developer had executed commitments to acquire the entire site and develop several hundred thousand square feet of new business space. The Authority has agreed to provide low interest financing for the first building on the site, which is expected to begin in 1979.

In Kearny, Authority technical assistance helped pave the way for the signing of an agreement between the City and a private developer to construct a number of new industrial buildings on several hundred acres of vacant municipally owned land.

Urban Capital Investment Plan

By year end, the Authority had begun preparation of a comprehensive 5-year plan for the development of similar business centers in other urban areas. The plan will include an inventory of available land in urban areas suitable for redevelopment and preliminary estimates for the cost of acquisition and improvement. The plan will provide a long-range investment guide for the Authority as funds become available for such projects in the future.

Research and Policy Planning

During 1978 the Authority assembled a small team of policy analysts and research specialists to examine ways the Authority could enlarge its contributions to state growth.

The research staff prepared a plan, discussed earlier, for targeting Authority assistance to distressed communities. Two federal grants totaling over \$3 million were obtained for new programs of trade adjustment assistance and business loan guarantees. An analysis of the state's commercial fishing industry was begun, including an examination of the feasibility of direct Authority involvement as developer of onshore support facilities to spur the growth and modernization of this industry.

By year end, new studies had begun on the disposal of toxic industrial wastes; urban land banking; and the strengthening of local economic development capacity.



New Jersey Economic Development Authority

1978 Projects

Project Name	Location	Project Type*	New or Maintained Jobs	Construction Jobs	Authority Loan Amount	Total Project Cost
Atlantic County						
Frank Grasso & Sons	Pleasantville	M	6	0	\$ 90,000	\$ 100,000
Baltic Avenue Realty	Atlantic City	D	11	9	300,000	345,000
Universal Aluminum Extrusion Corp.	Egg Harbor	M	27	6	350,000	990,000
SUBTOTAL			44	15	\$ 740,000	\$ 1,435,000
Bergen County						
A-Y Realty Corp.	Moonachie	M	26	2	\$ 470,000	\$ 480,000
Argosy Associates	Rockleigh	O-M	125	30	1,325,000	1,525,000
Robert & Jack M. Bagoon	North Arlington	M	12	0	650,000	705,000
Bertrand Freres Ltd.	Ramsey	O-M	27	63	3,000,000	3,000,000
Steven T. Bille	Englewood	D	16	0	465,000	621,000
Bradford National Computer Services, Inc.	Teaneck	O	41	0	1,000,000	2,443,000
Butler International, Inc.	Montvale	O	18	45	2,655,000	2,825,000
Chiang-Ho Hu	Carlstadt	D	20	0	400,000	558,000
Citizens First National Bank of N.J.	Glen Rock	C	64	0	1,000,000	1,906,000
Clarendon Press, Inc.	Carlstadt	M	89	3	960,000	1,367,000
Thomas A. Ehrhart, Louis J. Babic, Jr. & 120 Sylvan Ave. Corp.	Englewood Cliffs	O	33	0	1,850,000	2,450,000
Foresgate Industrial Complex	Moonachie	D	20	22	850,000	980,000
Graphic Arts Realty Corp.	Fairview	M	52	30	900,000	1,135,000
Graphic Arts Realty Corp.	Fairview	M	22	13	500,000	711,000
H.W. Baker Linen Co.	Mahwah	O-D	64	39	1,700,000	1,700,000
Hasbrouck Motel	Hasbrouck Heights	C	36	36	1,200,000	1,500,000
Hollister Associates	Teterboro	O-M	90	9	2,000,000	2,715,000
Humphrey S. Lewis Urban Renewal Corp.	Englewood	M	87	57	2,000,000	2,524,525
Kenmark Corp.	Elmwood Park	M	11	9	300,000	313,000
Kiku Restaurant, Inc.	Fort Lee	C	12	12	450,000	803,366
Kurich Realty Corp.	Carlstadt	D	5	50	1,950,000	2,670,000
Lawrence Russo, Jr.	Moonachie	O-D	11	30	1,000,000	1,000,000
Herman J. Lebersfeld & Max B. Lebersfeld, partners d/b/a Hermax Enterprises	Paramus	C-D	16	52	1,360,000	1,800,000
Mack Properties Co., Inc.	Fairlawn	O-D	201	62	2,000,000	2,420,000
Marschall Warehouse Co.	South Hackensack	D	60	9	2,000,000	2,375,000
New Jersey Associates	Oakland	D	60	34	1,500,000	1,500,000
Ninety Triangle Boulevard Associates	Carlstadt	M	104	0	1,000,000	1,475,000
Nomar Associates	Elmwood Park	O-D	12	9	400,000	507,350
Northvale Design & Development Co., Inc.	Northvale	O	52	13	2,000,000	2,000,000
Omega Optical Co., Inc.	Rochelle Park	M	225	9	1,840,000	2,125,000
Harvey Ornstein & Sidney Ornstein	Garfield	M	30	10	400,000	529,500
Power/Mate Corp	Hackensack	O-D	50	1	480,000	650,000
Rason, Inc.	Mahwah, Hillsdale	M	42	0	1,400,000	1,450,000
Riverside Medical Associates	River Edge	O	30	16	625,000	775,900
R. James Royer	Moonachie	M	5	0	1,000,000	1,171,000
SWS Realty Associates	Maywood	M	100	6	2,250,000	2,250,000
Alfred Sanzari Enterprises	Elmwood Park	M	100	100	3,760,000	4,900,000
Selo, Inc.	Carlstadt	M	48	3	400,000	690,000
Shire Manufacturing Co.	Wood-Ridge	M	70	40	1,500,000	1,550,000
Stihl Parts, Inc.	Oakland	D	6	15	400,000	572,280
Takasago USA, Inc.	Rockleigh	O-D	38	45	2,000,000	2,050,000
Theo. Tiedemann & Sons, Inc.	Mahwah	M	10	0	350,000	567,500
259 Cedar Lane Associates	Teaneck	O	20	0	765,000	810,000
W.B. Cury Discount Stores, Inc.	Ramsey	C	7	14	500,000	671,000
Wesley Associates	South Hackensack	C	83	0	1,373,000	1,373,000
Weyerhaeuser Co.	Mahwah	O-D	19	45	2,500,000	2,500,000
SUBTOTAL			2,269	933	\$ 58,428,000	\$ 70,644,421

Project Name	Location	Project Type*	New or Maintained Jobs	Construction Jobs	Authority Loan Amount	Total Project Cost
Burlington County						
AUS, Inc.	Mount Laurel	O	23	24	\$ 820,000	\$ 1,299,000
Best Products Co., Inc.	Maple Shade	C	97	54	2,500,000	2,500,000
Joseph A. DePetris	Medford	C	48	75	3,000,000	3,168,500
Joseph & Doris Distasio	Evesham	C	53	30	1,100,000	1,500,000
Medford Convalescent & Nursing Center, Inc.	Medford	C	103	85	3,784,400	4,204,938
Peter Edward Mercatanti	Bordentown	C	12	0	560,000	589,800
NFL Films, Inc.	Mount Laurel	M	70	42	1,700,000	1,700,000
George Warren Neff	Moorestown	M	61	6	250,000	300,000
Pioneer Smelting Co., Inc.	Woodland	P	6	0	161,000	161,000
Praetorian Corp.	Maple Shade	C	4	6	275,000	433,000
RKL Controls, Inc.	Lumberton	M	37	12	705,000	1,444,000
Schuster Express, Inc.	Cinnaminson	D	57	22	770,000	911,000
Joseph & William Stavola, Inc.	Mansfield	M	9	0	1,065,000	1,065,921
George D. Strassner II, et ux	Mount Laurel & Evesham	D	6	9	300,000	406,000
Viking Yacht Co.	Bass River	M	200	30	1,000,000	1,000,000
Marvin Weiner & Son, Inc.	Maple Shade	C	5	23	850,000	911,000
Thomas R. Whitesell t/a Whitesell Enterprises	Delran	D	9	25	1,000,000	1,000,000
Thomas R. Whitesell t/a Whitesell Enterprises	Cinnaminson	O-D	95	27	975,000	1,100,000
Thomas R. Whitesell t/a Whitesell Enterprises	Mount Laurel	O-D	55	18	620,000	754,000
SUBTOTAL			950	488	\$ 21,435,400	\$ 24,448,159
Camden County						
Barry Chocolate, Inc.	Pennsauken	M	28	0	\$ 3,500,000	\$ 4,235,000
Steven Bloom	Pennsauken	O-D	6	30	875,000	1,140,000
Consolidated Freightways Corp. of Delaware	Bellmawr	O-D	5	10	1,200,000	1,200,000
Corson-Dugan Partnership	Gloucester	D	76	0	925,000	1,324,250
Alfred & Edna Deterding	Lindenwald	C	25	12	450,000	760,000
4415 Marlton Associates	Pennsauken	C	60	3	511,000	585,000
Frontage Properties, a N.J. Limited Partnership	Cherry Hill	C	75	16	675,000	893,500
H & B Investments, Inc.	Pennsauken	C	20	0	225,000	341,600
E. Lambert, Inc.	Pennsauken	M	2	0	250,000	350,000
Lee Maimon & Robert M. Alper	Cherry Hill	C	30	18	750,000	950,000
New Penn-Seeman Associates	Cherry Hill	C	147	57	2,000,000	2,406,400
Joseph Oat Corp.	Camden	O	13	6	370,000	370,000
Emmons G. Paine, M.D. & David H. Ross, M.D.	Voorhees	O	8	4	131,000	175,800
Penn Jersey Subaru, Inc.	Pennsauken	O-D	33	0	300,000	340,500
Pennsauken Warehouse Associates	Pennsauken	D	19	0	1,350,000	1,350,000
Pestritto's American Maid Bakery, Inc.	Gloucester, Camden	M	23	6	745,000	829,350
Praetorian Corp.	Voorhees	C	4	6	275,000	388,000
Praetorian Corp.	Bellmawr	C	4	6	275,000	383,000
Praetorian Corp.	Pennsauken	C	4	6	275,000	414,000
Samuel V. Price & Aaron H. Price t/a S.V. Price & Co.	Camden	M-D	5	13	325,000	450,000
Rt. 38 Associates c/o Craig Taylor	Cherry Hill	C	36	10	325,000	436,000
R. Randle Scarborough	Cherry Hill	C-O	44	24	900,000	900,000
Walter's Polish-American Delicatessen	Camden	C	4	0	30,000	30,000
Charles K. Wool & Howard Wool, Co-partners	Pennsauken	D	42	0	387,000	400,000
Work Wear Corp., Inc.	Runnemede	M	100	9	935,000	935,000
SUBTOTAL			813	236	\$ 17,984,000	\$ 21,587,400

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Project Name	Location	Project Type*	New or Maintained Jobs	Construction Jobs	Authority Loan Amount	Total Project Cost
Cape May County						
Saganne Properties, Inc.	Ocean City	C	2	50	\$ 1,050,000	\$ 1,764,000
SUBTOTAL			2	50	\$ 1,050,000	\$ 1,764,000
Cumberland County						
Duralith Corp.	Millville	M	100	6	\$ 350,000	\$ 350,000
Media Stack, Inc.	Vineland	M	70	3	871,000	968,000
Seabrook Brothers & Sons, Inc.	Upper Deerfield	M	35	120	500,000	9,750,000
SUBTOTAL			205	129	\$ 1,721,000	\$ 11,068,000
Essex County						
Apartment House Supply Co. d/b/a						
Brick Church Appliance	Orange	D	17	12	\$ 337,500	\$ 710,000
Arya Warehouse Co.	Newark	D	60	9	1,550,000	1,755,000
Cedar Grove Associates	Cedar Grove	M	11	12	300,000	474,000
Colony Centers, Inc.	Newark	C	209	58	2,225,000	2,433,312
Dante Associates	Millburn	M-D	37	0	450,000	450,000
Federated Metals Corp.	Newark	P	0	0	750,000	750,000
Flexon Industries Corp.	Newark	M	119	15	2,200,000	2,335,000
Martin Heller, Gerald D. Allen, Warren						
Kimber, Jr., a Partnership	Bloomfield	C	19	9	450,000	701,500
Martin Heller, Associates	North Caldwell	C	19	14	550,000	695,000
Jerome Industries Corp.	Orange	M	50	0	225,000	250,000
Lasky Co.	Millburn	M	47	0	1,892,000	1,892,000
Maynard Court Realty	Fairfield	O-D	8	30	850,000	1,057,000
Montclair-Glen Ridge Medical Arts						
Association	Glen Ridge	O	12	30	1,100,000	1,300,000
Joseph & Morris Merlis & Jack Selbiger,						
a Partnership	West Caldwell	C	26	10	900,000	1,150,000
Samuel M. Seltzer & Saul Dennison	Livingston	M-D	37	0	1,900,000	2,125,000
Sunrise Markets, Inc.	West Caldwell	C	66	0	1,000,000	1,049,196
T.G. Associates, Inc.	Fairfield	C	61	22	950,000	1,415,000
Village Super Market, Inc.	West Orange	C	95	0	900,000	1,315,000
Ware Urban Renewal Corp.	Newark	M	150	0	900,000	955,000
West Orange-Englewood Tennis						
Clubs, Inc.	West Orange	C	19	9	950,000	1,125,000
SUBTOTAL			1,062	230	\$ 20,379,500	\$ 23,937,008
Gloucester County						
Best Products Co., Inc.	Deptford	C	97	60	\$ 2,500,000	\$ 2,500,000
High Hill Associates	Logan	D	21	15	450,000	617,000
Line Investment, Ltd.	West Deptford	D	20	100	3,748,000	3,748,000
Pandrol, Inc.	Logan	M	20	15	1,400,000	1,400,000
Proficient Foods Co., Inc.	Logan	D	45	45	2,000,000	2,000,000
Whitesell Associates	Logan	O	33	50	975,000	1,000,000
Zirbser-Greenbriar, Inc.	Deptford	C	84	47	2,600,000	2,880,000
SUBTOTAL			320	332	\$ 13,673,000	\$ 14,145,000
Hudson County						
Command Enterprises	Secaucus	M	0	0	\$ 1,600,000	\$ 2,135,000
Command Web Offset Co.	Secaucus	M	62	0	1,300,000	1,300,000
Delco-Levco Venture	Jersey City	C	151	69	3,200,000	3,200,000
Joseph C. DiFeo & Samuel X. DiFeo	Jersey City	C	84	0	1,000,000	1,100,000
Sanford Gordon & Sidney Strauss	Jersey City	M	55	0	1,000,000	1,920,000
Harrison By-Products Co.	Kearny	M	25	3	716,000	716,200
Kenrich Petrochemicals, Inc.	Bayonne	M	43	0	750,000	967,000
Nu-Method Dyeing & Processing Corp.	Union City	M	70	0	1,200,000	1,220,000
142 Palisades Associates	Jersey City	O	80	51	1,600,000	1,900,000
Pals Mals Venture	Jersey City	C	145	76	3,860,000	4,100,000
Roned Realty Co.	Jersey City	C-D	12	0	320,000	430,000
Yves St. Laurent Mens' Clothing, Inc.	Secaucus	D	55	0	1,300,000	1,300,000
SUBTOTAL			782	199	\$ 17,846,000	\$ 20,288,200

Project Name	Location	Project Type*	New or Maintained Jobs	Construction Jobs	Authority Loan Amount	Total Project Cost
Hunterdon County						
Acme Electrical Supply Co.	Lebanon	D	57	1	\$ 650,000	\$ 706,000
Roger Ross & Doris Mary Love	High Bridge	M	32	9	360,000	426,000
SUBTOTAL			89	10	\$ 1,010,000	\$ 1,132,000
Mercer County						
Benson & Henderson Enterprises	Princeton	C-O	68	60	\$ 1,560,000	\$ 2,358,000
Melvin J. Boyd & William C. Baggitt III	West Windsor	O	125	21	735,000	930,000
Champale Inc.	Trenton	D	26	24	1,000,000	1,000,000
East State Associates	Hamilton	D	26	33	1,200,000	1,330,000
Daniel R. Goldenson & Suzanne K. Goldenson	West Windsor	O	70	42	950,000	1,567,000
HRM Associates	Lawrence	O-D	7	27	1,100,000	1,200,000
John & Eleanor Kennedy, Allan C. & Bonnie Haldeman	Hamilton	C	20	3	700,000	1,059,000
The Kilik Co.	Hamilton	M	31	0	2,300,000	2,365,000
Lenox, Inc.	Lawrence	O	100	75	3,000,000	3,800,000
Joseph Marazzo, Jr.	Hamilton	C	10	9	350,000	533,500
The Princeton Packet, Inc.	Princeton	C	4	21	850,000	1,076,625
South Gold Co.	Hamilton	O-D	100	10	700,000	1,055,000
Star Porcelain Co.	Trenton	M	225	0	725,000	1,100,000
SUBTOTAL			812	325	\$ 15,170,000	\$ 19,374,125
Middlesex County						
Carter Wallace, Inc.	Cranbury	O-D	47	120	\$ 1,000,000	\$ 4,925,000
Coilmet Corp.	New Brunswick	M	4	0	180,000	180,000
Joseph & Elizabeth DeMarco	South Brunswick	O-D	94	0	200,000	200,000
East Brunswick Chateau, Inc.	East Brunswick	C	56	51	1,300,000	1,702,900
L.R. Edgcomb	New Brunswick	M	39	9	2,000,000	2,815,000
Flagstaff Corp.	Perth Amboy	M	148	63	3,500,000	3,500,000
Hadley Holding	South Plainfield	M	20	13	470,000	650,000
Islander Realty Corp./Cortland Fashions, Inc.	New Brunswick	M	12	0	250,000	600,600
Tom James of America, Inc.	Perth Amboy	M	25	15	650,000	650,000
Jebesh Investors	Edison	D	13	3	750,000	979,000
Laser Diode Laboratories, Inc.	New Brunswick	O-D	52	0	1,800,000	1,830,000
Lithoid, Inc.	East Brunswick	M	19	3	810,000	1,079,000
M & M Real Estate Holding Co.	Edison	C	9	36	1,600,000	1,630,000
Thomas J. & Helen McGlone	Edison	O-D	11	15	500,000	746,000
Miller Supply Corp.	Edison	D	25	12	450,000	660,000
New York Pencil Co., Inc.	Perth Amboy	M	200	0	150,000	150,000
Panorama Printing Co., Inc.	Metuchen	M	15	0	1,250,000	1,250,000
Perth Amboy Industrial Center	Perth Amboy	M	300	12	350,000	876,000
Pharmacia, Inc.	Piscataway	O	46	9	600,000	600,000
Play Knits, Inc.	Woodbridge	D	95	0	400,000	655,000
Raritan River Steel Co.	Perth Amboy	M	450	400	1,575,000	94,000,000
Lynn Pressman Raymond	New Brunswick	M	260	0	1,000,000	1,200,000
Michael Reich	Perth Amboy	M	0	0	1,150,000	1,300,000
Russell Richardson	South Brunswick	O	33	70	3,600,000	4,218,000
Robvon Backing Ring Co.	Woodbridge	M	8	25	800,000	1,000,330
Squire Corrugated Container Corp.	South Plainfield	M	32	14	1,200,000	1,432,500
Donald Storchak	Carteret	C	42	25	1,600,000	1,600,000
Joseph & William Stavola, Inc.	South River	M	7	0	900,000	904,000
Michael & Jerome Toubin, Partners	Old Bridge	O-D	5	5	181,000	181,293
United Nesco Container Corp.	North Brunswick	M	20	0	1,000,000	1,000,000
WHL Associates	Edison	D	17	42	1,340,000	1,759,255
Woodbridge Equity Associates, Ltd.	Woodbridge	C	150	66	3,750,000	3,750,000
SUBTOTAL			2,254	1,008	\$ 36,306,000	\$138,023,878

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Project Name	Location	Project Type*	New or Maintained Jobs	Construction Jobs	Authority Loan Amount	Total Project Cost
Monmouth County						
Colonial Foods, Inc., Colonial Trucking, Eggspress, Inc.	Freehold	M	24	6	\$ 755,000	\$ 992,822
Foster Canning Co., Inc.	Farmingdale	M	4	6	300,000	427,000
Messina Associates	Eatontown	M	15	11	360,000	452,000
Millrun Group, a Partnership	Shrewsbury	O	58	13	480,000	659,230
New Shrewsbury Associates	Tinton Falls	C	90	100	3,670,000	4,000,000
Rides, Inc.	Belmar	C	7	11	450,000	451,000
SUBTOTAL			198	147	\$ 6,015,000	\$ 6,982,052
Morris County						
American Animal Hospital, P.A.	Randolph	O	4	4	\$ 179,000	\$ 234,800
B & W Properties	Roxbury	C	20	9	600,000	767,500
Bard Associates	Lincoln Park	O	50	45	1,500,000	1,935,000
Edgemont Corp.	Hanover	O	58	33	925,000	1,053,000
Fabricated Plastics, Inc.	Hanover	M	21	0	1,600,000	2,280,000
Martin Heller Associates III - Long Valley	Washington	C	19	15	525,000	624,000
Robert H. Higginson	Hanover	D	45	42	1,300,000	1,800,000
Kay Bee Investors	Montville	O-D	27	36	1,350,000	1,675,000
Martin Kohn & Dolores Kohn	Butler	C	4	0	216,550	240,000
Marotta Scientific Controls, Inc.	Boonton	M	20	9	500,000	500,000
Radiation Technology, Inc.	Rockaway	M	38	7	820,000	885,000
Romont Corp.	Pequannock	O-D	17	15	950,000	1,295,500
Shimano American Corp.	Parsippany-Troy Hills	O-D	36	30	1,700,000	1,747,000
Village Super Market, Inc.	Morristown	C	95	0	800,000	1,015,000
SUBTOTAL			454	245	\$ 12,965,550	\$ 16,051,800
Ocean County						
Airport Associates	Lakewood	O-D	50	24	\$ 600,000	\$ 824,000
Athenia Industries, Inc.	Dover	M	51	22	900,000	975,000
Lester R. Glenn & Bernice Glenn	Dover	C	17	13	500,000	735,000
Jay A. & Linda Grunin	Dover	O	45	17	600,000	748,500
117 Horner St.	Dover	C-O	35	10	375,000	475,000
Praetorian Corp.	Dover	C	4	6	375,000	426,000
Seaside Holding Co.	Seaside Heights	C	10	6	150,000	215,000
Alphonse A. Stanzione, Jr. & Richard D. Stanzione	Dover	O	32	0	195,000	212,000
Stavola Sand & Gravel, Inc.	Dover, Jackson, Lakewood, Manchester	M	3	0	2,500,000	2,500,000
David C. Wintrode	Stafford	C	13	18	750,000	792,000
SUBTOTAL			260	116	\$ 6,945,000	\$ 7,902,500
Passaic County						
Alkon Corp.	Wayne	M	145	0	\$ 1,430,000	\$ 2,750,000
Besco Graphics, Inc. d/b/a Bergen Sign Co.	Paterson	C	11	0	275,000	368,000
Format Printing Co., Inc.	Totowa	M	13	20	730,000	730,000
Hughes-McBride, a Partnership	West Paterson	O	80	24	600,000	734,000
Kiefer Realty	Clifton	O-D	26	9	275,000	418,500
PH Partners	Passaic	M	19	10	1,050,000	1,280,250
Polaris Plating, Inc.	Paterson	M	5	0	165,000	173,825
Romnics Realty, Inc.	Paterson	M	96	2	650,000	750,000
Sandown Properties, a Partnership	Little Falls	C	46	2	1,000,000	1,000,000
Spectrachem Corp.	Paterson	M	10	0	400,000	400,000
Vineyard Warehouse, a Partnership	Hawthorne	O-D	16	9	900,000	1,275,000
Frank Zemo	Paterson	M	0	0	315,000	317,170
SUBTOTAL			467	76	\$ 7,790,000	\$ 10,196,745

Project Name	Location	Project Type*	New or Maintained Jobs	Construction Jobs	Authority Loan Amount	Total Project Cost
Somerset County						
Bio/dynamics, Inc.	Franklin	O	25	28	\$ 1,000,000	\$ 1,900,000
Joseph J. Diaz	Bridgewater	C	18	0	775,000	1,385,000
Isaac Heller	Franklin	M	26	51	1,500,000	2,125,000
Landmark at Somerville	Somerville	C	150	99	4,425,000	4,741,000
Princeton Gamma Tech, Inc.	Montgomery	M-O	60	3	750,000	750,000
Stavola Construction Materials, Inc.	Bridgewater	M	19	0	2,700,000	3,325,000
A.D. Sutton & Sons	Franklin	D	77	0	850,000	1,360,000
Takara Co., New Jersey, Inc.	Franklin	M	15	0	200,000	200,000
Tube Manufacturing Co.	Bridgewater	M	30	3	850,000	850,000
Village Super Market, Inc.	Bernardsville	C	95	0	800,000	1,015,000
Wheaton Co.	Franklin	C	37	14	850,000	852,946
SUBTOTAL			552	198	\$ 14,700,000	\$ 18,503,946
Sussex County						
Geldback Refrigerator Co.	Sparta	M	12	12	\$ 475,000	\$ 575,000
SUBTOTAL			12	12	\$ 475,000	\$ 575,000
Union County						
Boright Realty	Kenilworth	M	12	0	\$ 2,000,000	\$ 2,000,000
Brett Co.	Mountainside	C	40	3	420,000	573,450
William & Golda Drucker	Linden	C	6	1	550,000	632,500
Reinhard J. Heidfeld & Hans J. Weilandt (H & W Associates)	Hillside	M	23	4	500,000	612,500
Kenilworth State Bank	Springfield	C	90	9	500,000	619,217
National Tool & Manufacturing Co.	Kenilworth, Mountainside	M	25	10	720,000	845,467
Porcelli GMC Trucks, Inc.	Elizabeth	C	10	0	285,000	416,000
Quaker Oats Co.	Elizabeth	M	38	12	1,000,000	1,200,000
Ralph Libonati Co.	Springfield	D	20	3	600,000	1,060,000
Technical Wire Products, Inc.	Cranford	M	76	34	1,200,000	1,200,000
Tremley Point Industries	Linden	C	19	9	325,000	644,200
United Nesco Container Corp.	Linden	M	14	0	500,000	1,000,000
SUBTOTAL			373	85	\$ 8,600,000	\$ 10,803,334
Warren County						
M & M/Mars	Hackettstown	M	3	0	\$ 1,000,000	\$ 1,000,000
SUBTOTAL			3	0	\$ 1,000,000	\$ 1,000,000
GRAND TOTAL	250 Projects		11,921	4,834	\$264,233,450	\$419,862,568

*Key to Symbols: M = manufacturing facility
D = distribution facility
O = office facility
C = commercial or retail facility
P = pollution control equipment

New Jersey Economic Development Authority

Balance Sheet December 31, 1978 and 1977

ASSETS	OPERATING FUND		GUARANTEE FUND	
	1978	1977	1978	1977
Cash and investments:				
Cash	\$ 205,527	\$ 752,548	\$ 9,913	\$ 23,090
Short-term government securities [Note 3]	525,000		381,325	412,388
Certificates of deposit [Note 3].	677,000		14,835,000	11,090,000
Receivables:				
Notes receivable [Note 2 (b) 3 & Note 4].				
Accrued interest receivable	3,762		270,389	154,434
Other	164,010	14,678		
	167,772	14,678	270,389	154,434
Less allowance for doubtful notes and interest receivable				
	167,772	14,678	270,389	154,434
Land held for resale [Note 2 (e)]				
Fixed assets - net [Note 2 (f)]	91,855			
	<u>\$ 1,667,154</u>	<u>\$ 767,226</u>	<u>\$ 15,496,627</u>	<u>\$ 11,679,912</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 180,472	\$ 68,329		
Allowance for guarantee losses				\$ 50,000
Payable to State of New Jersey [Note 2 (b) 3]:				
Loan				
Interest				
	180,472	68,329		50,000
Commitments and contingencies [Note 5 & 6]				
Fund balances	1,486,682	698,897	\$ 15,496,627	11,629,912
	<u>\$ 1,667,154</u>	<u>\$ 767,226</u>	<u>\$ 15,496,627</u>	<u>\$ 11,679,912</u>

See accompanying notes.

LOAN FUND		INDUSTRIAL PARK FUND		COMBINED TOTALS	
1978	1977	1978	1977	1978	1977
\$ 46,320	\$ 31,893	\$ 91,308	\$ 29,962	\$ 353,068	\$ 837,493
588,655	63,072	943,290	43,721	2,438,270	519,181
2,650,000		2,000,000	900,000	20,162,000	11,990,000
17,571,287	13,050,000			17,571,287	13,050,000
512,091	66,337	19,854	10,456	806,096	231,227
		1,583	6,486	165,593	21,164
18,083,378	13,116,337	21,437	16,942	18,542,976	13,302,391
2,499,804				2,499,804	
15,583,574	13,116,337	21,437	16,942	16,043,172	13,302,391
		1,156,379		1,156,379	
				91,855	
\$ 18,868,549	\$ 13,211,302	\$ 4,212,414	\$ 990,625	\$ 40,244,744	\$ 26,649,065
		\$ 41,926		\$ 222,398	\$ 68,329
\$ 797,844				797,844	50,000
1,500,000				1,500,000	
207,086				207,086	
2,504,930		41,926		2,727,328	118,329
16,363,619	\$ 13,211,302	4,170,488	\$ 990,625	37,517,416	26,530,736
\$ 18,868,549	\$ 13,211,302	\$ 4,212,414	\$ 990,625	\$ 40,244,744	\$ 26,649,065

New Jersey Economic Development Authority

Statement of Revenues, Expenses and Changes in Fund Balances Years Ended December 31, 1978 and 1977

	OPERATING FUND		GUARANTEE FUND	
	1978	1977	1978	1977
REVENUES				
Application and guarantee fees	\$ 1,604,564	\$ 845,916		
Interest income	70,587	27,072	\$ 1,043,520	\$ 630,924
Grants	39,757	20,000		
	<u>1,714,908</u>	<u>892,988</u>	<u>1,043,520</u>	<u>630,924</u>
 EXPENSES				
Salaries and benefits	676,090	333,289		
General and administrative	251,033	129,693		
Interest				
Project development consulting fees		20,000		
Provision for uncollectable notes and interest receivable and guarantee losses . .			176,805	50,000
	<u>927,123</u>	<u>482,982</u>	<u>176,805</u>	<u>50,000</u>
Excess (deficit) of revenues over expenditures	787,785	410,006	866,715	580,924
Appropriations - State of New Jersey			3,000,000	
Fund balances assumed - April 24, 1978 [Note 2 (b) 3] :				
Urban Loan Authority				
Area Redevelopment Authority				
	<u>787,785</u>	<u>410,006</u>	<u>3,866,715</u>	<u>580,924</u>
Fund balance - beginning of year	<u>698,897</u>	<u>288,891</u>	<u>11,629,912</u>	<u>11,048,988</u>
Fund balance - end of year	<u>\$ 1,486,682</u>	<u>\$ 698,897</u>	<u>\$ 15,496,627</u>	<u>\$ 11,629,912</u>

See accompanying notes.

LOAN FUND		INDUSTRIAL PARK FUND		COMBINED TOTALS	
1978	1977	1978	1977	1978	1977
				\$ 1,604,564	\$ 845,916
\$ 495,624	\$ 134,611	\$ 234,744	\$ 38,825	1,844,475	831,432
			11,571	39,757	31,571
495,624	134,611	234,744	50,396	3,488,796	1,708,919
				676,090	333,289
				251,033	129,693
30,432				30,432	
		54,881	59,771	54,881	79,771
134,242				311,047	50,000
164,674		54,881	59,771	1,323,483	592,753
330,950	134,611	179,863	(9,375)	2,165,313	1,116,166
		3,000,000	1,000,000	6,000,000	1,000,000
2,592,067				2,592,067	
229,300				229,300	
3,152,317	134,611	3,179,863	990,625	10,986,680	2,116,166
13,211,302	13,076,691	990,625		26,530,736	24,414,570
\$ 16,363,619	\$ 13,211,302	\$ 4,170,488	\$ 990,625	\$ 37,517,416	\$ 26,530,736

New Jersey Economic Development Authority

Statement of Changes in Financial Position Years Ended December 31, 1978 and 1977

	OPERATING FUND		GUARANTEE FUND	
	1978	1977	1978	1977
SOURCES OF CASH				
Excess (deficit) of revenues over expenditures	\$ 787,785	\$ 410,006	\$ 866,715	\$ 580,924
Add (deduct) items not requiring cash:				
Interest receivable and accrued liabilities and other - net	(38,034)	23,995	(115,955)	(30,337)
Provision for uncollectable notes and interest receivable and guarantee losses			176,805	50,000
Cash provided from (used in) operations . . .	749,751	434,001	927,565	600,587
Appropriations - State of New Jersey			3,000,000	
Transfer from Urban Loan and Area Redevelopment Authorities				
Redemption of short-term government securities and certificates of deposit		100,000		
Collection of notes receivable				
Realized from collateral			119,098	
	<u>749,751</u>	<u>534,001</u>	<u>4,046,663</u>	<u>600,587</u>
USES OF CASH				
Purchase of short-term government securities and certificates of deposit	1,202,000		3,713,937	707,245
Guarantee payments			345,903	
New loans				
Purchase of land held for resale				
Purchase of fixed assets	94,772			
	<u>1,296,772</u>		<u>4,059,840</u>	<u>707,245</u>
Increase (decrease) in cash	(547,021)	534,001	(13,177)	(106,658)
Cash - beginning of year	752,548	218,547	23,090	129,748
Cash - end of year	<u>\$ 205,527</u>	<u>\$ 752,548</u>	<u>\$ 9,913</u>	<u>\$ 23,090</u>

See accompanying notes.

LOAN FUND		INDUSTRIAL PARK FUND		COMBINED TOTALS	
1978	1977	1978	1977	1978	1977
\$ 330,950	\$134,611	\$ 179,863	\$ (9,375)	\$ 2,165,313	\$1,116,166
(95,460)	(1,337)	37,431	(16,942)	(212,018)	(24,621)
134,242				311,047	50,000
369,732	133,274	217,294	(26,317)	2,264,342	1,141,545
		3,000,000	1,000,000	6,000,000	1,000,000
2,801,063				2,801,063	
					100,000
124,215				124,215	
				119,098	
3,295,010	133,274	3,217,294	973,683	11,308,718	2,241,545
2,900,583	63,072	1,999,569	943,721	9,816,089	1,714,038
				345,903	
380,000	50,000			380,000	50,000
		1,156,379		1,156,379	
				94,772	
3,280,583	113,072	3,155,948	943,721	11,793,143	1,764,038
14,427	20,202	61,346	29,962	(484,425)	477,507
31,893	11,691	29,962		837,493	359,986
\$ 46,320	\$ 31,893	\$ 91,308	\$ 29,962	\$ 353,068	\$ 837,493

Financial Statements December 31, 1978 and 1977

1. Nature of the Authority

The New Jersey Economic Development Authority ("Authority") is a public body corporate and politic constituting an instrumentality of the State of New Jersey ("State"). The Authority was established by Chapter 80, P.L. 1974 ("Act") on August 7, 1974, primarily to provide long-term, low-interest financing to private firms and companies for the purpose of maintaining and expanding employment opportunities in the State of New Jersey. The Authority is empowered to issue tax-exempt industrial development bonds to accomplish its objectives and to provide funds raised from its bond issues to such firms and companies for eligible projects as defined in the enabling Act. Through amendments to the enabling Act, the Authority is also authorized to guarantee loans, to make direct loans, to enter into contracts, to buy and sell land, buildings and other property, and to conduct studies related to its legislative mandate to stimulate employment and investment in New Jersey. The Act prohibits the Authority from obligating the credit of the State of New Jersey in any manner.

2. Summary of significant accounting policies

(a) Basis of accounting

The accompanying financial statements have been prepared under the accrual method of accounting. The accounts are maintained in accordance with the principles of fund accounting and separate accounts are maintained for each major fund. All financial transactions have been recorded and reported by fund group.

(b) Nature of funds

The various fund groups of the Authority are defined as follows:

(1) Operating Fund

The operating fund is used to record the administrative and other general financial transactions of the Authority. Expenses are not allocated to other funds.

In September, 1978, the Authority was awarded a technical assistance grant from the U.S. Economic Development Administration ("USEDA") under Title III of the Public Works and Economic Development Act of 1965 as amended and supplemented, for the purpose of establishing a Trade Adjustment Assistance Center ("TAAC"). Through outreach programs, the TAAC provides technical assistance to trade-impacted and potentially trade-impacted firms within the State. In accordance with the one year grant agreement, the

Authority will be reimbursed for allowable expenditures up to a maximum of \$700,000. Such expenditures incurred during 1978 were \$39,757. This amount has been included as revenue and expenditures in the operating fund.

(2) Guarantee Fund

Through amendments to the Authority's enabling Act which were made during 1975 and 1978, the Authority was appropriated \$10,000,000 and \$3,000,000 respectively, for the establishment of a guarantee fund with a provision that at least 50% of the dollar amount of outstanding loan and bond guarantees provided by the Authority be for projects located in certain designated municipalities receiving assistance pursuant to the provisions of Chapter 64, P.L. 1971.

The Authority utilizes the \$10,000,000 appropriation to secure guarantees, generally up to 30% with a maximum of \$1,000,000, of loans and bonds issued for the purchase of real and personal depreciable property (Fixed Asset account) and the \$3,000,000 appropriation for guarantees, generally up to 50% with a maximum of \$300,000, of working capital loans (Working Capital account).

The Authority was awarded a \$2,658,000 grant in September 1978 from the USED A under Title IX of the Public Works and Economic Development Act of 1965 as amended and supplemented for the purpose of business development loan guarantees for projects in distressed municipalities (Title IX account). As of December 31, 1978, there were no loan guarantees closed which are secured with these funds. The Authority will receive these funds in accordance with the grant agreement as loan guarantees are made.

Interest earned on amounts in the guarantee fund accounts is used by the Authority to increase the amount of funds available for bond or loan guarantees.

At December 31, 1978 and 1977, the fund balance was composed of the following:

	1978	1977
Fixed Asset account	\$ 12,348,403	\$ 11,629,912
Working Capital account	3,148,224	
	<u>\$ 15,496,627</u>	<u>\$ 11,629,912</u>

(3) Loan Fund

A revolving loan account was established in 1976 to account for a \$13,000,000 grant received from the USEDA under Title IX of the Public Works and Economic Development Act of 1965 as amended and supplemented. The Authority agreed upon acceptance of the grant that the entire amount initially would be loaned to the Okonite Company Employee Stock Ownership Trust ("ESOT") and that repayments of principal and interest thereon would be available for subsequent loans to finance eligible projects as defined in the enabling Act. Failure of the Authority to utilize the funds in the manner prescribed in the grant agreement with the USEDA may result in the funds being returned to the USEDA.

The \$13,000,000 loan to the ESOT is repayable as to principal in equal semi-annual installments over 25 years commencing in 1979 and bears interest at a rate of 1% per year for the first five years, 3% per year for the next 7 years, and 5% thereafter until maturity. During 1978 and 1977, direct loans of \$100,000 and \$50,000 respectively were made with repayments of interest from the ESOT.

The Authority sets the interest rate to be charged on revolving loan account direct loans at the same rate charged by the USEDA on direct loans made by that agency.

On February 23, 1978, Governor Byrne, pursuant to the Executive Reorganization Act, Chapter 203, P.L. 1969, submitted a plan of reorganization to the New Jersey Legislature of the New Jersey Urban Loan Authority ("ULA") and the New Jersey Area Redevelopment Authority ("ARA"). This plan became effective April 24, 1978, and abolished the ULA and ARA and transferred all of the assets and direct and contingent liabilities of the ULA and ARA, as well as their respective functions, powers and duties to the Authority. The Authority, pursuant to the State Agency Transfer Act, Chapter 375, P.L. 1971, is required to continue the functions of the ULA and ARA in accordance with the original enabling legislation of the ULA and ARA.

The ULA was established pursuant to the Business Incentive Loan Act, Chapter 202, P.L. 1969, as amended, to provide loans, loan guarantees of 90% of the total loan, and technical assistance to businesses located in qualified loan areas (as defined), which are

unable to obtain necessary financing on reasonable terms from other sources. Under conditions of the enabling Act, loans made or guaranteed by the ULA may not exceed \$250,000 to any one applicant at a rate not less than 1% and not more than the current lending rate in the qualified loan area, and may not have a repayment period exceeding 10 years.

The ULA was established with an original appropriation from the State of New Jersey of \$2,000,000 and received additional appropriations totalling \$2,912,000. Such appropriations are not repayable to the State.

The ARA was established pursuant to the New Jersey Redevelopment Assistance Act, Chapter 204, P.L. 1962, as amended and supplemented, to assist local New Jersey area redevelopment agencies in establishing redevelopment projects within the State, to obtain federal financial assistance and to provide financial assistance as prescribed under the enabling Act. Under provisions of the enabling Act, the ARA may not finance more than 5% of a qualified project.

The ARA was established with an original appropriation of \$500,000 from the State of New Jersey, and received additional appropriations totalling \$1,216,000. Appropriations of \$1,500,000 are repayable to the State during the period 1992 to 2003, of which \$1,000,000 is interest bearing. The weighted average interest rate for loans payable to the State was 6.1% at December 31, 1978.

At December 31, 1978 and 1977, the fund balance was as follows:

	<u>1978</u>	<u>1977</u>
Federal Grant Revolving		
Loan account	\$ 13,352,049	\$ 13,211,302
Urban Loan account	2,727,032	
Area Redevelopment		
account	284,538	
	<u>\$ 16,363,619</u>	<u>\$ 13,211,302</u>

(4) Industrial Park Fund

During 1977, the New Jersey Legislature appropriated \$1,000,000 to the Authority for the purpose of paying for costs related to industrial park feasibility studies.

During 1978, the Authority received an additional \$3,000,000 appropriation from the State for the purpose of purchasing and developing industrial sites in the State, with a provision that the first three projects approved be located in the municipalities receiving assistance pursuant to Chapter 64, P.L. 1971. Thereafter, no more than 50% of these funds may be used by the Authority for projects in these municipalities.

Additional funds of \$1,168,000 available to the State from USEDA pursuant to Title I, Section 304 of the Public Works and Economic Development Act of 1965 as amended and supplemented have been allocated to the Authority by Governor Byrne to supplement the \$3,000,000 State appropriation. These funds have been designated for two specific projects and will be received by the Authority as costs are incurred for these projects and are not repayable to the State.

It is the intention of the Authority to subdivide these sites and sell them to firms which desire to build in these locations. The proceeds from these sales will be used by the Authority to purchase land and develop industrial parks in other municipalities in the State.

(c) Revenue recognition

The Authority's primary sources of operating revenue are from its loan fee, which is $\frac{1}{2}$ of 1% of the principal amount of bonds issued and from its guarantee fee, which is $\frac{1}{2}$ of 1% of the amount guaranteed by the Authority multiplied by the number of years the guarantee is in effect. Each fee includes a non-refundable payment of \$250 which is made with the filing of the application. The non-refundable portion of the application fee is recorded as revenue when received, and the balance of the fee is recorded at the time of settlement of the loan.

Interest income is recorded as earned and grant revenue is recorded on the accrual basis when notification of approval by the issuing organization is received, or the Authority has performed under the grant agreements.

(d) Pension and retirement plans

Employees of the Authority are covered by the Public Employees' Retirement System of the State of New Jersey. Pension expense is accrued based on rates provided by the State, and amounted to \$21,019 and \$10,443 for 1978 and 1977 respectively.

(e) Land held for resale

In November 1978, the Authority purchased a 32 acre site in Jersey City, New Jersey, for \$984,000 to be developed as an industrial park. Costs incurred to acquire and develop this property are capitalized. These costs will be allocated on a pro-rata basis as portions of this site are sold.

(f) Fixed assets

Fixed assets are carried at cost less accumulated depreciation of \$2,917 and consist of leasehold improvements, furniture and equipment, and automobiles.

The Authority uses the straight-line method of depreciation over the following useful lives:

Leasehold improvements:	5 to 20 years.
Furniture & equipment:	5 to 10 years.

Automobiles are not depreciated since monthly payments made to the State include a charge for future replacements.

(g) Services from the State of New Jersey

The Authority utilizes various services and facilities supplied by the State and is billed for such items based on various allocation methods used by the State for similar organizations. Major services and facilities provided and billed by the State include office space, telephone, postage, automobiles, pension and health benefits, and investment counseling. Certain legal services are provided by the State at no cost to the Authority.

(h) Taxes

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

(i) Reclassification of 1977 balances

Certain 1977 balances have been reclassified to conform with current year presentation.

3. Certificates of deposit and U.S. treasury bills

Certificates of deposit and U.S. treasury bills have been purchased from several banks based on the recommendations of the New Jersey Department of the Treasury, Division of Investment. At December 31, 1978, the investments earned interest at rates ranging from 8.5% to 10.9% and mature no later than June 29, 1979.

Under one guarantee agreement, the Authority is required to purchase and pledge certificates of deposit increasing up

to \$2,000,000 by 1981. The amount of certificates of deposit in the guarantee fund which were pledged at December 31, 1978 was \$1,205,000.

4. Notes receivable (Loan Fund)

Notes receivable consist of installment notes due from companies who qualify for the various loan programs of the Authority, and are generally collateralized by the assets of the companies and/or personal assets and guarantees of the principals of the companies which receive Authority assistance. The notes bear interest at rates ranging from 1% to 13½%, and mature at various times through 2004.

5. Commitments and contingencies

(a) Industrial development bonds

For the years ended December 31, 1978 and 1977, \$261,408,450 and \$153,968,000 aggregate principal amount of Authority bonds have been issued, respectively. As set forth in such bonds and in the various agreements and documents related to their authorization and issuance, the principal of, premium, if any, and interest on each such bond issued in 1978 and 1977 are payable solely from the revenues and other monies derived from the sale or other disposition of the project financed by such bond, any other revenues from the project, or other monies which may be pledged with respect to such issue. All such bonds are special obligations of the Authority that do not constitute obligations against the general credit of the Authority, and are not in any way a debt or liability of the State.

(b) Loan and bond guarantees

All guarantees are binding obligations of the Authority for periods ranging generally from 5 to 10 years and require the Authority to reserve and maintain guarantee funds of no less than 1/3 of the aggregate amount of outstanding guarantees. Principal payments on loans guaranteed by the Authority reduce the Authority's guarantee.

At December 31, 1978, guarantee commitments and guarantees were as follows:

	GUARANTEE FUND		LOAN FUND	
	Fixed Asset account	Working Capital account	Title IX account	Urban Loan account
Guarantees	\$ 7,744,154	\$555,000		\$1,471,986
Guarantee Commitments	2,265,000		\$90,000	322,500
	<u>\$10,009,154</u>	<u>\$555,000</u>	<u>\$90,000</u>	<u>\$1,794,486</u>

At December 31, 1978, one project, partially guaranteed under one of the Authority's guarantee programs (Fixed Asset account) was in default. However, demand for a guarantee payment has not been made. The Authority has significant collateral in connection with the project and in the opinion of the management of the Authority there will be no material impact on the financial statements if the payment of the guarantee is required.

During 1978 the Authority entered into two leases for office space which expire in 1983 and 1998. Rent expense amounted to \$38,812 in 1978 and \$18,176 in 1977. The aggregate minimum rental commitments under these leases are \$2,533,400. Payments for the years 1979 through 1982 amount to \$137,700 per year and \$129,800 in 1983.

6. Litigation

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

7. Subsequent events

During the period January 1 through February 28, 1979 approximately \$49,000,000 of bonds have been issued by the Authority; bonds which have been approved for issuance by the Authority but not yet closed amounted to approximately \$79,000,000; guarantee commitments on bonds closed amounted to \$847,500; guarantee and loan commitments approved but not yet closed amounted to \$1,704,000.

On January 23, 1979, the Authority entered into a construction contract for land improvements at its Jersey City industrial park amounting to \$697,800. These improvements consist primarily of the preparation of the land for building and the installation of roads, utilities, and security devices.

On February 27, 1979, the Authority exercised its option to purchase a 30 acre site in Elizabeth, New Jersey, for \$1,097,800. This site will be developed as an industrial park with the use of both state and federal funds.

Report of Certified Public Accountants

ARTHUR YOUNG & COMPANY

520 BROAD STREET
NEWARK, NEW JERSEY 07102

Members of the Authority
New Jersey Economic Development Authority
Trenton, New Jersey

We have examined the accompanying balance sheets of the New Jersey Economic Development Authority at December 31, 1978 and 1977 and the related statements of revenues, expenses and changes in fund balances and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statements mentioned above present fairly the financial position of the New Jersey Economic Development Authority at December 31, 1978 and 1977 and the results of operations and changes in fund balances and financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis during the period.

Arthur Young & Company

March 1, 1979



***New Jersey
Economic
Development
Authority***

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