NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

1977 ANNUAL REPORT

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To the Governor and Members of the Legislature:

I am pleased to submit the 1977 Annual Report for the New Jersey Economic Development Authority.

The Authority made a substantial contribution to New Jersey's economic recovery during the past year. The officers and staff of the Authority look forward to new opportunities for service in 1978.

Sincerely,

John J. Horn

John J. Horn
Chairman

March 1, 1978

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1977 At A Glance

	1977	1976	Cumulative Totals 1974-1977
Amount of new financings approved	$265,551,168	$148,788,750	$614,660,418
Amount of financings closed	$142,993,000	$104,759,000	$294,732,000
Total investment stimulated by new financings	$448,248,360	$217,787,229	$910,638,262
Number of new projects approved	217	129	457
Permanent new jobs to be created by financings (est.)	14,038	6,626	29,804
Construction jobs created by financings (est.)	4,424	2,510	10,167
Authority operating fund income	$ 892,987	$ 684,998	
Authority operating fund expenses	$ 482,981	$ 440,694	
Operating fund balance at December 31	$ 698,897	$ 288,891	

Project figures are adjusted for withdrawals and terminations.

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.

From left: Brendan Byrne, Governor; Robert S. Powell, Jr., Authority Executive Director; and Donald McMaster, President of Standard Plastic Products, Inc., a division of Mattel, Inc., at groundbreaking ceremonies for firm's new manufacturing facility in Edison (Middlesex County).

The De Laval Separator Company, Branchburg (Somerset County).

Message From The Executive Director

The past year was one of unprecedented growth and achievement for the Authority. More than $265,000,000 of low interest financing was committed, or 78% more than in 1976. Approximately $448,000,000 of private investment will be stimulated by 1977 projects, double our 1976 level. The 1977 projects will generate 14,000 new jobs, more than double 1976 figures.

Since the Authority's creation in 1974, more than 29,000 new jobs and over $900,000,000 in commercial and industrial development have been generated by projects receiving Authority assistance.

Our special emphasis on urban redevelopment has begun to show tangible results. During 1977 the Authority committed $34,000,000 in incentive financing for projects in the 28 "urban aid" municipalities. This assistance is expected to generate approximately 4,200 permanent new jobs and more than $142,000,000 in private investment in these areas of high unemployment.

The impact of our loan and bond guarantee program was particularly satisfying. The Authority agreed to guarantee repayment of portions of 11 project financings during 1977. These projects involve an aggregate financial exposure to the Authority of approximately $6,400,000, and will spark more than $30,000,000 of institutional lending and over $120,000,000 of private investment. Sixty-two percent of the dollar amount of our loan guarantee commitments were for projects located in "urban aid" municipalities.

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The Authority made considerable progress during the year in its plans to acquire and develop industrial parks in areas of high unemployment. A preliminary acquisition agreement was signed with the City of Elizabeth for the redevelopment of the New Point Road urban renewal site. Two new projects in Trenton were targeted for development planning. Marketing efforts were accelerated on the development of the Montgomery Street urban renewal project in Jersey City and an urban renewal tract in Newark's meadowlands area.

The Authority added architectural, planning, and marketing capabilities to its professional staff, and brought an experienced construction/ development company into its consulting team, to assist in the work on these projects.

Governor Byrne and the Authority sought and received several legislative measures during the year to strengthen the Authority's job development program.

The legislature appropriated $1,000,000 to the Authority to pay for the cost of feasibility studies undertaken in connection with the funding of development projects in areas of high unemployment. An appropriation of $3,000,000 was approved to enable the Authority to purchase and improve urban industrial sites. Legislation was enacted to allow municipalities to designate certain underdeveloped areas as "urban growth zones," and to enter into agreements for the exercise by the Authority of planning and zoning powers in such areas, to expedite investment in job-producing projects.

An additional appropriation of $1,000,000 was approved to finance a program of customized job training for employers building new plants in areas of high unemployment. Legislation was enacted enabling communities to provide five years of property tax abatement for industrial and commercial projects located in areas in need of rehabilitation. And legislation was introduced, but not yet passed at year end, authorizing the Authority to guarantee loans for working capital, and appropriating $3,000,000 to secure such guarantees. Passage of this legislation in 1978 will permit the Authority to provide greater assistance to small businesses. Together, these measures will provide the Authority with powerful tools to stimulate investment and new employment.

The Year Ahead

The pace of New Jersey's economic recovery has been remarkable. By the end of 1977, employment in the State was at an all-time high of more than 3,000,000, and the rate of joblessness had dropped sharply from the 1975-76 recession level. New Jersey is going back to work, and the Authority is proud of the contribution it has made to this historic achievement.

There are good reasons to look forward to the economic news of 1978. New Jersey business taxes have been lowered, which will encourage new investment. The fiscal integrity of state and local government in New Jersey passed a severe test during the last recession, and has been strengthened immeasurably with the permanent passage of an income tax to pay school costs and stabilize local property taxes. A $1.5 billion sewer construction program is in progress, with several hundred million dollars of additional federal funding on the way, and more than $400 million of federal public works funds are now being spent on roads, bridges, municipal buildings, and other public improvements. These funds will provide infrastructure for economic growth in New Jersey well into the next century. The first of many hotel-casino developments is expected to open soon in Atlantic City. And after years of delay, off-shore energy explorations are scheduled to begin in 1978.

These developments coupled with the Authority's expanding program, should provide momentum for continued economic growth through 1978. The officers and staff of the Authority look forward to another year of service to the people of New Jersey.

Robert S. Powell, Jr.
Executive Director

March 1, 1978

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The Public Purposes of Incentive Financing

The public purposes of economic development are the provision of gainful employment and family incomes for citizens, and the creation of taxable private wealth to support government services. The Authority's work during 1977 illustrates how a well-managed program of incentive financing can translate these high purposes into tangible benefits for people and communities.

The Case of Perth Amboy

This Middlesex County community of 40,000 was once the center of a prosperous metals manufacturing district which provided direct employment for more than 10,000 primary metals workers as recently as 1970. By 1976, aging, inefficient plants together with the severe recession had caused nearly a dozen firms in the area to close, displacing 5,000 workers and eliminating nearly 10,000 additional jobs in related firms dependent on the large plants for business. Names like General Cable, Anaconda, National Lead, and Asarco, once the mainstays of Perth Amboy's manufacturing economy, announced plant closings or cutbacks and permanent layoffs during this period.

Despite this adversity, Perth Amboy retained key advantages, including a superior location on the Raritan Bay and a skilled blue collar labor force.

In late 1975 state development officials joined local leaders and private real estate specialists in an effort to attract new investment to Perth Amboy.

The first breakthrough came in late 1976, when Co-Steel International, Ltd. of Canada selected the site of the former Anaconda copperworks plant in Perth Amboy as the location of a $94,000,000 steel mill. The investment decision was the result of more than two years of intensive discussions and negotiations with state and local officials concerning taxes, energy costs, permits, and financing. The project is described in more detail on page 14 of this report.

Before a site purchase agreement was signed by the firm in 1977, the Authority played a central role in arranging $12,000,000 of subordinated project financing; assisted in the drafting and passage of laws repealing two state business taxes for the benefit of the project; successfully pressed for adoption of a new "interruptible" electricity tariff that reduces power costs for the project; and assisted the firm in negotiating a local property tax abatement agreement.

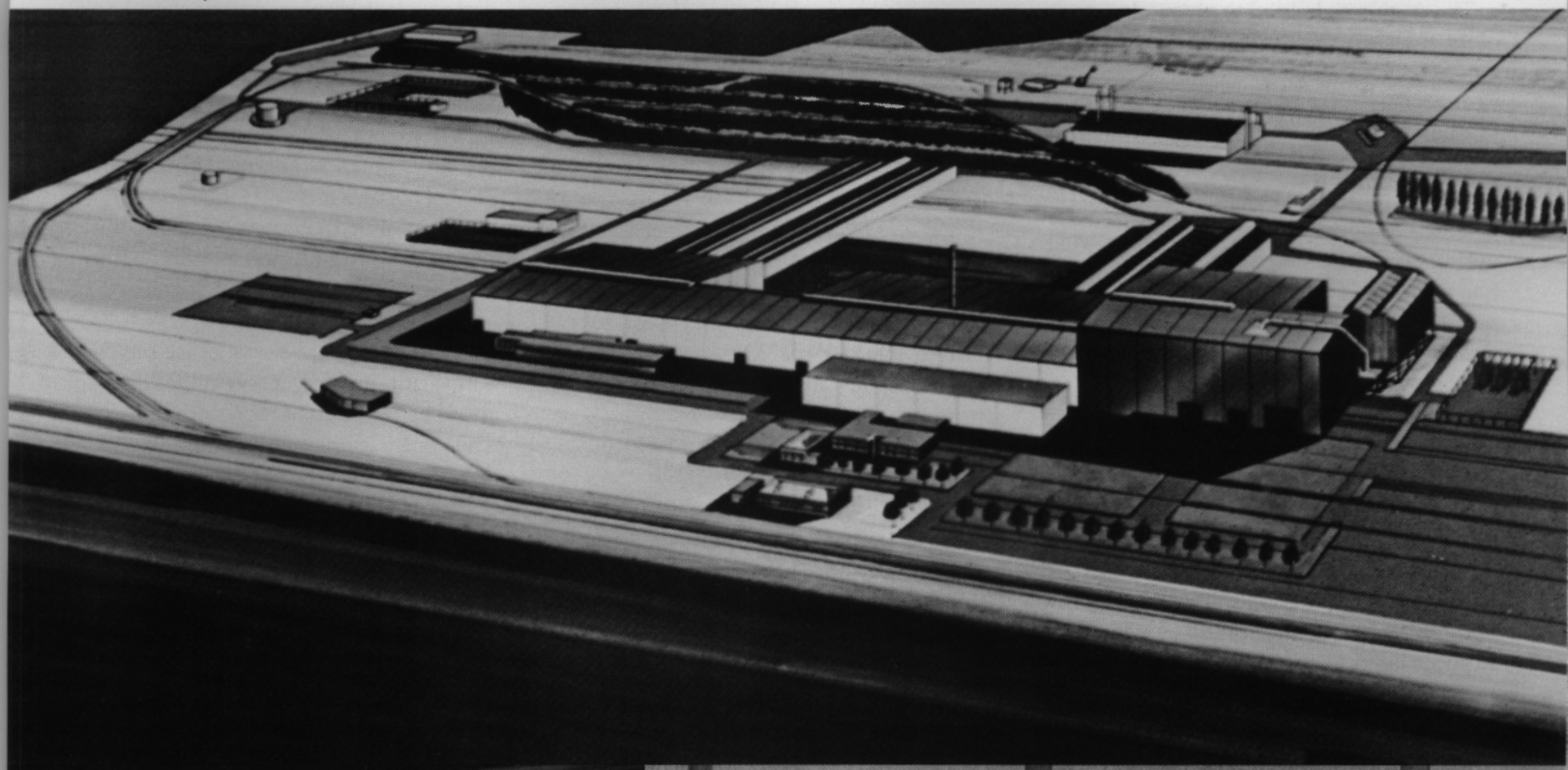
These incentives were designed to make the project a financial success. But they also will serve larger purposes. The plant will be one of the most expensive ever built in New Jersey. Some 400 construction workers will be employed to build the project, beginning in the spring of 1978, and these workers will earn a $17,000,000 construction payroll.

When completed, the plant will employ over 500 workers, who will earn an annual payroll of $8.6 million. Using the standard multiplier of 2.6 for estimated impact of factory payroll dollars in a community, the project is expected to account for more than $20,000,000 a year in new local spending.

The firm will also pay taxes — some $400,000 annually to Perth Amboy, more than $2,000,000 annually to the State of New Jersey, and more than $14,000,000 a year to the United States Government.

There were other achievements in Perth Amboy during 1977. The Authority arranged a $1,290,000 low-interest loan to Mighty Star, Ltd., another Canadian firm, to acquire and renovate a large, vacant industrial building for the manufacturing of toys. For the community, this project will mean over 200 new factory jobs, a direct payroll of $1.5 million a year, and a secure property tax ratable.

Rendering of Raritan River Steel Co. project, Perth Amboy (Middlesex County).



Mighty Star Inc., Perth Amboy (Middlesex County).

Authority Staff, *seated, from left:* Syed W. Ali, Financial Analyst; John F. Walsh, Chief Fiscal Officer; Luke Caverly, Assistant Chief Fiscal Officer. *Standing, from left:* Patricia Gerome, Receptionist; Jennie Brogel, Secretary; Jeanne Kostrub, Bookkeeper.

The Public Purposes of Incentive Financing continued—

The Authority helped to persuade one of the town's major employers to remain and expand. The firm, Flagstaff Corporation, is the largest institutional food service distributor in the northeastern United States, providing portion control meat items and other food products to approximately 20,000 institutional customers. The company had rented a 160,000 square foot building in Perth Amboy, where it employed 115 people, but the firm needed additional space for expansion and consolidation of several other facilities scattered throughout the region.

The Authority financing, a 15-year loan of $3,500,000 at 7¼%, permits the firm to purchase its Perth Amboy facility, construct a 50,000 square foot addition, and purchase new equipment. By consolidating its regional facilities in Perth Amboy, the firm can achieve efficiencies, and increase productivity and profits.

For the town, the project meant the preservation of 115 jobs, plus the creation of another 150 jobs, and a substantial expansion of the local tax base. The added payroll from the project, over $2,000,000 annually, will generate over $5,000,000 in indirect spending, using the standard multiplier factor.

A fourth Authority financing in Perth Amboy will permit the purchase and renovation of a 250,000 square foot building which has been vacant since 1974, when General Cable Company terminated operations there and laid off several hundred workers. The financing will permit an out-of-state cosmetics firm to move its headquarters and manufacturing operations into Perth Amboy, creating 200 new factory jobs. Approximately 170 of these new jobs will be production assembly operators, a classification that fits the skill levels of hundreds of local unemployed citizens. The project financing helps to secure one of the town's largest tax ratables, and will generate $1.4 million of new factory payroll.

What did incentive financing mean to Perth Amboy in 1977? Obviously it meant three new firms plus a major corporate expansion. But it meant much more. It meant over 1,000 new factory jobs for local people, jobs that will generate, in the aggregate, more than $13 million in paychecks each year; jobs that will spark more than $30 million in local spending for food, clothing, hardware, automobiles, insurance, banking, and a host of other retail goods and services; and jobs that will strengthen a community fighting to rebuild its economic base and provide municipal services to its taxpayers.

Perth Amboy is not the only community which illustrates the public benefits of economic development financing — the Authority's work in 1977 provides other examples. A $3.2 million financing organized by the Authority has stimulated the return of steel making to Roebling, New Jersey, a community whose name is synonymous with high quality metal production, but a community devastated in 1974 by a plant closing which displaced more than 1,000 local steel workers. The Authority assistance for this project will generate some 250 jobs initially, and should lead to more than 500 new jobs within five years.

One of the oldest employers in Paterson, New Jersey, Bogue Electric Manufacturing Company, received low interest loans and a loan guarantee from the Authority which will spark creation of nearly 200 new factory jobs.

A modern, professional office building is now under construction in Hoboken, and is expected to attract more than 700 white collar employees into the downtown area of this historic city. The project will create tens of thousands of dollars of new tax revenues for the community, will generate substantial income for a deficit-ridden municipal parking garage which has drained the local treasury, and will serve as the centerpiece for an ambitious downtown renewal program undertaken by community leaders. The Authority will guarantee a substantial portion of the debt service of a $4 million mortgage for the project provided by area banks.

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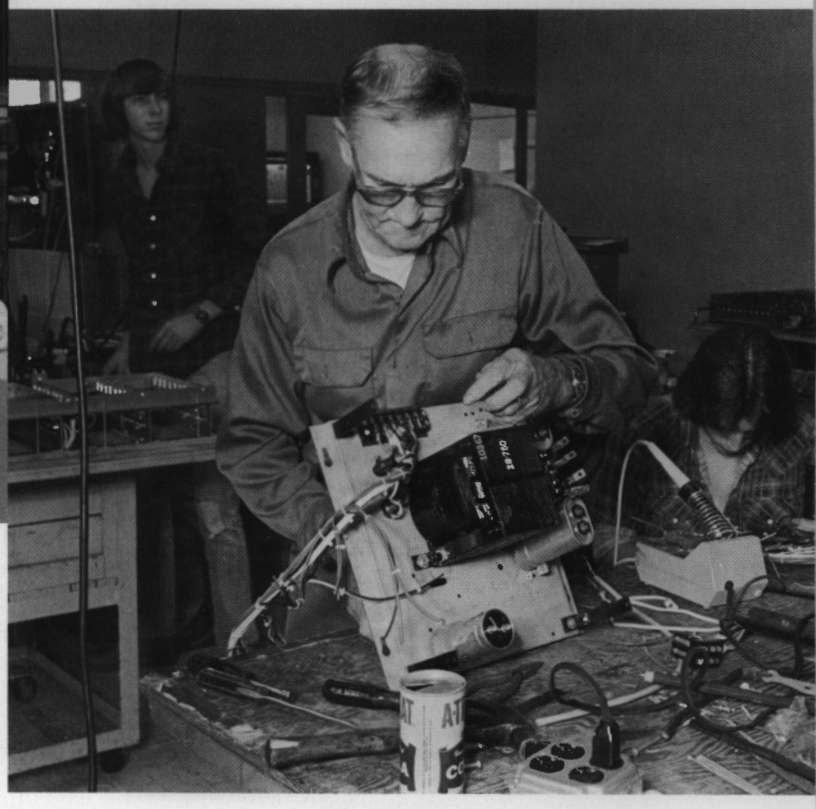
School House Plaza (Maurice M. Weill), Millburn (Essex County).

Joseph & Elizabeth DeMarco Project, South Brunswick (Middlesex County).

Roger Ross and Doris Mary Love Project, High Bridge (Hunterdon County).



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Tax-Exempt Revenue Bond Financing

The Authority authorized 214 new tax-exempt financings during 1977 with a combined principal amount of $262,076,168. These projects are expected to create approximately 11,900 permanent jobs upon completion. (These figures are exclusive of Authority guarantees of taxable, or conventional, loans.)

The Authority closed 131 tax-exempt financings during 1977 and issued $142,943,000 of tax-exempt bonds. In 1976, by comparison, the Authority closed $86,806,500 of tax-exempt financing.

The chart beginning on page 22 provides a detailed breakdown of all projects approved during 1977. Here are some highlights.

Foreign Firms

The Authority provided assistance to a number of foreign firms to invest in New Jersey. Bertrand Freres Limited, a British company which supplies natural and synthetic materials to the perfume industry, received a $3 million financing to construct a new laboratory, manufacturing, and office facility in Ramsey (Bergen County). The DeLaval Separator Company, a Swedish firm, received a $2.3 million financing for the construction of a new facility in Branchburg (Somerset County) to house the corporate headquarters for the company's Therma Group and the manufacturing of plate heat exchangers. Hunter-Douglas, Inc. of the Netherlands, a company which received assistance from the Authority in 1976 for the construction of a new Totowa facility, returned in 1977 for additional Authority financing in the amount of $1,252,918 for the expansion of the facility.

Pollution Control Financing

The Authority provided low-interest financing to a number of companies to assist in the purchase of pollution control equipment needed to comply with state and federal environmental regulations. For example, Gulf & Western Industries, Inc. received approval for $20 million financing for the acquisition and installation of a pollution control system to treat waste water being discharged into the Delaware River by a subsidiary in Gloucester City (Camden County). Federated Metals Corporation in Newark (Essex County) received a $750,000 loan to purchase air pollution control equipment.

Construction Firms and Developers

Private developers utilized tax-exempt bond financing to reduce borrowing costs, thereby making their real estate offerings more competitive. While most Authority assistance has gone to construct or equip owner-occupied facilities, the Authority made special efforts in 1977 to tailor its assistance programs to the needs of private developers who build and lease buildings to other firms.

For example, the Oakland-McBride Office and Technical Center, Inc., through a subsidiary, New Jersey Associates, has received a $1,150,000 low-interest financing for the construction of a major addition to an office and distribution facility in Oakland, New Jersey leased by the developer to the Aramis Division of Estee Lauder Inc., a firm which packages and fills a variety of perfumes and other toiletries. Whitesell Enterprises received approval for a $1 million Authority financing to construct a new building in Delran (Burlington County) to be leased to Erika, a division of National Medicorp, Inc., which manufactures and distributes medical equipment. A $2 million Authority financing went to Mack Properties Company for the construction of a new 132,000 square foot facility in Fairlawn (Bergen County) which the developer will lease to B.H. Krueger, Inc., a firm which manufactures and distributes a variety of cosmetic products and which is moving into New Jersey from another state, creating approximately 200 new jobs. The Authority has arranged a $1 million financing for Lawrence Russo, Jr., for the construction of a 45,000 square foot office and distribution facility in Moonachie (Bergen County) to be leased to Maxell Corporation of America. The tenant is a subsidiary of Hitachi Maxell Ltd., of Japan, and will use the new facility as corporate headquarters and a distribution center for the importing and distribution of cassettes and open-reel tapes.

These developers have found that the lower interest costs made possible by tax-exempt financing will result in a lower rent to the tenant, thereby providing an incentive for the tenant to locate in New Jersey.

How Tax-Exempt Bond Financing Works

The Authority is empowered by the Legislature 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.) Typically the bonds are secured by a loan agreement with the company plus a mortgage on the assets of the project.

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.

This savings can make a considerable difference between an attractive and unattractive investment. A $1 million, 20 year conventional mortgage with a 9% interest rate requires interest payments over the life of the mortgage of approximately $1,159,000. The same financing with the tax-exempt interest rate of 7½% requires total interest payments of $933,000, or a savings of $226,000.

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.

Authority Staff, *seated, from left:* John C. Barr, Project Development Officer; Thomas Cagnole, Director of Project Development; John Zenzer, Project Development Officer. *Standing, from left:* Diane Conoline, Secretary; Frank Mancini, Jr., Project Development Officer; Clarissa Chapin, Project Development Officer; Janet A. Plant, Secretary.

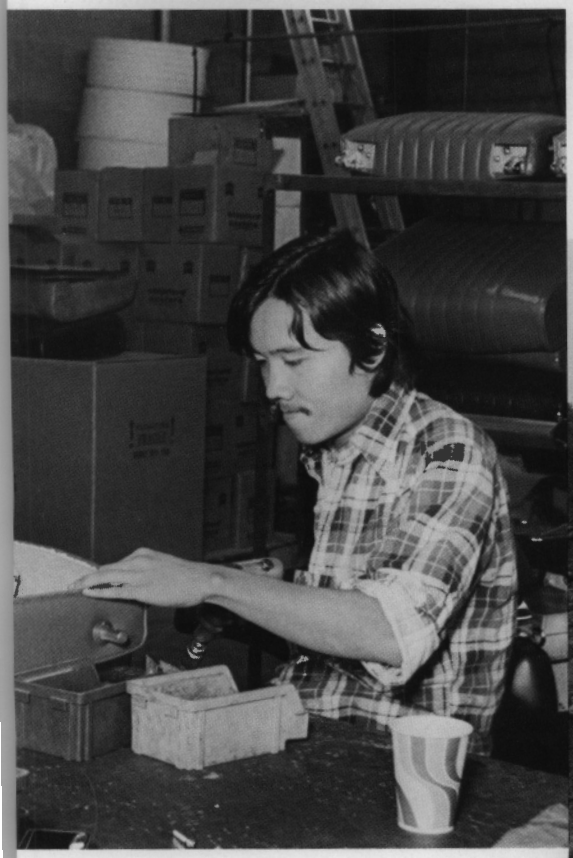
I.C.P. Cocoa, Inc., Glassboro (Gloucester County).

Assistance To Out-Of-State Firms At A Glance

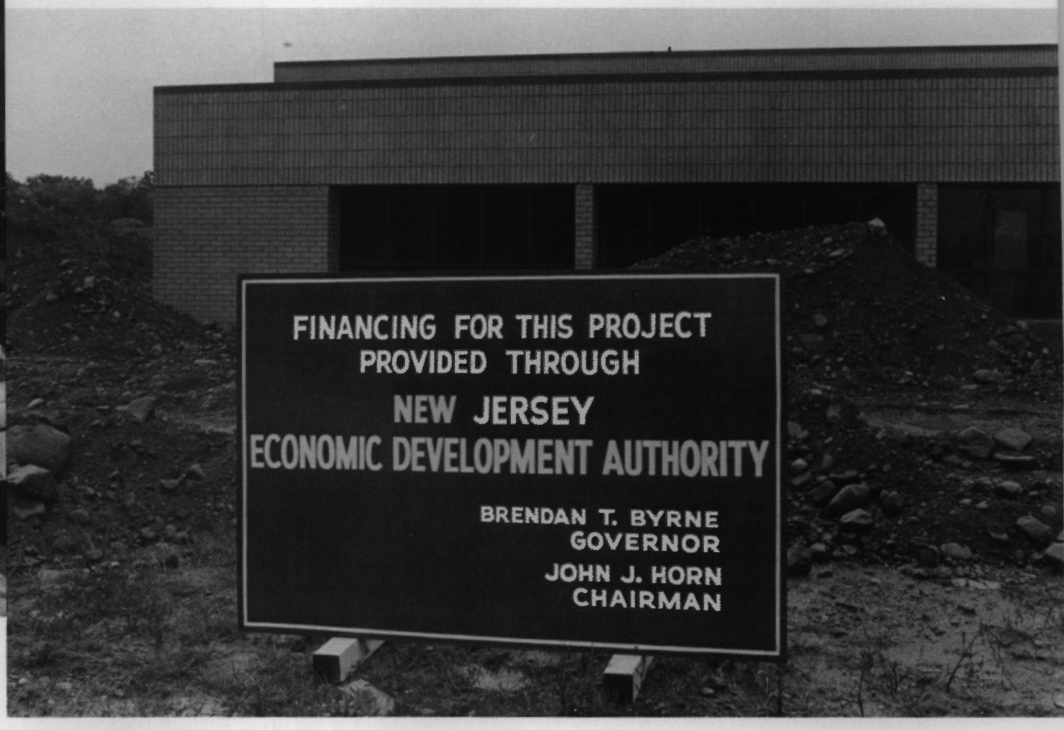
NAME	ORIGIN	NEW JERSEY LOCATION	AMOUNT OF AUTHORITY FINANCING	NEW JOBS
Atlantic Aviation Corporation	Delaware	South Hackensack (Bergen)	$ 1,000,000	17
N. Muehlstein & Co., Inc. (Cheskal Company, Partnership)	Connecticut	Rockleigh (Bergen)	1,750,000	69
Clarendon Press, Inc.	New York	Carlstadt (Bergen)	960,000	89
H.W. Baker Linen Co.	New York	Mahwah (Bergen)	1,300,000	64
B. H. Krueger, Inc. (Mack Properties #3)	New York	Fairlawn (Bergen)	2,000,000	201
Apparel Industries, Inc. (Ninety Triangle Boulevard Associates)	New York	Carlstadt (Bergen)	1,000,000	104
Richmark Camera Service, Inc.	New York	Carlstadt (Bergen)	480,000	60
Victory Plastics & Embossing Corp.	New York	Elmwood Park (Bergen)	315,000	12
Weyerhauser Company	Washington	Mahwah (Bergen)	1,000,000	19
E. R. England & Sons, Inc. (ENGCO)	Utah	Burlington (Burlington)	390,000	9
Penn Jersey Subaru, Inc.	Pennsylvania	Pennsauken (Camden)	300,000	35
Jim Walter Corporation	Florida	Pennsauken (Camden)	1,000,000	93
Media Stack, Inc. (Mohawk Valley Community Corp.)	New York	Vineland (Cumberland)	871,000	70
Felton International, Inc.	New York	Newark (Essex)	900,000	17
Denny's, Inc.	California	Bridgeport (Gloucester)	2,000,000	45
I.C.P. Cocoa, Inc.	New York	Glassboro (Gloucester)	2,600,000	46
Nuclear Data, Inc.	Illinois	Logan (Gloucester)	1,750,000	140
Avant Industries Ltd.	New York and Pa.	Harrison (Hudson)	800,000	189
Bedford Can Manufacturing Corp.	New York	North Bergen (Hudson)	407,750	28
Arthur H. Cort	New York	Jersey City (Hudson)	434,000	170
Junior Gallery, Ltd. (NMH Realty Co.)	New York	Secaucus (Hudson)	850,000	50
Vo-Toys, Inc.	New York	Harrison (Hudson)	525,000	112
Filmpack Plastic Corporation	New York	South Brunswick (Middlesex)	1,750,000	46
Flagstaff Corporation	New York	Perth Amboy (Middlesex)	3,500,000	150
Greater New York Mutual Insurance Company (Mack Properties Co. #3)	New York	East Brunswick (Middlesex)	1,650,000	262
Mamiye Brothers	New York	Woodbridge (Middlesex)	900,000	30
Miller Supply Corp.	New York	Edison (Middlesex)	600,000	20
Private Formulations, Inc.	New York	Edison (Middlesex)	1,000,000	295
Michael Reich	New York	Perth Amboy (Middlesex)	1,300,000	200
Sperry Rand Corporation (Russell H. Richardson)	Pennsylvania	South Brunswick (Middlesex)	4,200,000	41
Outboard Marine Corporation	Illinois	Parsippany/Troy Hills (Morris)	2,830,000	43
Smith Equipment Co., Inc. (Kiefer Realty)	New York	Clifton (Passaic)	390,000	26
United Artists Theatre Circuit (Massimo F. Yezzi)	New York	North Plainfield (Somerset)	1,000,000	40
Bertolini Engineering Co., Inc.	Pennsylvania	Vernon (Sussex)	574,000	125
Inmont Corporation	New York	Belvidere and White (Warren)	1,000,000	90
TOTALS 35 Projects			$43,326,750	3,007

Assistance To Foreign Firms At A Glance

NAME	ORIGIN	NEW JERSEY LOCATION	AMOUNT OF AUTHORITY FINANCING	NEW JOBS
Bertrand Freres Limited	Great Britain	Ramsey (Bergen)	$ 3,000,000	25
Rolls-Royce Motors, Inc.	Great Britain	Lyndhurst (Bergen)	2,200,000	4
Maxell Corporation of America (Lawrence Russo, Jr).	Japan	Moonachie (Bergen)	1,000,000	11
Hitachi Metals America, Ltd.	Japan	Piscataway (Middlesex)	1,000,000	28
Mighty Star Inc.	Canada	Perth Amboy (Middlesex)	1,290,000	228
Raritan River Steel Co.	Canada	Perth Amboy (Middlesex)	1,575,000	520
Paco Pharmaceutical Services, Inc.	Great Britain	Lakewood (Ocean)	3,675,000	150
Hunter Douglas Inc.	Netherlands	Totowa (Passaic)	1,252,918	30
The DeLaval Separator Company	Sweden	Branchburg (Somerset)	2,300,000	125
Doulton and Co., Inc.	Great Britain	Franklin (Somerset)	1,500,000	33
Takara Company, New Jersey, Inc.	Japan	Franklin (Somerset)	850,000	15
Fuji America, Division of Toshoku America, Inc.	Japan	Oakland (Bergen)	700,000	15
TOTALS 12 Projects			$20,342,918	1,184



Takara Company, New Jersey, Inc., Franklin (Somerset County).



Fuji America, Division of Toshoku America, Inc., Oakland (Bergen County).

Loan and Bond Guarantees

The Authority agreed to participate as a guarantor in eleven financings during 1977. These commitments involve an exposure of $6,416,500 on financings totaling $30,180,000.

The impact of these projects is considerable. Approximately $121 million of new private investment and nearly 3,000 new jobs will be stimulated by these projects. Over sixty percent of the guarantee commitment amounts are earmarked for projects in "urban aid" municipalities.

From the beginning of the guarantee program in 1975 through December 31, 1977, the Authority has commitments to guarantee $10,497,250 of financings with an aggregate loan amount of $88,450,000. At December 31, 1977, the Authority's guarantee fund which secures such guarantees, had a fund balance of $11,629,912. The Authority is bound by agreements with participating lenders to limit the exposure of the guarantee fund to no more than three times its assets.

Through December 31, 1977, the Authority has not paid participating lenders any funds pursuant to guarantee agreements. One project, partially guaranteed under a bond guarantee program, was in default. The Authority is exercising its collateral rights under the guarantee agreements. Amounts realized from such collateral are expected to offset substantially any payments to be made from the bond guarantee fund in 1978.

The program during 1977 helped to package financing for some of the largest and most important development projects in recent state history.

Raritan River Steel Company

This company is owned by Co-Steel International, Ltd., a Canadian firm which owns steel mills in Canada, the U.S. and Great Britain. Raritan plans to construct a modern steel mill costing $94 million on a 91 acre site in Perth Amboy to manufacture steel rods for the wire and construction industries.

Co-Steel has been an industry leader in the development of "market mills," smaller but technically-advanced facilities built to serve a regional market. The production technology developed by the firm is efficient, and also serves important public purposes. The basic raw material used in the process is scrap metal, a surplus commodity in the New Jersey metropolitan area. Scrap is melted in an electric arc furnace, refined, and then drawn into rods. By avoiding the coke ovens and blast furnaces traditionally used by "big steel," the scrap recycling method eliminates air pollution problems and uses only one-third the energy and two-thirds the water of the traditional hot metal method of making steel.

Dozens of considerations prompted the firm to select a New Jersey site for the project, but none was more important than financing.

The firm secured commitments for the bulk of the project financing from two institutional lenders. The Canadian Export Development Corporation, a government agency which had assisted the firm in earlier projects, agreed to extend $47 million of first mortgage credit to the project. Prudential Insurance Company of America agreed to lend the project $23 million in senior unsecured financing. Co-Steel committed $12 million of equity for the project, leaving $12 million to be provided in subordinated financing to complete the $94 million package.

This portion of the financing was difficult to obtain because of its junior unsecured position. To overcome this problem, the Authority obtained from the U.S. Economic Development Administration a commitment to guarantee repayment of 75% (or $9 million) of the $12 million subordinated loan. The Authority agreed to guarantee another 12.5% (or $1.5 million plus $75,000 of accrued interest). The result was a commitment by Chemical Bank in New York and Toronto Dominion Bank of Canada to provide the subordinated loan on acceptable terms, thus completing the financing package for the project. The benefits of the project, described more fully on page 6 herein, include 400 construction jobs, over 500 permanent factory jobs, and more than $2 million a year in state and local tax payments.

Roebling Industries, Inc.

Another steel plant will open in New Jersey with Authority assistance, this one in the historic Burlington County community of Roebling (Florence Township).

For a century, steel was the mainstay of the Roebling economy. The John A. Roebling & Sons Wire Company, founded in 1871, employed several thousand people at the 325 acre complex on the Delaware River, making steel and wire that went into such enduring works as the Brooklyn Bridge and the Golden Gate Bridge.

The plant was sold to the Colorado Fuel and Iron Co. in 1954. In 1974, the plant closed, idling some 1,000 workers and disrupting the economic base of Roebling and the surrounding communities which depended upon the large factory payroll.

In 1975 the Authority began discussions with a group of experienced steel industry executives interested in forming a new company to reactivate the site. By mid-1977, the terms of the project financing were set. The new company, Roebling Industries, Inc., agreed to lease 670,000 square feet of space at the site and to purchase $3,200,000 of existing equipment for the production of steel wire.

The Loan Guarantee Program

The Authority is empowered by the Legislature to guarantee loans and bond issues which are undertaken to finance eligible projects. The guarantees are secured by, and payable from, a loan and bond guarantee fund established by the Legislature in 1975 with a $10 million appropriation. Authority loan guarantees are not backed by the State of New Jersey.

The guarantee program places highest priority on projects in urban areas, job intensive projects, and projects involving new businesses. The Authority also must determine that there is a reasonable prospect of repayment of the loan or bond issue from project revenues. The guarantee program is designed to close gaps that appear in project financings, while maintaining the primary exposure for losses with a private lender. For this reason, the Authority normally limits its guarantee to no more than 30% of the principal amount of a financing and takes a junior security position in the project collateral. By reducing exposure for losses in a project by up to 30%, the Authority guarantee encourages greater participation by lenders in projects.

Roebling Steel Corporation, Roebling, Florence Township (Burlington County).

Loan and Bond Guarantees continued—

The Authority agreed to guarantee $300,000 of a $1.6 million loan to the company made by the National Bank of North America. The Authority also assisted the firm in obtaining a $1.9 million direct loan from the U.S. Economic Development Administration for equipment and working capital. An equity contribution of $1.5 million provided additional working capital for the project, bringing the total investment to $5 million.

Initially, the project will employ 250 people, but within five years, as additional space is taken and new product lines are introduced, nearly 500 new jobs are expected to be created at the site.

Bogue Electric Manufacturing Company

Since 1892, this Paterson firm has produced electrical generating equipment for industry and government. In recent years, the firm's research engineers have developed several new lines of equipment with a broad range of industrial application, but a shortage of capital has hampered the firm's ability to step up production of these products.

During 1977, the Authority worked closely with the firm's bank, First National Bank of New Jersey, and the U.S. Economic Development Administration to arrange a $1.6 million expansion loan for the company. The bank loaned the firm $350,000 secured by a first lien on the new equipment along with a 75% guarantee by the Authority. USEDA provided a direct second position loan of $500,000 for equipment, plus a direct $600,000 working capital loan. The Authority also provided a direct $50,000 subordinated loan to the project, using funds received from repayment of a 1976 loan to the Okonite Company Employee Stock Ownership Trust, a loan made possible by a USEDA grant to the Authority. The Bogue financing serves to maintain 150 jobs, and will result in an additional 196 jobs within two years.

Marine View Plaza

A modern office building is under construction in Hoboken, and is expected to accelerate the renewal of this community's downtown business district. The 100,000 square foot facility will overlook the Hudson waterfront and the mid-town Manhattan skyline, and its convenient location near the commuter rail terminal is expected to attract a number of professional and financial firms as tenants.

The building will be owned and operated by Bekay Engineering and Development Company, and will cost approximately $4.7 million. Two local banks, First Jersey National Bank and the Trust Company of New Jersey, committed a $4 million permanent mortgage loan to the project, but only after the Authority agreed to a novel $900,000 decreasing- term debt service guarantee covering the first ten years of the mortgage.

Approximately 150 construction workers will be hired to build the office, and some 700 professional, clerical, and retail jobs will be located in the facility when fully leased.

The Kilik Company

One of Mercer County's largest manufacturing firms, and an important employer of skilled and semi-skilled workers, will be revitalized under new management as a result of an Authority-backed financing. The firm, Atlantic Products Company, Inc., has been operating on a ten-acre site in Hamilton Township since 1928, manufacturing luggage and handbags. The firm employs 450 people.

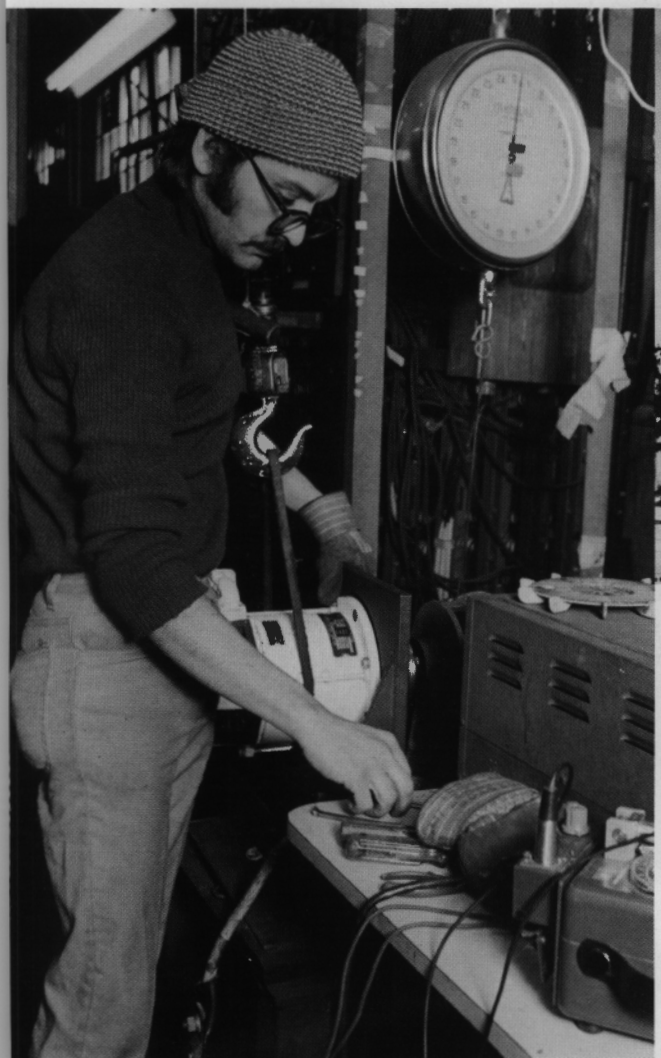
For many years the company has been owned by Cluett Peabody Co. The parent company had attempted to sell the firm, and local management had been fearful that the plant would be closed and liquidated.

Early in 1977, the Authority began discussions with The Kilik Company, a new firm whose principals have experience in the luggage industry, concerning the acquisition and expansion of Atlantic Products Company. By year-end, the Authority had assisted in arranging $4.1 million in financing for the purchase. The Authority agreed to issue $2.3 million of first mortgage bonds to Midlantic National Bank, and to guarantee repayment of 30% of that amount. Cluett Peabody has agreed to take the balance of the financing ($1.8 million) in second mortgage notes. Under the new management, Atlantic Products is expected to return to greater profitability, and increase its employment from the present 450 to 487 within two years.

New Jersey Economic Development Authority 1977 Loan Guarantees At A Glance

Project	Location	Total Project Cost	Total Loan Amount	Amount Guaranteed by Authority	New or Maintained (m) Jobs	Closed in 1977
Bogue Electric Manufacturing Co.	Paterson (Passaic)	$ 1,000,000	$ 350,000*	$ 262,500	196 150(m)	Yes
Originit Fabrics, Inc.	Teterboro (Bergen)	$ 1,470,000	$ 1,425,000	$ 427,500	46	Yes
Bekay Engineering & Development Co.	Hoboken (Hudson)	$ 4,670,000	$ 4,000,000**	$ 900,000	700	
Kenrich Petrochemicals, Inc.	Bayonne (Hudson)	$ 942,000	$ 750,000	$ 225,000	43	
The Kilik Company	Hamilton (Mercer)	$ 4,800,000	$ 2,300,000	$ 690,000	37 450(m)	
J.I. Kislak Realty Corp.	Newark (Essex)	$ 4,300,000	$ 4,300,000**	$ 1,000,000	915	
R.K.L. Controls, Inc.	Lumberton (Burlington)	$ 1,444,000	$ 705,000	$ 211,500	37	
Raritan River Steel Co.	Perth Amboy (Middlesex)	$ 94,000,000	$12,000,000**	$ 1,575,000	520	
Roebling Industries, Inc.	Florence (Burlington)	$ 5,000,000	$ 1,600,000	$ 300,000	250	
S.W.S. Realty Associates	Moonachie (Bergen)	$ 2,095,000	$ 1,750,000	$ 525,000	100	
Sandown Properties	Little Falls (Passaic)	$ 1,000,000	$ 1,000,000	$ 300,000	41	
Total 1977 Commitments		**$120,721,000**	**$30,180,000**	**$ 6,416,500**	**2,885 600(m)**	
1976 Commitments (7)* **		**$ 55,372,000**	**$54,370,000**	**$ 3,325,750**	**1,420**	
1975 Commitments (2)* **		**$ 4,175,000**	**$ 3,900,000**	**$ 755,000**	**143**	
CUMULATIVE THROUGH 12/31/77		**$180,268,000**	**$88,450,000**	**$10,497,250**	**4,448**	

**The firm was also provided with a $50,000 direct loan from the Authority which is not reflected in these figures. See page 16.*
***Conventional bank loans; no tax-exempt bonds.*
****Figures adjusted for terminations and withdrawals.*



Marine View Plaza (Bekay Engineering and Development Co.), Hoboken (Hudson County).

Bogue Electric Manufacturing Co., Paterson (Passaic County).

Urban Industrial Parks

The most ambitious challenge yet undertaken by the Authority has been the effort to acquire and develop relatively large parcels of urban industrial land. This program is aimed at the retention and expansion of industry in core-city areas by offering industrial park amenities which have attracted firms to the suburbs, such as security, modern buildings, access, and room for expansion.

Important steps were taken in 1977 to reach this objective. Sutton Construction Company of Cedar Knolls, New Jersey, an experienced industrial development firm, was retained to assist the Authority in planning projects, negotiating with prospective firms, and offering design/build services to individual companies. The Authority strengthened its own staff by adding personnel with planning, architectural and marketing backgrounds.

New funding for the program was authorized by the Legislature. Early in the year, $1,000,000 was appropriated to pay for industrial park feasibility studies, and in early 1978, a $3,000,000 appropriation was approved for the actual purchase and improvement of land for industrial park purposes.

By year-end, several specific projects were underway.

In Newark, a 16-acre urban renewal site at Avenue P, along the New Jersey Turnpike, had been tentatively committed by the Newark Housing and Redevelopment Authority to three different firms with plans for construction of approximately 250,000 square feet of industrial space. The Authority will provide assistance to each of these firms as their plans are finalized.

In anticipation of increased demands for space in Newark's port district, the Authority selected a forty acre tract off Wilson Avenue adjacent to the Turnpike for engineering and planning studies to determine the feasibility of development. These studies are expected to be completed in 1978.

In Jersey City, the Authority continued its efforts to market a 32-acre development near Montgomery Street and the Turnpike, under terms of a preliminary development agreement with the Jersey City Redevelopment Agency. By year-end, engineering designs for site improvements had been prepared and cleared with state and municipal officials, and financing arrangements were being finalized to permit Authority acquisition and improvement of the site in 1978.

In Elizabeth, the Authority signed a preliminary development agreement for the acquisition and improvement of the 34-acre New Point Road urban renewal site at Trumbull Street. The agreement represents the result of two years of discussion with city officials over the terms of development, and clears the way for Authority acquisition and improvement of this site in 1978. Some 600,000 square feet of new industrial space can be constructed in the park, providing employment for 600-800 people.

In Trenton, planning for two projects began in 1977. The Authority took an option on approximately 12 acres of vacant, privately-owned industrial property on North Clinton Avenue, and completed studies concerning the feasibility of developing this site. The analysis indicated that a substantial development subsidy would be needed to make the project competitive with existing space in the area. At year-end, various financing strategies were being explored by the Authority to solve this problem.

The Authority also began an analysis of the developmental alternatives for the Trenton Marine Terminal, a forty-acre site along the Delaware River owned by the city, and idle since the late 1960's. Consultants to the Authority are studying the feasibility of rebuilding a barge and shipping terminal at the site. An alternative approach, industrial development, will be studied if the Authority and the city determine that the first approach is not feasible.

Preliminary discussions were begun with officials in other communities concerning development projects. The Authority worked closely with municipal leaders in Irvington and Maplewood to resolve zoning and tax problems associated with the development of the former Olympic Park site, a 40-acre tract divided by the boundary line of the two communities.

In Kearny, the Authority staff began work with local officials and the Hackensack Meadowlands Development Commission on a master plan for development of some 1,000 acres of municipal land in Kearny as a commercial and industrial center.

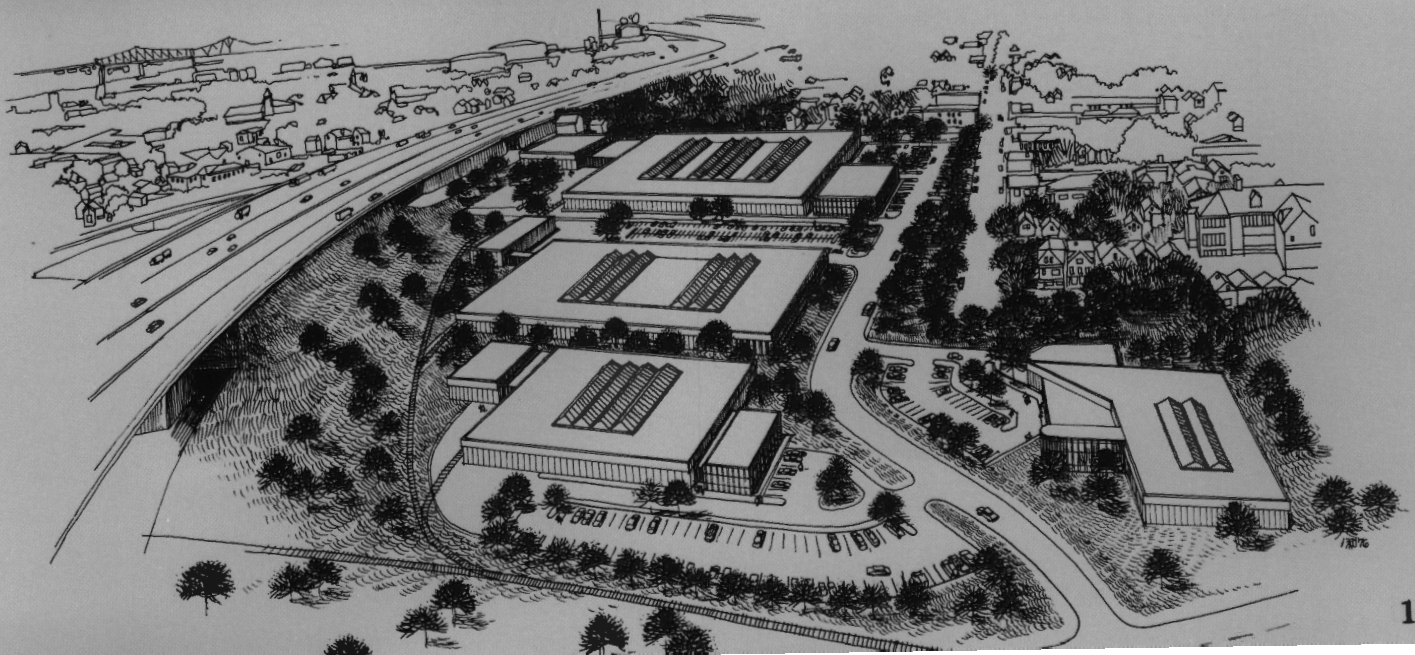
In Camden, the Authority reviewed several potential sites for industrial development with local planning officials, and in Bridgeton, an analysis was begun of the feasibility of developing a 68-acre site owned by the City.

During 1978, using study funds provided by the Legislature, and working closely with municipal officials, the Authority expects to prepare detailed plans for urban industrial districts in these and other communities.

Seated from left: Brendan Byrne, Governor; Thomas Dunn, Mayor of Elizabeth; Robert S. Powell, Jr., Authority Executive Director; and members of the Elizabeth City Council, at signing of agreements between Authority and Elizabeth concerning development of New Point Road urban renewal area.

Authority Staff, *from left:* John C. Barr, Project Development Officer; Sheila Rapole; Carlos A. Villamil, Director of Urban Economic Development; Gerald J. Novak, Director of Planning; W. Patrick Adams, Project Development Officer. *Missing:* James B. McCoy, Director of Special Projects.

Rendering of New Point Road Industrial Park, Elizabeth, looking south with New Jersey Turnpike at left.



Federal Aid For Job Development

The Authority has become an important technical resource for businesses and communities seeking federal economic development assistance.

Governor Byrne designated Joan Wiskowski, the Authority's Research Director in 1977, to coordinate state applications for local public works assistance, and to provide technical assistance to local officials in complying with the complex application requirements of this new federal program. Hundreds of requests for information and assistance were handled, and more than $400,000,000 of federal public works grants were expedited for state and local governments in New Jersey.

The Authority's financial staff, under the direction of Anthony Cuccia, Chief Fiscal Officer, provided assistance to firms in securing loans and loan guarantees from federal job development agencies. For example, the Authority assisted Sutton Construction in its successful efforts to obtain a 90% loan guarantee from the U.S. Economic Development Administration on a $7 million mortgage for the construction of a 370,000 square foot toy factory in Edison to be leased to a division of Mattel, Inc. The project will provide more than 600 new jobs for Middlesex County.

The Authority has helped smaller firms, such as B & B Manufacturing Company of Trenton, which needed $85,000 for expansion of its clothing manufacturing operations. After a thorough review of the firm's operations and financial condition, the Authority staff helped secure a local bank loan backed by a 90% guarantee from the U.S. Small Business Administration. As a result, the firm has leased additional production space in Trenton and has added 45 new workers to its payroll.

The economic problems of New Jersey farmers have been of special concern to the Authority in the wake of the closing of several large food processing firms. Early in 1977 the Authority, working with the New Jersey Department of Agriculture and the Department of Labor and Industry, arranged the funding for a consultant study to determine the feasibility of establishing a new vegetable processing operation in southern New Jersey. The study was completed by Touche Ross and Co. in August of 1977, and has served as the basis for the proposed financing of a new food processing plant in Cumberland County to be owned and operated by Seabrook Brothers and Sons, Inc. At year end, the Authority was working closely with private lenders and the U.S. Farmers Home Administration on a proposed $8.6 million financing for the project.

In several cases, the Authority combined its own loan program with federal assistance to achieve the most attractive terms. Examples include Raritan River Steel Company ($9 million U.S. Economic Development Administration loan guarantee coupled with a $1.5 million Authority guarantee); Roebling Industries, Inc. ($1.9 million USEDA direct loan, together with a $300,000 Authority guarantee); and Bogue Electric Manufacturing Company (a $1.1 million direct loan from USEDA coupled with a $262,500 loan by the Authority).

The experience gained in 1977 in packaging and expediting federal development financing should result in additional aid for New Jersey in the coming years.

Bogue Electric Manufacturing Co., Paterson (Passaic County).

Block Drug Company, Inc., South Brunswick (Middlesex County).

Authority Staff, *from left:* Marge Naperski, Secretary; Dee Reisner, Secretary; Anthony M. Cuccia, Deputy Director; Robert S. Powell, Jr., Executive Director.

New Jersey Economic Development Authority

Summary of Projects Approved 1977

Company Name	Project Municipality	Type of Project*	Est. New Jobs Within 2 Years	Authority Loan Amount	Total Project Cost	Closed in 1977
Atlantic County						
James E. Cafritz/Melvin Casher	Atlantic City	C	83	$ 2,150,000	$ 4,997,500	
Central Square II and Central Square III	Linwood	C	112	$ 1,000,000	$ 1,531,000	Closed
Citation Plastics Company	Egg Harbor	M	73	$ 1,115,000	$ 1,115,000	
Rosetree Associates	Hammonton	C	105	$ 1,850,000	$ 2,798,300	Closed
SUBTOTAL			**373**	**$ 6,115,000**	**$10,441,800**	
Bergen County						
Aero Tec Labs, Inc. and Peter J. Regna	Mahwah	M	12	$ 600,000	$ 890,000	
Atlantic Aviation Corporation	South Hackensack	C	17	$ 1,000,000	$ 2,000,000	
BIG Associates	Teaneck	O	11 25(m)	$ 1,300,000	$ 1,300,000	
Bertrand Freres Limited	Ramsey	M&O	25	$ 3,000,000	$ 3,000,000	
Beta Screen Corp.	Carlstadt	M	16	$ 440,000	$ 640,000	Closed
Steven T. Bille	Englewood	D	16	$ 465,000	$ 621,000	
Bradford National Computer Services, Inc.	Teaneck	C	41	$ 1,000,000	$ 2,443,000	
Butler International, Inc.	Montvale	O	18	$ 2,225,000	$ 2,225,000	
Cheskal Company, Partnership	Rockleigh	O&D	69	$ 1,750,000	$ 1,807,000	
Clarendon Press, Inc.	Carlstadt	C	89	$ 960,000	$ 1,367,000	
Creative Foliage, Inc.	Ramsey	R	2 13(m)	$ 540,000	$ 1,000,000	
Thomas A. Ehrhart, Louis J. Babic, Jr. and 120 Sylvan Avenue Corporation,	Englewood Cliffs	O	25	$ 1,850,000	$ 2,450,000	
Euroconsult, Inc.	Northvale	C&D	30	$ 950,000	$ 950,000	
Fuji America, Division of Toshoku America, Inc.	Oakland	D&O	15	$ 700,000	$ 890,000	Closed
H.W. Baker Linen Co., Inc.	Mahwah	O&D	64	$ 1,300,000	$ 1,500,000	
Hollister Associates	Teterboro	M	90	$ 2,000,000	$ 2,715,000	
Kenmark Corporation	Elmwood Park	M,D&O	11	$ 300,000	$ 313,000	
Kiku Restaurant, Inc.	Fort Lee	C	12	$ 450,000	$ 738,183	
Lindenmeyr Paper Corporation	Rutherford	O&D	11	$ 2,000,000	$ 2,000,000	
Mack Properties Co. #3	Fairlawn	O&D	201	$ 2,000,000	$ 2,420,000	
New Jersey Associates	Oakland	O&D	60	$ 1,150,000	$ 1,350,000	
Ninety Triangle Boulevard Associates	Carlstadt	M&D	104	$ 1,000,000	$ 1,475,000	
Nomar Associates	Elmwood Park	O&D	12	$ 400,000	$ 507,350	
Northvale Shopping Center Associates	Northvale	C	250	$ 1,600,000	$ 3,162,164	Closed
Originit Fabrics, Inc.	Teterboro	M	46	$ 1,425,000	$ 1,470,000	Closed
Richard Press & Philip Karas	South Hackensack	D&M	10	$ 242,500	$ 366,750	Closed
The Red Lion Inn, Inc.	Tenafly	H	107	$ 2,500,000	$ 4,187,000	Closed
Richmark Camera Service, Inc.	Carlstadt	M	60	$ 480,000	$ 632,500	Closed
Rolls-Royce Motors, Inc.	Lyndhurst	C&D	4	$ 2,200,000	$ 3,000,000	
Lawrence Russo, Jr.	Moonachie	O&D	11	$ 1,000,000	$ 1,000,000	
SWS Realty Associates, A Partnership	Maywood	M&D	100	$ 1,750,000	$ 2,095,000	
Sports Marketing Corporation	Paramus	R	30	$ 1,600,000	$ 1,660,000	
Taklon, A Partnership	Hackensack	C	11	$ 375,000	$ 419,500	
Theo. Tiedemann & Sons, Inc.	Mahwah	M,D&O	10	$ 350,000	$ 567,500	
Victory Plastics & Embossing Corp.	Elmwood Park	M&P	12	$ 315,000	$ 315,000	Closed
Vin Mont Realty Company	Glen Rock	D	11	$ 400,000	$ 580,000	Closed
W.B. Cury Discount Stores, Inc.	Ramsey	C	7	$ 500,000	$ 671,000	
Wesley Associates	South Hackensack	D	83	$ 1,373,000	$ 1,373,000	
Weyerhaeuser Company	Mahwah	O&D	19	$ 1,000,000	$ 2,263,000	
Whitney Associates	East Rutherford	O	34	$ 510,000	$ 720,000	Closed
SUBTOTAL			**1,756** **38(m)**	**$ 45,000,500**	**$ 59,083,947**	
Burlington County						
ENGCO	Burlington	D	9	$ 390,000	$ 1,525,000	Closed
Martin Hirsch & Selma H/W Edwin N. Solomon & Jean H/W	Burlington	M	26	$ 437,000	$ 493,500	
Thomas D. Lenihan and Dorothy M. H/W	Evesham	C	26	$ 600,000	$ 690,000	Closed
Lenola Associates	Maple Shade	C	144	$ 2,600,000	$ 2,600,000	Closed
George Warren Neff	Moorestown	M	61	$ 300,000	$ 300,000	
R.K.L. Controls, Inc.	Lumberton	M	37	$ 705,000	$ 1,444,000	
Roebling Industries, Inc.	Florence	M	250	$ 1,000,000	$ 5,000,000	
Thomas R. Whitesell t/a Whitesell Enterprises	Delran	D	31	$ 1,000,000	$ 1,000,000	
SUBTOTAL			**584**	**$ 7,032,000**	**$ 13,052,500**	
Camden County						
Alfred and Edna Deterding	Lindenwold	C	25	$ 350,000	$ 760,000	
F & M Realty Associates	Camden	D	22	$ 360,000	$ 478,329	Closed
G. J. S. Development Corp.	Cherry Hill	C	49	$ 275,000	$ 392,350	Closed
The Great Atlantic & Pacific Tea Company, Inc.	Voorhees	C	67	$ 2,150,000	$ 2,625,000	
Gulf + Western Industries, Inc.	Gloucester	P	23	$ 20,000,000	$ 20,000,000	
International KemKraft Corporation	Gloucester	P	0	$ 750,000	$ 750,000	
Kaskey Associates	Pennsauken	C	22	$ 150,000	$ 250,000	Closed
Irvin and Shirley Lazar	Cherry Hill	O&D	4	$ 210,000	$ 364,500	Closed
Lee Maimon & Robert M. Alper	Cherry Hill	C	65	$ 750,000	$ 950,000	
Mr. Roberts Lumber Centers, Inc.	Barrington	C&D	8	$ 206,000	$ 206,000	
Emmons G. Paine, MD & David H. Ross, MD	Voorhees	O	14	$ 131,000	$ 175,800	
Penn Jersey Subaru, Inc.	Pennsauken	O&D	35	$ 300,000	$ 340,500	
Pennsauken Warehouse Associates	Pennsauken	D	9	$ 1,350,000	$ 1,350,000	
Richard P. Reis and Robert W. Levin	Brooklawn	C	12	$ 152,000	$ 213,000	Closed
Jim Walter Corporation	Pennsauken	M	93	$ 1,000,000	$ 4,650,000	Closed
SUBTOTAL			**448**	**$ 28,134,000**	**$ 33,505,479**	
Cape May County						
The Great Atlantic & Pacific Tea Company, Inc.	North Wildwood	C	60	$ 2,200,000	$ 2,200,000	
Quinn-Woodbine Realty Co.	Woodbine	M	75	$ 800,000	$ 800,000	
SUBTOTAL			**135**	**$ 3,000,000**	**$ 3,000,000**	
Cumberland County						
Casa Di Bertacchi, Inc.	Vineland	M&D	19	$ 525,000	$ 540,000	Closed
Media-Stack, Inc.	Vineland	M	70	$ 871,000	$ 967,604	
Owens-Illinois, Inc.	Vineland	M	16	$ 1,000,000	$ 1,000,000	Closed
SUBTOTAL			**105**	**$ 2,396,000**	**$ 2,507,604**	

New Jersey Economic Development Authority

Summary of Projects Approved 1977

Company Name	Project Municipality	Type of Project*	Est. New Jobs Within 2 Years	Authority Loan Amount	Total Project Cost	Closed in 1977
Essex County						
Barton Associates & Barton Press, Inc.	West Orange	M	20	$ 3,200,000	$ 3,200,000	Closed
Colony Centers, Inc.	Newark	C	187	$ 2,000,000	$ 2,433,312	
Draisin-Levco Venture	Belleville	C	94	$ 2,500,000	$ 2,772,000	Closed
Federated Metals Corporation	Newark	P	-0-	$ 750,000	$ 750,000	
Felton International, Inc.	Newark	M	17	$ 900,000	$ 2,119,500	Closed
Martin Heller	Bloomfield	C	19	$ 450,000	$ 701,500	
J. I. Kislak Realty Corp.	Newark	M&C	915	$ 1,000,000	$ 4,300,000	
Lasky Company	Millburn	M	47	$ 1,800,000	$ 1,892,000	
Nesor Alloy Corporation	West Caldwell	M	9	$ 1,300,000	$ 1,300,000	Closed
Nutley Park ShopRite, Inc.	Nutley	C	60	$ 950,000	$ 960,000	Closed
Sol Schnoll Dressed Poultry Co./Sol Schnoll Packaging Corp.	Newark	M&D	70	$ 490,000	$ 1,400,000	
Samuel M. Seltzer & Saul Dennison	Livingston	M	37	$ 1,900,000	$ 2,625,000	
Sunrise Market Inc.	West Caldwell	C	66	$ 1,000,000	$ 1,049,196	
Village Super Market Inc.	West Orange	C	95	$ 900,000	$ 1,315,000	
Maurice M. Weill	Millburn	C&O	80	$ 2,000,000	$ 2,677,000	
West Orange-Englewood Tennis Clubs, Inc.	West Orange	R	19	$ 400,000	$ 1,125,000	
SUBTOTAL			**1,735**	**$ 21,540,000**	**$ 30,619,508**	
Gloucester County						
Denny's, Inc.	Bridgeport	D&W	45	$ 2,000,000	$ 2,000,000	
Henderson-Fourteen Thousand Corp.	Logan	M,W&O	25	$ 1,000,000	$ 1,250,000	
I.C.P. Cocoa, Inc.	Glassboro	M	46	$ 2,600,000	$ 3,000,000	Closed
Nuclear Data, Inc.	Logan	M	140	$ 1,750,000	$ 2,000,000	Closed
Owens-Illinois, Inc.	Glassboro	M	6	$ 500,000	$ 500,000	Closed
SUBTOTAL			**262**	**$ 7,850,000**	**$ 8,750,000**	
Hudson County						
Avant Industries Ltd.	Harrison	M	189	$ 800,000	$ 800,000	Closed
Bedford Can Manufacturing Corp.	North Bergen	M	28	$ 407,750	$ 407,750	
Arthur H. Cort	Jersey City	D	170	$ 434,000	$ 677,000	Closed
Command Enterprises & Command Web Offset Co.	Secaucus	M	62	$ 2,550,000	$ 3,400,000	
Sanford Gordon & Sidney Strauss	Jersey City	M&D	55	$ 1,920,000	$ 1,920,000	
Harrison By-Products Co.	Kearny	M	25	$ 700,000	$ 716,200	
K. V. Associates	Kearny	C	265	$ 4,300,000	$ 4,300,000	
Bekay Engineering and Development Co.	Hoboken	O&C	700	$ 900,000	$ 4,670,000	
Kearny Racquet Club	Kearny	R	10	$ 1,300,000	$ 1,300,000	
Kenrich Petrochemicals, Inc.	Bayonne	M	43	$ 750,000	$ 942,000	
NMH Realty Co.	Secaucus	M&D	50	$ 850,000	$ 1,127,000	Closed
Pfaff Tool & Mfg. Co., Inc.	Kearny	D	30	$ 630,000	$ 630,000	
Roned Realty Co.	Jersey City	C	12	$ 320,000	$ 430,000	
Vo-Toys, Incorporated	Harrison	M	112	$ 525,000	$ 800,000	Closed
Yves Saint Laurent Men's Clothing, Inc.	Secaucus	D	55	$ 1,300,000	$ 1,300,000	
SUBTOTAL			**1,806**	**$ 17,686,750**	**$ 23,419,950**	
Hunterdon County						
Charles E. Mergentime	Raritan	O&D	12	$ 325,000	$ 325,000	Closed
Roger Ross and Doris Mary Love	High Bridge	M	32	$ 360,000	$ 426,000	
SUBTOTAL			**44**	**$ 685,000**	**$ 751,000**	
Mercer County						
Bohren's Moving & Storage, Inc.	West Windsor	D	17	$ 250,000	$ 250,000	Closed
East State Associates	Hamilton	D	26	$ 1,200,000	$ 1,330,000	
HRM Associates	Lawrence	O,D&M	7	$ 1,100,000	$ 1,200,000	
The Kilik Company	Hamilton	M	37	$ 2,300,000	$ 4,800,000	
Joseph Marrazzo, Jr.	Hamilton	C	10	$ 350,000	$ 533,500	
South Gold Company	Hamilton	O	100	$ 700,000	$ 1,055,000	
SUBTOTAL			**197**	**$ 5,900,000**	**$ 9,168,500**	
Middlesex County						
Bruce Sheldon Arbeiter	East Brunswick	C	3	$ 300,000	$ 300,000	
Bayshore Motor Inn, Inc.	South Plainfield	M	57	$ 1,000,000	$ 1,000,000	
Block Drug Company, Inc.	South Brunswick	M	35	$ 2,800,000	$ 3,106,000	Closed
Cardet Capital Co.	Woodbridge	O	40	$ 750,000	$ 976,250	Closed
Cosmair, Inc.	Piscataway	M	176	$ 3,500,000	$ 4,500,000	Closed
Culbro Corporation	South Brunswick	O&D	223	$ 2,200,000	$ 2,200,000	Closed
Joseph & Elizabeth DeMarco	South Brunswick	D	100(m)	$ 300,000	$ 410,720	Closed
East Brunswick Chateau, Inc.	East Brunswick	C	56	$ 1,300,000	$ 1,724,470	
Fifty Stars, Incorporated	Edison	M&D	60	$ 740,000	$ 740,000	Closed
Filmpack Plastic Corporation	South Brunswick	M	46	$ 1,750,000	$ 2,323,700	Closed
Flagstaff Corporation	Perth Amboy	M&D	150	$ 3,500,000	$ 3,500,000	
Hadley Holding	South Plainfield	M	20	$ 650,000	$ 650,000	
Heraeus-Amersil, Inc.	Sayreville	M	41	$ 750,000	$ 750,000	
Hitachi Metals America, Ltd.	Piscataway	D	28	$ 1,000,000	$ 1,040,000	Closed
Islander Realty Corporation/ Cortland Fashions, Inc.	New Brunswick	M	12	$ 250,000	$ 600,600	
Jebesh Investors	Edison	C	13	$ 750,000	$ 979,000	
Mack Properties Co. #3	East Brunswick	O	262	$ 1,650,000	$ 4,300,000	Closed
Mamiye Brothers	Woodbridge	O&D	30	$ 900,000	$ 1,305,000	Closed
Nunzio and Anna Mariano	Sayreville	C	205	$ 2,650,000	$ 3,615,400	
Thomas J. and Helen Mc Glone	Edison	O&D	11	$ 500,000	$ 746,000	Closed
Mighty Star Inc.	Perth Amboy	M&D	228	$ 1,290,000	$ 1,475,000	Closed
Miller Supply Corp.	Edison	O&D	25	$ 600,000	$ 660,000	
Pharmacia Inc.	Piscataway	M	18	$ 600,000	$ 600,000	
Private Formulations, Inc.	Edison	M&D	295	$ 1,000,000	$ 8,837,091	Closed
Raritan River Steel Co.	Perth Amboy	M	520	$ 1,575,000	$ 94,000,000	
Michael Reich	Perth Amboy	M	200	$ 1,300,000	$ 1,300,000	
Russell H. Richardson	South Brunswick	C	41	$ 4,000,000	$ 4,218,000	
65 Brunswick Associates	Edison	C	51	$ 1,000,000	$ 1,085,000	
Squire Corrugated Container Corp.	South Plainfield	M	32	$ 1,200,000	$ 1,432,500	
Donald Strochak	Carteret	C	42	$ 1,600,000	$ 1,600,000	
United Nesco Container Corporation	North Brunswick	M	20	$ 1,000,000	$ 1,000,000	
Woodbridge Equity Associates, Ltd.	Woodbridge	C	150	$ 3,750,000	$ 3,750,000	
SUBTOTAL			**3,090** **100(m)**	**$ 46,155,000**	**$154,724,731**	
Monmouth County						
Boren, Schapiro, Freedman - 77	Eatontown	M	55	$ 800,000	$ 950,000	Closed
Millrun Group—A Partnership	Shrewsbury	O	58	$ 480,000	$ 659,230	
Owens-Illinois, Inc.	Holmdel	M	0	$ 1,000,000	$ 1,000,000	Closed
Remsco Associates, Inc.	Marlboro	M&O	32	$ 600,000	$ 806,000	Closed
Rides, Inc.	Belmar	R	7	$ 450,000	$ 451,000	
Summerton, Chris and Ann	Manalapan	C	24	$ 300,000	$ 410,500	
T & M Improvement Co.	Middletown	O	20	$ 300,000	$ 300,000	
Henry V. Vaccaro	Neptune	O&D	53	$ 400,000	$ 578,000	
SUBTOTAL			**249**	**$ 4,330,000**	**$ 5,154,730**	

New Jersey Economic Development Authority

Summary of Projects Approved 1977

Company Name	Project Municipality	Type of Project*	Est. New Jobs Within 2 Years	Authority Loan Amount	Total Project Cost	Closed in 1977
Morris County						
B & W Properties	Roxbury	C	20	$ 450,000	$ 457,500	
Cedar Knolls Plaza I Associates, A General Partnership	Hanover	O	200	$ 1,500,000	$ 1,800,000	
Edgemont Corp	Hanover	O	58	$ 990,000	$ 1,053,000	
Alan B. and Janice Greenwald	Pine Brook	D&C	22	$ 750,000	$ 1,000,000	
Martin G. Heller and Marjorie Y. Heller T/A Marhell Holding Company	Florham Park	M	56	$ 475,000	$ 772,000	Closed
Robert Hugh Higginson	Hanover	D	45	$ 1,300,000	$ 1,800,000	
Kay Bee Investors	Montville	W&O	27	$ 1,300,000	$ 1,675,000	
Monastir Properties	Parsippany /Troy Hills	D	61	$ 1,500,000	$ 1,950,000	Closed
Morris Center Associates	Morristown	C	120	$ 2,850,000	$ 2,862,000	
National Steel Service Center, Inc.	Parsippany/Troy Hills	O	40	$ 1,700,000	$ 2,100,000	
Outboard Marine Corporation	Parsippany/Troy Hills	O&D	43	$ 2,830,000	$ 2,830,000	
Pyah Industries, Inc.	Montville	M	95	$ 3,000,000	$ 3,357,420	
Romont Corporation	Pequannock	D&O	15	$ 950,000	$ 1,295,500	
Perry F. Root	Morristown	C	18	$ 550,000	$ 1,080,000	Closed
Village Super Market, Inc.	Morristown	C	227	$ 800,000	$ 1,015,000	
Dieter Weissenrieder, Kurt Augustin, John Basalyga — A Partnership	East Hanover	M	25	$ 600,000	$ 600,000	Closed
SUBTOTAL			**1,072**	**$ 21,545,000**	**$ 25,647,420**	
Ocean County						
Airport Associates	Lakewood	D	50	$ 600,000	$ 824,000	
Lester R. Glenn & Bernice Glenn	Dover	C	10	$ 500,000	$ 735,000	
Jay A. and Linda Grunin	Dover	O	35	$ 600,000	$ 748,500	
Byron and Mary Kotzas	Dover	O	15	$ 250,000	$ 327,200	Closed
117 Horner Street	Dover	C	35	$ 360,000	$ 475,000	
Paco Pharmaceutical Services, Inc.	Lakewood	M	150	$ 3,675,000	$ 3,675,000	
Perlmart of Rt. 9, Inc.	Dover	C	40	$ 1,000,000	$ 1,000,000	
John Shea, John Decker & David C. Wintrode	Lakewood	C	24	$ 500,000	$ 519,000	Closed
David C. Wintrode	Stafford	C	13	$ 750,000	$ 792,000	
SUBTOTAL			**372**	**$ 8,235,000**	**$ 9,095,700**	
Passaic County						
Bogue Electric Manufacturing Co.	Paterson	M	196	$ 350,000	$ 1,000,000	Closed
The Great Atlantic & Pacific Tea Company, Inc.	Paterson	C	40	$ 2,400,000	$ 2,600,000	
Hunter Douglas Inc.	Totowa	D	30	$ 1,252,918	$ 1,266,918	
Kiefer Realty	Clifton	O&D	26	$ 390,000	$ 418,500	
L.F.O. Associates	Wayne	M	31	$ 1,000,000	$ 1,494,000	Closed
Lisanti Realty Co.	Totowa	D	25 20(m)	$ 1,000,000	$ 1,675,000	Closed
Pope Chemical Corporation	Paterson	M	18	$ 900,000	$ 900,000	Closed
Rounders Cafe, a corporation of New Jersey, d/b/a Bergen Sign Co.	Paterson	M	11	$ 225,000	$ 488,000	
Sandown Properties, A Partnership	Little Falls	C	41	$ 1,000,000	$ 1,000,000	
Springfield Electrical Specialties, Inc.	Totowa	M	50	$ 675,000	$ 1,110,000	
SUBTOTAL			**468 20(m)**	**$ 9,192,918**	**$ 11,952,418**	
Somerset County						
Bio/dynamics, Inc.	Franklin	O	25	$ 1,000,000	$ 1,900,000	
The DeLaval Separator Company	Branchburg	M	125	$ 2,300,000	$ 2,300,000	Closed
Doulton and Co., Inc.	Franklin	O&D	33	$ 1,500,000	$ 2,250,000	
Isaac Heller	Franklin	O,D&M	26	$ 1,700,000	$ 2,125,000	
Landmark at Somerville	Somerville	C	125	$ 4,750,000	$ 4,750,000	
Anthony R. Montanelli	Watchung	C	100	$ 880,000	$ 1,000,000	Closed
Takara Company, New Jersey, Inc.	Franklin	M&D	15	$ 850,000	$ 850,000	Closed
Tube Manufacturing Company, Inc.	Bridgewater	M	26	$ 850,000	$ 850,000	
Village Super Market, Inc.	Bernardsville	C	95	$ 800,000	$ 1,015,000	
Wheaton Company	Franklin	C	12	$ 850,000	$ 852,946	
Massimo F. Yezzi	North Plainfield	R	40	$ 1,000,000	$ 1,080,800	
SUBTOTAL			**622**	**$ 16,480,000**	**$ 18,973,746**	
Sussex County						
Bertolini Engineering Co., Inc.	Vernon	M	125	$ 574,000	$ 764,750	Closed
Clubhouse Associates, Inc.	Montague	R	51	$ 2,500,000	$ 2,865,000	
SUBTOTAL			**176**	**$ 3,074,000**	**$ 3,629,750**	
Union County						
Automatic Associates, A Limited Partnership	Scotch Plains	M	23	$ 700,000	$ 896,000	Closed
Colony Furniture Company, Inc.	Linden	M	20	$ 350,000	$ 350,000	Closed
Edward & Elise Denholtz, & Leonard & Helen Hines	Union	M,O&D	40	$ 885,000	$ 1,336,500	Closed
Gibson Associates Incorporated	Cranford	M	276(m)	$ 1,800,000	$ 2,785,000	Closed
Ella Mandelbaum & Albert Krupnick	New Providence	C	50	$ 900,000	$ 1,246,777	Closed
Porcelli GMC Trucks, Inc.	Elizabeth	C	10	$ 285,000	$ 416,000	
The Quaker Oats Company	Elizabeth	M&O	38	$ 1,000,000	$ 1,200,000	
Soundesign Corporation	Elizabeth	M	150	$ 1,800,000	$ 2,000,000	
Peter N. Triano	Cranford	M	37	$ 1,000,000	$ 1,727,500	Closed
United Nesco Container Corporation	Linden	M	14	$ 450,000	$ 1,000,000	
University Circle Associates	Linden	C	20	$ 205,000	$ 501,800	Closed
West Blancke Associates	Linden	M&D	52	$ 825,000	$ 1,090,000	Closed
SUBTOTAL			**454 276(m)**	**$ 10,200,000**	**$ 14,549,577**	
Warren County						
Inmont Corporation	Belvidere and White	M	90	$ 1,000,000	$ 10,220,000	Closed
SUBTOTAL			**90**	**$ 1,000,000**	**$ 10,220,000**	
GRAND TOTAL			**14,038 434(m)**	**$265,551,168**	**$448,248,360**	

*KEY TO SYMBOLS: M = manufacturing facility
D = distribution and warehousing facility
O = office facility
H = hotel
C = commercial or retail facility
P = pollution control equipment
r = recreation facility
m = jobs maintained as a result of project

New Jersey Economic Development Authority

Balance Sheet

December 31, 1977 and 1976

	1977	1976
Assets		
Operating Fund:		
Cash, principally savings accounts	$ 752,548	$ 218,547
Certificates of deposit (Note 3)	—	100,000
Other	14,678	16,796
	$ 767,226	$ 335,343
Bond Guarantee Fund:		
Cash and short-term government securities (Notes 3 and 5)	$ 435,478	$ 2,409,891
Certificates of deposit (Notes 3 and 5)	11,090,000	8,515,000
Accrued interest	154,434	124,097
	$ 11,679,912	$ 11,048,988
Revolving Loan Fund:		
Cash and short-term government securities (Note 3)	$ 94,965	$ 11,691
Notes receivable (Note 4)	13,050,000	13,000,000
Accrued interest	66,337	65,000
	$ 13,211,302	$ 13,076,691
Industrial Park Fund (Note 6):		
Cash and short-term government securities (Note 3)	$ 73,683	$ —
Certificates of deposit (Note 3)	900,000	—
Accrued interest and other	16,942	—
	$ 990,625	$ —
	$ 26,649,065	$ 24,461,022
Liabilities and Fund Balances		
Liabilities:		
Operating fund accounts payable and accrued liabilities	$ 68,329	$ 46,452
Allowance for bond guarantee fund losses (Note 5)	50,000	—
	118,329	46,452
Commitments and contingencies (Note 5)		
Fund Balances:		
Operating fund	698,897	288,891
Bond guarantee fund	11,629,912	11,048,988
Revolving loan fund:		
Federal grant	13,000,000	13,000,000
Fund balance	211,302	76,691
Industrial park fund	990,625	—
	26,530,736	24,414,570
	$ 26,649,065	$ 24,461,022

See accompanying notes.

New Jersey Economic Development Authority
Statement of Revenues, Expenses and Changes in Fund Balances
Years Ended December 31, 1977 and 1976

	1977	1976
Revenues:		
Application fees	$ 845,916	$ 621,158
Interest:		
Bond Guarantee Fund	631,904	654,381
Revolving Loan Fund	134,611	76,691
Other	65,897	18,187
Grants	31,571	44,307
	1,709,899	1,414,724
Expenses:		
Salaries and benefits	333,289	254,084
General and administrative	130,673	109,752
Project development consulting fees	79,771	76,858
Provision for bond guarantee fund losses (Note 5)	50,000	—
	593,733	440,694
Excess (deficit) of revenues over expenses:		
Operating fund	410,006	244,304
Bond guarantee fund	580,924	653,035
Revolving loan fund	134,611	76,691
Industrial park fund	(9,375)	—
	1,116,166	974,030
Appropriation to industrial park fund from State of New Jersey	1,000,000	—
Grant to revolving loan fund from U.S. Economic Development Administration	—	13,000,000
Fund balance, beginning of year:		
Operating fund	288,891	44,587
Bond guarantee fund	11,048,988	10,395,953
Revolving loan fund	13,076,691	—
Industrial park fund	—	—
	24,414,570	10,440,540
Fund balance, end of year:		
Operating fund	698,897	288,891
Bond guarantee fund	11,629,912	11,048,988
Revolving loan fund	13,211,302	13,076,691
Industrial park fund	990,625	—
	$ 26,530,736	$ 24,414,570

See accompanying notes.

New Jersey Economic Development Authority
Statement of Changes in Financial Position: Operating Fund
Years ended December 31, 1977 and 1976

	1977	1976
Sources of Cash:		
Excess of revenues over expenditures	$ 410,006	$ 244,304
Items not requiring cash:		
Accrued liabilities and other — net	23,995	21,914
Cash provided by operations	434,001	266,218
Redemption (Purchase) of certificate of deposit	100,000	(100,000)
Increase in cash	534,001	166,218
Cash balance — beginning of year	218,547	52,329
Cash balance — end of year	$ 752,548	$ 218,547

See accompanying notes.

Notes to Financial Statements December 31, 1977 and 1976

1. **Nature of 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 ("Projects") as defined in the enabling Act. 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 Act prohibits the Authority from obligating the credit of the State of New Jersey in any manner.

Through amendments to the Authority's enabling Act which were made during 1975, the Authority was appropriated $10,000,000 for the establishment of a bond guarantee fund with the 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 P.L. 1971, c. 64.

During 1977, legislation was enacted which appropriated $1,000,000 to the Authority for the purpose of paying for costs related to industrial park feasibility studies. This appropriation, which enables the Authority to study the economic feasibility of proposed industrial development projects throughout the state, resulted in the establishment of an industrial park fund.

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 respective funds.

(2) **Bond guarantee fund**

The bond guarantee fund is used to account for $10,000,000 appropriated to the Authority by the State Legislature for purposes of guaranteeing project and other loans authorized by the Act. It is the policy of the Authority to guarantee repayment of certain bonds issued by the Authority or other conventional loans in amounts generally limited to 30% (to a maximum of $1,000,000) of the principal amount of the loan or bond. Interest earned on amounts in the bond guarantee fund is being used by the Authority to increase the amount of funds available for project bond or loan guarantees. At December 31, 1977, the fund balance consisted of the $10,000,000 State appropriation, which is restricted solely for bond or loan guarantees along with $1,629,912 of net interest income designated for bond or loan guarantee purposes.

(3) **Revolving loan fund**

The revolving loan fund was established in 1976 to account for a $13,000,000 grant received from the U.S. Economic Development Administration ("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") (See Note 4) 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.

At December 31, 1977, the fund balance consisted of $13,000,000 received from the USEDA, and $211,302 which represents a $50,000 direct loan made in 1977 (See Note 4), and $161,302 of interest income which will be used for additional loans as prescribed by the grant.

During 1977, the Authority adopted a resolution which sets the interest rate to be charged on revolving loan fund direct loans at the same rate charged by the U.S. Economic Development Administration on direct loans made by that agency.

(4) **Industrial park fund**

The industrial park fund is used to account for $1,000,000 which was appropriated to the Authority during 1977 for the purpose of paying for costs related to industrial park feasibility studies. Certain studies were commenced during 1977 to examine the economic feasibility of various industrial projects, and provide the Authority, as well as private investors, with a basis for proceeding with future industrial development in these areas (See Note 6).

(c) **Revenue recognition**

The Authority's primary sources of operating revenue are from its loan application fee, which is ½ of 1% of the principal amount of bonds issued and from its bond guarantee fee, which is ½ 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 paid 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.

(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 $10,443 and $10,228 for 1977 and 1976, respectively.

(e) **Capital items**

Capital items, which consist generally of office furniture and fixtures, office equipment, and leasehold improvements were immaterial in 1977 and 1976, and are charged directly to current expenses as incurred.

(f) **Services from 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 benefits and investment counseling.

(g) **Income Taxes**

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

(h) **Reclassification of 1976 balances**

Certain 1976 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 Department of Treasury, Division of Investment. At December 31, 1977, the investments earned interest at rates ranging from 5.75% to 7.1% and mature no later than June 30, 1978 (See Note 5).

4. **Notes receivable**

On June 30, 1976 the Authority loaned $13,000,000 to the Okonite Company ESOT in accordance with the provisions of a grant agreement with the U.S. Economic Development Administration (See Note 2(b)3) and a loan agreement with the Okonite Company ESOT and the Okonite Company. The loan 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 1977, the Authority made a $50,000 direct loan with funds derived from payments received under the ESOT note described above. The 7¾% loan was for a 10-year period with principal payments commencing in 1979.

5. **Commitments and contingencies**

For the years ended December 31, 1977 and 1976, $142,943,000 and $86,806,500 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 1977 and 1976 are payable solely from the revenues and other monies of the Authority 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 of New Jersey.

For the year ended December 31, 1977, of the $142,943,000 aggregate principal amount of bonds issued, the Authority has issued $4,410,000 of bonds of which repayment of $1,430,250 had been guaranteed. All guarantees are binding obligations of the Authority for periods ranging from 5 to 10 years and require the Authority to maintain bond guarantee funds of no less than ⅓ of the aggregate amount of outstanding guarantees. In 1976, the Authority guaranteed repayment of approximately $2,200,000 of other conventional financings totaling $4,952,500. Under these guarantee agreements, the Authority is required to purchase and pledge certain certificates of deposits increasing up to $2,000,000 by 1981. Principal payments on loans guaranteed by the Authority reduce the Authority's guarantee. At December 31, 1977, the Authority was guarantor of approximately $4,550,000 of total loans outstanding.

At December 31, 1977, one project, partially guaranteed under the bond guarantee program, was in default. The Authority is exercising its collateral rights under the guarantee agreements, and has provided $50,000 to cover any payments which may be made from the bond guarantee fund for this project in excess of realized collateral.

The Authority has option agreements to purchase certain parcels of land for future industrial development in conjunction with its industrial park program. These agreements give the Authority the right, but not the obligation, to acquire the land at a certain price and under certain conditions.

6. **Subsequent events**

During the period January 1, through February 28, 1978, approximately $35,000,000 of bonds have been issued by the Authority; bonds which had been approved for issuance by the Authority but not yet closed amounted to approximately $48,000,000; guarantee commitments on bonds closed amounted to $511,500; guarantee commitments approved but not yet closed amounted to $330,000.

In February 1978, legislation was signed appropriating $3,000,000 to the Authority which will enable the Authority to purchase and improve urban industrial sites which the Authority will then market to industrial users.

On February 23, 1978, Governor Byrne, pursuant to the Executive Reorganization Act,Chapter 203, Laws of 1969, submitted a plan of reorganization to the New Jersey Legislature for the New Jersey Urban Loan Authority and the New Jersey Area Redevelopment Authority. This plan would abolish both the Urban Loan Authority and the Area Redevelopment Authority and transfer their respective functions, powers and duties to the New Jersey Economic Development Authority. The Legislature has a 60-day period to object to this plan.

ARTHUR YOUNG & COMPANY

520 BROAD STREET
NEWARK, NEW JERSEY 07102

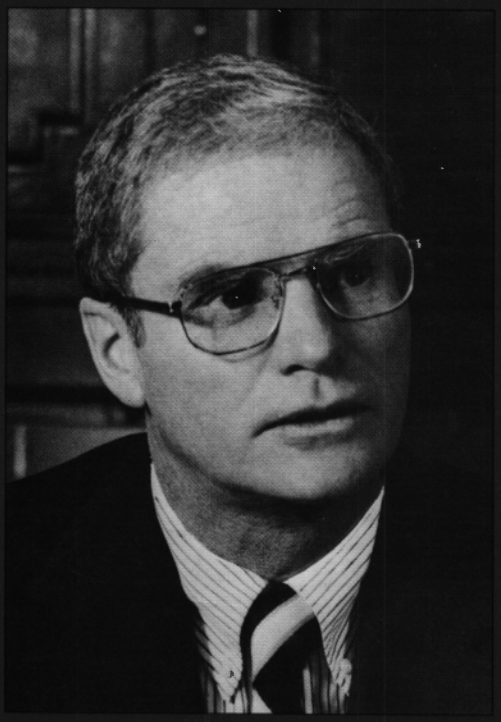
Members of the Authority
New Jersey Economic Development Authority
Trenton, New Jersey

We have examined the accompanying balance sheets of the New Jersey Economic Development Authority at December 31, 1977 and 1976 and the related statements of revenues, expenses and changes in fund balances and changes in financial position: operating fund 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, 1977 and 1976 and the results of operations and changes in fund balances and operating fund 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.

February 28, 1978



Brendan Byrne
Governor

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Brendan Byrne
Governor

John J. Horn
Chairman
Commissioner of Labor & Industry

Clifford A. Goldman
State Treasurer and Vice Chairman
Ex-officio member

Patricia Q. Sheehan
Commissioner of Community Affairs
Ex-officio member

Rocco Ricci
Commissioner of
Environmental Protection
Ex-officio member

Charles H. Marciante
President, N.J. AFL-CIO
Public Member

Olive S. Cram
Secretary-Treasurer
Concord Chemical Co., Inc.
Public Member

Aldrage B. Cooper, Jr.
Manager, Public Affairs
Johnson & Johnson
Public Member

Robert S. Powell, Jr.
Executive Director

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