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keeps getting better.



New Jersey Economic Development Authority

Annual Report 2007



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

EDA 2007 Results

EDA Results 2007*	
Projects Assisted	380
Total Assistance	\$681.5 Million
Public/Private Investments	\$1.6 Billion
Estimated New Permanent Jobs	11,466
Estimated Construction Jobs	14,800

EDA Results 1974-2007	
Projects Assisted	9,600
Total Assistance	\$19.1 Billion
Public/Private Investments	\$40 Billion
Estimated New Permanent Jobs	288,000
Estimated Construction Jobs	283,000

Edison Innovation Fund 2007	
Projects Assisted	134
Total Assistance	\$153.9 Million
Public/Private Investments	\$349.2 Million
Estimated New Permanent Jobs	2,743

Urban Assistance 2007	
Projects Assisted	135
Total Assistance	\$245.9 Million
Public/Private Investments	\$550 Million
Estimated New Permanent Jobs	6,376

Core Activity 2007	
Projects Assisted	125
Total Assistance	\$315.8 Million
Public/Private Investments	\$801.5 Million
Estimated New Permanent Jobs	3,155

**Note: Because of the overlap between Edison and Urban funds, EDA Results 2007 will not equal the sum of the Edison, Urban and Core charts.*

EDA Mission

The New Jersey Economic Development Authority (EDA) is an independent, self-supporting State entity dedicated to broadening New Jersey's economic base by building vibrant, diverse communities, creating and maintaining jobs, and providing businesses and nonprofits with the necessary financial and technical support to grow and succeed.

EDA Strategy

The EDA creates public/private partnerships to bridge financing gaps and to increase access to capital by the State's business community with an emphasis on small and mid-size businesses and nonprofit organizations. It supports entrepreneurial development through training and mentoring programs. It undertakes real estate development projects important to the State's economic growth that will create new jobs and business opportunities and support community development and revitalization.



Dear Friends:

Working in partnership with the Office of Economic Growth and the New Jersey Commerce Commission, the New Jersey Economic Development Authority is a vital force that supports economic growth in New Jersey.

The EDA's broad financial and real estate resources have supported business growth and promoted investments and smart growth development in communities throughout the State for nearly 35 years. Today, as we move forward with our comprehensive Economic Growth Strategy to build New Jersey's economy and create new high-paying, private-sector jobs, its efforts are more important than ever.

This Annual Report highlights many of the varied ways the EDA assisted businesses, nonprofit organizations and municipalities in New Jersey in 2007, including activities initiated under the New Jersey Urban Fund and the Edison Innovation Fund, which are administered by the EDA in support of our Economic Growth Strategy. I encourage you to review its contents to become familiar with all the resources our State makes available through the EDA to encourage economic growth, innovation and community revitalization.

Economic development is a focal point of my Administration, and I look forward to working further to grow New Jersey's economy and create new jobs in our State.

Sincerely,

A handwritten signature in black ink, which appears to read "Jon S. Corzine". The signature is fluid and cursive, with a large initial "J" and "C".

Jon S. Corzine
Governor

Advancing Governor Jon Corzine's Economic Growth Strategy

The New Jersey Economic Development Authority (EDA) continued to work with the Office of Economic Growth, the New Jersey Commerce Commission and other State agencies in 2007 to generate new jobs, promote scientific innovation and encourage investment in New Jersey's communities. By implementing new strategic initiatives to reinforce its traditional lending function and reorganizing its management structure to strengthen the integration of its mission with Governor Jon S. Corzine's comprehensive Economic Growth Strategy, the EDA enhanced its role as a catalyst for business growth and urban revitalization.

To support the State's economic growth efforts, the EDA finalized more than \$680 million in financing assistance and State business incentives and tax credits in 2007. This assistance is supporting total new public/private investment of over \$1.6 billion in New Jersey's economy and the creation of nearly 11,500 new, full-time jobs.

The 2007 results brought the EDA's cumulative financing assistance totals to more than \$19 billion since it was established in 1974. More than 9,600 projects have been assisted during the period, resulting in the creation of about 288,000 new jobs and total investment of \$40 billion.

Although EDA programs and services assist companies and nonprofit entities of all sizes, the Authority's focus has traditionally targeted small and mid-size businesses. The EDA channels much of its activities toward several key business sectors critical to the State's economy, which include: technology, biotechnology and

pharmaceuticals; manufacturing; logistics, including warehousing, distribution and port operations; financial services; and tourism, arts and culture.

Nearly 70 manufacturers were among the more than 170 business projects that used EDA financing and State incentives in 2007. Over 20 of these businesses found tax-exempt bonds issued through the EDA to their advantage. With lower interest rates and longer terms than are usually offered by other sources of funds, tax-exempt bonds can be an affordable and effective tool to support the needs of qualifying New Jersey manufacturers, as well as other businesses and nonprofit organizations. Seven of the projects that the EDA was able to assist during the year were eligible because of an increase in capital expenditure limitations adopted under federal legislation that went into effect in 2007. The EDA worked with the nationally recognized Council of Development Finance Agencies and the New Jersey Business & Industry Association to support this legislative change.

The EDA took several steps during the year to improve the product portfolio and services it offers to assist businesses, nonprofit organizations and municipal governments. It approved significant changes to increase exposure on its direct loan and guarantee programs, raising maximum limits to \$1.25 million for fixed asset loans and \$750,000 for working capital loans as well as to \$1.5 million for both fixed asset loans and working capital loan guarantees. Increasing these loan and guarantee limits will enable the EDA to be a more meaningful partner to the

banking community and help more businesses grow, leading to the creation of more jobs.

The new lending limits will also apply to the EDA's Preferred Lender Program, which features a five-day EDA review period. The EDA provides a portion of a preferred bank's financing or guarantees part of the bank loan. The quick turnaround from approval to closing is welcome news for borrowers, while the EDA's participation in the transaction assists banks by reducing their risk. The Bank became the latest financial institution to become a Preferred Lender in 2007. The program is expanding to include more community banks in 2008.

The EDA also introduced *FastStart for small business*, a new product that makes low-interest, fixed-asset financing up to \$300,000 available to eligible credit-worthy companies operating in the State for at least one year. Under the new offering, loan approvals are based partially on guarantor credit scores as well as the applicant's credit history and business plan. Prospective borrowers will also benefit from an expedited review and approval process that can shorten the time between application and closing.

To satisfy a need for financing medium-size projects in the targeted cities of Atlantic City, Camden, East Orange, Elizabeth, Jersey City, Newark, New Brunswick, Paterson and Trenton, the EDA developed Urban Plus, a new product that provides up to \$5 million for projects in these nine urban areas. Urban Plus loans can be made for as long as 10 years with up to a 25-year amortization and be used for fixed assets like buildings and equipment. Loans can fund up to 50% of total project costs and must have the support of the municipality. Projects

must create or maintain jobs, increase ratables or leverage public financing by a ratio of 1:1.

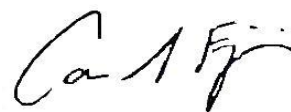
Additionally, the EDA bolstered its community development lending resources in 2007 to allow up to \$50,000 for municipalities to finance feasibility studies and other predevelopment costs associated with their redevelopment efforts, including planning and marketing expenses. Previously, such funds were available only to community development organizations.

The following pages illustrate many of the ways the EDA staff worked to stimulate economic growth in the State's key business sectors and urban communities and provides examples of how we successfully supported the goals of the Governor Corzine's Economic Growth Strategy.

We invite your comments and suggestions. For more information about doing business in New Jersey, visit www.NewJerseyBusiness.gov or call (866) 534-7789. To learn more about how the EDA can assist in financing business growth or community development projects in New Jersey, please visit www.njeda.com or call the EDA Customer Care hotline at (609) 777-4898.



Carl E. Van Horn, Ph.D., Chairman



Caren S. Franzini, Chief Executive Officer

Encouraging Investments in Urban Communities

The New Jersey Economic Development Authority's (EDA's) work with municipalities, developers and community organizations to generate investments in the State's urban areas has been geared to advance Governor Corzine's Economic Growth Strategy. The EDA's financing assistance, coupled with the real estate services and expertise it offers, is designed to stimulate the growth of businesses and nonprofit organizations, spur the creation of new jobs, foster the investigation and cleanup of brownfield sites, and promote smart growth development.

Almost half of the projects for which the EDA provided loans, bonds, business incentives, or environmental investigation and remediation funding in 2007 were located in the state's 57 Urban Aid communities. Total EDA assistance in these communities during the year exceeded \$245 million and was responsible for injecting \$550 million in public/private investment into New Jersey's Urban Aid communities and setting the foundation for the creation of nearly 6,400 new jobs.

In Jersey City, the principals of Sackman Enterprises, a successful New York real estate developer, formed **Journal Square Properties, LLC** to acquire a 177,000-square-foot landmark downtown commercial office building and an adjoining parking lot. The building required significant improvements and renovations before its space could be fully leased.

To enable Sackman Enterprises to make these improvements and

refinance an existing mortgage loan to reduce debt service, the EDA, through its New Jersey Community Development Entity, closed a \$4.2-million loan with the developer under the federal New Markets Tax Credits program. The loan was made at a fixed interest rate of 3% with interest-only due for seven years. Authority assistance allowed for the continued redevelopment of this underutilized building in the central business district. When completed, the structure is expected to provide jobs for more than 900 people.

When the **Newark Downtown District Management Corporation (NDD)** decided to remake 56 blocks of the city's Gateway area and nearly 600 properties – a \$17.5-million capital project believed to be the largest ever to be financed by a Special Improvement District (SID) in the State – it called upon the EDA's financing capabilities to help continue the city's remarkable downtown renaissance.

The streetscape project – decorative street



Newark Mayor Cory Booker (L) and EDA Finance Officer Mathew Abraham at the Newark Downtown District Streetscape Improvement Groundbreaking Ceremony in June.

lighting, new street signs, sidewalks and sidewalk treatments, and trees and planter boxes – was financed through an innovative partnership that included \$10 million in 30-year tax-exempt bonds issued by the EDA, underwritten by Wachovia Bank and carrying fixed interest rates ranging from 4.5% to 5.1%. The first phase of the three-year project encompassed the area immediately surrounding the Prudential Center, a major sports and entertainment venue that opened in 2007.



With \$3.3 million in tax-exempt bond financing and a \$750,000 loan, Procedyne Corporation was able to acquire and renovate its headquarters in New Brunswick and purchase new equipment to support its growth.

In New Brunswick, the EDA issued \$3.3 million in tax-exempt bonds and made a \$750,000 loan to enable **Procedyne Corporation**, an engineering and equipment manufacturing business, to acquire and renovate the 60,000-square-foot building it had been leasing and to purchase new equipment. The 20-year variable rate bond, which was directly purchased by Commerce Bank, closed at an initial interest rate of 4.9%. The five-year EDA loan closed at a fixed interest rate of 3.1%. The financings will enable the company to add 18 new jobs within two years.

The EDA also worked with PNC Bank under the innovative New Jersey Business Growth Fund to guarantee 15 bank loans to small businesses in Urban Aid communities during the year. In Gloucester City, the EDA provided a 25% guarantee of an \$800,000 PNC Bank loan to enable **Princeton Hydro, LLC**, an ecological engineering and management services firm, to purchase property to facilitate business expansion.

In Newark, a 25% guarantee of a \$225,000

bank loan allowed James T. Kin, owner of **Kinton, Inc.**, a supplier of seafood products, to acquire needed refrigeration equipment. In Paterson, a \$260,000 bank loan with a 25% EDA guarantee was used by **Bergen Screen Printing** to buy a new inkjet printer. The three loans, all made for five years, closed at fixed interest rates ranging from 4.04% to 4.66%, and will generate a total of 14 new jobs.

The EDA also provides funding to micro lenders who support urban revitalization. The **Cooperative Business Assistance Corporation**, which serves six counties in southern New Jersey, borrowed \$500,000 in 2007 at 3% fixed interest for 10 years with interest only for 12 months, in part so it could fund new micro loans to small businesses.

The EDA managed State assistance of more than \$100 million in estimated Business Employment Incentive Program (BEIP) funds for 20 companies that plan to bring over 4,300 new jobs into New Jersey's urban areas. Businesses that took advantage of this incentive program

and closed multiple-year grant agreements for amounts ranging from \$60,000 to nearly \$40 million included: **Beau Label Manufacturing, Inc.**, a maker of pressure-sensitive labels relocating to Hillside from New York and bringing 55 jobs into the State; **Homeland Vinyl Products, Inc.**, a building materials manufacturer expecting to add 125 new jobs in Millville, and Deutsche Bank subsidiary **DB Services New Jersey, Inc.**, relocating its central banking support service functions from New York City and creating 1,600 new jobs in Jersey City.

The EDA also offers important resources to restore brownfield sites, many of which are located in urban communities, and return them to productive use. In 2007, the EDA approved a grant for more than \$100,000 to enable the **City of Newark** to perform a site investigation on property located on 18th Avenue. The site had been utilized for a mix of residential, commercial and industrial uses and has environmental areas of concern. The city hopes to redevelop the property for Nat Turner Park, which would be Newark's largest city-owned parkland.

Additionally, through a 2007 predevelopment funding initiative, up to \$50,000 per project is available to municipalities to finance feasibility studies and other predevelopment costs associated with their redevelopment efforts, including planning and marketing expenses. The EDA approved a \$47,500 loan to the **City of Pleasantville**, enabling the municipality to conduct

a feasibility study for the redevelopment of property it owns that houses local government services. The study will analyze the relocation of these services and the redevelopment of the vacant site. EDA funds will be repaid if the project advances and generates revenue.

The EDA also provided more than \$23 million in financing and business lease incentives for 20 projects through its subsidiary, the Economic Recovery Board for Camden (ERB), which is contributing to the city's revitalization and leading to the creation of nearly 175 new jobs. **Centro Comunal Borincano** was among the recipients of ERB funding in 2007, securing an \$800,000 loan at 3-percent interest over five years to build a new 16,000-square-foot child care center to serve nearly 200 infants, toddlers and preschool students. The project, expected to create 24 new jobs, also received funding from other sources, including \$400,000 from the EDA's Fund for Community Economic Develop-



Homeland Vinyl Products, Inc., a manufacturing company located in Millville, received a BEIP grant worth an estimated \$326,250 over 10 years based on its plans to create 125 new jobs. Pictured, from left, Dan Bello, Blending Supervisor, Dariusz Pajek, Production Manager, and Orlando Rios, Maintenance Manager.

ment made at an initial weekly variable interest rate of 3% for five years.

Through the **Portfields Initiative**, the EDA continued to work with the Port Authority of New York and New Jersey, other state agencies and major private developers to transform underutilized sites within the Port District of New Jersey into modern warehousing and distribution centers. Several projects have moved forward. **ProLogis** has leased most of the 360,000 square feet it has developed in Wood-



Panattoni Development Company's iPort 12 International Trade and Logistics Center in Carteret will be fully completed in April 2008 and is currently available for lease. iPort 12 is a 1.2 million-square-foot development located at Exit 12 of the New Jersey Turnpike. The project is one of the first to offer state-of-the-art warehousing and represents a success story for brownfields redevelopment as well.

bridge and Carteret. **Panattoni Development Company** has continued the development of 1.2 million square feet of space in Carteret, the first phase of the iPort 12 International Trade and Logistics Center. **The Morris Companies** is developing 1.5 million square feet in Linden and Perth Amboy and **J.G. Petrucci** has embarked on the development of 570,000 square feet in Edison. Many other projects are at various stages of the investigation, remediation and permitting processes.

An international marketing campaign to promote the Portfields Initiative, which encompasses more than 20 key sites from Kearny to Perth Amboy, was launched during the year with partners PSE&G and the New Jersey Commerce Commission. The success of

these collaborative efforts to expand and modernize warehousing and distribution facilities will put businesses in a better position to take advantage of emerging domestic and overseas market opportunities and achieve greater efficiency, productivity and profitability.

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Advancing the Growth and Location of Tech and Life Sciences Companies

The EDA arranged for nearly \$154 million in Edison Innovation Fund investments, State business incentives and tax credits, and other forms of financing in 2007 as it moved forward with carrying out Governor Corzine's Economic Growth Strategy to spur scientific innovation, create new, high-paying jobs and cultivate an entrepreneurial environment for technology and life sciences companies in New Jersey. This assistance supported the creation of more than 2,700 new jobs and total public/private investment of close to \$350 million in the State's technology and life sciences economy.

The Edison Innovation Fund is a State effort managed by the EDA in consultation with the New Jersey Commission on Science and Technology and the New Jersey Commission on Higher Education. It was established at the end of 2006 to offer a broad continuum of assistance ranging from various forms of financial assistance to modern, state-of-the-art laboratory and office space located within specially created

Edison Innovation Zones in Camden, the greater New Brunswick area and Newark. These zones are designed to stimulate collaboration between State universities and the business community.

Eleven businesses planning to create nearly 280 new jobs received direct Edison Innovation Fund investments in 2007 totaling \$9.75 million. **Signum Biosciences, Inc.** of South Brunswick, a developer of pharmaceuticals, skin-care

products and nutritional supplements, was one of these companies, receiving a \$1-million investment to finance claims validation testing procedures, its research on botanical compositions and the hiring of new employees.

IntegraChain, Inc. of Princeton, which supplies secure supply chain intelligence to the health care industry, was another. It obtained a \$1-million Edison Fund investment to expand sales and marketing, customer services and data operations and to purchase computer hardware to support its corporate data center and backup operations. **Dynamic Mobile Data Systems, Inc.** of Franklin Township, a pioneer in the development of mobile resource management systems, also secured a \$750,000 Edison Fund investment to develop and market new software focused on customized wireless data communications.

In 2007, the EDA also exercised an option to convert one-fourth of a \$1-million investment in **Archive Systems, Inc.** of Fairfield to preferred



EDA CEO Caren Franzini toured the Fairfield headquarters of Archive Systems, Inc. with company CEO Rick Kushel in September. Kushel said, 'The EDA's investment demonstrates New Jersey's commitment to high-tech companies and provides the foundation for this State to become a global technology leader.'

stock, which would pay a dividend that would accumulate and be paid to the EDA if and when the digital document management systems company goes public or is acquired. This money would be used to sustain and expand EDA lending through the Edison Innovation Fund. This is the first such conversion of debt for equity or stock the EDA has undertaken.

Through its lending and bond finance resources and

lease incentives, the EDA assisted nine other technology and life sciences projects in 2007 with an additional \$26.6 million. **Tris Pharma, Inc.** of South Brunswick, for example, took advantage of \$4.9 million in tax-exempt bonds issued through the EDA to expand its manufacturing capacity. The EDA has supported Tris Pharma, a pharmaceutical company engaged in the research and development of drug delivery technologies, since 2002 and has helped the company grow from a staff of eight to more than 70 within five years. The latest financing will enable the company to add 50 new jobs. The bond, directly purchased by The Provident Bank, was issued at a fixed, low-interest rate with interest-only payments due for the first three months of the 10-year term. The EDA also provided a \$1-million guarantee.

In 2007, the EDA also executed BEIP grants worth more than \$57 million with 22 technology and life sciences companies planning to expand or relocate in New Jersey. The businesses final-



Tris Pharma, Inc.'s Director of Facilities & Engineering, Rajul Parikh, discusses the pharmaceutical company's manufacturing capabilities with EDA CEO Caren Franzini. To keep pace with its growth rate, Tris Pharma will use EDA financing to further expand its facility to include additional manufacturing and research space.

izing the grants expect to create a total over 2,300 new jobs and invest more than \$200 million in the State.

Among the BEIP recipients were **NovaDel Pharma Inc.** of Raritan, a pharmaceutical company engaged in the development of oral delivery systems for prescription, over-the-counter and veterinary drugs, and Bayer Pharmaceutical's **Berlex, Inc.** of Montville, a pharmaceutical business committed to research and development in the areas of oncology, gastroenterology, women's health, diagnostic imaging and neurology and specialized therapeutics for life-threatening and disabling diseases of the central nervous and cardiovascular systems.

NovaDel finalized a 10-year grant worth an estimated \$530,600 in connection with its plans to add 15 new jobs; the Berlex award was estimated at \$12.5 million over 10 years based on the company's expectations of relocating 350 positions from Connecticut to its existing New Jersey facility, an expansion move that was fa-

cilitated by the strong teamwork of the EDA, the Office of Economic Growth and the Commerce Commission.

The EDA also administers the State's Technology Business Tax Certificate Transfer Program, which enables qualified businesses to sell tax losses or research and development tax credits to raise cash to finance their growth and operations. In 2007, 92 technology and biotechnology companies were approved to share the \$60 million available through the program, including seven that took advantage of the \$10 million set aside for companies located in the State's three Edison Innovation Zones. The allocation of about \$650,000 per company brought total funding under the tax transfer program to \$445 million since the program was established in 1999.

To further encourage innovation in New Jersey during the year, the EDA finalized a \$5-million limited partnership investment in **Commerce Health**, a diversified health care equity fund managed by NewSpring Capital, LLC of Short Hills, that will invest in companies in the health care services, life sciences and medical device fields. The minimum 2:1 matching requirement for the EDA's commitment will triple the investment dollars available to New Jersey companies. The Commerce Health participation complements previous EDA venture fund investments, including NextStage Capital, LP, the Edison VI Venture Fund, the Garden State Life Sciences Venture Fund and the

New Jersey Technology Council Venture Capital Fund.

On the real estate front, the EDA's **Commercialization Center for Innovative Technologies (CCIT)** in North Brunswick was awarded the Soft Landings International Incubator designation from the National Business Incubation Association. The designation recognized the support CCIT offers to help nondomestic firms adjust to domestic markets, access capital and navigate government bureaucracy. It also lauded the facility for providing added benefits such as translation services and market research assistance.

There are 20 companies that have leased space at the CCIT, which is part of the larger **Technology Centre of New Jersey** campus located within the Greater New Brunswick Edison Innovation Zone along the Route 1 R&D corridor between Rutgers and Princeton universities. Prominent CCIT tenants in 2007 included



John Geary, President and CEO of myLEADERBOARD, Inc. said, 'As a young but rapidly growing company, we were looking for a business environment that provided support and access to the right resources to enhance our growth, and a move to the Waterfront Technology Center at Camden fit the bill perfectly.'

pharmaceutical and biotechnology-related companies such as **Chromocell Corporation**, **MaxyBio Corporation** and **Orthocon, Inc.**

The EDA's **Waterfront Technology Center at Camden** also was honored, receiving the Economic Impact Deal of the Year award from the New Jersey Chapter of the National Association of Industrial and Office Properties and the Project of the Year award by the Northeast Economic Developers Association.

The five-story, 100,000-square-foot building, the first of several technology structures planned for the site along the Camden waterfront owned by the Delaware River Port Authority, welcomed its latest tenants in 2007. **Cooper Health System** signed a lease to operate a Center for Special Diagnostics, a pathology laboratory that will process blood samples from patients with tumors and leukemia. **Agilence, Inc.**, which provides event-based video analytics to the retail, transportation and gaming industries, and **myLEADERBOARD, Inc.**, a service provider of real-time event information at professional golf tournaments, also moved into the facility. Agilence and myLEADERBOARD also received \$1-million Edison Fund investments and business lease incentives in 2007.

These businesses joined **Gestalt, Inc.**, the **ACIN (Applied Communications and Information Networking) Camden Center for Entrepreneurship in Technology** operated by



EDA's award-winning Waterfront Technology Center at Camden welcomed three new tenants in 2007 - Cooper Health System, Agilence, Inc. and myLEADERBOARD, Inc. Total employment at the Center is now well over 500.

Drexel University and the Sarnoff Corporation, and the **Rutgers Camden Technology Campus**, which became the first tenants in the building in 2006. Well over 500 people are now employed at the Waterfront Technology Center.

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Promoting New Business Growth and Expansion in New Jersey

In addition to its efforts focused on stimulating urban investment and spurring technological innovation in the State, the EDA supports a wide range of businesses, nonprofit organizations and other entities with low-cost financing, entrepreneurial training and technical assistance, and real estate development services to fuel economic growth and job creation throughout the State.

The EDA closed 125 core (non-Urban Aid, non-Edison Innovation Fund) business and nonprofit projects in 2007 as it worked to implement Governor Jon S. Corzine's comprehensive Economic Growth Strategy. These projects supported the creation of more than 3,150 new, full-time jobs and total public/private investment of over \$800 million in New Jersey's economy.

Borrowers used EDA assistance to acquire, construct and renovate buildings, upgrade equipment and machinery to enhance efficiency and competitiveness, for working capital to cover day-to-day operational costs, and to refinance higher-interest debt. The EDA itself often acts like a bank, lending its own money, or issues bonds directly purchased or underwritten by financial institutions so small and mid-size businesses can grow.

When **Novel Box Company, Ltd.** wanted to relocate from Brooklyn to New Jersey to expand its jewelry-related manufacturing and wholesale business, the EDA issued \$2.4 million in tax-



With \$9 million in tax-exempt bond financing, Advanced Drainage Systems, Inc. was able to build its new plant in Logan Township.

exempt bonds and made a \$480,000 direct loan so the company's real estate affiliate could purchase a 53,000-square-foot building in Union. The 20-year bond was directly purchased by North Fork Bank and was issued at a fixed interest rate of 4.6% for the first 10 years; the direct loan was made at an interest rate fixed at 4.86% for the first five years of a 10-year term. The relocation brings 40 new jobs into the State.

Advanced Drainage Systems, Inc. was one of the manufacturers to benefit, borrowing \$9 million to build and equip a new plant in Logan Township to produce polyethylene drainage pipe and fittings. The 12-year tax-exempt bond, underwritten by NatCity Investments, Inc. and backed by a five-year letter of credit from National City Bank, closed at an initial weekly variable interest rate of 3.62%.

Among the core businesses to finalize loans with PNC Bank, which were supported with EDA

guarantees under the New Jersey Business Growth Fund, were manufacturers **Quality Sheet Metal & Welding, Inc.** of Piscataway and **Recycle, Inc. East** of South Plainfield. The sheet metal fabricator borrowed \$1.1 million at a 5.13% fixed interest to purchase the building it occupied, while the recycler of industrial containers borrowed \$1.35 million at 4.55% to buy new equipment. Both loans were made for five years and carried 25% EDA guarantees.

Garden State Precast, Inc., a Wall-based manufacturer of precast concrete like catch basins and utility vaults, borrowed nearly \$3 million from Sun National Bank that included an EDA participation of \$750,000 made under its Preferred Lender Program. The funds were used to purchase new equipment and refinance existing bank debt. The EDA portion of the loan was made at an interest rate of 4% fixed for the first five years of a 10-year term.

There also were 20 core projects in 2007 for which Business Employment Incentive Program (BEIP) grants totaling over \$20 million over 10 years were executed. These projects are expected to result in the creation of almost 2,200 new jobs in New Jersey and generate total public/private investment of more than \$190 million.

Among those businesses planning to expand or relocate in non-urban areas of the state and closing incentive grants was

Global Document Solutions Corporation. This document management company finalized a 10-year grant of just over \$1

million based on its expectations to relocate 184 employees from New York City to Carlstadt.

There were 14 nonprofit organizations that closed financings with the EDA in 2007.

Community Options, a national organization based in Princeton that provides housing and employment support for people with disabilities, was one of them, using a \$4.84-million tax-exempt bond to refinance existing higher-interest mortgages, make renovations to an existing building, purchase equipment and to buy a building in Moorestown for another of its Daily Plan It facilities. The 20-year bond closed at an initial weekly variable interest rate of 3.9% and will enable Community Options to create 17 new jobs.

The **Mental Health Association in Southwestern NJ** also used a \$325,000 Commerce Bank, N.A. loan with a \$160,000 EDA participation to purchase a building in Haddon Heights to consolidate its Voorhees and Camden facilities. The organization serves Burlington, Camden and



The Mental Health Association in Southwestern NJ used a \$325,000 Commerce Bank loan with a \$160,000 EDA participation to purchase this building in Haddon Heights. The new facility will enable the organization to relocate its facilities in Voorhees and Camden to one central location, resulting in major cost savings.

Gloucester counties, working to eradicate the stigma of mental illness through community education, advocacy and support services. The EDA portion of the five-year loan was finalized at a fixed interest rate of 4.75%.

The EDA's efforts to provide a continuum of support to foster the growth and success of small and mid-size businesses starts with its work to encourage entrepreneurship. Angela Milton, for example, received a five-year, \$60,000 loan to re-

establish her **All About Hair Salon** in Lumberton from the New Jersey Development Authority for Small Businesses, Minorities' and Women's Enterprises, whose programs are staffed and managed by the EDA. The loan was made at a fixed interest rate of 7.25%.

Entrepreneurial Training Institute (ETI) sessions for new and aspiring business owners provided through the EDA were offered on a limited schedule in 2007 as EDA staff worked directly with the Office of Economic Growth to define a broader, customer-centric technical assistance model to enhance small business growth in New Jersey. The net result of this effort was an enhanced business portal at www.NewJerseyBusiness.gov, which provides in-depth information on State resources for businesses. EDA staff created a Funding and Incentive Resource List sorted by county and city so that entrepreneurs and service providers can tap into the financing opportunities throughout the State. The web-



A \$60,000 low-interest loan helped Angela Milton, seated, re-establish the All About Hair Salon in Lumberton and hire five full-time employees. Stylists include, from left, Dannielle, Michelle, Golda-Ann, Chennita and Anita.

site is www.nj.gov/njbusiness/forms/Funding_Incentive_Resources_11_2_07.pdf.

ETI alumni enjoyed many successes in 2007. James Smith completed the ETI program and began his executive search firm, **J. Anderson & Associates, Inc.**, in Sussex County targeting large vendors in the telecom sector. Sharon Gould made her hobby her career by opening **Lucky Dog Racewear, Inc.**, a retailer of NASCAR clothing and memorabilia, in Burlington County. Anthony Lamme launched his free family and friends social networking website, **FAMZAM**, in Bergen County with \$150,000 in funding from Columbia Bank, which became familiar with his business plan during the ETI classes.

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EDA Board Members

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Bricklayers and Allied Craftworkers of NJ

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Dean
Douglass College

Elliot M. Kosoffsky

New Jersey Chapter
National Association of Industrial and
Office Properties

Nonvoting Member

Rodney Sadler

Public Member
Economic Recovery Board for Camden

EDA Executive Leadership Team

Caren S. Franzini

Chief Executive Officer

Stanley M. Kosierowski

Chief Operating Officer and
Senior Vice President, Business Support

Gregory Ritz, CPA

Chief Financial Officer

Maureen M. Hassett

Senior Vice President
Governance and Communications

Timothy J. Lizura

Senior Vice President
Business Development

Cynthia G. Osofsky

Senior Vice President
Customer Solutions

Kathleen E. Stucy

Senior Vice President
Operations

Lori Matheus

Vice President
Regional Business Development



March 31, 2008

In accordance with Executive Order No. 37 issued by Governor Jon S. Corzine on September 26, 2006, the New Jersey Economic Development Authority's 2007 Annual Report also serves as the comprehensive report of the Authority's operations. This report highlights the significant action of the Authority for the year, including the degree of success the EDA had in promoting the State's economic growth strategies and other policies.

The report of independent auditors, Mercadien, P.C., dated March 5, 2008, is attached and completes the EDA's requirements concerning the preparation of a comprehensive report required by Executive Order No. 37.

In addition, I certify that during 2007, the Authority has, to the best of my knowledge, followed all of the Authority's standards, procedures and internal controls.

Sincerely,

Caren S. Franzini
Chief Executive Officer

Members of the Authority
New Jersey Economic Development Authority

We have audited the accompanying basic financial statements of New Jersey Economic Development Authority (the "Authority"), a component unit of the State of New Jersey, as of and for the year ended December 31, 2007. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Authority as of and for the year ended December 31, 2006 were audited by other auditors whose report dated February 2, 2007, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of New Jersey Economic Development Authority as of December 31, 2007, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2008, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing over internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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OVER 40 YEARS OF SERVICE TO THE COMMUNITY

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Management's Discussion and Analysis ("MD&A") on pages 3 through 12 is not a required part of the basic financial statements, but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and State of New Jersey's OMB Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Mercaderon, PC
Certified Public Accountants

March 5, 2008

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
Management's Discussion and Analysis
Years Ended December 31, 2007 and 2006

This section of the New Jersey Economic Development Authority's ("Authority" or "NJEDA") annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal years ended on December 31, 2007 and 2006. Please read it in conjunction with the Authority's financial statements and accompanying notes.

2007 FINANCIAL HIGHLIGHTS

- The Authority's total net assets decreased \$61.8 million (or 7.7%) primarily due to grant disbursements for the Business Employment Incentive Program ("BEIP").
- Current liabilities increased \$5.0 million (or 14.2%).
- Bonds payable-net decreased \$23.1 million (or 16.8%) due to scheduled debt service payments.
- Capital assets-net decreased \$5.8 million (or 4.0%) primarily due to the sale of MSNBC production equipment and offset by the completion of leasehold improvements at the Waterfront Technology Center at Camden ("WTCC").

2006 FINANCIAL HIGHLIGHTS

- The Authority's total net assets decreased \$111.1 million (or 12.1%) primarily due to grant disbursements for the Business Employment Incentive Program ("BEIP").
- Current liabilities increased \$1.8 million (or 5.4%).
- Bonds payable-net decreased \$36.2 million (or 22.4%) due to scheduled debt service payments.
- Capital assets-net decreased \$17.6 million (or 10.9%) primarily due to the sale of MSNBC production equipment and offset by the completion of leasehold improvements of Tech IV at the Technology Centre of New Jersey and at the Waterfront Technology Center at Camden ("WTCC").
- During 2006 the Authority adopted Governmental Accounting Standards Board Statement No. 45 "Accounting & Financial Reporting by Employers for Postemployment Benefits Other Than Pensions". This had a significant impact on operating expenses which increased \$14.5 million (or 31.8%) primarily due to the cost of other postemployment benefits.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of two parts: *Management's Discussion and Analysis* (this section) and the *basic financial statements*. The Authority is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short- and long-term financial information about the activities and operations of the Authority. These statements are presented in a manner similar to a private business engaged in such activities as real estate development, investment banking, commercial lending, construction management and consultation. While detailed sub-fund information is not presented, separate accounts are maintained for each program or project to control and manage money for particular purposes or to demonstrate that the Authority is properly using specific appropriations, grants and bond proceeds.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Assets. The following table summarizes the changes in Net Assets for the years ended December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>Current Year % increase/ (decrease)</u>	<u>Prior Year % increase/ (decrease)</u>
Other Assets	\$798,191,189	\$883,221,154	\$992,344,042	(9.6)%	(11.0)%
Capital Assets, net	<u>138,220,607</u>	<u>143,997,656</u>	<u>161,622,851</u>	(4.0)%	(10.9)%
Total Assets	<u>936,411,796</u>	<u>1,027,218,810</u>	<u>1,153,966,893</u>	(8.8)%	(11.0)%
Long Term Debt	120,771,886	145,190,669	174,611,029	(16.8)%	(16.8)%
Other Liabilities	<u>69,892,751</u>	<u>74,440,705</u>	<u>60,664,438</u>	(6.1)%	22.7%
Total Liabilities	<u>190,664,637</u>	<u>219,631,374</u>	<u>235,275,467</u>	(13.2)%	(6.6)%
Net Assets:					
Invested in Capital Assets, Net of Related Debt	54,010,607	43,582,656	30,042,851	23.9%	45.1%
Restricted for School Loan Program	38,459,932	45,688,363	53,529,787	(15.8)%	(14.6)%
Unrestricted	<u>653,276,620</u>	<u>718,316,417</u>	<u>835,118,788</u>	(9.1)%	(14.0)%
Total Net Assets	<u>\$745,747,159</u>	<u>\$807,587,436</u>	<u>\$918,691,426</u>	(7.7)%	(12.1)%

During 2007, the Authority's combined net assets decreased \$61.8 million (or 7.7%) primarily due to \$56.3 million in BEIP grant award payments. In addition, other appropriations, Program Payments and Payments to/from the State amounted to (\$5.5 million) for the following purposes:

- \$2.4 million PUST grant award payments and loan disbursements
- (\$13.7) million Hazard appropriations in excess of program disbursements
- \$27.1 million Municipal Economic Recovery Initiative grant award payments
- \$7.2 million School Loan Program repayments returned to the State
- (\$4.3) million Decrease in Lease Revenue
- (\$12.4) million Decrease in Operating Expenses
- (\$0.8) million Other Program Income

During 2006, the Authority's combined net assets decreased \$111.1 million (or 12.1%) primarily due to \$98.5 million in BEIP grant award payments. In addition, other appropriations, Program Payments and Payments to/from the State amounted to (\$12.6 million) for the following purposes:

- \$3.1 million PUST grant award payments and loan disbursements
- \$2.5 million Hazard grant award payments and loan disbursements
- \$11.6 million Municipal Economic Recovery Initiative grant award payments
- \$8.3 million School Loan Program repayments returned to the State
- (\$9.6) million Increase in Interest Income from Investments
- (\$3.3) million Other Program Income

Operating Activities. The Authority charges financing fees that may include an application fee, commitment fee, closing fee and a document execution fee. The Authority also charges an agency fee for the administration of financial programs for various government agencies; a program service fee for the administration of Authority programs that are service-provider based, rather than based on the exchange of assets such as the commercial lending program; and a real estate development fee for real estate activities undertaken on behalf of governmental entities and commercial enterprises. Interest income on investments, notes, and intergovernmental obligations is recognized as earned. Grant revenue is earned when the Authority has complied with the terms and conditions of the grant agreements. The Authority also earns income from operating leases and interest income on lease revenue from capital lease financings. Late fees are charged to borrowers delinquent in their monthly loan payments. All forms of revenue accrue to the benefit of the program for which the underlying source of funds are utilized. The Authority considers all activity, except for the sale of capital assets and interest earned from investments, to be operating activities.

The following table summarizes the changes in operating and nonoperating activities between fiscal year 2007 and 2006:

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>Current Year % increase/ (decrease)</u>	<u>Prior Year % increase/ (decrease)</u>
Operating Revenues					
Financing Fees	\$3,302,706	\$3,086,276	\$4,333,791	7.0%	(28.8)%
Interest Income-Notes	6,936,927	6,492,123	5,864,950	6.9%	10.7%
Interest Income-Intergovernmental	618,345	706,977	789,085	(12.5)%	(10.4)%
Lease Revenue	17,757,597	22,071,456	20,793,892	(19.5)%	6.1%
Other	<u>8,754,763</u>	<u>7,378,156</u>	<u>6,576,760</u>	18.7%	12.2%
Total Operating Revenues	<u>37,370,338</u>	<u>39,734,988</u>	<u>38,358,478</u>	(6.0)%	3.6%

Operating Expenses					
Administrative Expenses	16,827,612	27,560,919	13,531,795	(38.9)%	103.7%
Interest Expense	6,850,482	7,444,219	7,294,733	(8.0)%	2.0%
Depreciation	11,489,306	14,820,974	15,762,903	(22.5)%	(6.0)%
Loss Provisions-Net	4,898,638	2,981,250	2,144,213	64.3%	39.0%
Other	<u>7,428,524</u>	<u>7,100,622</u>	<u>6,714,134</u>	4.6%	5.8%
Total Operating Expenses	<u>47,494,562</u>	<u>59,907,984</u>	<u>45,447,778</u>	(20.7)%	31.8%
Operating Loss	<u>(10,124,224)</u>	<u>(20,172,996)</u>	<u>(7,089,300)</u>	(49.8)%	184.6%
Nonoperating Revenues and Expenses					
Interest Income-investments	28,742,994	29,302,049	19,638,113	(1.9)%	49.2%
State Appropriations and Program Payments-Net	(83,698,819)	(123,451,504)	76,637,512	(32.2)%	(261.1)%
Other Revenue/(Expenses)	<u>3,239,772</u>	<u>3,218,461</u>	<u>(2,352,209)</u>	0.7%	(236.8)%
Total Nonoperating, Net	<u>(51,716,053)</u>	<u>(90,930,994)</u>	<u>93,923,416</u>	(43.1)%	(196.8)%
Change in Net Assets	(61,840,277)	(111,103,990)	86,834,116	(44.3)%	(227.9)%
Beginning Net Assets	<u>807,587,436</u>	<u>918,691,426</u>	<u>844,074,937</u>		
Cumulative effect of accounting change			<u>(12,217,627)</u>		
Beginning Net Assets as adjusted for accounting change			<u>831,857,310</u>		
Ending Net Assets	<u>\$745,747,159</u>	<u>\$807,587,436</u>	<u>\$918,691,426</u>		

Operating Revenues

During 2007, the Authority's operating revenues were materially impacted by the following:

- Financing fees increased by \$0.2 million.
- Lease revenue decreased by \$4.3 million.
- Sale of Assets decreased by \$15.6 million, primarily due to the decrease in MSNBC production equipment sold.
- Program services revenue increased by \$0.2 million.
- Loss Recoveries increased by \$1.3 million.
- Distributions received increased by \$0.4 million from Edison IV Venture Fund.

During 2006, the Authority's operating revenues were materially impacted by the following:

- Agency fees increased by \$0.2 million.
- Financing fees decreased by \$1.2 million, primarily due to a decrease in Bond closing and refunding fees.
- Lease revenue increased by \$1.3 million.
- Sale of Assets increased by \$15.1 million, primarily due to the increase in MSNBC production equipment sold.
- Program services revenue increased by \$1.0 million due to increased activity in the BEIP and Hazard programs.

Operating Expenses

In 2007, salaries and benefits expenses decreased \$11.0 million, primarily due to the cost of other postemployment benefits, since the Authority adopted Governmental Accounting Standards Board Statement No. 45 "Accounting & Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" in the prior year. In 2006, salaries and benefits expenses increased \$13.8 million, primarily due to the cost of other postemployment benefits as noted above.

Nonoperating Revenues

In 2007, interest income from investments decreased \$0.6 million. In 2006, interest income from investments increased \$9.7 million, primarily due to an increase in average interest rates for both investment and cash management accounts.

Allowance for Credit Losses

The Authority, although not required to do so, has aligned its allowance policy to that practiced in the financial services industry. Allowances for doubtful notes and guarantee payments are determined in accordance with guidelines established by the Office of the Comptroller of the Currency. The Authority accounts for its potential loss exposure through the use of risk ratings. These specifically assigned risk ratings are continuously updated to account for changes in financial condition of the borrower or guarantor, delinquent payment history, loan covenant violations, and changing economic conditions.

The assigned risk rating classifications are consistent with the ratings used by the Office of the Comptroller of the Currency. Each risk rating is assigned a specific loss factor in accordance with the severity of the classification. Each month an analysis is prepared using the current loan balances, existing exposure on guarantees, and the assigned risk rating to determine the adequacy of the reserve. Any adjustments needed to adequately provide for potential credit losses are reported as a Loss Provision.

The following table summarizes the Loan Allowance activity for the end of the period from January 1, 2005 through December 31, 2007:

December 31, 2005

Allowance for loan losses	\$9,277,849	
Accrued guarantee losses	<u>3,606,951</u>	
Total allowance		12,884,800

2006 Provision for credit losses-net	3,174,869	
2006 Write-offs	<u>(898,243)</u>	<u>2,276,626</u>

December 31, 2006

Allowance for loan losses	10,875,186	
Accrued guarantee losses	<u>4,286,240</u>	
Total allowance		15,161,426

2007 Provision for credit losses-net	7,749,965	
2007 Write-offs	<u>(1,330,554)</u>	<u>6,419,411</u>

December 31, 2007

Allowance for loan losses	16,196,326	
Accrued guarantee losses	<u>5,384,511</u>	
Total allowance		<u>\$21,580,837</u>

The Authority's write-down and Loan Loss Reserve policies closely align with the reporting requirements of the banking industry. When management determines that the probability of collection is less than 50% of the remaining balance, it is the policy to assign a Loss rating to the account. For an account rated as Loss, a loss provision is recognized for the entire loan balance.

Under our policy a loan will be written-off against the Loss Allowance when it is determined that the probability of collection is remote. The recognition of a loss does not automatically release the borrower from the obligation to pay the debt. Should the borrower, guarantors, or collateral position improve in the future, any and all steps necessary to preserve the right to collect these obligations will be taken. Debts are forgiven after legal counsel determines there is no further legal recourse available to collect the debt.

Aggregate gross loan and guarantee exposure at December 31, 2007 was \$263,612,077, of which \$197,183,020 (or 75%) is rated Pass, \$10,631,611 (or 4%) is loans made under our technology initiative, and \$55,797 (or 21%) is adversely classified.

Total write-offs for the year ended December 31, 2007 were \$1,330,554 or 0.61% of the total loan portfolio. At December 31, 2007, the total allowance against Notes Receivable was \$16,196,326 or 7.38% of the loan portfolio.

There were no write-offs for the year on guarantees honored. At December 31, 2007 the total allowance for guarantee exposure is \$5,384,511 or 12.22% of the total guarantee exposure of \$49,387,010.

The 2007 Loss Provisions - Net of \$4.9 million, are related to the following detailed information:

- \$7,750,000 Loan and Guarantee Program activity
- (\$1,437,000) Sale of equipment to MSNBC
- (\$4,000) Authority's share in the New Jersey Tech Council Venture Capital Fund
- (\$114,000) Authority's share in the Edison Venture Capital Fund
- (\$1,296,000) Authority's share in the Garden State Life Sciences Venture Fund

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Authority independently, or in cooperation with a private or governmental entity, acquires, invests in and/or develops vacant industrial sites, existing facilities, unimproved land, equipment and other real estate for private or governmental use. Sites developed and equipment purchased for private use are marketed or leased to businesses that will create new job opportunities and tax ratables for the municipalities. Sites are developed for governmental use for a fee and also may be leased to the State or State entities. For the majority of these leases, future minimum lease rental payments are equal to the debt service payments related to the bonds or notes issued for the applicable property.

The following table summarizes the change in other Capital Assets-Net between fiscal year 2007 and 2006:

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>Current Year % increase/ (decrease)</u>	<u>Prior Year % increase/ (decrease)</u>
Land	\$23,873,206	\$23,873,206	\$23,873,206		
Construction in Progress	<u>450</u>	<u> </u>	<u>159,748</u>		(100.0)%
Total Nondepreciable Capital Assets	<u>23,873,656</u>	<u>23,873,206</u>	<u>24,032,954</u>		
Building	121,007,001	121,007,001	121,007,001		
Leasehold Improvements	22,223,883	18,657,010	42,966,440	19.1%	(56.6)%
Equipment	<u>38,166,827</u>	<u>37,151,625</u>	<u>53,106,693</u>	2.7%	(30.0)%
Total Depreciable Capital Assets	181,397,711	176,815,636	217,080,134		
Less Accumulated Depreciation	<u>(67,050,760)</u>	<u>(56,691,186)</u>	<u>(79,490,237)</u>	18.3%	(28.3)%
Capital Assets-Net	<u>\$138,220,607</u>	<u>\$143,997,656</u>	<u>\$161,622,851</u>	(4.0)%	(10.9)%

The change in Leasehold Improvements in the current year represents the completion of leasehold improvements at the WTCC location. In the prior year, the change represents the purchase of leasehold improvements by MSNBC and the completion of leasehold improvements at Tech IV-Novo and WTCC locations.

The change in Equipment is due to the purchase and sale of production equipment to MSNBC which fluctuates each year.

More detailed information about the Authority's capital assets is presented in Note 7 to the financial statements.

Capital Debt. At year end, the Authority had \$134,405,000 of gross bond and note principal outstanding; a net decrease of 15.5%, due to the paydown of scheduled debt. More detailed information about the Authority's capital debt is presented in Notes 8 and 9 to the financial statements.

The following table summarizes the changes in capital debt between fiscal year 2007 and 2006:

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>Current Year % increase/ (decrease)</u>	<u>Prior Year % increase/ (decrease)</u>
Bonds Payable - Gross	\$114,245,000	\$137,390,000	\$175,230,000	(16.8)%	(21.6)%
Notes Payable	<u>20,160,000</u>	<u>21,745,315</u>	<u>14,977,086</u>	(7.3)%	45.2%
Total Bonds and Notes Payable	<u>\$134,405,000</u>	<u>\$159,135,315</u>	<u>\$190,207,086</u>	(15.5)%	(16.3)%

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide New Jersey citizens, and our customers, clients, investors and creditors, with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the appropriations and grants that it receives. If you have questions about this report or need additional information, contact the Office of Public Affairs, NJEDA, P.O. Box 990, Trenton, NJ 08625-0990, or visit our web site at: www.njeda.com.

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
CONSOLIDATED BALANCE SHEETS**

	December 31,	
	2007	2006
Assets		
Current Assets		
Cash and cash equivalents	\$234,692,621	\$316,956,482
Investments	272,801,375	178,439,279
Receivables:		
Notes	13,895,731	13,521,638
Accrued interest on notes	918,825	846,752
Accrued interest on investments	2,230,572	2,321,495
Intergovernmental	2,088,889	2,722,222
Leases	50,000	1,445,315
Other receivables	9,189,100	2,707,361
	<u>28,373,117</u>	<u>23,564,783</u>
Prepays and deferred costs	989,088	1,127,716
	<u>536,856,201</u>	<u>520,088,260</u>
Noncurrent Assets		
Investments	74,394,036	183,354,338
Receivables:		
Notes	128,238,976	100,688,879
Notes-restricted	62,115,966	75,495,479
Accrued interest on notes	117,720	10,128
Accrued interest on notes-restricted	200,039	237,778
	<u>190,672,701</u>	<u>176,432,264</u>
Allowance for doubtful notes and guarantees	(16,196,325)	(10,875,186)
Net notes receivable	<u>174,476,376</u>	<u>165,557,078</u>
Intergovernmental restricted	6,951,386	9,161,109
Unamortized discount	(1,467,123)	(2,085,468)
Net intergovernmental receivables	<u>5,484,263</u>	<u>7,075,641</u>
Leases-restricted	8,006,869	8,106,869
Unamortized discount	(1,347,188)	(1,449,707)
Net leases receivable	<u>6,659,681</u>	<u>6,657,162</u>
Total receivables	<u>186,620,320</u>	<u>179,289,881</u>
Prepays and deferred costs	320,632	488,675
Nondepreciable capital assets	23,873,656	23,873,206
Depreciable capital assets, net	114,346,951	120,124,450
Total capital assets, net	<u>138,220,607</u>	<u>143,997,656</u>
	<u>399,555,595</u>	<u>507,130,550</u>
Total Assets	<u><u>\$936,411,796</u></u>	<u><u>\$1,027,218,810</u></u>

See accompanying notes.

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
CONSOLIDATED BALANCE SHEETS**

	December 31,	
	2007	2006
Liabilities and Net Assets		
Current Liabilities:		
Accrued liabilities	\$14,562,797	\$10,629,127
Deferred lease revenues	1,130,105	1,335,692
Deposits	7,688,155	6,044,014
OPEB Obligation	360,794	259,215
Bonds payable	14,165,000	13,845,000
Notes payable	732,723	1,887,175
Accrued interest payable	1,833,794	1,428,095
	<u>40,473,368</u>	<u>35,428,318</u>
Noncurrent Liabilities:		
Bonds payable-net	101,344,609	125,332,529
Notes payable	19,427,277	19,858,140
OPEB Obligation	3,857,978	12,397,101
Deferred lease revenues	18,442,338	19,496,186
Accrued guarantee losses	5,384,511	4,286,240
Other	1,734,556	2,832,860
	<u>150,191,269</u>	<u>184,203,056</u>
Total Liabilities	<u>190,664,637</u>	<u>219,631,374</u>
Net Assets		
Invested in capital assets, net of related debt	54,010,607	43,582,656
Restricted for School Loan Program	38,459,932	45,688,363
Unrestricted	653,276,620	718,316,417
Total Net Assets	<u>745,747,159</u>	<u>807,587,436</u>
Total Liabilities and Net Assets	<u>\$936,411,796</u>	<u>\$1,027,218,810</u>

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY**CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**Years ended December 31,
2007

2006

Operating Revenues

Financing fees	\$3,302,706	\$3,086,276
Interest income-intergovernmental obligations	618,345	706,977
Interest income-notes	6,936,927	6,492,123
	<u>7,555,272</u>	<u>7,199,100</u>
Financing lease revenue	164,298	346,835
Operating lease revenue	17,593,299	21,724,621
Agency fees	1,210,541	1,217,859
Program services	3,153,857	2,997,211
Real estate development	1,947,839	1,931,424
Grant revenue	458,292	1,000,000
Other	1,984,234	231,662
	<u>26,512,360</u>	<u>29,449,612</u>
	<u>37,370,338</u>	<u>39,734,988</u>
Operating Expenses		
Salaries and benefits	13,386,196	24,369,320
General and administrative	3,441,416	3,191,599
Interest	6,850,482	7,444,219
Issuance and servicing	814,127	1,012,589
Program costs	6,614,397	6,088,033
Depreciation	11,489,306	14,820,974
Loss provisions-net	4,898,638	2,981,250
	<u>47,494,562</u>	<u>59,907,984</u>
Operating Loss	<u>(10,124,224)</u>	<u>(20,172,996)</u>
Nonoperating Revenues and Expenses		
Interest income-investments	28,742,994	29,302,049
Unrealized gain in investment securities	3,137,560	2,315,488
Gain on sale of assets-net	102,212	902,973
State Appropriations-net	128,438,344	10,458,403
Program payments	(212,137,163)	(133,909,907)
Nonoperating Expenses, net	<u>(51,716,053)</u>	<u>(90,930,994)</u>
Change in Net Assets	<u>(61,840,277)</u>	<u>(111,103,990)</u>
Net Assets - Beginning of year	<u>807,587,436</u>	<u>918,691,426</u>
Net Assets - End of Year	<u>\$745,747,159</u>	<u>\$807,587,436</u>

See accompanying notes.

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Years ended December 31,	
	2007	2006
Cash flows from operating activities:		
Financing fees	\$3,224,104	\$3,488,534
Interest from notes	8,989,407	8,641,130
Lease rents	17,537,650	22,300,562
Grant income	1,458,292	
Agency fees	1,209,341	1,218,159
Program services	5,030,326	3,095,348
Real estate development	2,174,947	2,001,416
General and administrative expenses paid	(25,069,380)	(16,408,784)
Program costs paid	(6,456,033)	(6,138,272)
Collection of notes receivable	27,446,385	29,329,642
Guarantee payments recovered		127,754
Loan disbursements	(42,750,518)	(10,281,890)
Deposits received	7,363,187	8,711,475
Deposits released	(5,711,269)	(9,138,555)
Net cash (used in) provided by operating activities	<u>(5,553,561)</u>	<u>36,946,519</u>
Cash flows from capital and related financing activities:		
Proceeds from bonds payable and notes		8,400,000
Payment of bonds and notes payable	(18,565,315)	(33,461,771)
Interest paid on bonds and notes payable	(5,147,289)	(5,858,137)
Purchase of capital assets	(4,614,393)	(12,546,344)
Sale of assets	331,369	16,067,394
Cost of assets sold		(85,583)
Net cash used in capital and related financing activities	<u>(27,995,628)</u>	<u>(27,484,441)</u>
Cash flows from noncapital financing activities:		
Program funding received	2,843,048	2,047,222
Deposits received	2,140	2,015
Redemption and refunding of bonds payable	(6,940,000)	(6,675,000)
Interest paid on revenue bonds	(4,060,916)	(4,220,436)
Obligations paid	(1,144,631)	(1,185,744)
Issuance and servicing costs paid	(594,312)	(738,111)
Appropriations received	120,083,079	10,458,403
Payments to State of New Jersey	(7,202,452)	(8,293,224)
Program payments	(200,026,771)	(119,854,298)
Net cash used in noncapital financing activities	<u>(97,040,815)</u>	<u>(128,459,173)</u>
Cash flows from investing activities:		
Interest from investments	28,823,251	28,829,765
Capital investments	(2,929,773)	(839,238)
Investments - Purchases	(40,151,593)	(55,568,735)
- Redemptions	62,584,258	48,678,991
Net cash provided by investing activities	<u>48,326,143</u>	<u>21,100,783</u>
Net Decrease in Cash and Cash Equivalents	(82,263,861)	(97,896,312)
Cash and Cash Equivalents - Beginning of Year	316,956,482	414,852,794
Cash and Cash Equivalents - End of Year	<u>\$234,692,621</u>	<u>\$316,956,482</u>

See accompanying notes.

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Years ended December 31,	
	2007	2006
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities		
Operating loss	(\$10,124,224)	(\$20,172,996)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Loss provisions	4,898,638	2,981,250
Depreciation	11,489,306	14,820,974
Amortization of discounts, premiums, deferred loss	(720,864)	(809,458)
Cash provided by nonoperating activities	10,577,517	11,481,685
Change in assets and liabilities:		
Notes receivable	(15,304,242)	19,048,099
Guarantee payments receivable		127,754
Accrued interest receivable-notes	(82,508)	(94,241)
Lease payments receivable	1,495,315	1,731,771
Other receivables	1,673,896	(1,871,460)
Prepays and deferred costs	286,757	(73,320)
Capital investments	(102,764)	(118,873)
Notes payable	(775,000)	(665,000)
Accrued liabilities	(9,276,254)	13,839,979
Deferred lease revenues	(1,018,425)	(1,354,296)
Accrued interest payable	(222,627)	(391,106)
Deposits	1,651,918	(1,534,243)
Net cash (used in) provided by operating activities	(\$5,553,561)	\$36,946,519
Noncash investing activities:		
Unrealized gain in investment securities	\$3,137,560	\$2,315,488

New Jersey Economic Development Authority
Notes to Financial Statements
December 31, 2007 and 2006

Note 1: Nature of the Authority

The New Jersey Economic Development Authority ("Authority") is a public body corporate and politic, constituting an instrumentality and component unit of the State of New Jersey ("State"). The Authority was established by Chapter 80, P.L. 1974 ("Act") on August 7, 1974, as amended and supplemented, primarily to provide financial assistance to companies for the purpose of maintaining and expanding employment opportunities in the State and increasing tax ratables in underserved communities. The Act prohibits the Authority from obligating the credit of the State in any manner.

The Authority primarily offers the following products and services:

(a) Bond Financing

The Authority issues tax-exempt private activity bonds and taxable bonds. The proceeds from these single issue or composite series bonds are used to provide long-term, below-market interest loans to eligible entities, which include certain 501(c)(3) nonprofit organizations, manufacturers, exempt public facilities, solid waste facilities, and local, county, and State governmental agencies for real estate acquisition, equipment, machinery, building construction and renovations. All such bonds are special conduit debt obligations of the Authority, are payable solely from the revenues pledged with respect to the issue, and do not constitute an obligation against the general credit of the Authority.

(b) Loans/Guarantees/Investments and Tax Incentives

The Authority directly provides loans and loan guarantees to commercial enterprises and other nonprofits for various purposes to include: the acquisition of fixed assets; building construction and renovation; financing for working capital; technological development; and infrastructure improvements. The Authority also may provide financial assistance in the form of convertible debt, and take an equity position in technology and life sciences companies through warrant options. In addition to lending and investing its own financial resources, the Authority also administers several business growth programs supported through State appropriation/allocation, including tax credits for film industry and digital media projects, the technology business tax certificate transfer program, and job growth incentive grants. Other state mandated programs include loans/grants to support hazardous discharge site remediation and petroleum underground storage tank remediation.

(c) Real Estate Development

The Authority independently, or in cooperation with a private or another governmental entity, acquires, invests in and/or develops vacant industrial sites, existing facilities, unimproved land, equipment and other real estate for private or governmental use. Sites developed and equipment purchased for private use are marketed or leased to businesses that will create new job opportunities and tax ratables for municipalities. Sites are developed for governmental use for a fee and also may be leased to the State or State entities.

Component Units

Pursuant to Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, the financial statements include the accounts of the Authority and the Camden County Urban Renewal Limited Partnership (“CCURLP”), a blended component unit. CCURLP is a real estate joint venture which provides services for the exclusive benefit of the Authority. All intercompany transactions and balances are eliminated.

The Authority’s financial statements do not include the accounts of the New Jersey Community Development Entity (“NJCDE”), a component unit. NJCDE is a legal entity whose primary mission is to provide investment capital for low-income communities, on behalf of the Authority, through the allocation of federal New Markets Tax Credits. The Authority does not deem the operations of the NJCDE to be significant to the operations of the Authority. As of December 31, 2007 and 2006, total assets were \$942,815 and \$1,318,477.

Related Party Transactions

The Authority has contracted with several other state entities to administer certain loan programs on their behalf for a fee. In order for the Authority to effectively administer the programs, the Authority has custody of the cash accounts for each program. However, the cash in these accounts is not an asset of the Authority and, accordingly, the balances in these accounts have not been included in the Authority’s consolidated balance sheets. The following is a summary of the programs that the Authority manages on behalf of other state entities. The cash balances total \$40,514,489 and \$41,640,806 at December 31, 2007 and 2006, respectively:

<u>Entity</u>	<u>Program</u>	<u>2007</u>	<u>2006</u>
New Jersey Commerce Commission	Sustainable Business Loan Fund	\$2,864,625	\$2,744,084
New Jersey Commerce Commission	Local Development Financing Fund	20,682,341	20,074,576
Board of Public Utilites	BPU Clean Energy Program	16,927,383	18,781,946
Department of Environmental Protection	DEP Recycling Loan Fund	40,140	40,200

Note 2: Summary of Significant Accounting Policies

(a) Basis of Accounting and Presentation

The Authority is a self-supporting entity and follows enterprise fund reporting; accordingly, the accompanying financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. While detailed sub-fund information is not presented, separate accounts are maintained for each program and include certain funds that are legally designated as to use. Administrative expenses are allocated to the various programs.

In its accounting and financial reporting, the Authority follows the pronouncements of the Governmental Accounting Standards Board (“GASB”). In addition, the Authority follows only the pronouncements of all applicable Financial Accounting Standards Board (“FASB”) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements, in which case, GASB standards will be used as the Authority’s governing pronouncement. The Authority has elected to follow only the pronouncements of the FASB issued after November 30, 1989, that do not conflict with GASB statements.

(b) Revenue Recognition

The Authority charges various program financing fees that may include an application fee, commitment fee, closing fee and a document execution fee. The Authority also charges a fee for the administration of financial programs for various government agencies and for certain real estate development and management activities. Fees are recognized when earned. Grant revenue is recognized when the Authority has complied with the terms and conditions of the grant agreements. The Authority recognizes interest income by amortizing the discount on intergovernmental obligations and lease revenue by amortizing the discount on capital lease financings. Operating lease revenue is recognized pursuant to the terms of the lease. The Authority considers all activity, except for State Appropriations, the sale of capital assets and interest earned from investments, to be operating activities.

When available, it is the Authority’s policy to first use restricted resources for completion of specific projects.

(c) Cash Equivalents

Cash equivalents are highly liquid debt instruments with original maturities of three months or less and participations in the State of New Jersey Cash Management Fund (“NJCMF”). The NJCMF is managed by the State’s Division of Investment under the Department of the Treasury. All investments must fall within the guidelines set forth by the Regulations of the State Investment Council. The Division of Investment is permitted to invest in a variety of securities to include obligations of the U.S. Government and certain of its agencies, certificates of deposit, commercial paper, repurchase agreements, bankers’ acceptances and loan participation notes. Investment guidelines provide that all investments in the NJCMF should mature or are to be redeemed within one year, except that up to 25% of the NJCMF may be invested in eligible securities which mature within 25 months; provided, however, that the average maturity of all investments in the NJCMF shall not exceed one year. Cash equivalents are stated at fair value.

(d) Investments

All investments, except for investment agreements, are stated at fair value. The Authority also invests in various types of joint ventures and uses the equity method to account for its investment when it exercises significant control or influence in the venture. Under the equity method, the investment is shown as a single amount on the balance sheet and the Authority’s proportionate share of income or loss is recognized currently, rather than through dividends or disposal.

(e) Amortization of Discounts and Premiums

Interest on capital appreciation bonds is accreted using the interest method over the term of the bonds; for other discounts, the bonds outstanding method is used.

(f) Guarantees Receivable

Payments made by the Authority under its various guarantee programs are reported as Guarantees Receivable. These receivables are expected to be recovered either from the lender, as the lender continues to service the loan, or from the liquidation of the underlying collateral. Recoveries increase Worth [see Note 12].

(g) Allowance for Doubtful Notes and Accrued Guarantee Losses

Allowances for doubtful notes and accrued guarantee losses are determined in accordance with guidelines established by the Office of Comptroller of the Currency. These guidelines include classifications based on routine portfolio reviews of various factors that impact collectibility.

(h) Operating and Non-Operating Revenues and Expenses

The Authority defines operating revenues and expenses as relating to activities resulting from providing bond financing, direct lending and real estate development to commercial businesses, certain not-for-profit entities, and to local, county and State governmental entities. Non-operating revenues and expenses include income earned on the investment of funds, proceeds from the sale of certain assets and State appropriations.

(i) Taxes

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

(j) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(k) Capitalization Policy

Unless material, it is the Authority's policy to expense all expenditures of an administrative nature. Administrative expenditures typically include expenses directly incurred to support staff operations, such as automobiles, information technology hardware and software, office furniture, and equipment.

With the exception of immaterial tenant fit-out costs of retail space that is sublet from the State of New Jersey, the Authority capitalizes all expenditures related to the acquisition of land, construction and renovation of buildings, and procurement of certain production equipment intended for sale or lease to its clients.

(l) Depreciation Policy

Capital assets are stated at cost. Depreciation is computed using the straight-line method over the following estimated economic useful lives of the assets:

Building	20 years
Building Improvements	20 years
Leasehold Improvements	term of the lease
Tenant Fit-Out	term of the lease
Production Equipment	4 to 15 years
Vehicles	expensed
IT Hardware/Software	expensed
Furniture and Equipment	expensed

Note 3: Cash, Cash Equivalents and Investments

(a) Cash and Cash Equivalents

Operating cash is held in the form of Negotiable Order of Withdrawal (“NOW”) accounts, money market accounts, and certificates of deposit. At December 31, 2007, the carrying amount of the Authority’s deposits was \$51,721,206 and the bank balance was \$60,697,122. Of the bank balance, \$1,199,477 was insured with Federal Deposit Insurance.

Pursuant to GASB Statement No. 40 “Deposit and Investment Risk Disclosures” (“GASB 40”), the Authority’s NOW accounts, as well as money market accounts and certificates of deposit, are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the NJEDA would not be able to recover the value of its deposit or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities are not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the government (NJEDA) name. At December 31, 2007 all of the Authority’s deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk.

Cash deposits at December 31, 2007 are as follows:

Deposit Type	Deposits
NOW Accounts	\$29,883,328
Money Market Accounts	15,837,878
Certificates of Deposit	<u>6,000,000</u>
Total Deposits	<u>\$51,721,206</u>

(b) Investments

Pursuant to the Act, the funds of the Authority may be invested in any direct obligations of, or obligations as to which the principal and interest thereof is guaranteed by, the United States of America or other obligations as the Authority may approve. Accordingly, the Authority directly purchases permitted securities and enters into interest-earning investment contracts.

As of December 31, 2007 the total investment is \$295,352,245. The Portfolio is comprised of short to medium term bonds and is managed by a financial institution, for the Authority, per a schedule of permitted investments. These investments include obligations guaranteed by the U.S. Government, Government Sponsored Enterprises, Money Market Funds, Mortgage Backed Pass Throughs rated AAA by Standard & Poors or Moody's, and Repurchase Agreements. The Portfolio is managed with the investment objectives of: preserving capital, maintaining liquidity, achieving superior yields, and providing consistent returns over time. In order to limit interest rate risk, investments are laddered, with maturities ranging from several months to a maximum of four years.

Investment of bond proceeds are made in accordance with the Authority's various bond resolutions. The bond resolutions generally permit the investment of funds held by the trustee in the following: (a) obligations of, or guaranteed by, the State or the U.S. Government; (b) repurchase agreements secured by obligations noted in (a) above; (c) interest-bearing deposits, in any bank or trust company, insured or secured by a pledge of obligations noted in (a) above; (d) NJCMF; (e) shares of an open-end diversified investment company which invests in obligations with maturities of less than one year, or guaranteed by, the U.S. Government or Government Agencies; (f) non-participating guaranteed investment contracts.

The Authority is the managing member of the Technology Centre of New Jersey, L.L.C., a real estate joint venture formed in 1999 to spur the growth of high tech industries in the State. The Centre is situated on a 50 acre site and comprised of infrastructure improvements and buildings. As the managing member, the Authority earns an administrative fee based on 5% of gross rents received from the operation of the Centre. At December 31, 2007 and 2006, the value of the Authority's investment in the Centre is \$15,299,856 and \$15,411,620, respectively. On behalf of the venture, the Authority prepares an annual report, a copy of which may be obtained by contacting the Authority.

The Authority is also a limited partner in various venture funds formed with the primary purpose of providing venture capital to exceptionally talented entrepreneurs dedicated to the application of proprietary technologies or unique services in emerging markets and whose companies are in the expansion stage. At December 31, 2007 and 2006, the aggregate value of the Authority's investment in these funds is \$15,583,944 and \$11,025,281, respectively. As a limited partner, the Authority receives financial reports from the managing partner of the funds, copies of which may be obtained by contacting the Authority.

At December 31, 2007, the Authority held other equity investments of \$250,000. The investment is held in the form of warrants which function like options to buy stock at a predetermined exercise price. Value is based on market value at time of purchase (conversion of loan receivable).

In order to maintain adequate liquidity, significant NJEDA funds are invested in the NJCMF, which typically earns returns that mirror short term interest rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. At December 31, 2007 and 2006 the NJEDA balance is \$181,032,823 and \$267,965,592 respectively.

Custodial Credit Risk

Pursuant to GASB 40, the Authority's investments are profiled to determine if they are exposed to Custodial Credit Risk. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government (NJEDA), and are held by either: the counterparty (institution that pledges collateral to government or that buys/sells investments for government) or counterparty's trust department or agent but not in the name of the government. Investment pools such as the NJCMF and open ended mutual funds including Mutual Bond Funds are deemed not to have custodial credit risk. As of December 31, 2007, \$261,818,027 in NJEDA investments, comprised of \$2,221,394 in U.S. Treasuries, and \$259,596,633 in U.S. Agencies, were not registered in the name of the NJEDA and were held by the counterparty.

Concentration of Credit Risk

The NJEDA places no limit on the amount the Authority may invest in any one issuer. At December 31, 2007 more than 5 percent of NJEDA investments are in Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corp (FHLMC), and Federal National Mortgage Association (FNMA). These investments are 11.62% (\$61,622,360); 23.80% (\$126,176,556); 8.36% (\$44,327,092); and 5.13% (\$27,221,000), respectively, of the Authority's total investments. These four investments are included in the U.S. Government Agency category of investments. Investments issued by or guaranteed by the U.S. Government, mutual fund investments, and pooled investments are exempt from this requirement.

Credit Risk

The Authority does not have an investment policy regarding the management of Credit Risk, as outlined above. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. All investments in Mutual Bond Funds and U.S. Agencies are rated Aaa by Moody's and AAA by Standard & Poors. The NJCMF is not rated.

Interest Rate Risk

The Authority does not have a policy to limit interest rate risk, however, its practice is to hold investments to maturity.

As of December 31, 2007 and 2006, the NJEDA had the following investments and maturities:

Investment Type	Fair Value as of 12/31/07	Investments Less than 1 Year	Maturities 1-5 Years	Fair Value as of 12/31/06
Debt Securities:				
U.S. Treasuries	\$2,221,394		\$2,221,394	\$8,303,184
U.S. Agencies	259,596,633	\$218,557,791	41,038,842	300,400,736
Mutual Bond Funds	56,182,176	56,182,176		28,204,068
NJ Cash Management Fund	<u>181,032,823</u>	<u>181,032,823</u>	_____	<u>267,965,592</u>
Sub total, Total Debt Securities	499,033,026	<u>\$455,772,790</u>	<u>\$43,260,236</u>	604,873,580
Non Debt Securities				
Investment in Technology Center Joint Venture	15,299,856			15,411,620
Venture Fund Investments	15,583,944			11,025,281
Other Equity Investments	<u>250,000</u>			_____
Sub total	530,166,826			631,310,481
Less amounts reported as Cash Equivalents	<u>(182,971,415)</u>			<u>(269,516,864)</u>
Total Investments	<u>\$347,195,411</u>			<u>\$361,793,617</u>

Note 4: Notes Receivable

Notes Receivable consist of the following:	<u>2007</u>	<u>2006</u>
Economic Development Fund (“EDF”) loan and guarantee programs; interest ranging up to 9%; maximum term 13 years	\$45,511,995	\$44,810,246
Economic Recovery Fund (“ERF”) loan and guarantee programs; interest ranging up to 8%; maximum term of 6 years	81,490,844	56,421,474
Hazardous Discharge Site Remediation (“HDSR”) loan program; interest ranging from 3% to 5.5%; maximum term of 10 years	5,424,615	5,946,301
Public School Facilities (“PSF”) loan program; interest ranging from 1.5% to 5.288%; maximum term of 7 years	67,705,241	80,842,377
Municipal Economic Recovery Initiative (“MERI”) loan program; interest ranging up to 3%; maximum term of 24 years	<u>4,117,978</u>	<u>1,685,598</u>
	<u>\$204,250,673</u>	<u>\$189,705,996</u>

Aggregate Notes Receivable activity for the year ended December 31, 2007 was as follows:

	Beginning Balance	Loan Disbursements	Loan Receipts	Write-offs, Adjustments, Restructures- Net	Ending Balance	Amounts Due Within One Year
EDF/ERF	\$101,231,720	\$39,427,565	(\$12,574,935)	(\$1,081,511)	\$127,002,839	\$7,159,472
HDSR	5,946,301	840,643	(909,384)	(452,945)	5,424,615	1,018,566
PSF	80,842,377		(13,137,136)		67,705,241	13,137,136
MERI	<u>1,685,598</u>	<u>2,482,310</u>	<u>(49,930)</u>		<u>4,117,978</u>	<u>111,626</u>
	<u>\$189,705,996</u>	<u>\$42,750,518</u>	<u>(\$26,671,385)</u>	<u>(\$1,534,456)</u>	<u>\$204,250,673</u>	<u>\$21,426,800</u>

Of the amount's due within one year, as noted above, \$7,547,861 due from the Public School Facilities Program ("PSF") is categorized as restricted since it cannot be used to pay other current liabilities.

Note 5: Intergovernmental Receivables

The Authority has various Agreements with the State and State entities relating to the issuance of Bonds. Pursuant to the underlying legislation and resolution, the bond proceeds finance various Authority programs and projects. Pursuant to the terms of the Agreements, the debt service on these bonds is payable solely from scheduled amounts receivable. The State's obligation to make contractual payments to the Authority is subject to, and dependent upon, yearly appropriations being made by the State Legislature for such purposes. The New Jersey State Legislature has no legal obligation to make such appropriations.

The Series 1996 Port bonds are secured solely by loan payments originally scheduled to be made to the Port Authority by various utilities authorities. The Port Authority has assigned the right to receive such loan payments to the Authority. The receivable is from the State of New Jersey.

At December 31, 2007 and 2006, Intergovernmental Receivables are comprised of the following:

	2007	2006
NJ Port District Utilities Authorities Contract	\$9,040,275	\$11,883,331
Unamortized Discount	<u>(1,467,123)</u>	<u>(2,085,468)</u>
Total Net Intergovernmental Receivable	<u>\$7,573,152</u>	<u>\$9,797,863</u>

Aggregate gross receipts from intergovernmental receivables due through 2012 and thereafter are as follows:

2008	\$2,088,889
2009	2,209,722
2010	2,209,714
2011	904,167
2012	693,055
2013-2015	<u>934,728</u>
	<u>\$9,040,275</u>

Intergovernmental Receivable activity for the year ended December 31, 2007 was as follows:

	Beginning Balance	Reductions	Ending Balance	Amount Receivable Within One Year
Gross Receivable	\$11,883,331	(\$2,843,056)	\$9,040,275	<u>\$2,088,889</u>
Discount	<u>(2,085,468)</u>	<u>618,345</u>	<u>(1,467,123)</u>	
Net Receivable	<u>\$9,797,863</u>	<u>(\$2,224,711)</u>	<u>\$7,573,152</u>	

Note 6: Leases

(a) Leases Receivable

The Authority has various financing leases relating to the issuance of Bonds and Notes Payable. Bond and Note proceeds finance specific projects. The financing leases provide for basic rental payments, by the tenant to the Authority, in an amount at least equal to the amount of debt service on the Bonds and Notes. In the event of default by the tenant to make rental payments, the Authority generally has recourse, including, but not limited to, taking possession and selling or subletting the leased premises and property.

The outstanding leases are as follows:

<u>Lease Description</u>	<u>2007</u>	<u>2006</u>
Automated Distribution Systems, Inc, through 9/1/07		\$1,345,315
NY Daily News, through 7/30/21	<u>\$8,056,869</u>	<u>8,206,869</u>
Aggregate Lease Payments Receivable-Gross	<u>8,056,869</u>	9,552,184
Unamortized Discount	<u>(1,347,188)</u>	<u>(1,449,707)</u>
Aggregate Lease Payments Receivable-Net	<u>\$6,709,681</u>	<u>\$8,102,477</u>

Aggregate gross lease receipts due through 2012 and thereafter are as follows:

2008	\$50,000
2009	100,000
2010	100,000
2011	100,000
2012	100,000
2013-2017	500,000
2018-2021	<u>7,106,869</u>
	<u>\$8,056,869</u>

Lease payments receivable activity for the year ended December 31, 2007 was as follows:

	Beginning Balance	Reductions	Ending Balance	Amount Receivable Within One Year
Gross Receivable	\$9,552,184	(\$1,495,315)	<u>\$8,056,869</u>	<u>\$50,000</u>
Discount	<u>(1,449,707)</u>	<u>102,519</u>	<u>(1,347,188)</u>	
Net Receivable	<u>\$8,102,477</u>	<u>(\$1,392,796)</u>	<u>\$6,709,681</u>	

(b) Operating Leases

(i) Authority as Lessor

At December 31, 2007, capital assets with a gross carrying value of \$189,576,899 and accumulated depreciation of \$63,075,454 are leased to commercial enterprises. These leases generally provide the tenant with renewal and purchase options. Aggregate minimum lease receipts are expected as follows:

2008	\$13,855,840
2009	11,830,494
2010	11,598,261
2011	11,138,007
2012	8,564,840
2013-2017	29,190,344
2018-2022	6,471,030
2023-2027	4,336,467
2028-2032	715,000
2033-2036	<u>620,000</u>
	<u>\$98,320,283</u>

(ii) Authority as Lessee

The Authority leases commercial property, buildings, office space and parking. The leased premises are either sublet to commercial enterprises or utilized by Authority staff. Aggregate rental expense for the current year on commercial property amounted to \$ 597,858; and for property used by the Authority, rental expense amounted to \$284,179. Aggregate future lease obligations are as follows:

2008	\$879,741
2009	766,295
2010	739,028
2011	688,856
2012	708,023
2013-2017	3,172,226
2018-2022	1,548,570
2023-2027	1,181,500
2028-2032	1,278,600
2033-2037	1,220,580
2038-2042	646,300
2043-2047	704,470
2048-2052	743,250
2053-2054	<u>297,300</u>
	<u>\$14,574,739</u>

Note 7: Capital Assets

Capital asset activity for the years ended December 31, 2007 and 2006 was as follows:

	December 31, 2005	Additions	Reductions	Adjustments to Reserve	December 31, 2006
Capital assets not being depreciated:					
Land	\$23,873,206				\$23,873,206
Construction in progress	159,748	\$4,661,462	(\$4,821,210)		
Capital assets being depreciated:					
Building	121,007,001				121,007,001
Leasehold improvements	42,966,440	10,218,168	(34,527,598)		18,657,010
Production equipment	<u>53,106,693</u>	<u>2,216,197</u>	<u>(20,053,570)</u>	<u>\$1,882,305</u>	<u>37,151,625</u>
Capital assets-gross	241,113,088	17,095,827	(59,402,378)	1,882,305	200,688,842
Less: accumulated depreciation	<u>79,490,237</u>	<u>14,820,974</u>	<u>(37,620,025)</u>		<u>56,691,186</u>
Capital assets-net	<u>\$161,622,851</u>	<u>\$2,274,853</u>	<u>(\$21,782,353)</u>	<u>\$1,882,305</u>	<u>\$143,997,656</u>

	December 31, 2006	Additions	Reductions	Adjustments to Reserve	December 31, 2007
Capital assets not being depreciated:					
Land	\$23,873,206				\$23,873,206
Construction in progress		\$450			450
Capital assets being depreciated:					
Building	121,007,001				121,007,001
Leasehold improvements	18,657,010	3,804,383	(\$237,510)		22,223,883
Production equipment	<u>37,151,625</u>	<u>937,127</u>	<u>(1,506,310)</u>	<u>\$1,584,385</u>	<u>38,166,827</u>
Capital assets-gross	200,688,842	4,741,960	(1,743,820)	1,584,385	205,271,367
Less: accumulated depreciation	<u>56,691,186</u>	<u>11,489,306</u>	<u>(1,129,732)</u>		<u>67,050,760</u>
Capital assets-net	<u>\$143,997,656</u>	<u>(\$6,747,346)</u>	<u>(\$614,088)</u>	<u>\$1,584,385</u>	<u>\$138,220,607</u>

During 2007, the Authority completed leasehold improvements totaling \$3,804,383 at the Waterfront Technology Center at Camden. Completion of these improvements helps provide suitable office space for technology based companies, as well as Authority staff, and enables the Authority to assist more businesses in the southern portion of the State.

Note 8: Bonds Payable

The bonds reported in the following table have been issued in order to fund commercial loans, loans to school districts, commercial real estate development and capital construction. The Bonds are secured by lease rental payments, loan repayments and the underlying assets pledged pursuant to the Bond resolutions. In the event of default by the tenant to make rental payments, the Authority generally has recourse, including, but not limited to, taking possession and selling or subletting the leased premises and property.

The Series 1996 Port bonds are secured solely by loan payments originally scheduled to be made to the Port Authority by various utilities authorities. The Port Authority has assigned the right to receive such loan payments to the Authority.

The outstanding issues for the years ended December 31, 2007 and 2006 are as follows:

	<u>2007</u>	<u>2006</u>
\$46,815,000 NJEDA Revenue Bonds (Public Schools Small Project Loan Program), 2004 Series, interest ranging from 3% to 5%; due 8/15/07 through 8/15/13. Series 1993 was refunded on 3/15/04.	\$27,595,000	\$33,275,000
\$43,000,000 Variable Rate Lease Revenue Bonds , 2003 Series A and B, (Camden Center Urban Renewal Limited Partnership Project); interest ranging from 3.89% to 5.909% due annually through 3/15/18	39,410,000	40,185,000
\$167,500,000 NJEDA Taxable Economic Development Bonds MSNBC/CNBC Project , 1997 Series A and B, adjustable rate, due through 10/1/21	20,300,000	34,000,000
\$31,700,000 NJEDA Adjustable Rate Lease Revenue (taxable) Bonds , 1995 Series A and B (Barnes & Noble, Inc. Distribution and Freight Consolidation Center Project) due 7/3/07 through 6/30/11	18,500,000	20,230,000
\$18,355,000 NJEDA Taxable Revenue Bonds, North Jersey Port District Utilities Authorities Loan Securitization Program ("Port") , Series 1996, interest ranging from 7.05% to 7.25%; due 2/15/07 through 2/15/12	<u>8,440,000</u>	<u>9,700,000</u>
Subtotal	114,245,000	137,390,000
Unamortized premium	<u>1,264,609</u>	<u>1,787,529</u>
	<u>\$115,509,609</u>	<u>\$139,177,529</u>

At December 31, 2007 the carrying value of all aggregate bonds payable approximates fair market value. Aggregate debt service requirements of bonds payable through 2012 and thereafter are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$14,165,000	\$5,208,095	\$19,373,095
2009	11,845,000	4,650,621	16,495,621
2010	10,055,000	4,591,969	14,646,969
2011	19,280,000	3,987,300	23,267,300
2012	7,910,000	3,274,397	11,184,397
2013-2017	12,640,000	12,748,766	25,388,766
2018-2021	<u>38,350,000</u>	<u>2,819,730</u>	<u>41,169,730</u>
	<u>\$114,245,000</u>	<u>\$37,280,878</u>	<u>\$151,525,878</u>

Bonds payable activity for the years ended December 31, 2007 and 2006 was as follows:

	December 31, 2005	Reductions	December 31, 2006	Amounts Due Within One Year
Bonds Payable-gross	\$175,230,000	(\$37,840,000)	\$137,390,000	<u>\$13,845,000</u>
Unamortized premium	<u>2,425,362</u>	<u>(637,833)</u>	<u>1,787,529</u>	
Total Bonds Payable-net	<u>\$177,655,362</u>	<u>(\$38,477,833)</u>	<u>\$139,177,529</u>	

	December 31, 2006	Reductions	December 31, 2007	Amounts Due Within One Year
Bonds Payable-gross	\$137,390,000	(\$23,145,000)	\$114,245,000	<u>\$14,165,000</u>
Unamortized premium	<u>1,787,529</u>	<u>(522,920)</u>	<u>1,264,609</u>	
Total Bonds Payable-net	<u>\$139,177,529</u>	<u>(\$23,667,920)</u>	<u>\$115,509,609</u>	

During 2005, the Authority changed its policy with respect to the manner in which Conduit Debt Obligations are reported for financial reporting purposes. Prior to 2005, the Authority's policy was to record such obligations as Bonds Outstanding in its financial statements.

Pursuant to GASB issued statement, "**Disclosure of Conduit Debt Obligations**" (GASBI-2), there is no requirement to record conduit debt that is simultaneously recorded by the entity that is responsible for its payment. The State of New Jersey records this debt on its financial statements.

During 2005, at the direction of the State, the Authority removed such conduit debt, and its corresponding assets, from its financial statements. In addition, it is the Authority's opinion that by removing the State backed conduit debt and Agency type transactions from its financial statements a more accurate assessment of its financial position and operations will exist.

Note 9: Financial Instruments

Variable Rate Lease Revenue Refunding Bonds 2002 Series A and B

In connection with its issuance of \$43,000,000 Variable Rate Revenue Bonds, 2002 Series A and B issues, on December 30, 2002, the Authority has entered into a swap agreement with Bank of America, formerly Fleet Bank ("BoA"). The nature and purpose of this transaction is described below:

(a) Interest Rate Swap Agreements

Under the terms of this agreement, which was executed on January 7, 2003, the Authority pays a fixed rate of 3.89% to BoA on a notional amount equal to the principal amount of the 2002 bonds being hedged pursuant to such swap. In return, the swap provider will pay the Authority a floating amount based on 100% of one month LIBOR on the same notional amount. As the bonds are redeemed, the notional amount of the swap shall decrease proportionately. The purpose of this agreement is to achieve a synthetic fixed rate. The swap remains in effect until December 30, 2009. The fair value of the swap was (\$135,884) and \$1,241,272 as of December 31, 2007 and 2006, respectively.

(b) Credit Risk

As of December 31, 2007, the Authority was not exposed to credit risk, because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the Authority would be exposed to credit risk in the amount of the swap's fair value.

(c) Termination Risk

The swap contract uses the International Swap Dealers Association Master Agreement, which includes provision for standard termination events, such as failure to pay and bankruptcy. The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap were terminated, the variable-rate bond would no longer carry a synthetic fixed interest rate. Also, if the swap were to have a negative fair value at the time of termination, the Authority would be liable to the counterparty for a payment equal to the swap's fair value.

In connection with this agreement, no amounts are recorded in the financial statements other than the net interest expense resulting from the agreement.

Note 10: Notes Payable

Generally, Notes Payable are special obligations of the Authority payable solely from loan payments, lease rental payments and other revenues, funds and other assets pledged under the notes and do not constitute obligations against the general credit of the Authority. Note proceeds are used to fund specific programs and projects and are not co-mingled with other Authority funds.

The outstanding notes are as follows:	<u>2007</u>	<u>2006</u>
Automated Distribution Systems, LP; interest at 10.89%; principal & interest due monthly through maturity on 9/30/07		\$1,345,315
Community Development Investments, LLC; effective interest at 3.02%; principal & interest due monthly through 4/12/14 with final payment of \$1,576,918 at maturity on 5/12/14	\$2,000,000	2,000,000
City of Camden, NJ; interest at 6%; principal & interest due monthly through maturity on 2/5/16	4,000,000	4,000,000
Jersey Central Power & Light; interest at 4%; interest only due monthly through 11/12/10; principal due at maturity on 11/12/10	1,000,000	1,000,000
Public Service New Millennium Economic Development Fund, LLC; interest at 4%; interest only due monthly through 11/7/10; principal due at maturity on 11/7/10	5,000,000	5,000,000
Waterfront Technology Center Construction Loan; variable interest; principal and interest due monthly over 60 month period, through maturity on 1/31/12	<u>8,160,000</u>	<u>8,400,000</u>
	<u>\$20,160,000</u>	<u>\$21,745,315</u>

At December 31, 2007, the carrying value of all notes payable approximates fair market value. Aggregate debt service requirements of notes payable through 2016 and thereafter are as follows:

	Principal	Interest	Total
2008	\$732,723	\$1,567,151	\$2,299,874
2009	845,690	822,047	1,667,737
2010	6,899,835	742,895	7,642,730
2011	955,404	488,522	1,443,926
2012	6,982,335	181,971	7,164,306
2013-2016	<u>3,744,013</u>	<u>218,979</u>	<u>3,962,992</u>
Total	<u>\$20,160,000</u>	<u>\$4,021,565</u>	<u>\$24,181,565</u>

Notes payable activity for the years ended December 31, 2007 and 2006 was as follows:

December 31, 2005	Additions	Reductions	December 31, 2006	Amounts Due Within One Year
<u>\$14,977,086</u>	<u>\$8,400,000</u>	<u>(\$1,631,771)</u>	<u>\$21,745,315</u>	<u>\$1,887,175</u>
December 31, 2006	Additions	Reductions	December 31, 2007	Amounts Due Within One Year
<u>\$21,745,315</u>	=====	<u>(\$1,585,315)</u>	<u>\$20,160,000</u>	<u>\$732,723</u>

Note 11: Net Assets

The Authority's Net Assets are categorized as follows:

- Invested in capital assets, net of related debt
- Restricted
- Unrestricted

Invested in Capital Assets, Net of Related Debt includes capital assets net of accumulated depreciation used in the Authority's operations as well as capital assets that result from the Authority's real estate development and operating lease activities. Restricted assets include net assets that have been restricted in use in accordance with State law, such as the Public School Facilities loan program, noted in Note 4. Unrestricted assets include all net assets not included above. The changes in Net Assets during 2007 and 2006 are as follows:

	Invested in Capital Assets Net of Debt	Restricted	Unrestricted	Totals
Net Assets December 31, 2005	\$30,042,851	\$53,529,787	\$835,118,788	\$918,691,426
Change in net assets	<u>13,539,805</u>	<u>(7,841,424)</u>	<u>(116,802,371)</u>	<u>(111,103,990)</u>
Net Assets December 31, 2006	43,582,656	45,688,363	718,316,417	807,587,436
Change in net assets	<u>10,427,951</u>	<u>(7,228,431)</u>	<u>(65,039,797)</u>	<u>(61,840,277)</u>
Net Assets December 31, 2007	<u>\$54,010,607</u>	<u>\$38,459,932</u>	<u>\$653,276,620</u>	<u>\$745,747,159</u>

Note 12: Commitments and Contingencies

(a) Loan and Bond Guarantee Programs

The Authority has a special binding obligation regarding all guarantees to the extent that funds are available in the guarantee accounts as specified in the guarantee agreements. Guarantees are not, in any way, a debt or liability of the State.

(1) Economic Development Fund

The guarantee agreements restrict the Authority from approving any loan or bond guarantee if, at the time of approval, the Debt (exposure and commitments) to Worth (the amount on deposit and available for payment) ratio is greater than 3 to 1. At any time, payment of the guarantee is limited to the amount of Worth within the specific guarantee program account.

Principal payments on guaranteed loans and bonds reduce the Authority's exposure. At December 31, 2007, the Authority's Debt and Worth was composed of the following:

	Port District Program	Community Economic Development Program
Total Debt	\$2,450,767	\$31,697
Total Worth	\$24,128,063	\$9,693,759

(2) Economic Recovery Fund

The guarantee agreements restrict the Authority from approving any loan or bond guarantee if, at the time of approval, the Debt to Worth ratio is greater than 5 to 1. At any time, payment of the guarantee is limited to the amount of Worth within the guarantee program account. Principal payments on guaranteed loans and bonds reduce the Authority's exposure. At December 31, 2007, Debt was \$31,462,772 and Worth was \$71,811,110, with a ratio of 0.44 to 1.

(3) Economic Growth Composite Bond Program

The Guarantee Agreement relating to Economic Growth Composite Bonds requires the Authority to establish, in trust, a Cash Collateral Account. This obligation to deliver funds to the trustee is a general obligation of the Authority.

To the extent guarantee payments of principal on the bonds cannot be recovered through collateral liquidation, loan restructure, etc., the Authority's aggregate composite exposure is permanently reduced. At December 31, 2007, aggregate exposure and the cash collateral balance are both \$1,268,997.

(4) New Jersey Business Growth Fund

The Authority guarantees between 25% and 50% of specific, low-interest loans to New Jersey companies, made by one of its preferred lenders, with a maximum aggregate exposure to the Authority not to exceed \$10 million and, at no time will the Authority pay more than \$10 million, net, of guarantee demands. At December 31, 2007, aggregate exposure and related Worth within the Business Growth Fund account were both \$10,000,000.

(b) Loan Program Commitments and Project Financings

At December 31, 2007 the Authority has \$16,036,792 of loan commitments not yet closed or disbursed and \$74,405,280 of project financing commitments.

(c) New Markets Tax Credit Program

On December 28, 2005, the Authority loaned \$31,000,000 to a limited liability company ("company"), to facilitate their investment in a certified community development entity ("entity") whose primary mission is to provide loan capital for commercial projects in low-income areas throughout New Jersey. The company also received an equity investment from a private corporation ("corporation"). The company then invested the combined proceeds in the entity, which was awarded an allocation in Federal tax credits under the New Markets Tax Credit Program.

During 2007, the Authority made two additional New Markets commitments. On September 24, 2007 the Authority facilitated a transaction in which \$3,500,000 in credits were allocated (no Authority funds were utilized). On September 26, 2007, the Authority loaned \$20,296,000 to another company with terms similar to the first transaction.

As part of the three agreements, the corporation will claim the Federal tax credits in exchange for their investment. Claiming these credits carries the risk of recapture, whereby an event occurs that would negate the credit taken, causing it to be returned with interest. Based on the agreements between the Authority and the respective companies, the Authority will provide a guaranty to the corporation against adverse consequences caused by a recapture event. As of December 31, 2007, the aggregate exposure to the Authority for all three transactions described above is \$30,541,355. The Authority has determined the likelihood of paying on the guaranty, at this time, is remote.

Note 13: Litigation

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

Note 14: Employee Benefits

(a) Public Employees Retirement System of New Jersey ("PERS")

The Authority's employees participate in the PERS, a cost sharing multiple-employer defined benefit plan administered by the State. The Authority's contribution is based upon an actuarial computation performed by the PERS. Pursuant to the Pension Security Legislation Act of 1997, the issuance of bonds permitted the pension benefit obligation to be fully funded from 1998 to 2004. Beginning in 2005, the Authority was assessed a portion of its normal contribution, which will increase each year until 2009, when 100% of the normal contribution will be assessed, and for each year thereafter. For the years ending December 31, 2007 and 2006, the Authority was assessed \$303,700 and \$171,835, or 60% and 40% of its normal contribution, respectively. No contribution was required in 2004. Employees of the Authority are required to participate in the PERS and contribute 5% of their annual compensation. The payroll for employees covered by PERS for the years ending December 31, 2007 and 2006 was \$9,333,073 and \$8,596,556, respectively.

The general formula for annual retirement benefits is the final average salary divided by 55, times the employee's years of service. Pension benefits fully vest upon reaching 10 years of credited service. Members are eligible for retirement at age 60 with no minimum years of service required. Members who have 25 years or more of credited service may select early retirement without penalty at or after age 55 and receive full retirement benefits. The PERS also provides death and disability benefits. All benefits are established by State statute.

The State of New Jersey, Department of the Treasury, Division of Pension and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for the PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pension and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

(b) Postemployment Health Care and Insurance Benefits

The Authority sponsors a single employer postemployment benefits plan that provides benefits in accordance with State statute, through the State Health Benefits Bureau, to its retirees having 25 years or more of service in the PERS and are at least 47 years of age or to employees approved for disability retirement. Health benefits and prescription benefits provided by the plan are at no cost to the retiree. Upon turning 65 years of age, a retiree must utilize Medicare as their primary coverage, with State Health Benefits providing supplemental coverage. In addition, life insurance is provided at no cost to the Authority and the retiree in an amount equal to 3/16 of their average salary during the final 12 months of active employment.

In accordance with GASB Statement No. 45 ("GASB 45"), *Accounting & Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the Authority obtained an actuarially determined calculation for this obligation, and has established and funded a trustee administered account pursuant to an irrevocable trust agreement in which plan assets are dedicated to providing benefits to retirees as stipulated in the trust agreement.

The Authority's annual other postemployment benefits ("OPEB") cost for the plan is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. This represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year, and to amortize any unfunded actuarial liability (UAAL) or excess over a period not to exceed 30 years. The Authority elected to amortize the UAAL over one year in 2006. The Authority's annual OPEB cost for the years ended December 31, 2007 and 2006, and the related information for the Plan are as follows (dollar amounts in thousands):

	<u>2007</u>	<u>2006</u>
Annual required contribution (ARC)	\$634	\$12,851
Contributions made	<u>(9,071)</u>	<u>(195)</u>
(Decrease) increase in net OPEB obligation	(8,437)	12,656
Net OPEB obligation - beginning of year	<u>12,656</u>	<u> </u>
Net OPEB obligation - end of year	<u>\$4,219</u>	<u>\$12,656</u>

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for fiscal years 2007 and 2006 were as follows (dollar amounts in thousands):

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/07	\$634	100%	\$4,219
12/31/06	\$12,851	1.5%	\$12,656

As of December 31, 2007, the actuarial accrued liability for benefits was \$12,994,000, of which 32.5% was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$9,333,073, and the ratio of unfunded actuarial accrued liability to the covered payroll was 45.2%.

Actuarial valuations of an ongoing plan involve estimates and assumptions about the probability of occurrence of future events, such as employment, mortality, and healthcare costs. Amounts determined regarding the funded status of the plan and the annual required contributions of the Authority are subject to continual revision as actual results are compared with past expectations and new estimates are made regarding the future. The schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of benefit cost sharing between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the January 1, 2006 actuarial valuation the projected unit credit actuarial cost method was used. In this method benefits are attributed from date of hire to the date of decrement. In the actuarial assumptions no investment return was cited as there are no plan assets. The healthcare cost trend assumed in the actuarial valuation includes an initial annual healthcare cost trend rate of 10% annually, decreasing by 1% per year to an ultimate rate of 5% effective 2012 and thereafter. Both rates include a 4% inflation assumption.

Required Supplemental Information

Funding Status and Funding Progress. The funding status of the plan as of December 31, 2007 was as follows (actuarial valuation date 1/1/06):

	<u>2007</u>	<u>2006</u>
Actuarial accrued liability (AAL)	\$12,994,000	\$12,656,316
Actuarial value of plan assets	<u>8,775,228</u>	
Unfunded actuarial accrued liability(UAAL)	<u>\$ 4,218,772</u>	<u>\$12,656,316</u>
Funded ratio (actuarial value of plan assets/AAL)	67.5%	0%
Covered payroll (active plan members)	\$9,333,073	\$8,596,556
UAAL as a percentage of covered payroll	45.2%	147.2%

Note 15: Compensated Absences

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the Authority recorded current liabilities in the amount of \$497,840 and \$557,845 as of December 31, 2007 and 2006, respectively. The liability as of the balance sheet date, is the value of employee accrued vacation time and vested estimated sick leave benefits that are probable of payment to employees upon retirement. The vested sick leave benefit to retirees for unused accumulated sick leave is calculated at the lesser of half the value of earned time or \$15,000. The payment of sick leave benefits, prior to retirement, is dependent on the occurrence of sickness as defined by Authority policy; therefore, such non-vested benefits are not accrued.

Note 16: Reclassification of 2006 Balances

Certain 2006 balances have been reclassified to conform with current year presentation.

<u>Applicant Name</u>	<u>Municipality</u>	<u>Proj Type</u>	<u>Est New Jobs</u>	<u>EDA Assistance</u>	<u>Program Type</u>	<u>Total Project Costs</u>
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Atlantic County						
Atlantic City Fondue, LLC	Atlantic City	CM	25	\$667,500	SLP	\$1,610,125
Atlantic City Linen Supply, Inc and ACLS Pleasantville Pleasantville, Inc.	Pleasantville City	CM	121	\$266,573	BEP	\$5,950,000
Baker Boys, LLC	Pleasantville City	MF	34	\$184,000	LDF	\$794,310
Borough of Buena (St. Anthony's Bakery)	Buena Borough	SR	0	\$27,547	HSM	\$28,047
City of Estell Manor (Estell Manor City Landfill)	Estell Manor City	SR	0	\$244,848	HSM	\$245,348
City of Pleasantville	Pleasantville City	GF	0	\$47,500	CED	\$47,500
City of Pleasantville (645 Doughty Road)	Pleasantville City	SR	0	\$11,816	HSM	\$12,316
City of Pleasantville (JP Rail, Inc.)	Pleasantville City	SR	0	\$20,394	HSM	\$20,894
Parra & Berry, LLC	Egg Harbor City	RT	7	\$350,000	SLP	\$3,201,250
Atlantic County Total			187	\$1,820,178		\$11,909,790

Bergen County						
170 Wesley Street, LLC	South Hackensack Township	WS	10	\$500,000	SLP	\$3,200,000
53 Central Avenue Inc	Rochelle Park Township	SR	0	\$49,670	HAZ	\$51,170
Allendale Properties, LLC	Allendale Borough	MF	1	\$1,500,000	SAB	\$2,055,000
Barr Laboratories, Inc. and BMI Inc.	Montvale Borough	TC	210	\$3,755,850	BEP	\$20,600,000
Borough of Northvale (Delux Cleaners)	Northvale Borough	SR	0	\$11,143	HSM	\$11,643
Borough of Northvale (Deluxe Dry Cleaners)	Northvale Borough	SR	0	\$337,181	HSM	\$337,681
Borough of Wood-Ridge (Wood-Ridge Development Site)	Wood-Ridge Borough	SR	0	\$48,981	HSM	\$49,481
City Theatrical, Inc.	Carlstadt Borough	MF	47	\$47,000	BEP	\$1,050,000
Global Document Solutions Corporation	Carlstadt Borough	MF	184	\$1,010,261	BEP	\$750,000
Lodi CML Cooperative LLC	Lodi Borough	MF	61	\$149,561	BEP	\$3,700,000
Mindich Enterprises	Mahwah Township	WS	61	\$216,306	BEP	\$4,500,000
PCT Allendale, LLC	Allendale	MF	20	\$3,120,000	SAB	\$6,579,109
The Actors' Fund of America	Englewood City	NP	13	\$7,000,000	SAB	\$10,800,000
The Little Pie Company, Ltd	Carlstadt Borough	MF	35	\$56,000	BEP	\$688,000
Wyckoff Cleaners, Inc.	Wyckoff Township	SR	0	\$35,205	HAZ	\$45,505
Wyckoff Cleaners, Inc.	Wyckoff Township	SR	0	\$78,774	HAZ	\$294,110
Bergen County Total			642	\$17,915,932		\$54,711,699

<u>Applicant Name</u>	<u>Municipality</u>	<u>Proj Type</u>	<u>Est New Jobs</u>	<u>EDA Assistance</u>	<u>Program Type</u>	<u>Total Project Costs</u>
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Burlington County						
300 Route 38 LLC	Moorestown	SV	20	\$500,000	SLP	\$2,013,750
All About Hair Salon, Inc	Lumberton Township	SV	5	\$60,000	NDA	\$100,000
Armadillo Automation Inc.	Cinnaminson Township	MF	0	\$35,775	BGF	\$161,159
Auerbach Chevrolet Corp	Burlington City	SR	0	\$135,515	HAZ	\$259,210
Dietz and Watson, Inc.	Delanco Township	DS	125	\$821,384	BEP	\$2,000,000
Franklin Electric Company	Moorestown Township	WS	49	\$424,508	BEP	\$3,150,000
Jon Fieni	New Hanover Township	SR	0	\$19,636	HAZ	\$73,688
McLean Packaging Corporation and MJF Realty Group, LLC (Co-Borrowers)	Moorestown Township	MF	70	\$689,830	BEP	\$13,300,000
McLean Packaging Corporation and MJF Realty Group, LLC (Co-Borrowers)	Moorestown Township	MF	70	\$5,350,000	SAB	\$7,650,000
MJF Realty Group, LLC and McLean Packaging Corporation (Co-Borrowers)	Moorestown Township	MF	0	\$4,650,000	SAB	\$6,250,000
PAETEC Communications, Inc.	Mount Laurel Township	SV	100	\$474,200	BEP	\$12,000,000
Palmyra Borough (BDA - Route 73 South)	Palmyra Borough	SR	0	\$1,903,913	HSM	\$1,904,413
Palmyra Borough (Brownfield Development Area)	Palmyra Borough	SR	0	\$1,929,470	HSM	\$1,947,511
RNR Contractors, Inc	Shamong Township	CT	2	\$61,875	BGF	\$277,178
TIPS/WCC, Inc.	Shamong Township	DS	1	\$25,000	BGF	\$117,875
Township of Hainesport (Frm Hardware & Industrial Tool)	Hainesport Township	SR	0	\$68,250	HSM	\$68,750
Township of Southampton (Former Stokes Cannery)	Southampton Township	SR	0	\$232,886	HSM	\$233,386
Village Capital & Investment LLC	Mount Laurel Township	SV	100	\$40,250	BGF	\$181,985
Village Capital & Investment LLC	Mount Laurel Township	SV	2	\$26,750	BGF	\$254,000
Whittendale Excavating Corp	Moorestown Township	CT	5	\$55,925	BGF	\$226,200
Burlington County Total			549	\$17,505,167		\$52,169,105

Camden County						
1200 Liberty Place, LLC	Gloucester City	SV	8	\$199,750	BGF	\$805,000
1916 Partners, LLC and Davis Plastic Surgery, Inc.	Cherry Hill Township	SV	6	\$262,500	BGF	\$1,057,813
413 Partners, LLC	Cherry Hill Township	SV	6	\$212,500	BGF	\$856,563
500 South Kings Highway LLC	Cherry Hill Township	SV	5	\$218,750	BGF	\$881,719
Agilence, Inc.	Camden City	TC	27	\$1,000,000	TEC	\$2,010,000
Agilence, Inc.	Camden City	TC	21	\$39,600	ERB	\$449,350

<u>Applicant Name</u>	<u>Municipality</u>	<u>Proj Type</u>	<u>Est New Jobs</u>	<u>EDA Assistance</u>	<u>Program Type</u>	<u>Total Project Costs</u>
Camden County (cont.)						
Tri-Nova Enterprises, Inc	Gloucester City	MF	0	\$124,990	BGF	\$509,960
Camden County Total			337	\$30,263,950		\$87,131,663

Cape May County						
Economic Development Council of Middle Township	Middle Township	NP	0	\$300,000	CED	\$303,000
Cape May County Total			0	\$300,000		\$303,000

Cumberland County						
AJM Packaging Corporation	Vineland City	MF	263	\$1,052,000	BEP	\$21,650,000
City of Millville (Millville Airport Ind. Park)	Millville City	SR	0	\$2,166,873	HSM	\$2,167,373
City of Millville (Millville Senior Housing)	Millville City	SR	0	\$833,127	HSM	\$1,591,014
City of Vineland (Former Auto Repair Facility)	Vineland City	SR	0	\$65,393	HSM	\$65,893
City of Vineland (Landis Avenue Hotel)	Vineland City	SR	0	\$82,307	HSM	\$82,807
Homeland Vinyl Products, Inc.	Millville City	MF	125	\$326,250	BEP	\$11,787,500
Jessat, Alan M.	Bridgeton City	SV	1	\$49,836	BGF	\$200,651
Joseph DeAngelis and Michael Jason Reed	Bridgeton City	SV	8	\$400,000	SLP	\$1,259,000
NJ Rural Housing Action Corporation (Vineland Affordable Homes Proj)	Vineland City	SR	0	\$80,864	HAZ	\$81,364
Union Lake Supermarket, LLC	Millville City	RT	125	\$1,250,000	LDF	\$5,557,000
Vineland Community Health & Education Center, LLC	Vineland City	NP	25	\$2,500,000	NMT	\$0
Vineland Community Health & Education Center, LLC	Vineland City	NP	25	\$1,000,000	NMT	\$8,010,000
Cumberland County Total			572	\$9,806,650		\$52,452,602

Essex County						
179-181 Meeker Avenue LLC	Newark City	WS	10	\$500,000	SLP	\$2,360,000
2 Fairfield Crescent, LLC	West Caldwell Township	MF	6	\$2,350,000	SAB	\$2,451,750
Antonio Real Estate, L.L.C.	Newark City	MF	0	\$500,000	LDF	\$0
B & M Building Co., LLC. and Signal Sign	Livingston Township	MF	2	\$1,500,000	SAB	\$2,125,000
C. Richard Barfuss	Orange City	SR	0	\$569,286	HAZ	\$1,087,318
C.A.P. Services, Inc.	Belleville Township	CT	6	\$56,395	BGF	\$276,263
City of Newark (Nat Turner Park)	Newark City	SR	0	\$108,216	HSM	\$108,716
City of Orange Township (534 Mitchell Street)	Orange City	SR	0	\$4,400	HSM	\$4,900
City of Orange Township (540 Mitchell Street)	Orange City	SR	0	\$4,400	HSM	\$4,900
Clinton Square Auto Parts Corporation	Newark City	SR	0	\$28,593	HAZ	\$55,086
Comtecnet, Incorporated	Fairfield Borough	TC	76	\$940,842	BEP	\$1,000,000
Crest Community Development Corp.	Newark City	SR	0	\$20,494	HAZ	\$20,994
Gussco Manufacturing Inc.	Cedar Grove Township	MF	125	\$243,311	BEP	\$13,500,000
Hoffmann-La Roche Inc. and Roche Laboratories, Inc	Nutley Township	MF	160	\$3,939,500	BEP	\$0
Housing and Neighborhood Development Services, Inc (Jefferson Street, LLC)	Orange City	SR	0	\$97,631	HAZ	\$98,131

<u>Applicant Name</u>	<u>Municipality</u>	<u>Proj Type</u>	<u>Est New Jobs</u>	<u>EDA Assistance</u>	<u>Program Type</u>	<u>Total Project Costs</u>
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Gloucester County (cont.)						
VMF Holdings, LLC	Westville Borough	DS	12	\$148,750	BGF	\$599,000
Gloucester County Total			236	\$18,309,044		\$56,875,184

Hudson County						
1-800 Postcards, Inc. and Color Web Inc.	Jersey City	RT	17	\$500,000	SLP	\$4,001,250
AFL Quality NY, LLC	Secaucus Town	MF	181	\$1,203,234	BEP	\$34,200,000
Automatic Data Processing, Inc. or nominee	Jersey City	SV	175	\$2,845,500	BEP	\$1,700,000
CGI North America, Inc.	Jersey City	MF	6	\$8,250,000	SAB	\$8,300,000
Citco Fund Services (USA), Inc. Development, LLC; Development, LLC; Citco Technology Management, Inc.	Jersey City	CM	203	\$10,150,000	BEP	\$4,000,000
City of Bayonne (Route 440 Corridor East)	Bayonne City	SR	0	\$378,484	HSM	\$458,622
City of Hoboken (Old Todd Shipyard)	Hoboken City	SR	0	\$19,893	HSM	\$19,893
ClassLink, Inc	Weehawken Township	TC	23	\$750,000	TEC	\$4,265,000
DB Services NJ	Jersey City	SV	1600	\$39,520,000	BEP	\$198,620,000
Damascus Bakery, Inc.	Secaucus Town	CM	180	\$414,000	BEP	\$8,000,000
Damascus Bakery, Inc.	Secaucus Town	MF	180	\$7,750,000	SAB	\$8,630,330
Damascus Bakery, Inc.	Secaucus Town	MF	0	\$750,000	DIR	\$750,000
E*Trade Financial Corporation and Subsidiaries	Jersey City	CM	325	\$2,710,500	BEP	\$8,500,000
Estate of John Magullian	Kearny Town	SR	0	\$168,170	HAZ	\$328,832
ExlService Holdings, Inc. and its subsidiaries	Jersey City	SV	83	\$4,150,000	BEP	\$150,000
Falcon International Distributors, LLC	Jersey City	DS	60	\$456,000	BEP	\$2,000,000
IPC Systems Inc	Jersey City	TC	149	\$6,464,118	BEP	\$500,000
ITelagen, LLC	Jersey City	TC	35	\$550,699	BEP	\$105,000
Journal Square Properties, LLC	Jersey City	OF	755	\$4,200,000	NMT	\$11,542,530
New York Produce, Inc.	Secaucus Town	WS	55	\$656,906	BEP	\$800,000
Opera Solutions, LLC.	Jersey City	SV	235	\$11,750,000	BEP	\$2,800,000
Paribas North America, Inc. and BNP Paribas RCC, In Inc.	Jersey City	SV	600	\$22,704,910	BEP	\$22,000,000
Sarfati, LLC	Secaucus Town	MF	14	\$750,000	SLP	\$4,464,000
Scivantage, Inc.	Jersey City	TC	120	\$1,879,819	BEP	\$50,000
VectorMAX Corporation	Jersey City	TC	240	\$2,212,800	BEP	\$550,000
Hudson County Total			5,236	\$131,185,033		\$326,735,457

Hunterdon County						
NovaDel Pharma Inc.	Raritan Township	TC	15	\$212,250	BEP	\$2,500,000
Skyview Farms, LLC	Frenchtown Borough	MF	0	\$36,952	BGF	\$166,404
Hunterdon County Total			15	\$249,202		\$2,666,404

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Mercer County						
222 West State Street Urban Renewal Corp.	Trenton City	NP	0	\$750,000	CED	\$750,000
222 West State Street Urban Renewal Corp.	Trenton City	NP	3	\$640,000	DIR	\$5,370,250
City of Trenton	Trenton City	CM	0	\$18,250,000	SAB	\$19,892,438
City of Trenton (Fisher Site)	Trenton City	SR	0	\$60,341	HSM	\$60,841
City of Trenton (Pukala Site)	Trenton City	SR	0	\$104,009	HSM	\$104,509
Estate of Frederick Bentley	Lawrence Township	SR	0	\$44,321	HAZ	\$88,253
Estate of Frederick Bentley	Lawrence Township	SR	0	\$19,361	HAZ	\$690
Hamilton Area Young Men's Christian Association	Hamilton Township	SV	7	\$5,500,000	SAB	\$5,587,500
Impliant, Inc.	Princeton Borough	RD	11	\$139,334	BEP	\$286,000
IntegriChain, Inc.	Princeton Borough	TC	34	\$1,000,000	TEC	\$4,029,671
Jersey Precast Corp	Hamilton Township	MF	50	\$157,375	BEP	\$9,750,000
KPMC, Inc.	Trenton City	MF	2	\$150,000	BGF	\$605,000
New Jersey Academy of Family Physicians, Inc.	Trenton City	NP	4	\$178,750	SLP	\$728,000
NRS, LLC	Trenton City	MF	6	\$73,867	SLP	\$746,000
SEABOARD SERVICE, a New Jersey corporation	Lawrence Township	SR	0	\$750,000	HAZ	\$758,000
SeniorCare of Hamilton, LLC	Hamilton Township	NH	3	\$530,000	SAB	\$539,309
Mercer County Total			120	\$28,347,358		\$49,296,461

Middlesex County						
23 Clawson, LLC	Piscataway	MF	0	\$275,000	BGF	\$1,408,125
Access Capital International Corp.	Perth Amboy	SV	3	\$120,000	NDA	\$492,000
City of New Brunswick (Heldrich Center)	New Brunswick City	SR	0	\$1,000,000	HSM	\$1,315,101
Converted Organics of Woodbridge	Woodbridge Township	RC	18	\$17,500,000	SAB	\$22,000,000
Corente, Inc.	East Brunswick Twp.	TC	47	\$1,000,000	TEC	\$3,500,000
EPAC Technologies, Inc.	Edison Twp.	MF	25	\$163,793	BEP	\$7,850,000
Estate of Louis Ambrogio	Woodbridge Township	SR	0	\$29,027	HAZ	\$69,325
Hapag-Lloyd (America) Inc.	Middlesex Borough	DS	145	\$758,713	BEP	\$577,730
Jewish Renaissance Medical Center, Inc.	Perth Amboy	NP	37	\$7,500,000	SAB	\$13,766,000
Lehman Brothers Holdings Inc.	Piscataway	SV	30	\$125,000,000	SFF	\$385,657,305
Milltown-Ford Avenue Redevelopment Agency	Milltown Borough	SR	0	\$5,000,000	HSM	\$5,050,500
Novo Nordisk	Plainsboro Township	TC	211	\$5,405,932	BEP	\$120,000,000
Phoenix Container, Inc.	North Brunswick Township	MF	4	\$1,000,000	SAB	\$1,329,650

<u>Applicant Name</u>	<u>Municipality</u>	<u>Proj Type</u>	<u>Est New Jobs</u>	<u>EDA Assistance</u>	<u>Program Type</u>	<u>Total Project Costs</u>
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Middlesex County (cont.)						
Polymer Dynamix, LLC	South Plainfield Borough	MF	12	\$1,300,000	SAB	\$1,350,000
Recycle, Inc. East	South Plainfield Borough	MF	10	\$673,500	BGF	\$1,563,548
RMJ Laboratories, Inc.	Edison Township	MF	15	\$750,000	SLP	\$1,650,000
Ruby Real Estate & Management, Inc.	New Brunswick City	SV	12	\$291,250	BGF	\$1,165,000
SBD Net Products, Inc.	East Brunswick Township	SV	70	\$888,125	BEP	\$115,000
Middlesex County Total			639	\$168,655,340		\$568,859,284

Monmouth County						
Signum Biosciences	South Brunswick Twp.		14	\$1,000,000		\$6,700,000
SRSB Holdings Limited Liability Company	New Brunswick City	MF	0	\$750,000	LDF	\$0
SRSB Holdings LLC	New Brunswick City	MF	18	\$3,300,000	SAB	\$4,610,000
Steel Fab Realty, LLC.	Edison Township	MF	193	\$1,039,421	BEP	\$20,170,000
Trimco Display, LLC	Carteret Borough	MF	260	\$799,500	BEP	\$1,285,000
Tris Pharma, Inc.	South Brunswick	MF	50	\$4,900,000	SAB	\$5,900,000
V-4 Holdings, LLC	South Plainfield Borough	MF	18	\$2,100,000	SAB	\$3,358,750
Borough of Neptune City (Former East Coast Ice Co.)	Neptune City Borough	SR	0	\$73,496	HSM	\$73,496
City Works West Lake, LLC (West Lake Avenue BDA)	Neptune Township	SR	0	\$108,669	HAZ	\$109,169
CommVault Systems, Inc.	Oceanport	TC	180	\$3,755,745	BEP	\$4,000,000
EdmondMarks Technologies, Inc.	Neptune Township	MF	3	\$262,500	SLP	\$715,000
Estate of Charles E. Cortelyou	Oceanport Borough	SR	0	\$127,668	HAZ	\$243,730
Estate of Charles E. Cortelyou	Oceanport Borough	SR	0	\$33,838	HAZ	\$3,576
Foster's Auto Service, Inc.	Wall Township	SR	0	\$49,755	HAZ	\$51,255
Garden State Precast, Inc.	Wall Township	MF	7	\$750,000	SLP	\$2,295,000
Hatteras Press, Inc.	Tinton Falls Borough	MF	12	\$2,300,000	SAB	\$2,620,000
High Point Safety and Insurance Management Corp.	Red Bank Borough	CM	74	\$215,199	BEP	\$2,250,780
Ranney School	Tinton Falls Borough	NP	4	\$17,197,175	SAB	\$17,000,000
Shore Arthritis and Rheumatism Associates Corporation	Ocean Township	SV	4	\$70,000	NDA	\$139,000

<u>Applicant Name</u>	<u>Municipality</u>	<u>Proj Type</u>	<u>Est New Jobs</u>	<u>EDA Assistance</u>	<u>Program Type</u>	<u>Total Project Costs</u>
Monmouth County (cont.)						
The Community YMCA	Single County - Multi City	NP	8	\$2,253,360	SAB	\$2,368,000
Township of Neptune (1611 Sewall Avenue)	Neptune Township	SR	0	\$28,578	HSM	\$55,057
Monmouth County Total			845	\$41,114,904		\$73,947,813
Morris County						
Bain's Automotive, Inc.	Roxbury Township	SR	0	\$708,916	HAZ	\$897,160
Bain's Automotive, Inc.	Roxbury Township	SR	0	\$199,922	HAZ	\$18,675
Berlex, Inc. and Affiliates	Montville Township	MF	350	\$12,518,188	BEP	\$500,000
Ferring Pharmaceuticals, Inc.	Parsippany-Troy Hills Twp.	MF	92	\$3,927,466	BEP	\$1,790,000
L.P. Thebault Company	Parsippany-Troy Hills Township	MF	16	\$5,130,000	SAB	\$5,190,174
McKinsey&Company	Florham Park	SV	340	\$9,677,250	BEP	\$2,400,000
The Morristown-Beard School Inc.	Morristown Town	NP	8	\$14,500,000	SAB	\$16,379,942
Township of Morris (Former Pecar Mobil Site)	Morris Township	SR	0	\$17,770	HSM	\$17,770
Viewpointe Archive Services, L.L.C.	Parsippany-Troy Hills Twp.	SV	27	\$1,349,460	BEP	\$725,000
Morris County Total			833	\$48,028,972		\$27,918,721
Multi Counties						
Community Options, Inc.	Statewide	NP	17	\$4,840,000	SAB	\$5,350,000
Multi Counties Total			17	\$4,840,000		\$5,350,000
Ocean County						
Borough of Point Pleasant Beach (Sea Coast Oil)	Point Pleasant Beach Borough	SR	0	\$63,160	HSM	\$63,660
Joseph P. Hayes Theatre, Inc.	Beach Haven Borough	NP	9	\$400,000	GTE	\$4,000,000
Township of Plumsted (6 Main Street)	Plumsted Township	SR	0	\$39,247	HSM	\$39,747
Ocean County Total			9	\$502,407		\$4,103,407
Passaic County						
690 Union Blvd. Assoc., L.L.C.	Totowa Borough	MF	20	\$4,367,896	SAB	\$4,100,000
Acey Industries, Inc.	Paterson City	SV	2	\$65,025	BGF	\$291,000
BAE SYSTEMS Information and Electronic Systems Int Integration Inc.	Totowa Borough	TC	130	\$5,041,400	BEP	\$20,000,000
Challenge Printing Company, Inc., The	Clifton City	MF	4	\$2,000,000	SAB	\$2,470,000
City of Paterson (Columbia Textile Mill)	Paterson City	SR	0	\$122,012	HSM	\$122,512
City of Paterson-Department of Community Dev. (Former ATP Processors)	Paterson City	SR	0	\$13,530	HSM	\$14,030

<u>Applicant Name</u>	<u>Municipality</u>	<u>Proj Type</u>	<u>Est New Jobs</u>	<u>EDA Assistance</u>	<u>Program Type</u>	<u>Total Project Costs</u>
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Passaic County (cont.)						
City of Paterson-Department of Community Dev. (NJ Transit Market St. Garage)	Paterson City	SR	0	\$5,500	HSM	\$6,000
City of Paterson-Department of Community Dev. (Salvatore Verga)	Paterson City	SR	0	\$7,150	HSM	\$7,650
Jersey Partners, LLC	West Paterson Borough	SV	14	\$680,000	SLP	\$1,710,000
Princeton Laundry, Inc.	Paterson City	SV	75	\$111,041	BEP	\$8,000,000
Register Lithographers, Ltd.	Clifton City	MF	17	\$7,300,000	SAB	\$7,431,500
Passaic County Total			262	\$19,713,554		\$44,152,692

Salem County						
Carneys Point Township (Shell Road)	Carneys Point Township	SR	0	\$6,922	HSM	\$7,422
City of Salem (Former Sunoco Service Station)	Salem City	SR	0	\$62,022	HSM	\$62,522
City of Salem (McCarthy's Bar)	Salem City	SR	0	\$62,022	HSM	\$62,522
Independence Realty Group, LLC	Carneys Point Township	RT	2	\$120,000	SLP	\$770,750
Salem County Total			2	\$250,966		\$903,216

Somerset County						
Aeterna Zentaris	Warren Twp.	CM	25	\$1,250,000	BEP	\$800,000
Borough of Somerville (Somerville Landfill)	Somerville Borough	SR	0	\$297,045	HSM	\$297,545
Borough of Somerville (Somerville Landfill)	Somerville Borough	SR	0	\$209,843	HSM	\$210,343
Chromis Fiberoptics, Inc.	Warren Township	TC	22	\$1,000,000	TEC	\$3,490,000
Dynamic Mobile Data Systems, Inc.	Franklin Twp.	TC	15	\$750,000	TEC	\$2,680,000
Far Hills Country Day School	Far Hills Borough	NP	2	\$4,000,000	SAB	\$9,811,770
Integrium, LLC	Bedminster Township	RD	37	\$697,048	BEP	\$1,130,000
Nistica Inc.	Bridgewater Township	TC	10	\$1,000,000	TEC	\$5,675,000
Piper Holdings, L.L.C.	Franklin Township	CM	20	\$750,000	SLP	\$1,810,000
QUALCOMM Flarion Technologies, Inc.	Bridgewater Township	MF	95	\$1,932,300	BEP	\$20,117,000
Somerset Hills Learning Institute, Inc.	Bedminster Township	NP	9	\$3,000,000	SAB	\$3,059,817
The Louis Berger Group	Franklin Twp.	SV	33	\$114,098	BEP	\$1,500,000
The Pingry Corporation	Bernards Township	NP	5	\$8,000,000	SAB	\$8,090,000
VELOX Semiconductor	Franklin Township	TC	35	\$277,030	BEP	\$200,000
VELOX Semiconductor Corporation	Franklin Twp.		35	\$1,000,000	TEC	\$8,662,000
Somerset County Total			343	\$24,277,364		\$67,533,475

<u>Applicant Name</u>	<u>Municipality</u>	<u>Proj Type</u>	<u>Est New Jobs</u>	<u>EDA Assistance</u>	<u>Program Type</u>	<u>Total Project Costs</u>
Sussex County						
Schneider and Marquard, Inc.	Newton Town	MF	8	\$527,500	BGF	\$1,055,000
Sussex County Total			8	\$527,500		\$1,055,000
Union County						
385 Hillside Avenue Realty, LLC/Beau Label Manufacturing, Inc.	Hillside Township	MF	39	\$1,550,000	SAB	\$2,925,750
825 Lehigh Realty LLC	Union Township	MF	40	\$2,400,000	SAB	\$3,620,000
825 Lehigh Realty LLC	Union Township	MF	0	\$480,000	DIR	\$0
A&H Products, Inc.	Hillside Township	MF	15	\$440,000	LDF	\$1,715,000
ACP Partnership	Single County - Multi City	SR	0	\$375,703	HAZ	\$734,015
ACP Partnership	Single County - Multi City	SR	0	\$181,117	HAZ	\$9,125
Asplundh Tree Expert Co.	Scotch Plains Township	SR	0	\$47,886	HAZ	\$91,918
Beau Label Manufacturing, Inc.	Hillside Township	MF	55	\$60,839	BEP	\$2,500,000
Beau Label Manufacturing, Inc.	Hillside Township	MF	0	\$565,750	LDF	\$0
Bindgraphics, Inc.	Roselle Borough	MF	5	\$33,413	BGF	\$148,500
Borough of Roselle Park (Youth Baseball Field Complex)	Roselle Park Borough	SR	0	\$158,522	HSM	\$159,022
City of Rahway (Essex Street Riverfront Park)	Rahway City	SR	0	\$438,976	HSM	\$578,833
City of Rahway (Former Warwick Laboratories)	Rahway City	SR	0	\$344,487	HSM	\$344,987
St. Georges Center Associates, LLC	Rahway City	SR	0	\$143,648	HAZ	\$535,914
St. Georges Center Associates, LLC	Rahway City	SR	0	\$37,156	HAZ	\$3,878
Vogel Bus Company Inc.	Roselle Borough	TP	0	\$106,313	BGF	\$271,260
YWCA of Central New Jersey, Inc.	Plainfield City	NP	0	\$750,000	LDF	\$750,000
Union County Total			154	\$8,113,810		\$14,388,202
Warren County						
Blair Academy	Blairstown Township	NP	7	\$15,425,000	SAB	\$24,764,265
Heath Village	Hackettstown Town	NP	2	\$1,200,000	SAB	\$1,200,000
Rutler Screen Printing Inc	Phillipsburg Town	MF	5	\$25,000	BGF	\$132,447
Warren County Total			14	\$16,650,000		\$26,096,712
GRAND TOTAL			11,466	\$621,467,257		\$1,583,376,631

**Technology Business Tax Certificate Transfer Program (\$60,000,000)
2007 List of Approved Sellers**

Business Name

Municipality

Atlantic County	
Airtrax, Inc.	Atlantic City

Bergen County	
EveresTV, Inc.	Fort Lee
GoAmerica Communications Corp.	Hackensack
Infocrossing, Inc.	Leonia
NoFire Technologies, Inc.	Upper Saddle River
NuVim, Inc.	Paramus
Pure Energy Corporation	Paramus
Vyteris, Inc.	Fair Lawn

Burlington County	
Global Print Systems, Inc.	Marlton
Impact RX, Inc.	Mount Laurel
Inventa Technologies, Inc.	Mount Laurel
Lamina Ceramics, Inc.	Westhampton

Camden County	
Smarter Agent, Inc.	Pennsauken

Essex County	
Audible, Inc.	Newark
Columbia Laboratories	Livingston
Evident Software, Inc	Newark
Milestone Scientific, Inc.	Livingston
Unigene Laboratories, Inc.	Fairfield

Gloucester County	
Akers Biosciences, Inc.	Thorofare

Hudson County	
Class Link, Inc.	Weehawken
Lux Biosciences, Inc.	Jersey City

Hunterdon County	
Magnolia Broadband, Inc.	Bedminster
Novadel Pharma, Inc.	Flemington

Mercer County	
Alphion Corporation	Princeton Junction
Barrier Therapeutics, Inc.	Princeton
Bullrun Financial, Inc.	Hamilton
Dot Photo, Inc.	West Trenton
Energy Photovoltaics, Inc.	Lawrenceville
Knite, Inc.	Princeton
Lavipharm Laboratories, Inc.	East Windsor
Lexicon Pharmaceuticals (New Jersey), Inc.	Princeton
NexMed (USA), Inc.	East Windsor
Orchid Cellmark, Inc.	Princeton
Princeton Optronics, Inc.	Mercerville
Princeton eCom Corporation	Princeton
SightLogix, Inc.	Princeton
UDC, Inc.	Ewing
Viocare Technologies, Inc.	Princeton

Middlesex County	
Arkados, Inc.	Piscataway
Biomira USA, Inc.	Cranbury
CMWare, Inc.	Plainsboro
Cape Systems Group	South Plainfield
Connotate Technologies, Inc.	New Brunswick
Corente, Inc.	East Brunswick
ExSar Corporation	Monmouth Junction
ION Networks, Inc.	South Plainfield
Inplane Photonics, Inc.	South Plainfield
Kodeos Communications, Inc.	South Plainfield
Majesco Entertainment Company	Edison
Multiplex, Inc.	South Plainfield
Orthocon, Inc.	North Brunswick
Outercurve Technologies, Inc.	Iselin
PTC Therapeutics, Inc.	South Plainfield
Palatin Technologies, Inc.	Cranbury
Pharmacopeia Drug Discovery, Inc.	Cranbury
Pharmos Corporation	Iselin
Premier Specialties, Inc.	Middlesex
Princeton Lightwave, Inc.	Cranbury
Provid Pharmaceuticals, Inc.	North Brunswick
Signum Biosciences, Inc.	Monmouth Junction
Songbird Hearing, Inc.	New Brunswick
StrikeForce Technologies, Inc.	Edison
Synthemed, Inc.	Iselin

Transave, Inc.	Monmouth Junction
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Middlesex County	
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TyRx Pharma, Inc.	Monmouth Junction
WellGen, Inc.	New Brunswick
X-Cell Medical, Inc.	Monmouth Junction
MFormation Technologies, Inc.	Edison
NetForensics, Inc.	Edison

Monmouth County	
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BigString Corporation	Red Bank
Hemo Concepts, Inc.	Eatontown
Millennium Cell, Inc.	Eatontown
Scivanta Medical Corporation	Spring Lake
Speechswitch, Inc.	Matawan
Vonage Holdings Corporation	Holmdel
uReach Technologies, Inc.	Holmdel

Morris County	
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Cirqit.com, Inc.	Whippany
CyberShift, Inc.	Parsippany
Deltronic Crystal Industries, Inc.	Dover
Elusys Therapeutics, Inc.	Pine Brook
INTRRA, Inc.	Parsippany
Immunomedics, Inc.	Morris Plains

Passaic County	
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Cieos, Inc.	Totowa
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Somerset County	
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Alfacell Corporation	Somerset
BioArray Solutions, Ltd.	Warren
Dynamic Mobile Data Systems, Inc.	Somerset
Juvent, Inc.	Somerset
Opt-e-scrip, Inc.	Bedminster
VioQuest Pharmaceuticals, Inc.	Basking Ridge
Wi-Tron, Inc.	Raritan

Union County	
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Genta, Inc.	Berkeley Heights
Stem Cell Innovations, Inc.	Scotch Plains

TOTAL	\$60,000,000
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Project Key			
CM	Commercial	OF	Office
CT	Construction Trade	RC	Recycling
DC	Day Care	RD	Research and Development
DS	Distribution	RT	Retail
GF	Government Facility	SR	Site Remediation
HS	Housing	SV	Services
IN	Infrastructure	TC	Technology
MF	Manufacturing	TP	Transportation
NH	Nursing Home	WS	Wholesale
NP	Not for Profit		

Program Key			
BEP	Business Employment Incentive Program	HSM	Hazardous Discharge Site Remediation Fund - Municipal
BGF	NJ Business Growth Fund	LDF	Local Development Financing Fund
CED	Fund for Community Economic Development	NDA	NJ Development Authority
DIR	Direct Loan	NMT	New Markets Tax Credit Program
ERB	Economic Recovery Board for Camden	SAB	Stand Alone Bond
GTE	Guarantee	SLP	Statewide Loan Pool for Businesses
HAZ	Hazardous Discharge Site Remediation Fund - Commercial	TEC	Edison Direct Investment