

































**CASINO REINVESTMENT DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 1993 AND 1992**

**9. PROJECT AND DIRECT INVESTMENT COMMITMENTS AND DISBURSEMENTS (CONTINUED)**

<u>Project</u>	<u>Commitments</u>	<u>DISBURSEMENTS</u>		
		<u>Bonds</u>	<u>Direct Investment</u>	<u>Donated Obligations</u>
Sub-Total From Previous Page	273,071,520	30,315,572	85,044,961	42,328,581
North Jersey:				
Legal & Communication Building Parking Garage/Newark	900,000	900,000		
Children's Day Nursery Facility/ Passaic	502,500	502,500		
Mi Bandera Specialty Market/ Union City	724,419	724,419		
Vietnam Vets Memorial/Holmdel Affordable Housing/ Jersey City	1,000,000 1,600,000			1,000,000
North Oraton Senior Citizen Homes/East Orange	1,400,000			
Marcal Recycled Paper Extraction Facility/ Elmwood Park	25,500,000			
Grove Estates Housing/Clifton	<u>3,100,000</u>			
Sub-Total North Jersey	<u>34,726,919</u>	<u>2,126,919</u>	<u>--</u>	<u>1,000,000</u>
Grand Total	<u>\$307,798,439</u>	<u>\$32,442,491</u>	<u>\$85,044,961</u>	<u>\$ 43,328,581</u>

B. Harrahs, through its Northeast Inlet Phase I direct investment project, has accumulated a prepayment and prepayment discount carryforward of approximately \$16.3 million as of December 31, 1993 to be applied to future Atlantic City CRDA obligations due. The prepayment is a result of direct investment project expenditures and discount credit advanced in excess of obligations due.



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**10. PROGRAM COSTS**

Program costs are included as expenses within the Statement of Revenues, Expenses and Changes in Fund Equity and consisted of the following:

	<u>1993</u>	<u>1992</u>
Development Fund:		
Atlantic City Corridor	\$ 1,266,100	\$ -
Delaware Avenue Widening	657,892	307,450
New Hampshire Avenue Widening	87,982	-
Northeast Inlet Phase III	142,979	-
Renaissance Plaza Supermarket/ Retail Complex	<u>40,000</u>	<u>-</u>
	<u>\$ 2,194,953</u>	<u>\$ 307,450</u>

**11. OPERATING FUND DONATIONS**

Donations from the operating fund are included as expenses within the Statement of Revenues, Expenses and Changes in Fund Equity and consisted of the following:

	<u>1993</u>	<u>1992</u>
Operating Fund:		
Atlantic City Medical Center donation	\$ 1,000,033	\$ -
Albany Avenue/O'Donnell Park donation	<u>110,000</u>	<u>400,000</u>
	<u>\$ 1,110,033</u>	<u>\$ 400,000</u>

**12. ALLOCATION OF OBLIGATION AND DONATION DEPOSITS**

CRDA is required by a formula in the Statute to allocate obligations received to Atlantic City, South Jersey and North Jersey. CRDA is also required to set aside \$1,200,000 annually for the purpose of investing in obligations of the New Jersey Development Authority (NJDA). As of December 31, 1993 and 1992, CRDA has allocated obligation and donation deposits as follows:

	<u>1993</u>	<u>1992</u>
Obligation Deposits by Area:		
Atlantic City	\$ 77,758,766	\$ 58,543,522
South Jersey	7,970,411	7,709,664
North Jersey	9,952,735	6,530,393
NJDA	3,864,310	3,305,005
Donation Deposits by Area:		
Atlantic City	61,548,808	71,655,978
South Jersey	<u>880,000</u>	<u>1,165,194</u>
Total	<u>\$161,975,030</u>	<u>\$148,909,756</u>

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**13. DONATED OBLIGATIONS**

Certain licensees have petitioned to donate obligations to CRDA and NJDA in lieu of purchasing bonds. CRDA and NJDA accepted the donations in accordance with N.J.S.A. 5:12-177 and granted credit against the present or future obligation to purchase bonds. During 1992, Showboat donated a total of \$10 million to fund the Delaware Avenue Widening project, the Atlantic City Youth Build program, and to partially fund the Atlantic City Citywide Rehabilitation program. As negotiated, Showboat provided the funding on a dollar for dollar obligation credit basis without receiving the usual donation credit of \$0.51 for \$1.00 of donation. CRDA committed donations received to the implementation of the Northeast Inlet Redevelopment Plan and the Land Banking Program. Cumulative current and prior donated amounts and the amount of credit to be applied against future obligations as of December 31, 1993 are as follows:

	<u>Donated Amounts</u>	<u>Future Credit</u>
<b>Atlantic City:</b>		
Atlantis	\$ 5,545,803	
Bally's Park Place & The Grand	22,713,156	
Claridge	6,658,968	
Resorts	12,048,465	
Sands	15,143,666	1,516,982
Showboat	10,000,000	
Trump's Castle, Trump Plaza & Taj Mahal	21,559,775	
<b>South Jersey:</b>		
Bally's Park Place & The Grand	3,000,000	1,313,389
Harrah's	1,092,700	
Sands	2,627,299	836,247
Trump's Castle & Trump Plaza	880,000	
<b>North Jersey:</b>		
Caesar's	1,000,000	81,531
<b>NJDA:</b>		
Atlantis	216,985	
Bally's Park Place	912,594	167,770
Caesar's	755,800	112,213
Claridge	429,358	33,533
The Grand	854,875	222,156
Harrah's	907,667	158,763
Sands	649,751	21,759
Showboat	235,789	
Trump's Castle	<u>524,703</u>	<u>29,037</u>
<b>TOTAL</b>	<b><u>\$107,757,354</u></b>	<b><u>\$4,493,380</u></b>

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**14. DIRECTORS AND OFFICERS LIABILITY INSURANCE**

On August 8, 1986, CRDA approved the establishment of a \$1,000,000 Indemnification Fund. In the event any amount of the Indemnification Fund is used for purposes for which it has been established, CRDA will replenish that amount from operating revenue but not more than \$250,000 per year. At December 31, 1993 and 1992, \$1,000,000 has been reserved in the Operating Fund.

**15. LAND BANKING AND REAL ESTATE**

A. Within the Operating Fund through its Land Banking Program, CRDA has authorized the acquisition of land within the Northeast Inlet section of Atlantic City to facilitate the implementation of the Northeast Inlet Redevelopment Plan. CRDA has a balance of \$3,775,227 as of December 31, 1993 and \$3,349,870 as of December 31, 1992 of real estate held for resale to developers of future CRDA approved projects. CRDA had reserved \$9 million of its operating fund's unrestricted fund equity for such purpose. The amount available within reserved fund equity for land acquisition upon authorization by CRDA as of December 31, 1993 is \$4,722,117.

B. As of December 31, 1993 and 1992, CRDA has escrowed funds totaling \$75,206 for the purchase of land in the Northeast Inlet section of Atlantic City. CRDA expects to complete the transactions and receive title to the land.

C. CRDA established the Land Banking Program and New Hampshire and Delaware Avenue Widening Projects in the Development Fund which are both funded by previously donated obligations. The Land Banking Program operates similarly to the program described in the Operating Fund. The New Hampshire Avenue Widening Project entails the purchase of land along New Hampshire Avenue in Atlantic City in order to widen the road as directed by the Northeast Inlet Redevelopment Plan. The Delaware Avenue Widening Project entails the purchase of land and the funding of construction costs to widen the roadway. The Atlantic City Improvement Authority (ACIA) is providing construction management services for the Delaware Avenue Widening Project. CRDA, which has committed \$8,000,000 for this project, will provide funds to the ACIA for budgeted expenses. Land acquisition costs are capitalized by CRDA and construction costs reimbursed to the ACIA are expensed as program costs. As of December 31, 1993 and 1992, approximately \$15.0 million and \$10.0 million, respectively in real estate has been purchased by the Development Fund for the above noted projects and program.

A portion of the land acquired through the New Hampshire Avenue and the Delaware Avenue Widening Projects will be dedicated (for a nominal sum) to the City of Atlantic City. Title transfers will result in cost of land sold expense in the Development Fund. The remaining land will be retained by CRDA for future development.

Within the Development Fund, the CRDA has purchased land and incurred related costs for the proposed The Cove at Gardner's Basin Townhomes by Hovnanian within the Northeast Inlet section of Atlantic City. If specified contractual provisions are met, the land will be sold to a developer (for a nominal sum). As in the above noted avenue widening projects, title transfers will result in cost of land sold expense in the development fund.

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**15. LAND BANKING AND REAL ESTATE (CONTINUED)**

Fund equity, within the Development Fund, has been reserved as follows:

	<u>1993</u>	<u>1992</u>
Real estate owned and related costs capitalized:		
New Hampshire Avenue Widening Project	\$ 7,645,745	\$6,602,336
Delaware Avenue Widening Project	1,880,951	27,516
The Cove At Gardner's Basin Townhomes by Hovnanian	<u>11,112,988</u>	<u>5,515,150</u>
	<u>\$20,639,684</u>	<u>\$12,145,002</u>

**16. DEMOLITION PROGRAM**

During 1991, CRDA established the Atlantic City Demolition Program. A total of \$6 million is to be lent to the City of Atlantic City to demolish vacant and abandoned structures. Funding will be provided by a \$3 million interest free loan from the Operating Fund and a \$3 million loan from Caesar's CRDA obligations. The loans are to be repaid by Atlantic City from general tax revenues. As of December 31, 1993 \$1,249,024 has been loaned under this program.

**17. APMC TRAUMA CENTER**

In 1991, CRDA committed a \$1,012,497 grant from its Operating Fund to the Atlantic City Medical Center for the construction of a trauma center of which \$1,000,033 has been paid as of December 31, 1993. Sands has donated \$1,787,503 to CRDA which has been paid to the APMC as of December 31, 1993.

**18. MAINTENANCE FACILITY**

In 1993, CRDA committed \$2,000,000 from its Operating Fund to N.J. Transit for the temporary relocation of its bus maintenance facility as part of the Atlantic City Corridor project.

**19. PENSION**

Effective June 1, 1990, all full-time employees and compensated board members of CRDA are required to participate in the New Jersey Public Employees' Retirement System (PERS), a cost-sharing, multiple employer, defined benefit plan administered by the State of New Jersey Division of Pensions. As of June 30, 1993, the date of the most current available information, total annual participating employee payroll covered by PERS was approximately \$6.9 billion of which CRDA's participating payroll represented approximately .01% (one hundredth of one percent).

The pension benefit obligation (a measure of the present value of pension benefits estimated to be payable in the future) for the PERS at June 30, 1993 was approximately \$13.6 billion. Assets available for benefits, at book value, were approximately \$12.9 billion leaving an unfunded pension benefit obligation of approximately \$.7 billion. The PERS is not able to make a separate measurement of assets and pension benefit obligation for CRDA or any other participating employer.

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**20. FIDELITY BOND**

CRDA has a \$100,000 Honesty Blanket Bond supplied by Pennsylvania National Mutual Casualty Insurance Company covering all of its employees.

**21. BUDGETARY REQUIREMENTS**

CRDA operates under a budget adopted by its Board. The annual operating budget is submitted by the last day of October of each year to the State Treasurer for approval.