

**New Jersey Economic Development Authority**  
1975 Annual Report



## Highlights of 1975

Amount of New Financings		Construction Jobs Created by	
Approved	\$204,339,500	Financings (Est.)	3,100
Amount of Financings Closed	\$46,980,000	Authority Operating Income	\$318,844
Total Investment Stimulated by		Authority Operating Expenses	\$256,344
New Financings	\$249,629,016	Deficit from Operations at	
Number of New Projects		December 31, 1974	(\$17,913)
Approved	116	Operating Surplus at	
Permanent Jobs to be Created by		December 31, 1975	\$44,587
Financings (Est.)	9,614		

## The New Jersey Economic Development Authority

The Authority is a governmental agency designed to arrange low-interest, long-term financing for industrial and commercial projects. The overall objective of the Authority is to maintain and expand job opportunities, and to enlarge the tax base of state and local governments in New Jersey. The Authority is governed by a seven-member board consisting of the New Jersey Commissioner of Labor and Industry who serves as Chairman; the Commissioner of Community Affairs;

the Commissioner of Environmental Protection; the State Treasurer; and three additional members appointed by the Governor and approved by the New Jersey Senate.

To accomplish its objectives, the Authority is empowered to issue tax-exempt industrial development bonds, and to provide funds raised from its bond issues for financing eligible projects. The Authority is also authorized to enter into contracts, to buy and sell

land, buildings, and other property, and to conduct studies related to its legislative mandate to stimulate employment and investment in New Jersey. The Authority cannot obligate the credit of the State of New Jersey. The Authority's operating costs are paid from financing fees charged to companies receiving assistance.

### On the Cover:

Top Left: The B. Manischewitz Company, Jersey City (Hudson County)

Top Right: Concast, Incorporated, Montvale (Bergen County)

Bottom Left: Univac Division of Sperry-Rand Corporation, Voorhees Township (Camden County)

Bottom Right: Firmenich, Incorporated, Plainsboro (Middlesex County)

**Pictured to the left:** Governor Brendan Byrne (right); and Joseph A. Hoffman, (left), Commissioner of Labor and Industry and Chairman of the Authority.

# To the Governor and Members of the Legislature:



The Authority's performance during its first full year of operations exceeded our most optimistic forecasts, and provided a bright side to New Jersey's otherwise dismal economic condition during 1975.

By year end, the Authority had arranged more than \$200 million in low-interest business financing which stimulated more than \$240 million in capital investment in New Jersey and created 9,614 permanent jobs and more than 3,000 construction jobs. The Authority's financial assistance went to 116 projects located in 20 of the state's 21 counties, including 18 financings for projects in New Jersey's "urban aid" municipalities.

The Authority accomplished these results at no cost to the state's taxpayers. Application fees and interest were sufficient to pay our 1975 operating costs, and to repay a loan received from the state in 1974 for start-up expenses.

Several important legislative measures sought by the Authority were obtained in 1975 which provide us with additional capabilities. Legislation was enacted to permit the Authority to arrange low-interest long-term financing for industrial pollution control expenditures and commercial and retail facilities. The legislature appropriated \$10 million from the unemployment compensation auxiliary fund to the Authority to provide us with the financial capabilities of guaranteeing portions of loans for companies that could not otherwise

obtain adequate financing. Legislation was enacted to permit county governments to participate in Authority-financed projects, and to permit the Authority to undertake the development of urban industrial parks and the construction of new buildings in urban areas.

Together, these additional tools have equipped the Authority to offer one of the most comprehensive and flexible job development programs of any state in the nation.

## **The Seeds of Recovery**

The Authority had its beginnings amid New Jersey's 1974 slide into a recession, and achieved its 1975 results in the face of New Jersey's most severe economic dislocation since the Great Depression. The State's unemployment rate stood at 8.5% when the Authority opened its doors in September of 1974, and rose to a peak of 13.6% in September of 1975.

We take considerable pride in knowing that the Authority played a small role in helping to minimize this grim and devastating deterioration of New Jersey's economic base. During 1975 we arranged the financing that brought 24 new companies into New Jersey from other parts of the nation and the world and that permitted 60 existing New Jersey employers to expand and modernize their business facilities. We believe that our efforts served to soften the blows of the recession, and planted the seeds for a vigorous, sustained recovery.

## **A Commitment to Rebuild Our Cities**

New Jersey's cyclical economic decline did not distract our attention from the persistent, structural problems of our urban areas. During 1975 the Authority assembled a team with broad capabilities in finance, engineering, and real estate, to undertake financial assistance programs for urban employers, to provide technical assistance to local redevelopment agencies, to identify and evaluate abandoned industrial facilities suitable for rehabilitation, and to prepare an inventory of blighted urban land suitable for industrial development.

As a result of these efforts, the Authority provided low-interest financing which sparked \$26,000,000 of industrial construction and rehabilitation in New Jersey's "urban aid" municipalities during 1975. In September of 1975, the members of the Authority resolved to undertake feasibility studies for the development of urban industrial parks sponsored and financed by the Authority. This important policy decision was based upon our conviction that the development of large-scale, landscaped sites and the construction thereon of modern and efficient industrial buildings hold a key to the economic reconstruction of New Jersey's urban areas.

In October of 1975, the Authority entered into an agreement with the Port Authority of New York and New Jersey for consulting services in connection with our urban industrial park program. Under the agreement, the Port Authority's Department of Planning and Development will survey and evaluate potential industrial park sites in five northern New Jersey cities. Based upon the results of this survey, scheduled for completion in the spring of 1976, we will select several sites for actual development during 1976.

In addition to the work being performed for us by the Port Authority, we have undertaken our own surveys of possible sites for development in a number of other urban areas, and we are confident that during 1976 specific development projects can be initiated and sponsored by the Authority that will lead to new industrial construction in these municipalities.

#### **The Year 1976**

As we enter the new year, the officers and staff of the Authority are confident that we can make a substantial contribution to New Jersey's economic recovery. We are mindful of the sheer proportions of this challenge — with more than 400,000 of our citizens unemployed, and a substantial portion

of our industrial capacity aged and in disrepair, New Jersey must generate several billions of dollars in new capital investment in order to restore our economy to health and vitality. The Authority expects to be in the forefront of that effort; more importantly, we hope to contribute by our work and our example to the improvement of New Jersey's business climate and to our state's image among investors world-wide as a community of people eager to work and willing to grow.



Joseph A. Hoffman  
Chairman



Robert S. Powell, Jr.  
Executive Director

March 1, 1976



Top: Under Construction: Great Bear Spring Water Company, Teterboro (Bergen County)

Center Left: Homa Company (Indiran), Parsippany (Morris County)

Center Right: National Color Laboratories, Inc., Edison (Middlesex County)

Bottom: Firmenich Incorporated, Plainsboro (Middlesex County)

# Tax-Exempt Revenue Bond Financing

The primary mission of the Authority is to provide long-term low-interest financing to private companies in order to induce the construction, acquisition, enlarging, and equipping of industrial and commercial facilities. Funds for this low-interest loan program are provided through sale of tax-exempt industrial development bonds. Payment of principal and interest on Authority bonds is provided by companies using the facilities financed by the Authority. In most cases, title to the land and buildings involved in a financing are pledged to bondholders in the event of default. The State of New Jersey makes no guarantee of payment on Authority bonds, and the Authority does not loan state monies.

New Jersey was a late-comer to the field of industrial development bond financing, putting our state at a disadvantage in the fierce competition for new business investment. Yet, our aggressive efforts to develop project financings during our first full year of operations have established New Jersey's presence in the business development field.

We have directed special attention to revenue bonding procedures, to make the process as streamlined and flexible as possible for each project applicant. By year end, we were able to guide a number of financing applications from the beginning stages to a final settlement in a few short weeks.

Despite the unusual turbulence that struck the municipal bond market in 1975, the market for the Authority's obligations remained strong throughout the year. Most of our issues were placed privately, and we were fortunate during 1975 to have the close cooperation of New Jersey's banking community in maintaining markets for our obligations.

The most important measure of our performance, of course, is the tangible savings in borrowing costs which we obtain for firms receiving our assistance. Generally, interest rates on project loans arranged through the Authority in 1975 were 75%-80% of the rates companies would have had to pay if they had financed projects conventionally. Several particularly strong projects we financed in 1975 carried annual interest rates of 5% and lower. In the aggregate, Authority assistance saved firms millions of dollars in financing charges thereby providing a significant inducement to invest in new facilities and additional capital for further investment in the state's economy.

The creation of new on-site jobs is only one important benefit obtained from the Authority financings. Approximately \$9,500,000 in state sales tax revenues will be generated by Authority-assisted projects; local government can expect to receive an additional \$3,000,000 annually in property tax revenues from these projects; and approximately 15,000 off-site, indirect employment opportunities will be created in communities in which these projects have been located.

## **Bright Prospects for '76**

The Authority received 270 formal applications for financial assistance during 1975, and the year 1976 should bring even greater activity as economic conditions improve. The Authority anticipates playing an even greater role in financing the new facilities and equipment industry will need in 1976 to meet increased demands for goods and services.

## **Expansion and Flexibility**

In its original form, the enabling legislation which established the Authority limited our assistance primarily to industrial projects. However, legislative amendments enacted during



*This announcement appears as a matter of record only.*

**\$3,300,000**

**NEW JERSEY ECONOMIC  
DEVELOPMENT AUTHORITY**

**Economic Development  
and  
Pollution Control Bonds—1975 Projects**

on behalf of

**BASF Wyandotte Corporation**

*The undersigned arranged  
the private placement of these securities.*

**UBS-DB CORPORATION**

January, 1976

Top: Joseph A. Hoffman, Authority Chairman, and Charles T. Hamsley, President of Hamsley, Inc., at the firm's new metals processing facility in Edison, N.J., financed by the Authority.

Lower Left: Nalco Chemical Company, West Deptford (Gloucester County)

Lower Right: Wall Street Journal, January 16, 1976.

1975 expanded eligibility for our assistance to include pollution control expenditures, and retail and commercial projects which create new employment.

We lost little time in utilizing these new tools. The Authority approved low-interest financing for 6 industrial pollution control projects with a combined cost of \$47,985,000. These financings, which will be used by private firms to acquire and install air pollution equipment and waste water treatment systems, will ease the financial burdens of complying with New Jersey's stringent environmental standards.

Legislation authorizing assistance to retail and commercial projects was signed late in 1975, and the Authority subsequently approved financing for commercial projects involving \$7,800,000 of capital investment.

The flexibility of the Authority's business assistance program can be demonstrated by the diversity of projects which received approval in 1975. We provided help to many small businesses — including a \$150,000 loan to bring a Pennsylvania fabricated metals firm to Camden, and a \$400,000 financing to assist a Paterson chemical company

rebuild and expand its facilities following a devastating fire in 1974. Larger firms were also able to take advantage of our program. We arranged a \$3 million financing for the construction of a new headquarters and manufacturing facility in Sayreville for a large West German firm which manufactures electronics components; \$2.5 million in Authority bonds have been issued to finance the construction of a large distribution and food processing center in Jersey City for one of New Jersey's oldest private employers; \$2,400,000 in bonds were issued to construct a manufacturing facility in Eatontown for a New York firm opening a new division in New Jersey, and to renovate an existing facility owned by the same firm in Union, New Jersey.

#### **The Need for Greater Flexibility**

Tax-exempt industrial development bond financing was first authorized by Congress in the 1930's at the urging of Southern states seeking to diversify their agricultural economies. Initially, Congress placed few restrictions on the types of projects which such bonds could finance. But in 1968, Congress adopted a number of restrictions on industrial development bond financing, including a general \$1 million limitation on tax-exempt bond assistance to any single project. This \$1 million ceiling can be raised to \$5 million, but only if the total cost of the project does not exceed \$5 million. The ceiling does not apply at all for industrial pollution control projects, or for projects consisting of the

construction or improvement of public facilities such as airports, marine port facilities, sports complexes, and convention and trade show facilities.

This "one million-five million" rule unreasonably restricts our assistance program. The Authority had to reject scores of assistance applications for projects the cost of which would have exceeded \$5 million by a small amount. The officers of the Authority have joined with economic development officials from a number of other states in urging Congress to rewrite and simplify the rules for industrial development bond financing. The primary objective of such new legislation would be to permit Authorities such as ours to provide up to \$10 million in tax-exempt bond financing for any particular project, regardless of the total project cost. Had such a provision been in effect for 1975, the Authority could have stimulated millions of dollars in additional investments and hundreds of new jobs.



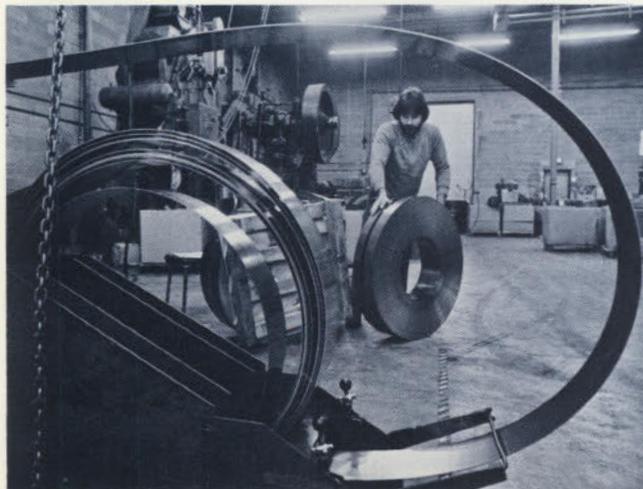
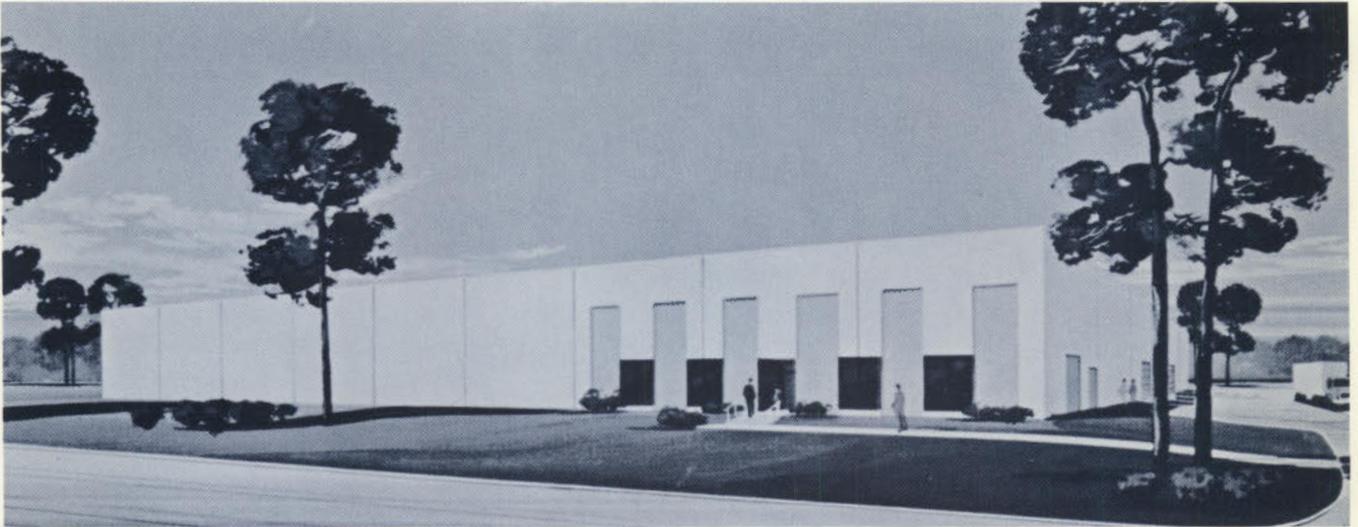
**Authority Staff:** Seated, from left: John Zenzer, Project Development Officer; Fran Emmons, secretary; James McCoy, Director of Project Development. Standing from left: Thomas Cagnole, Project Development Officer; Angela Maurio, secretary.

Top: Camden Enterprises, Inc., Camden (Camden County)

Center Left: Concast Incorporated, Montvale (Bergen County)

Lower Left: Windsor Products Co., South Hackensack (Bergen County)

Lower Right: Official Statement, September, 1975.



**NEW ISSUE**

*In the opinion of Bond Counsel, interest on the 1975 Bonds is exempt from Federal income taxes under existing statutes and court decisions, except as explained under the caption "Tax Exemption" herein.*

**\$1,600,000**

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY**  
**8 1/2% ECONOMIC DEVELOPMENT BONDS**  
**(INTERPACE CORPORATION - 1975 PROJECT)**

The 1975 Bonds will be issued to provide funds for the acquisition, construction, installation and equipping of a new manufacturing facility in Wharton, New Jersey and are special obligations of the Authority, the principal of, premium, if any, and interest on which are payable solely from the revenues and other moneys derived from the sale or other disposition of the Project under the Installment Sale Agreement between the Authority and Interpace Corporation. The Bonds are secured by a mortgage on the Authority's interest in the Project and a pledge of moneys received under the Installment Sale Agreement with

**INTERPACE CORPORATION**

**Due October 1, 1999**

**Dated October 1, 1975**  
 Interest on the 1975 Bonds is payable semiannually on April 1 and October 1 of each year. Principal and interest are payable at the principal office of American National Bank & Trust of New Jersey, the Trustee and Paying Agent, in Montclair, New Jersey. The 1975 Bonds will be issued as coupon bonds in the denomination of \$5,000, registrable as to principal only, or as fully registered Bonds in denominations of \$5,000 each or in any whole multiple thereof, and are subject to redemption prior to maturity as described herein.

The Bonds do not constitute a debt or liability of the State of New Jersey or of any political subdivision thereof either legal, moral or otherwise and the issuance of the Bonds shall not, directly, indirectly or contingently, obligate the State of New Jersey or any political subdivision thereof to levy any form of taxation thereon or to make any appropriations for their payment and neither the State of New Jersey nor any political subdivision will in any event be liable for the principal of, premium, if any, and interest on the Bonds or for the performance of any pledge, obligation or agreement contained therein, in the Agreement or in the Indenture.

The 1975 Bonds are offered when, as and if issued and received by the Underwriter listed below, subject to the approval of legality by Messrs. Hawkins, Delafield & Wood, New York, New York, Bond Counsel. Neither the Corporation, nor the Authority nor the Underwriter is obligated to repurchase any of the Bonds. The Underwriter expects to effect secondary market trading in the 1975 Bonds upon compliance with applicable securities laws. It is expected that delivery of the 1975 Bonds in definitive form will be made against payment therefor in New York, New York, on or about October 16, 1975.

**Price 100%**  
 (Accrued interest to be added.)

**PAINÉ, WEBBER, JACKSON & CURTIS**  
 INCORPORATED

The date of this Official Statement is September 16, 1975.

# Loan and Bond Insurance

The Authority's obligations are considered "revenue bonds," because the bonds are payable solely from revenues generated by the project being financed. Purchasers of the Authority's bonds understand that the state is not legally or morally obligated to repay these obligations if the project which the bonds have financed is not successful.

Soon after starting its work, the Authority recognized that a number of firms wishing to undertake projects could not obtain the full amount of funding needed using the revenue bonding approach, because the firms did not enjoy sufficiently high credit ratings, or because the projects involved a greater element of financial risk than lending institutions were willing to undertake. Projects in urban areas often did not attract lender interest because of uncertainty over the economic future of these areas.

To strengthen its capabilities for assisting such projects, the Authority developed a program of second-mortgage loan and bond insurance. In March of 1975 the legislature appropriated \$10 million to the Authority from the unemployment compensation auxiliary fund, a trust fund established to receive penalty payments from private employers violating unemployment insurance laws. The appropriation was designed to give the Authority collateral and assets which could secure loan and bond guarantees for selected projects.

Now, the Authority can guarantee repayment of up to 30% of the principal amount of revenue bonds issued for a particular project. To secure its guarantee, the Authority will take a second mortgage on the project, or some

other subordinate collateral, leaving the first mortgage to the bond holder. In the event of a default on bonds covered by Authority insurance, the Authority would pay the bondholder up to 30% of the outstanding principal amount due on the bonds using the monies in the bond insurance fund for the repayment. The bondholder could then exercise his other remedies, including foreclosure on the project.

For a bank, loan and bond insurance lowers the risk of lending for a particular project, but it does not remove the risk altogether. The private lender continues to have the primary exposure for losses in the project, but by reducing this exposure by a substantial amount the Authority's insurance program encourages greater participation by the lender in the project.

Two formal loan insurance commitments were issued by the Authority in 1975, and another dozen were being readied for final approval at year end.

## **Camden Enterprises, Inc.**

The first insurance commitment was issued to Camden Enterprises, Inc., a new corporation formed to manufacture printed circuit boards for the electronics industry. The corporation plans to construct a new manufacturing facility in the City of Camden and equip the plant with modern printed circuit board manufacturing equipment, for a total project cost of approximately \$2.6 million. The new facility will be constructed on blighted land in Camden, and will employ approximately 300 people.

Authority insurance was a critical element in packaging the financing for this project. A portion of the financing (\$472,500) will be provided by the Bank of New Jersey; of that amount the Authority will guarantee repayment of \$150,000. Another portion of the financing (\$952,500) will be provided by the U. S. Economic Development

Administration; the Authority will guarantee repayment of \$200,000 of that amount. Additional portions of the financing will be provided by the U.S. Small Business Administration and the New Jersey Area Redevelopment Authority.

Thus, the Authority will guarantee repayment of approximately 13% of the total amount of this financing, but this limited guarantee was the key element in persuading the Bank of New Jersey and the U.S. Economic Development Administration to participate.

## **Johnson and Towers, Inc.**

The second loan insurance commitment was issued to Johnson and Towers, Inc., a firm engaged in the sales, servicing and distribution of diesel and marine engines. The firm will construct and equip a new plant in Mt. Laurel Township at a total cost of \$1,450,000 which will create approximately 60 new jobs. Tax-exempt bond financing for the project will be provided by New Jersey National Bank, with repayment of 30% of the loan to be guaranteed by the Authority. This firm has been in business in New Jersey for many years, and has recently embarked upon a major expansion program, which requires new facilities, machinery and equipment. The firm has become one of the region's largest diesel engine suppliers and service centers. The Authority assistance helped to maintain the firm's expanding operations in New Jersey.



**Authority staff**, from left: Margarete Naperski, secretary; Denice Pasawicz, secretary; Martin L. Green, Chief Fiscal Officer; Anthony Cuccia, Assistant Fiscal Officer.

# Rebuilding Our Cities

The recession of 1974-75 dealt its cruelest blows to New Jersey's already-depressed urban areas. Many of our cities experienced unemployment as high as 25% during the year, and witnessed the closing of one business after another under the pressures of high property taxes, congestion, and antiquated facilities. The members and staff of the Authority have resolved to devote substantial time and resources to the industrial and commercial redevelopment of these distressed communities.

Early in 1975 the Authority established an Urban Economic Development Task Force with staff capabilities in finance, real estate, and engineering, to develop a comprehensive assistance program for urban areas. The Task Force, working in conjunction with the other members of the Authority staff and the Division of Economic Development, established three specific objectives.

**1. Plan and develop urban industrial parks** - One of the largest obstacles to industrial expansion in urban areas is the scarcity of large tracts of land suitable for modern industrial buildings. While many industrial parks have been developed by the private sector in New Jersey in the past several years, few have been located in urban areas because of the added costs of urban development, and because of

investor uncertainty about the future economic viability of our cities. The Authority has determined that little new industrial development will occur in our cities in the absence of direct involvement of a public agency acting as developer.

To sharpen our understanding of the proper role of the Authority in meeting the employment needs of our cities, we have undertaken a number of studies.

The Authority is working with the Port Authority of New York and New Jersey to identify the most feasible industrial park sites for development in Newark, Elizabeth, Jersey City, Bayonne, and Hoboken. Similar studies have been undertaken by the Authority's staff or by consultants to the Authority in Paterson, Passaic, Trenton, and Camden. Each of the studies will suggest specific urban sites that would be most feasible for development, and will evaluate the marketing, financial, and engineering problems that might be associated with industrial park development at each of the sites. Based upon these studies, the Authority plans to begin the actual development of several such projects during 1976.

**2. Recycle older and abandoned industrial facilities** - A second objective is to identify industrial facilities in urban areas which have been abandoned, but which are suitable for acquisition and renovation by the

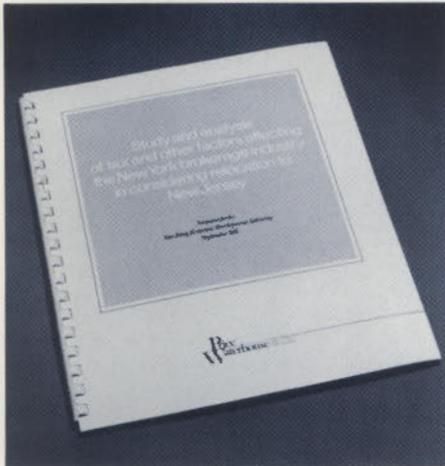
Authority for new users. Based upon our preliminary studies, we believe many of these older buildings have significant potential for re-use if the proper financing and marketing strategies can be assembled. Several specific projects were being prepared for approval at year end.

**3. Provide low-interest financing and credit guarantees to urban employers** - Our cities must not only attract new investment, they must also maintain their current industrial and commercial employers. During 1975 the Authority began a canvass of major employers in urban areas to determine whether the Authority's assistance program could encourage modernization, renovation, and expansion of their facilities. By year-end, the Authority approved low-interest assistance for 18 industrial and commercial projects in urban areas, which stimulated \$26,000,000 in total capital investment, and created 1,900 new job opportunities.

Our canvass of urban employers also generated an additional 24 applications for assistance involving \$36,000,000 in new investment and 7,000 new jobs. We hope that each of these projects can be approved in 1976.



# Special Projects



Historically, New Jersey's business development efforts have not been undertaken within the framework of an overall growth strategy. During 1975 the Authority, in cooperation with the Division of Economic Development and the Division of Planning and Research of

the Department of Labor and Industry, undertook several planning efforts to determine generally the types of industry we would most like to have in New Jersey. We constructed a "desirability index" to assess the various advantages and disadvantages of particular industry groups. The index measured such characteristics of an industrial category as growth potential, wage levels, energy consumption, environmental impact, and propensity to locate in urban areas.

Five specific industrial categories were selected which appeared to have the most desirable characteristics. Late in 1975 we launched special promotional efforts, including direct mail, to encourage companies in each of these categories to consider a New Jersey location. Scores of prospects already have responded to this effort, and we expect 1976 to show even greater results.

## The Securities Industry

The Authority launched a special promotional effort in 1975 to persuade New York City securities dealers to expand or relocate in New Jersey. During 1975 New York imposed several special taxes on the securities industry, and also increased substantially state and city taxes on corporate income. These added tax burdens forced a number of securities firms to consider relocating operations out of New York City.

To demonstrate New Jersey's advantages, the Authority commissioned the accounting firm of Price Waterhouse and Co. to analyze the tax savings and increased profits that would be obtained by a securities firm if it relocated to New Jersey. This report, which found that securities firms could increase net operating profits by 30% and more by moving to New Jersey, was mailed to over 300 broker-dealers in New York. This mailing was followed up by scores of meetings and discussions between Authority staff and securities industry officials. By the end of the year, ten New York securities dealers had publicly announced intentions to relocate to New Jersey, and a significant number of additional firms were working closely with the Authority on detailed plans for a move. One of the largest securities firms moving to New Jersey, Weeden and Company, received approval for a \$2.1 million low-interest Authority financing for the purpose of acquiring communications equipment and for leasehold improvements at the firm's new facilities in Jersey City.

**Left: Authority Task Force on Urban Economic Development** from left: Carol Greb, secretary; Mary L. Gotz, Assistant Director; W. Patrick Adams, Chief Engineer; Carlos A. Villamil, Director

**Right: United Vintners, Inc., Jersey City** (Hudson County)

# New Jersey Economic Development Authority

## Summary of Projects Approved 1975

Company Name	Project Municipality	Type of Project*	Est. New Jobs Within 2 Years	Loan Amount	Total Project Cost	Closed in 1975
<b>Atlantic County</b>						
Gurwicz "N" Partnership	Atlantic City	H	63	\$ 350,000	\$ 550,000	YES
Marlborough-Blenheim Company	Atlantic City	H	225	200,000	200,000	
S.D.S., Inc.	Atlantic City	H	48	700,000	1,016,000	YES
<b>SUBTOTAL</b>			<b>336</b>	<b>1,250,000</b>	<b>1,766,000</b>	
<b>Bergen County</b>						
H. & B. Realty Corp. (Allied Roofers Supply Corp.)	East Rutherford	D	17	250,000	400,000	
Beacon Looms	Englewood	M&D	90	2,000,000	2,677,000	
Concast	Montvale	O	100	1,575,000	1,663,000	
Great Bear Spring Water Company	Teterboro	M&D	27	1,000,000	2,830,000	
Manhattan Products, Inc.	Carlstadt	M&D	36	1,000,000	1,300,000	
National Medical Care, Inc. (Erika, Inc.)	Rockleigh	O	100	2,800,000	2,800,000	
Precision Screen Mach.	Glen Rock	M	20	1,000,000	1,365,500	
P. Robertet, Inc.	Oakland	M&D	25	550,000	705,000	
Varn Products	Oakland	M&D	30	500,000	738,000	YES
Wamac, Inc.	Carlstadt	D	20	300,000	393,000	
Werner & Pfeleiderer Corporation	Waldwick	C	13	600,000	600,000	
Windsor Products, Inc.	South Hackensack	M	50	665,000	865,000	YES
<b>SUBTOTAL</b>			<b>528</b>	<b>12,240,000</b>	<b>16,336,500</b>	
<b>Burlington County</b>						
Ruco Division, Hooker Chemicals & Plastics Corp.	Burlington	P	0	5,000,000	5,000,000	
Johnson & Towers, Inc.	Mt. Laurel	D	60	1,150,000	1,450,000	
J.P. Realty Trust/Prince Macaroni	Delran	D	12	500,000	525,000	YES
Lafayette Services	Burlington Twp.	M&D	50	425,000	425,000	YES
Philadelphia Insulated Wire	Moorestown	M	34	1,200,000	2,210,000	YES
Skyline Transport, Inc.	Bordentown	C	13	260,000	260,000	
Superior Syndication Sites II	Florence Twp.	D	69	1,600,000	1,825,000	
Warner Realty Investment Company	Florence Twp.	M	23	1,100,000	1,295,000	
<b>SUBTOTAL</b>			<b>261</b>	<b>11,235,000</b>	<b>12,990,000</b>	
<b>Camden County</b>						
A.C. Manufacturing Company	Cherry Hill	M	95	1,280,000	1,280,000	
Anthopometrics, Inc.	Cherry Hill	O	19	800,000	1,000,000	
Camden Enterprises, Inc.	Camden	M	300	472,500	2,550,000	
C.F. Realty Partnerships	Bellmawr	M&D	10	1,000,000	1,000,000	
Cherry Hill Industrial Properties, Inc.	Voorhees	O	60	1,360,000	2,570,000	
Garvey Corp.	Blue Anchor	M	5	225,000	225,000	YES
Lafferty Asphalt Co.	Voorhees Twp.	M	5	300,000	459,000	YES
Land Management Corp.	Voorhees Twp.	O	20	1,880,000	2,609,575	
Logistics Industries Corporation	Barrington	C	80	1,500,000	2,000,000	YES
Marco Realty Associates	Pennsauken	C	35	325,000	419,000	
Predco, Inc.	Camden	M	45	150,000	187,750	YES
Roberts Food Products	Pennsauken	M	70	280,000	375,000	YES
Scientific Measurement Systems, Inc.	Cherry Hill	M	155	825,000	1,107,000	
Shade Foods of N.J., Inc.	Camden	M	40	650,000	665,000	
State Salvage Co., Inc.	Camden	M	21	250,000	270,000	
<b>SUBTOTAL</b>			<b>960</b>	<b>11,297,500</b>	<b>16,717,325</b>	
<b>Cape May County</b>						
American Industrial Tape Corp.	Woodbine	M	100	1,700,000	1,700,000	
Macks Enterprises, Inc.	Wildwood	C	10	400,000	627,000	
<b>SUBTOTAL</b>			<b>110</b>	<b>2,100,000</b>	<b>2,327,000</b>	
<b>Essex County</b>						
Colorpress (Land R. Enter.)	Fairfield	M	75	1,350,000	1,350,000	YES
Engelhard Minerals & Chemicals Corporation	Newark	M	28	1,000,000	1,449,000	
Harvard Printing	Orange	M	45	600,000	600,000	YES
International Edge Tool Co.	Roseland	M	20	250,000	414,000	
Lasky Company	Millburn	C	32	896,000	896,000	
<b>SUBTOTAL</b>			<b>200</b>	<b>4,096,000</b>	<b>4,709,000</b>	
<b>Gloucester County</b>						
GAF Corporation	Gloucester	M	323	1,000,000	1,000,000	
Garlock, Inc.	West Deptford	M	25	3,000,000	3,000,000	
Holt Cargo Systems	Gloucester	D	2,722	21,975,000	21,975,000	
Logan Property Co.	Logan Twp.	M	49	740,000	740,000	
<b>SUBTOTAL</b>			<b>3,119</b>	<b>26,715,000</b>	<b>26,715,000</b>	
<b>Hudson County</b>						
BASF Wyandotte Corporation	S. Kearny	P	0	600,000	740,000	YES
BASF Wyandotte Corporation	S. Kearny	M	11	1,000,000	1,055,943	YES
Port Jersey Corp. (United Vintners)	Jersey City	D	160	1,950,000	2,500,000	YES
The B. Manischewitz Company	Jersey City	M&D	57	2,400,000	2,400,000	YES
Rona Pearl, Incorporated	Bayonne	M	6	1,000,000	8,000,000	YES
Weeden & Company	Jersey City	O	127	2,100,000	2,100,000	
<b>SUBTOTAL</b>			<b>361</b>	<b>9,050,000</b>	<b>16,795,943</b>	
<b>Hunterdon County</b>						
Diamond Aerosol Corporation	Glen Gardner	M	90	445,000	445,000	
Riegel Products Corporation	Milford	M	26	1,000,000	1,967,800	YES
<b>SUBTOTAL</b>			<b>116</b>	<b>1,445,000</b>	<b>2,412,800</b>	
<b>Mercer County</b>						
ADL (Opinion Research)	Princeton	O	42	1,250,000	1,700,000	YES
Capitol State Bank	Trenton	O	18	500,000	1,000,000	YES
Eastern Sterling Plastics Corp.	Washington Twp.	M	18	1,079,000	1,315,000	
Daniel R. Goldenson	West Windsor Twp.	O	50	300,000	350,000	YES
Julius Realty Corporation	Lawrenceville	M	31	865,000	865,000	
NL Industries, Inc.	Hightstown	O	90	2,750,000	2,750,000	
Richard C. Green (PWIP Associates)	West Windsor Twp.	M	100	779,000	779,000	
South Gold Company	Hamilton	M	20	215,000	216,000	YES
<b>SUBTOTAL</b>			<b>369</b>	<b>7,738,000</b>	<b>8,975,000</b>	

# New Jersey Economic Development Authority

## Summary of Projects Approved 1975

Company Name	Project Municipality	Type of Project*	Est. New Jobs Within 2 Years	Loan Amount	Total Project Cost	Closed in 1975
<b>Middlesex County</b>						
Amersil, Inc.	Sayreville	M	50	\$ 3,000,000	\$ 3,235,000	YES
Bayside Motor Inn, Inc.	S. Plainfield	M	70	700,000	700,000	
Blair Road Realty Co.	Woodbridge	D	90	1,300,000	1,300,000	
CFS Continental, Inc.	Carteret	M	75	2,800,000	4,900,000	YES
Joseph & Elizabeth DeMarco	S. Brunswick	D	100	1,800,000	2,127,205	
Firmenich	Plainsboro	M	175	1,000,000	3,900,000	YES
National Color Labs, Inc.	Edison	M	51	750,000	750,000	YES
Readington Associates	S. Plainfield	D	12	300,000	471,000	YES
Edward and Harry Salwen	Edison	M	112	1,600,000	2,517,200	
Zeston	Edison	M	10	1,400,000	1,500,000	YES
<b>SUBTOTAL</b>			<b>745</b>	<b>14,650,000</b>	<b>21,400,405</b>	
<b>Monmouth County</b>						
Abex Corp.	Eatontown	M	250	1,156,000	1,156,000	YES
Bradley Construction Corp.	Freehold	R	200	5,440,000	6,850,000	
A & J Hughes (Janex Corp.)	Eatontown	M	13	200,000	354,000	
Charles Kappenman & Ed McTighe	Atlantic Highlands	M	50	200,000	247,400	
Saker, Peter & Josephine	Howell Twp.	M&D	183	600,000	600,000	
TFH Publications, Inc.	Neptune City	M&D	35	510,000	520,000	
West-ward, Inc.	Eatontown	M	56	1,000,000	1,000,000	
<b>SUBTOTAL</b>			<b>787</b>	<b>9,106,000</b>	<b>10,727,400</b>	
<b>Morris County</b>						
A&E Plastik Pak Co., Inc.	Rockaway Twp.	M	150	4,000,000	4,450,000	
Ali Amin (Homa Company)	Parsippany	M&D	30	400,000	983,000	YES
Interpace Corp.	Wharton	M	0	1,600,000	1,607,500	YES
K&G Corporation	Pequannock	M	20	400,000	400,000	YES
RFL Industries, Inc.	Boonton Twp.	M	140	500,000	500,000	YES
<b>SUBTOTAL</b>			<b>340</b>	<b>6,900,000</b>	<b>7,940,500</b>	
<b>Ocean County</b>						
Reynolds Bros., Inc.	Lakewood	D	22	335,000	335,000	YES
<b>SUBTOTAL</b>			<b>22</b>	<b>335,000</b>	<b>335,000</b>	
<b>Passaic County</b>						
Merck & Co., Inc.	Hawthorne	M	10	1,800,000	2,000,000	YES
Mercury Printing Ink Corp.	Paterson	M	38	785,000	1,000,000	YES
John Royle & Sons	Pompton Lakes	M	20	800,000	1,002,000	
Totowa Ice Center	Totowa	R	40	2,400,000	3,200,000	
Vornado, Inc.	Totowa	C	346	4,000,000	4,000,000	
Wollen Chemical & Supply Co.	Paterson	M	35	400,000	700,000	YES
<b>SUBTOTAL</b>			<b>489</b>	<b>10,185,000</b>	<b>11,902,000</b>	
<b>Salem County</b>						
Big Bear Associates (Heil Industries)	Upper Penns Neck	M	100	1,900,000	2,322,000	YES
<b>SUBTOTAL</b>			<b>100</b>	<b>1,900,000</b>	<b>2,322,000</b>	
<b>Somerset County</b>						
Bowen Engineering Incorporated	Bridgewater	C	32	1,500,000	1,947,000	
Braddock Realty Company	Bridgewater	M	26	900,000	1,125,000	
Evelyn M. Hyman (No. Plainfield State Bank)	North Plainfield	C	20	450,000	650,000	YES
Shan Realty Company	Franklin Twp.		29	1,100,000	1,100,000	
SMA Associates	Somerville	C	300	3,400,000	3,818,143	
Hunterdon Concrete Co., Inc. (Division of Omega Trucking Co., Inc.)	Bernardsville	M	29	350,000	413,000	
<b>SUBTOTAL</b>			<b>436</b>	<b>7,700,000</b>	<b>9,053,143</b>	
<b>Sussex County</b>						
Biocel of Sussex County	Hardyston Twp.	M/P	27	16,893,000	16,893,000	
Limestone Products Corporation	Sparla Twp.	M	14	1,000,000	1,000,000	
<b>SUBTOTAL</b>			<b>41</b>	<b>17,893,000</b>	<b>17,893,000</b>	
<b>Union County</b>						
Abex Corp.	Union	M	85	1,244,000	1,244,000	YES
Engelhard Minerals & Chemical Corp.	Union	M	70	1,000,000	1,316,000	
GAF	Linden	M	38	1,000,000	1,000,000	
GAF	Linden	P	0	10,000,000	10,000,000	
Intercommunity Bank	Springfield	O	13	500,000	544,000	
Karnack Chemical	Clark	M	12	425,000	775,000	YES
Linden Chlorine Products, Inc.	Linden	P	0	1,685,000	1,685,000	
Poling Oil Co.	Scotch Plains	D	12	250,000	297,500	YES
Solvents Recovery	Linden	M	5	300,000	350,000	YES
White Machine Company, Inc.	Kenilworth	M	34	400,000	400,000	
<b>SUBTOTAL</b>			<b>209</b>	<b>16,804,000</b>	<b>17,611,500</b>	
<b>Warren County</b>						
BASF Wyandotte Corp.	Washington	M	25	1,000,000	10,000,000	YES
BASF Wyandotte Corp.	Washington	P	0	700,000	700,000	YES
<b>SUBTOTAL</b>			<b>25</b>	<b>1,700,000</b>	<b>10,700,000</b>	
<b>Other</b>						
Public Service Electric & Gas	14 Locations	P	0	30,000,000	30,000,000	
<b>GRAND TOTAL</b>			<b>9,614</b>	<b>\$204,339,500</b>	<b>\$249,629,016</b>	

\*KEY TO SYMBOLS: M = manufacturing facility  
D = distribution and warehousing facility  
O = office facility  
H = hotel  
C = commercial or retail facility  
P = pollution control equipment  
R = recreation facility

ARTHUR YOUNG & COMPANY

520 BROAD STREET  
NEWARK, NEW JERSEY 07102

New Jersey Economic  
Development Authority  
Trenton, New Jersey

We have examined the accompanying statement of assets, liabilities and fund balances of the New Jersey Economic Development Authority at December 31, 1975 and the related statements of revenues and expenditures and changes in fund balances and sources and applications of cash for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statements mentioned above present fairly the financial position of the New Jersey Economic Development Authority at December 31, 1975 and the results of the operations and sources and applications of cash for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

*Arthur Young & Company*

February 23, 1976

# New Jersey Economic Development Authority

## Statement of Assets, Liabilities and Fund Balances

December 31, 1975

	Operating fund	Bond Insurance fund
<b>Assets</b>		
Cash, principally savings accounts	\$52,329	\$ 124,073
Certificates of deposit (Note 3)		10,235,000
Accrued interest receivable		36,880
Grants receivable from State of New Jersey (Note 4)	<u>22,066</u>	<u>          </u>
	<u>\$74,395</u>	<u>\$10,395,953</u>
<b>Liabilities and Fund Balances</b>		
Accounts payable	\$ 9,605	
Accrued liabilities	20,203	
Commitments and contingencies (Note 5)		
Fund balances (Note 2(b))	<u>44,587</u>	<u>\$10,395,953</u>
	<u>\$74,395</u>	<u>\$10,395,953</u>
See accompanying notes.		

## Statement of Revenues and Expenditures and Changes in Fund Balances

Year ended December 31, 1975

	Operating fund	Bond Insurance fund
<b>Revenues:</b>		
Application fees	\$290,400	
Interest	6,378	\$ 397,113
Grants (Note 4)	<u>22,066</u>	<u>          </u>
	<u>318,844</u>	<u>397,113</u>
<b>Expenditures:</b>		
Salaries and benefits	155,888	
General and administrative	69,419	
Capital items	29,037	
Interest	2,000	
Investment counseling fees		<u>1,160</u>
	<u>256,344</u>	<u>1,160</u>
Excess of revenues over expenditures	62,500	395,953
Fund deficit at December 31, 1974	(17,913)	
Appropriation from State of New Jersey (Note 1)		<u>10,000,000</u>
Fund balances at December 31, 1975	<u>\$ 44,587</u>	<u>\$10,395,953</u>
See accompanying notes.		

**New Jersey Economic Development Authority**  
**Statement of Sources and Applications of Cash**  
Year ended December 31, 1975

	<b>Operating fund</b>	<b>Bond Insurance fund</b>
<b>Sources of cash:</b>		
Excess of revenues over expenditures	\$ 62,500	\$ 395,953
Items not requiring outlay of cash during the year:		
Increase in:		
Interest receivable		(36,880)
Grant receivable	(22,066)	
Accrued liabilities and other - net	<u>17,432</u>	
Cash provided by operations	57,866	359,073
Proceeds from redemption of certificates of deposit	100,000	
Appropriation from State of New Jersey		<u>10,000,000</u>
	<u>157,866</u>	<u>10,359,073</u>
<b>Applications of cash:</b>		
Repayment of loan from State of New Jersey	110,000	
Purchase of certificates of deposit		<u>10,235,000</u>
	110,000	10,235,000
Increase in cash	47,866	124,073
Cash balance at December 31, 1974	<u>4,463</u>	
Cash balance at December 31, 1975	<u>\$ 52,329</u>	<u>\$ 124,073</u>
See accompanying notes.		

**Notes to Financial Statements      December 31, 1975**

**1. Nature of Authority**

The New Jersey Economic Development Authority ("Authority") is a public body corporate and politic constituting an instrumentality of the State of New Jersey ("State"). The Authority was established by Chapter 80, P.L. 1974 ("Act") on August 7, 1974, primarily to provide long-term, low-interest financing to private firms and companies for the purpose of maintaining and expanding employment opportunities in the State of New Jersey. The Authority is empowered to issue

tax-exempt industrial development bonds to accomplish its objectives and to provide funds raised from its bond issues to such firms and companies for eligible projects ("Projects") as defined in the enabling Act. The Act also prohibits the Authority from obligating the credit of the State of New Jersey in any manner.

During 1975, the New Jersey Legislature, under separate enactments, amended the enabling Act of the Authority in order to expand the powers of the Authority. Under these amendments, the Authority: (1) was

appropriated \$10,000,000 for the creation of a bond insurance fund (see Note 2(b)) with the provision that at least 50% of the dollar amount of bond insurance be for projects located in urban areas (as defined); (2) (a) was granted the power to assist industrial and commercial enterprises in financing pollution control facilities that are necessary to comply with State and Federal environmental control standards; and (b) was permitted to finance projects consisting solely of the purchase of machinery and equipment

for industrial and commercial projects; (3) had the definition of projects which the Authority is permitted to finance broadened to include (a) the financing of retail and commercial facilities, other service industry facilities, and facilities for the transmission of water; (b) projects which create immediate construction employment and (c), the ability of county governments of the State to enter into contracts with the Authority to guarantee payment of all or portions of bonds issued by the Authority.

## 2. Summary of significant accounting policies

A summary of significant accounting policies follows:

### (a) Basis of accounting

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

### (b) Fund balances

The operating fund is used to record the administrative financial transactions of the Authority.

The bond insurance fund has been established to account for the \$10,000,000 appropriated to the Authority by the State Legislature for purposes of insuring project loans authorized by the Act. Under the bond insurance program, the Authority may insure repayment of a maximum of 30% of a bond, or \$1,000,000, whichever is less. Interest earned on amounts in the bond insurance fund is available for normal operating activities of the Authority and is being used by the Authority to increase the amount of funds available for project loan insurance.

### (c) Revenue recognition

The Authority's primary source of operating revenue is from its loan application fee, which is  $\frac{1}{2}$  of 1% of the face amount of bonds issued and includes a non-refundable payment of \$250 which is made with the filing of each application. The non-refundable portion of the application fee is recorded

as income when received, and the balance is recognized upon the closing of the loan.

Grant revenue is recorded on the accrual basis when notification of approval by the issuing organization is received.

### (d) Pension and retirement plans

Employees of the Authority are covered by the Public Employees' Retirement System of the State of New Jersey. Pension expense is accrued based on rates provided by the State and was not material for the year ended December 31, 1975.

### (e) Capital items

Capital items, which consist generally of office furniture and fixtures, office equipment, and leasehold improvements, are charged directly to current expenditures as incurred.

### (f) Services from State of New Jersey

The Authority utilizes various services and facilities supplied by the State and is billed for such items based on various allocation methods used by the State for similar organizations. Major services and facilities provided and billed by the State include office space, telephone, postage, automobiles, pension benefits and investment counseling (see Note 5).

## 3. Certificates of deposit

Certificates of deposit totaling \$10,235,000 have been purchased from several banks based on the recommendations of the Department of Treasury, Division of Investment. The certificates earn interest at rates ranging from 6% to 6.9% and mature no later than June 9, 1976.

## 4. Grants

During 1975, the Authority received grants from the State relating to certain projects under the State Economic Development Assistance Act of 1966 and the Comprehensive Employment and Training Act of 1973 (CETA). At December 31, 1975, the above amounts were receivable from the State. In addition, the Authority utilizes the services of one full-time employee on loan from the State of New Jersey, Department of Labor and Industry,

and one employee from the U.S. Small Business Administration. These employees are not paid by the Authority and the salaries of these employees are not reflected in the accompanying financial statements.

## 5. Commitments and contingencies

For the year ended December 31, 1975, \$46,980,000 aggregate principal amount of Authority bonds have been issued. As set forth in such bonds and in the various agreements and documents related to their authorization and issuance, the principal of, premium, if any, and interest on all such bonds issued in 1975 are payable solely from the revenues and other monies of the Authority derived from the sale or other disposition of the projects financed by such bonds, any other revenues from projects, or other monies which may be pledged with respect to such issues of bonds. All such bonds are special obligations of the Authority that do not constitute obligations against the general credit of the Authority, and are not in any way a debt or liability of the State of New Jersey.

At December 31, 1975 no bonds have been issued by the Authority repayment of which was insured under the bond insurance program (see Notes 2(b) and 6).

As of December 31, 1975 the Authority has not been billed for postage and printing services rendered by the State. It is the opinion of management of the Authority that these charges would not have a material effect on the accompanying financial statements.

## 6. Subsequent events

During the period January 1, 1976 through February 23, 1976, \$18,766,000 of bonds have been issued by the Authority. Bonds which had been approved for issuance by the Authority but not yet closed as of February 23, 1976 approximated \$155,000,000.

In addition, the Authority has issued \$1,150,000 of bonds of which repayment of \$345,000 has been insured under the bond insurance program. Insurance commitments on bonds approved but not yet closed as of February 23, 1976 amounted to \$1,655,000.



## **New Jersey Economic Development Authority**

**Brendan Byrne**  
Governor

**Joseph A. Hoffman**  
Chairman

**Richard C. Leone**  
State Treasurer and Vice Chairman  
*Ex-officio member*

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

**David J. Bardin**  
Commissioner of Environmental Protection  
*Ex-officio member*

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

**Joseph Rosenthal**  
Chairman, EI Industries, Inc.  
Public Member  
(\*Resigned effective June 16, 1975)

**Robert S. Powell, Jr.**  
Executive Director