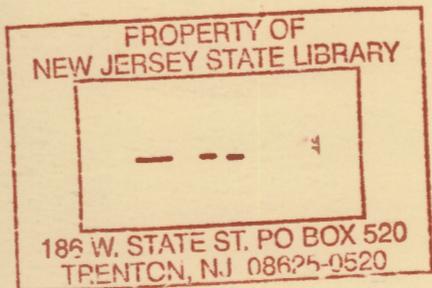


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NEW JERSEY
ECONOMIC
DEVELOPMENT
AUTHORITY

1976 Annual Report

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To The Governor and Members of the Legislature:

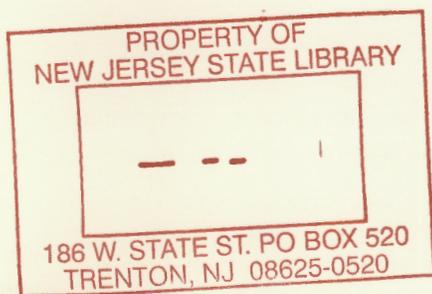
I am pleased to submit herewith the 1976 Annual Report for the New Jersey Economic Development Authority.

For the Authority, 1976 was a year of remarkable accomplishment in stimulating the growth and development of New Jersey's economy. The officers and staff of the Authority look forward to new opportunities for service in 1977.

Sincerely,

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

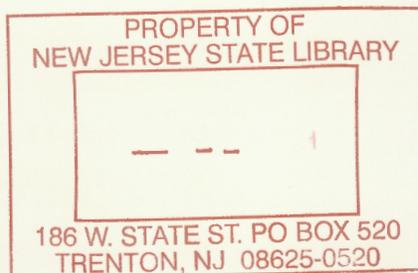
John J. Horn
Chairman



1976 At A Glance

	1976	1975	Cumulative Totals 1974-1976
Amount of new financings approved	\$154,467,500	\$194,970,500	\$354,713,000
Amount of financings closed	\$104,759,000	\$ 46,980,000	\$151,739,000
Total investment stimulated by new financings	\$225,101,729	\$238,044,898	\$469,704,402
Number of new projects approved	135	106	246
Permanent new jobs to be created by financings (est.)	8,146	8,890	17,286
Construction jobs created by financings (est.)	2,595	3,100	5,828
Authority operating fund income	\$ 684,998	\$ 318,844	
Authority operating fund expenses	\$ 440,694	\$ 256,344	
Operating fund balance at December 31	\$ 288,891	\$ 44,587	

Project figures are adjusted for withdrawals and terminations.



The New Jersey Economic Development Authority

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

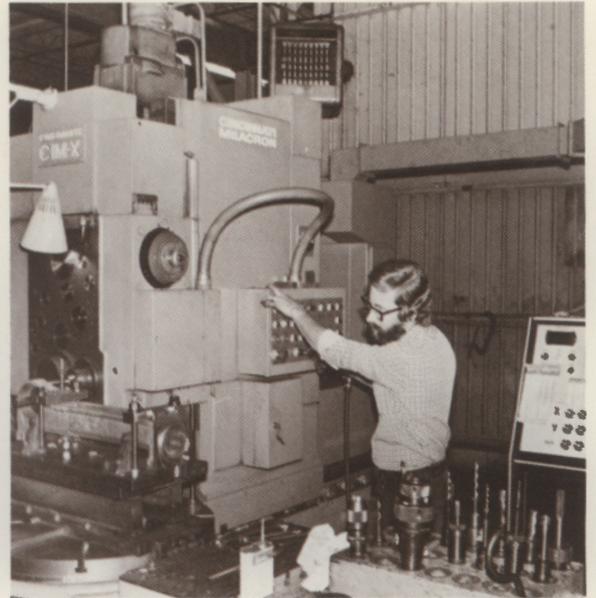
Commissioner of Environmental Protection; the State Treasurer; and three additional members appointed by the Governor and approved by the New Jersey Senate.

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

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



Research laboratory acquired by Chem Systems, Inc. with Authority assistance, Fairfield (Essex County)



Maul Bros., Inc., Millville (Cumberland County)



Hunter Douglas, Inc., Totowa (Passaic County)



Broadam Realty Co. (Suz-ette Fashions, Inc.) Jersey City (Hudson County)

Message From The Executive Director:



Provision of incentive financing for private investment, and the economic renewal of New Jersey's urban areas were the central themes of Authority activity in 1976.

During the year, the Authority arranged more than \$154,000,000 in low-interest financing which will spark nearly a quarter of a billion dollars of industrial and commercial investment in our state's economy.

These project financings are generating over 2,500 jobs in the construction industry, and will lead to over 8,000 permanent new jobs and the preservation of 2,000 others.

The Authority's financial assistance will go to 135 projects distributed throughout 18 of New Jersey's 21 counties, including 24 projects in "urban aid" municipalities.

The Authority accomplished these results at no cost to the state treasury. Financing fees were sufficient to pay our 1976 operating costs.

The Authority also offered assistance in credit formation to new and small businesses and to companies investing in urban areas. The legislature in 1975 authorized the Authority to provide loan insurance or limited repayment guarantees, on certain project financings, and appropriated \$10 million from the unemployment compensation auxiliary fund to secure such guarantees. Our

experience with this program in 1976 demonstrated its enormous value in stimulating private investment.

Eleven Authority financings were packaged with the assistance of loan guarantees in 1976. For a total exposure of nearly \$4,600,000 on these eleven financings, the Authority generated more than \$58 million in capital investment that will create or maintain nearly 3,000 jobs.

We accelerated our efforts to attract private investment and employment to older urban areas. A far-reaching program of urban industrial park development moved from the planning stage to execution in 1976 with the signing of preliminary land acquisition agreements with redevelopment agencies in Newark and Jersey City. These two projects are expected to lead to construction of nearly one million square feet of modern industrial space in blighted sections of New Jersey's two largest cities.

Legislation to expand the Authority's legal and financial capabilities to renew core-city industrial areas was prepared and introduced late in 1976. Passage of these measures will strengthen the Authority's urban development capabilities during 1977.

The Challenge Ahead

Starting with a small loan from the state treasury in 1974, the Authority has grown

in less than three years into a diversified, professional, and self-sustaining development agency with over \$24 million in assets dedicated to the improvement of New Jersey's economy. More than 17,000 new jobs and nearly one-half billion dollars in investment will be stimulated as a result of Authority activity since 1974.

Yet, when measured against the state's overall investment and employment shortfalls, the Authority's contribution is not by itself sufficient to provide the stimulus New Jersey needs. Fortunately, other significant initiatives were taken in 1976 and early 1977, that promise to spur further investment and employment.

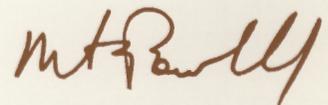
Important tax changes were enacted, including a phaseout of the business personal property tax, elimination of the sales tax on the purchase of business machinery and equipment, and enactment of a five-year property tax abatement program for investments in areas in need of rehabilitation.

Hundreds of millions of dollars in state capital construction borrowing were authorized by voters in 1976, which will supplement approximately one hundred million dollars in federal public works

grants authorized for New Jersey. These funds will spark thousands of construction jobs immediately, and will serve to upgrade the state's transportation services, waste water treatment facilities, and other infrastructure so necessary to support long-term economic growth.

Progress was made toward explorations for oil and natural gas off the coast of New Jersey. When fully underway, these explorations may serve to stabilize energy costs in the Northeast in the coming years, and provide thousands of construction jobs for New Jersey.

These and other important developments promise to make the year ahead an important one, and perhaps the turning point along New Jersey's difficult road to economic recovery. The officers and staff of the Authority are prepared and eager to play a leading role in that effort.



Robert S. Powell, Jr.
Executive Director

March 1, 1977

Tax-Exempt Revenue Bond Financing

The primary mission of the Authority is to provide long-term low-interest financing to private companies to stimulate the construction, acquisition, enlarging, and equipping of industrial and commercial facilities. Funds for this low-interest loan program are provided through the 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 Authority does not loan state monies, and the state makes no guarantee of payment on Authority bonds.

The Authority authorized 135 new financings during 1976, with a combined face amount of \$154,467,500. These projects are expected to create approximately 2,600 construction jobs and an additional 8,100 permanent jobs upon completion.

The Authority had final settlements on 49 of these 1976 projects, and on 39 projects authorized during 1975. During 1976, the Authority issued \$86,806,500 in tax-exempt revenue bonds, and had settlements on additional insured and direct financings not involving tax-exempt bonds in the aggregate amount of \$17,952,500, for a total of \$104,759,000. By comparison, closed financings for 1975 totaled \$46,980,000.

For the private investor, the principal benefit of Authority assistance is the reduction in interest rates payable on loans arranged through the program. Purchasers of Authority bonds do not pay federal income tax on the interest income

earned. As a result, the bond purchaser (the lender) can reduce the interest rate on a financing arranged through the Authority, and still obtain an attractive after-tax return on the loan. Interest rates on project loans arranged through the Authority in 1976 typically were 75%-80% of the rates companies would have paid on conventional financing.

A savings of this magnitude in interest costs, when aggregated over the period of a long-term financing, can make the difference between an attractive and unattractive investment. Such interest savings also strengthen the borrowing capacity of new or small businesses, whose earnings may not be sufficient to pay debt service on a conventional loan. The savings in interest charges achieved by companies as a result of the Authority's program total millions of dollars, and provide additional capital for investment in New Jersey, as well as an inducement to locate or expand in the state.

The creation of new on-site jobs is only one important benefit obtained from the Authority financings. Approximately \$4,000,000 in state sales tax revenues will be generated by Authority-assisted projects; county and municipal governments can expect to receive an additional \$2,600,000 annually in property tax revenues from these projects; and more than 12,000 off-site, indirect employment opportunities will be created in communities in which these projects are located.

The value of the Authority's assistance program can be demonstrated by the diversity of projects which received approval in 1976.

Foreign Firms

The Authority provided financial assistance to encourage a number of foreign firms to invest in New Jersey. Included among this group was Josiah Wedgwood and Sons, Inc., the British manufacturer of famous china and dinnerware, which received a \$3 million financing to construct a new distribution facility in Lyndhurst. Daewoo International (America) Corporation, one of South Korea's largest manufacturing conglomerates received a \$2,275,000 financing to construct a new facility in Carlstadt. T-Fal Manufacturing Division of SEB of France, Inc. received an \$800,000 financing to construct a new manufacturing facility in Fairfield. J.G. Durand International, a French company, received a \$900,000 financing to expand its glass tableware manufacturing operation in Millville.

Small Business

The Authority's assistance program was instrumental in establishing or expanding a number of small businesses throughout the state. A \$285,000 financing assisted Salsbury Sales Company, Inc. in its move from Long Island, New York to Hackensack to establish a small manufacturing operation that employs 15 people. A \$375,000 financing permitted Kearney Industries, Inc. of South Plainfield to expand its manufacturing plant and add nine new employees. A \$400,000 low-interest loan enabled Kooltronic, Inc. (Freedman Properties, Ltd.) to acquire a building in Hopewell for the expansion of the company's business of manufacturing fans, blowers, and air conditioners for the computer industry. The project will create

Assistance to Foreign Firms at a Glance

NAME	ORIGIN	NEW JERSEY LOCATION	AMOUNT OF FINANCING	NEW JOBS
Daewoo International (America) Corp.	South Korea	Carlstadt (Bergen)	\$2,275,000	181
Mercedes-Benz of North America, Inc.	West Germany	Montvale (Bergen)	\$ 900,000	30
T-Fal Manufacturing Division of SEB of France, Inc.	France	Fairfield (Essex)	\$ 800,000	125
J.G. Durand International	France	Millville (Cumberland)	\$ 900,000	49
H. & R. Johnson, Inc.	Great Britain	Keyport (Monmouth)	\$1,000,000	150
Creations Aromatiques	Switzerland	Parsippany (Morris)	\$1,000,000	19
Hunter Douglas, Inc.	Netherlands	Totowa (Passaic)	\$1,000,000	18
Synres Chemical Corp.	Netherlands	Kenilworth (Union)	\$3,500,000	48
Josiah Wedgwood & Sons, Inc. of America	Great Britain	Lyndhurst (Bergen)	\$3,000,000	61
TOTALS			\$14,375,000	681



T-Fal Manufacturing Division of SEB of France, Fairfield (Essex County)

Governor Brendan Byrne (center) with J.I. Merritt, Jr. (left), Chairman and President of Bellemead Development Corp. and Raymond W. Smyth (right), President of Josiah Wedgwood & Sons, Inc. of America, at the signing of agreements for the construction of a new distribution facility for the firm in Lyndhurst.

Daewoo International (America) Corp., Carlstadt (Bergen County)



30 new jobs. A \$700,000 loan helped Cobe Laboratories, Inc., a Colorado-based company, to acquire a building in South Brunswick for the manufacturing and distribution of medical instruments, providing employment for 18 skilled and technical employees.

Pollution Control

The Authority arranged low-interest financing for the acquisition of pollution control equipment to assist companies in complying with New Jersey's environmental regulations. The CertainTeed Corporation of Winslow Township received approval for a \$1 million loan to pay for the cost of installing air pollution control equipment; this company is one of Camden County's largest employers, with over 300 workers. Another \$1 million financing was approved for Cities Service Company in South Brunswick to assist the firm in installing water pollution control equipment.

Urban Investment

The Authority's assistance program was helpful in attracting investment into New Jersey's urban areas. The Authority arranged a \$1 million financing for the Coca-Cola Bottling Company of New York to assist in the firm's acquisition of a large distribution facility in Paterson. Maul Brothers, Inc. of Millville received a \$1.2 million financing to permit the expansion of its manufacturing operations and the

hiring of 23 additional people. A \$200,000 Authority financing permitted Precision Electronic Glass, Inc. to expand its manufacturing facilities in Vineland. A \$1.8 million financing will assist Arrow Carrier Corporation to acquire property in North Bergen and develop a transportation distribution facility that will employ 50 people. A \$350,000 Authority loan assisted Shamrock Chemicals Corp.



Authority staff, from left: Janet Plant, Secretary; Denice Pasawicz, Secretary; John Zenzer, Project Development Officer; Thomas Cagnole, Director Project Development; Not present: Fran Emmons, Secretary; Mary Jane Ferrari, Receptionist.

to move its manufacturing facilities from New York to Newark, and employ 19 people. More than \$7 million in Authority financing was approved for five different industrial and commercial projects located in Jersey City, ranging from the relocation of a Wall Street securities firm to the establishment of a quality restaurant facility and the expansion of an existing distribution corporation. These five projects will provide more than 300 new jobs in Jersey City.

Two 1974 projects, ten 1975 projects and two 1976 projects were either discontinued or withdrawn as of December 31, 1976. These projects involved an aggregate loan amount of \$11,289,000. The summary data on page 2 herein have been adjusted accordingly.

The market for the Authority's bonds remained strong throughout 1976. Most financings continued to be placed with commercial banks, although an increasing number were placed with savings banks and savings and loan associations. The Authority continued to enjoy the support and cooperation of New Jersey's banking community in maintaining markets for Authority obligations. A growing number of banks throughout the state now offer their business customers assistance in packaging tax-exempt bond financing through the Authority. Several attractive innovations, such as a floating interest rate on Authority bonds linked to periodic fluctuations in the prime lending rate, have been introduced by banks and have further enhanced the marketability of our bonds.



Assistance To Out-Of-State Firms At A Glance

NAME	ORIGIN	NEW JERSEY LOCATION	AMOUNT OF FINANCING	NEW JOBS
Salsbury Sales Company, Inc.	New York	Hackensack (Bergen)	\$ 285,000	15
Grand National Leasing Corp.	New York	Montvale (Bergen)	\$ 425,000	42
Belsky Associates	New York	Fairfield (Essex)	\$1,500,000	150
Fairfield Crescent Co.	New York	West Caldwell (Essex)	\$1,200,000	60
George Rich	New York	Fairfield (Essex)	\$1,000,000	100
Shamrock Chemicals Corp.	New York	Newark (Essex)	\$ 350,000	19
Herbert Abrams Company	Pennsylvania	West Deptford (Gloucester)	\$ 375,000	27
Univar Corporation	Washington State	Logan Township (Gloucester)	\$2,900,000	165
Cobe Laboratories, Inc.	Colorado	South Brunswick (Middlesex)	\$ 700,000	18
Perlmar Company, Inc.	New York	Wayne (Passaic)	\$1,000,000	60
Herzog & Co., Inc.	New York	Jersey City (Hudson)	\$ 532,500	75
TOTALS			\$10,267,500	731



Lawrence R. Russo, Jr.
Pioneer Electronics Corp., Moonachie
(Bergen County)



Salsbury Sales Co., Inc., Hackensack
(Bergen County)



Cobe Laboratories, Inc.,
South Brunswick
(Middlesex County)

Loan and Bond Guarantees

The Authority provides no guarantee of payment on most of its bonds. Such obligations are considered "revenue bonds," because they are payable solely from revenues and assets of a particular project.

In selected cases, however, the Authority is empowered to guarantee payment on a portion of a financing, in order to generate the full amount of borrowing needed to finance the project. Typically, loan and bond guarantees are used to assist small businesses, new businesses, growing firms with a small capital base and companies undertaking projects in urban areas.

As a matter of general policy, the Authority limits its guarantee to 30% (to a maximum of \$1,000,000) of the principal amount of a loan or bonds issued for a particular project. To secure its guarantee, the Authority will share in the first security position on the project on a junior basis. In the event of a default on an insured project, the Authority would pay the lender up to 30% of the outstanding principal amount due on the loan, and would then permit the lender to exercise his other remedies, including foreclosure, to recoup the balance of his losses.

For a bank, this limited guarantee lowers, but does not remove, the risk of lending to a particular project. The bank continues to have the primary exposure for losses in the project. By reducing this exposure by a substantial amount the Authority's guarantee encourages greater participation by the lender in the project.

An Authority guarantee on a loan is not a guarantee of the State of New Jersey, nor a guarantee backed by the full faith and credit of the Authority. The guarantees are secured by, and payable from, a loan and bond guarantee fund

established in March of 1975. At that time, the legislature appropriated \$10 million to the Authority from the unemployment compensation auxiliary fund, a trust account established to receive interest and penalty payments from private employers violating the unemployment insurance laws.

Eleven formal loan and bond guarantee commitments were issued by the Authority in 1976. These new commitments involve an Authority guarantee exposure of \$4,591,750 on an aggregate amount of financing of \$58,590,000. Approximately three-fourths of the dollar amount of guarantees were committed to projects located in the twenty-eight municipalities receiving state urban aid pursuant to Chapter 64, P.L. 1971.

At December 31, 1976, and including loan guarantee commitments issued in 1975, the Authority had made commitments to guarantee \$5,346,750 on thirteen financings with an aggregate loan amount of \$62,490,000.

At year-end, the loan and bond guarantee fund had assets, including accrued interest, of \$11,048,988.

The loan and bond guarantee program has been a most effective tool in helping to package large and difficult financings, as the following examples illustrate.

The Okonite Company ESOT

The Authority assisted the more than 1,000 employees of the Okonite Company in purchasing through an Employees' Stock Ownership Trust (ESOT), all of the capital stock in the company, in order to remove the company from a bankruptcy proceeding involving Okonite's parent firm and to insure continuation of Okonite's employment and investments in New Jersey.

The Okonite ESOT needed \$44 million to purchase the stock of the company. A group of banks provided \$27 million in senior loans. The Authority received a \$13 million grant from the U.S. Economic Development Administration which it then provided to the Okonite ESOT as a subordinated loan. To obtain the balance of the needed financing, the Authority guaranteed repayment of one-half of \$4 million in additional subordinated bank loans to the ESOT.

The Okonite Company will repay these loans through the ESOT. As the loans are repaid, capital stock in the firm will be distributed directly to employees of the company as part of a company benefit program. The employees thus will become the stockholders of the company. Both principal and interest payments made by the company on these loans can be made with pre-tax earnings.

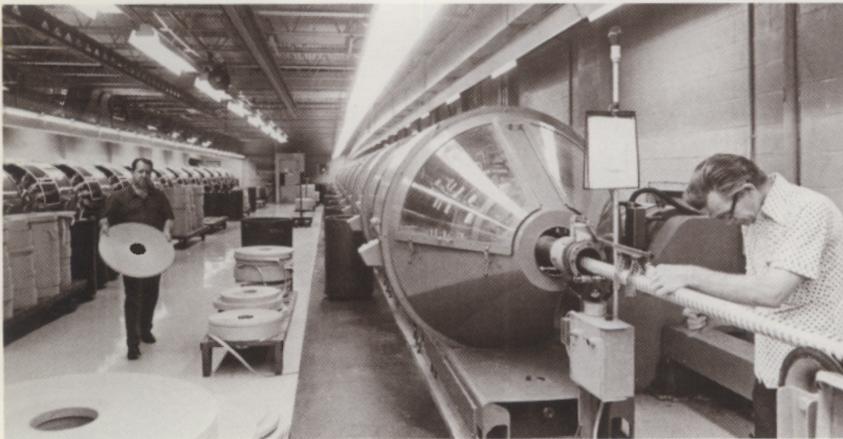
The financing served to disentangle the company from the bankruptcy proceeding, and to insure the continuation of its employment and investments in New Jersey. Moreover, the Authority is permitted to keep repayments of its \$13 million loan and to use the funds for direct loans to other eligible projects.



Authority staff, from left: Syed W. Ali, Financial Analyst; Marge Naperski, Secretary; Anthony M. Cuccia, Assistant Chief Fiscal Officer; Martin L. Green, Chief Fiscal Officer.

1976 Loan Guarantee Commitments At A Glance

Project	Location	Total Loan Amount	Guaranteed Portion	New or Maintained Jobs	Closed in 1976
LCI Realty Corporation	Passaic (Passiac)	\$ 1,000,000	\$ 300,000	150	
Mt. Hope Mining Company	Rockaway (Morris)	\$ 7,500,000	\$ 500,000	168	YES
Ogden Realty Company	Jersey City (Hudson)	\$ 750,000	\$ 225,000	140	
The Okonite Company ESOT	Ramsey (Bergen); Passaic, Paterson (Passaic); North Brunswick (Middlesex)	\$44,000,000	\$ 2,000,000+ \$13,000,000 EDA direct loan	1000	YES
Patrick House Family Health Center, Inc. (Bruno's Restaurant)	Jersey City (Hudson)	\$ 220,000	\$ 66,000	25	
River's Edge, Inc.	Lambertville (Hunterdon)	\$ 500,000	\$ 150,000	92	
Ronson Aviation, Inc.	Ewing (Mercer)	\$ 1,000,000	\$ 300,000	31	
Salsbury Sales Co., Inc.	Hackensack (Bergen)	\$ 285,000	\$ 85,500	15	YES
Saphil Associates	Atlantic City (Atlantic)	\$ 2,500,000	\$ 750,000	150	
Stonehurst Associates, Ltd.	Northvale (Bergen)	\$ 600,000	\$ 180,000	26	
Wallace Sportswear (Alan & Sheryl Wallace)	Burlington (Burlington)	\$ 235,000	\$ 35,250	40	
TOTAL 1976 COMMITMENTS		\$58,590,000	\$ 4,591,750	1837	
1975 Commitments (2)		\$ 3,900,000	\$ 755,000	363	YES
CUMULATIVE THROUGH 12/31/76		\$62,490,000	\$ 5,346,750	2200	



The Okonite Company, Paterson (Passaic County)



Astro Tool & Machine Co., Inc., Rahway (Union County)

Building acquired by The Coca-Cola Bottling Co. of New York in Paterson (Passaic County)



Mt. Hope Mining Co.

A loan guarantee was instrumental in the packaging of a \$7,500,000 financing to permit the purchase and activation of an iron ore mine in Rockaway Township.

The Mt. Hope mine is deeply rooted in New Jersey history. Ore deposits were extracted by Indians as early as 1640, and the commercial development of the mine supplied a prospering iron and metals industry in Morris County during Colonial times. The Mt. Hope mine provided the ore for cannon and shot for George Washington's army.

The mine remained active until 1959, when competition from imported, lower-priced foreign ore forced the owners to close the facility.

Recent developments in the iron ore industry have made the reactivation of the mine feasible. In 1976, the Authority assisted the Halecrest Company in arranging a \$7,500,000 financing for the purpose of acquiring the site and resuming iron ore mining there. Chemical Bank of New York loaned the company \$6,500,000, 90% of which was

guaranteed by the U.S. Farmers Home Administration. The balance of the financing, \$1 million, was provided from the sale of Authority tax-exempt bonds to the American Express Company, with the Authority guaranteeing one-half of this amount. When fully operational, the project will create 168 new jobs, and will yield annual production of 400,000 tons of high quality iron ore for American steel producers, displacing foreign imports and thereby improving U.S. balance of payments.

Wallace Sportswear

A small (15%) loan guarantee by the Authority helped this Burlington, N.J. manufacturer of ladies apparel to obtain a \$235,000 loan from the Bank of New Jersey, for the construction and equipping of a new building to house the firm's expanding operations. Forty new jobs will be created by this project.

Ogden Realty Corporation

An Authority loan guarantee assisted this firm, and its wholly-owned subsidiary, Walsh Trucking Company, Inc. in obtaining a \$750,000 loan from the Trust Company of New Jersey to purchase and renovate additional buildings for the expansion of the company's distribution, trucking, and warehousing operations in Jersey City. A 30% Authority guarantee of this financing will result in the creation of 140 new jobs and a substantial expansion of the real estate tax base in Jersey City.

River's Edge, Inc.

Late in 1975, fire completely destroyed the River's Edge Restaurant in Lambertville, thereby shutting down the town's largest employer. With the assistance of an Authority loan guarantee, New Jersey National Bank agreed to lend the company \$500,000 to finance the reconstruction and expansion of the restaurant, resulting in 92 new jobs, an employment increase of 50% over the 1975 level.

Ronson Aviation, Inc.

An Authority loan guarantee was helpful in arranging a \$1 million financing to permit the expansion and modernization of airport facilities operated by Ronson Aviation, Inc. at the Mercer County Airport in Ewing Township. The Authority will guarantee 30% of a \$1 million bond issue to permit the construction of corporate aircraft hanger space, a service facility for general aviation equipment, and new office space. The project will create 31 jobs, and upgrade general aviation services in Mercer County.



Authority staff, from left: Carol Genco, Secretary; James B. McCoy, Director Special Projects; Robert S. Powell, Jr., Executive Director. Not present: Joan Wiskowski, Director of Research.



This announcement appears as a matter of record only.

\$7,500,000 Project Financing
MT. HOPE MINING COMPANY

The project involves the acquisition and reactivation of an iron mine operated from the early 18th century until 1959 and which supplied iron for cannon and shot to the Continental Army at Valley Forge.

\$6,500,000 Project Financing

90% guaranteed by the
Farmers Home Administration

This financing was provided by

CHEMICAL BANK

\$1,000,000

New Jersey Economic Development Authority
Economic Development Bonds due 1980-1984
(Mt. Hope Mining Company—1976 Project)

*Principal and interest on the Bonds are
unconditionally guaranteed by*

HALECREST COMPANY

*These Bonds have been placed with an
institutional investor by*

SHEARSON

Shearson Hayden Stone Inc.

January 11, 1977



John E. & Edna L. Johanson
Johanson Manufacturing Company
Boonton Township (Morris County)



Ronson Aviation, Inc.
Ewing Township
(Mercer County)

Rebuilding Our Cities

During 1976, the Authority expanded its urban assistance program, by assuming a more direct developmental role in urban areas, by utilizing its loan guarantees to assist individual projects in urban areas, and by providing technical assistance to urban redevelopment officials in the planning, marketing, and financing of local projects.

Urban Industrial Parks

The Authority determined in 1975 that one of the major disadvantages urban areas have in attracting new investment was the absence of prepared sites on which modern industrial space could be constructed. Recognizing the reluctance of private developers to undertake projects in urban areas, the Authority in 1976 examined the feasibility of a more direct role for itself in acquiring, planning, and marketing urban industrial sites.

In connection with this effort, the Authority received the assistance of the Port Authority of New York and New Jersey, which prepared a study to determine the feasibility of urban industrial park development, and to identify sites in five northern New Jersey municipalities which might be suitable for such development.

The Port Authority report, submitted in April of 1976, concluded that "a market for industrial land in the central cities appears to exist subject to the organization of industrial parks and to the development of single-story space in secure, attractive districts." The report further concluded that the two sites which might be most easily acquired and rapidly developed were the Montgomery Street Urban Renewal Area in Jersey City and the New Point Road Urban Renewal Area in Elizabeth.

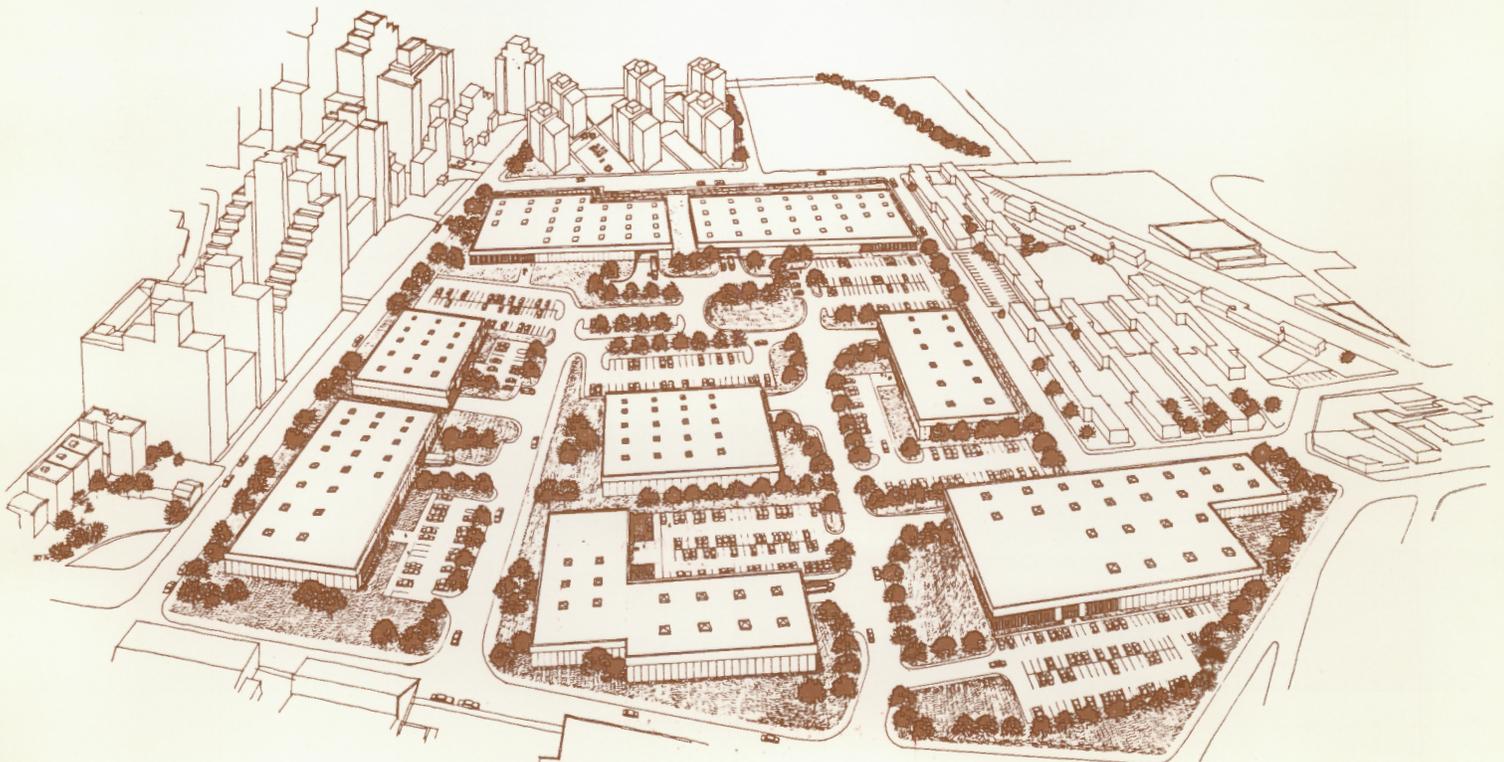
In May of 1976, the Authority engaged the professional services of the Grad Partnership/Gilbert L. Seltzer, Joint Venture, of Newark, N.J., and Langan Engineering Associates of Clifton, N.J. to examine in more detail the feasibility of developing these two sites. At the same time, the Authority entered into negotiations with officials in Jersey City and Elizabeth to determine the terms and conditions under which these projects might be developed. By August of 1976, the Authority's consultants had determined that both sites could be prepared as attractive industrial districts at a competitive cost.

Montgomery Street Project

In September of 1976, the Authority entered into a Preliminary Acquisition

Agreement with the Jersey City Redevelopment Agency, which provided the Authority with the right to acquire approximately 30 acres of urban renewal land within the Montgomery Street Urban Renewal Area, and to develop this land as a small industrial district. Shortly after the execution of this Preliminary Agreement, the Authority and its consultants began detailed engineering and design work on site improvements, and also began preparing the necessary materials and drawings for subdivision approvals and other local permits. At the same time, the Authority staff, working in conjunction with real estate brokers, began marketing the site to prospective manufacturing firms. By year-end, the Authority had shown the site to more than two dozen prospects, and had begun contract negotiations with several companies for the purchase of prepared sites within the project area.

During 1977, the Authority hopes to obtain sufficient contractual commitments from private users to acquire improved land at the Jersey City site, to permit the Authority to finance the acquisition and improvements of the property. When completed, this project is expected to generate construction of more than 600,000 sq. ft. of new



industrial space, creating employment for 600-800 people.

New Point Road Project

Discussions between the Authority and Elizabeth officials concerning the development of the New Point Road Urban Renewal Area were stalled during 1976 over a variety of issues, including tax abatement and desirability of industrial development in the project area. Recognizing the importance of local support for its efforts, the Authority has deferred action on the New Point Road project pending further discussions with municipal officials.

Newark Avenue P Project

During 1976, the Authority explored the feasibility of developing additional urban industrial districts, including a 16-acre parcel of urban renewal land located along Avenue P in the eastern section of Newark.

Despite its favorable location adjacent to the N.J. Turnpike, port facilities and labor markets, the site presents substantial soil stabilization and drainage problems. To help defray the costs of correcting these problems, the Authority assisted the Newark Redevelopment and Housing Authority, the site owner, in obtaining a \$1.9 million public works grant from the U.S. Economic Development Administration. In September of 1976, the Authority entered into a Preliminary Development Agreement with the Newark Redevelopment and Housing Authority, which provides for a joint development and marketing effort by the two agencies. The Authority immediately began marketing the site directly and through private real estate brokers, and by year-end, had begun contract negotiations with several firms interested in acquiring improved lots at the site for the construction of manufacturing buildings. Construction of the site improvements is expected to begin in 1977, and eventual development is expected to include construction of up to 300,000 sq. ft. of manufacturing space that will provide employment for 300-500 people.

Left: Rendering of Montgomery Street Industrial Park, Jersey City, looking north, with Jersey City Medical Center at left.

During the year, the Authority conducted preliminary feasibility studies for similar projects in several other urban areas, including Trenton, Camden, Passaic, and Perth Amboy. Substantial progress was achieved in the development of several projects, most notably one in Perth Amboy.

Co-Steel International, Ltd.

The Authority began preliminary discussions in early 1976 with representatives of the owner of a 95-acre industrial tract in Perth Amboy formerly occupied by the Raritan Copper Works Division of the Anaconda Corporation, which closed in 1975. In the course of these discussions, a Canadian steel producer, Co-Steel International Limited, expressed interest in acquiring the entire site for the construction of a modern steel-making facility.

The Authority participated extensively in negotiations with Co-Steel concerning financial arrangements for the construction of the plant, and other issues including taxes, energy costs, and labor supply. Late in December, Co-Steel signed a conditional purchase agreement with the owners of this site to acquire the property and to construct a \$95 million steel mill that will employ 500 workers initially and another 500 during later phases of the project. While many of the details of this transaction were still being arranged at year-end, the Authority will continue to provide assistance for the project during 1977.

At year-end, the Authority was engaged in substantive and detailed discussions concerning the acquisition and development of real estate in several other urban areas which appear to have potential for development as small industrial districts. These discussions did not reach the stage of formal agreements during 1976, but may result in specific development commitments during 1977.

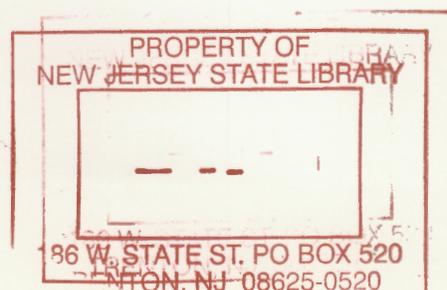
New Development Powers

During 1976, Governor Byrne submitted to the legislature a package of bills designed to expand the Authority's legal and financial capabilities to develop urban industrial districts. This legislation would permit municipalities to designate portions of their land area as "urban growth zones," and would empower the Authority, with municipal consent, to develop industrial and commercial projects in such growth zones without the often-burdensome restrictions imposed by local planning and zoning laws. The legislation also would appropriate \$1 million to the Authority from the unemployment compensation auxiliary fund to pay for the cost of studies designed to assess the feasibility of building urban industrial parks.

In his special message to the Legislature in September of 1976, Governor Byrne urged that these measures receive priority, since they would give the Authority important new tools to revitalize core city industrial areas. Passage of the legislation in 1977 should result in several new projects being undertaken by the Authority in urban areas.



Authority Task Force on Urban Economic Development, from left: Mary L. Gotz, Assistant Director; W. Patrick Adams, Chief Engineer; Dee Reisner, Secretary; Carlos A. Villamil, Director.



New Jersey Economic Development Authority

Summary of Projects Approved 1976

Company Name	Project Municipality	Type of Project*	Est. New Jobs Within 2 Years	Loan Amount	Total Project Cost	Closed in 1976
Atlantic County						
Mission Marine Associates, Inc.	Egg Harbor	M	55	\$ 1,156,000	\$ 1,176,175	
Saphil Associates	Atlantic City	H	150	\$ 2,500,000	\$ 2,750,000	
Steel Pier Company	Atlantic City	R	14	\$ 800,000	\$ 1,587,600	Closed
			280 (m)			
SUBTOTAL			219	\$ 4,456,000	\$ 5,513,775	
			480 (m)			
Bergen County						
Caldwell-Sampson Enterprises	Saddle Brook	M&D	100	\$ 2,400,000	\$ 3,360,500	
Campus Associates	Montvale	O	225	\$ 2,222,000	\$ 2,625,000	
Daewoo International (America) Corp.	Carlstadt	D	181	\$ 2,275,000	\$ 2,990,000	Closed
Datascope Corp.	Oakland	M&D	45	\$ 600,000	\$ 685,000	Closed
East Coast Finishing Corp.	Fairview	M	52	\$ 600,000	\$ 1,135,000	
FGS Realty Co.	Ridgewood	O	48	\$ 550,000	\$ 750,000	
Florasynth, Inc.	Teterboro	M&D	114	\$ 2,500,000	\$ 2,522,000	
Grand National Leasing Corp.	Montvale	O	42	\$ 425,000	\$ 682,000	Closed
Leon & Kathryn Laub	Ramsey	O&D	14	\$ 500,000	\$ 702,032	
Mercedes-Benz of North America, Inc.	Montvale	C	30	\$ 800,000	\$ 947,200	
Lawrence R. Russo, Jr.	Moonachie	O	45	\$ 900,000	\$ 1,200,000	
Salsbury Sales Company, Inc.	Hackensack	M	15	\$ 285,000	\$ 285,000	Closed
Stonehurst Associates, Ltd.	Montvale	M&D	26	\$ 600,000	\$ 630,000	
Thumann, Inc.	Carlstadt	M&D	37	\$ 1,000,000	\$ 4,769,780	Closed
Josiah Wedgwood & Sons, Inc. of America	Lyndhurst	M	61	\$ 3,000,000	\$ 4,240,000	
Wendel Brothers	Upper Saddle River	M	12	\$ 1,200,000	\$ 1,500,000	Closed
Wechsler Coffee Corporation	Moonachie	M&D	45	\$ 1,400,000	\$ 1,650,000	Closed
SUBTOTAL			1092	\$ 21,257,000	\$ 30,673,512	
Burlington County						
Mission Marine Associates, Inc.	Washington	M	82	\$ 1,844,000	\$ 1,878,825	
			420 (m)			
Stanley & Barbara Mitnik	Mt. Laurel	M&D	56	\$ 370,000	\$ 452,693	Closed
Kenneth A. Moss	Delran	C	12	\$ 178,750	\$ 178,750	
Stuffo Properties	Cinnaminson	D	10	\$ 250,000	\$ 402,000	Closed
Alan & Sheryl Wallace	Burlington	M&D	40	\$ 235,000	\$ 282,000	
T. R. Whitesell T/A Whitesell Ent.	Mt. Laurel	O	55	\$ 575,000	\$ 754,000	
T. R. Whitesell T/A Whitesell Ent.	Cinnaminson	O	95	\$ 975,000	\$ 1,100,000	
SUBTOTAL			350	\$ 4,427,750	\$ 5,048,268	
			420 (m)			
Camden County						
Andave Sportswear, Inc.	Gloucester	M	70	\$ 210,000	\$ 309,000	Closed
Fred Broodno	Pennsauken	M	37	\$ 200,000	\$ 250,000	Closed
Certain Teed Corporation	Winslow	P	0	\$ 1,000,000	\$ 1,000,000	
Cities Service Company	Pennsauken	D	1	\$ 1,000,000	\$ 1,600,000	Closed
Elkins-Sinn Corporation	Cherry Hill	M	30	\$ 588,000	\$ 588,000	Closed
50th & Lancaster Realty Co.	Pennsauken	C	85	\$ 580,000	\$ 642,000	Closed
Haddon 89	Haddonfield	O	20	\$ 400,000	\$ 566,000	Closed
H.W.R. Corporation	Camden	C&D	3	\$ 475,000	\$ 572,500	
J & B Investments	Haddon Heights	C	26	\$ 322,500	\$ 437,000	
H. Kohnstamm & Co., Inc.	Camden	M&P	27	\$ 1,238,000	\$ 1,238,000	
McDonald's Corporation	Voorhees	C	50	\$ 237,000	\$ 237,000	
Kenneth A. Moss	Westmont	C	18	\$ 211,250	\$ 211,250	
NuWay Distributions, Inc.	Bellmawr	D	4	\$ 425,000	\$ 563,000	
Parkin Chevrolet, Inc.	Berlin	C	17	\$ 400,000	\$ 475,000	Closed
Pestritto Enterprises	Blackwood	M&D	55	\$ 394,850	\$ 405,745	
Pestritto Enterprises	Camden	M&D	10	\$ 350,150	\$ 357,490	
Predco, Inc.	Waterford	M	24	\$ 800,000	\$ 1,600,000	
Michael I. Schaffer	Cherry Hill	C	80	\$ 1,000,000	\$ 1,094,000	
Transcon Lines	Cherry Hill	D	30	\$ 580,000	\$ 580,000	
Tri-State Millwork Corp.	Bellmawr	D	28	\$ 525,000	\$ 671,500	Closed
SUBTOTAL			615	\$ 10,936,750	\$ 13,397,485	
Cumberland County						
J. G. Durand International	Millville	M	49	\$ 900,000	\$ 1,807,937	Closed
Maul Brothers, Inc.	Millville	M	23	\$ 1,200,000	\$ 1,200,000	Closed
Precision Electronic Glass, Inc.	Vineland	M	12	\$ 200,000	\$ 252,000	
Vineland Associates	Vineland	C	275	\$ 3,400,000	\$ 3,936,955	
SUBTOTAL			359	\$ 5,700,000	\$ 7,196,892	
Essex County						
Belsky Associates	Fairfield	D	150	\$ 1,500,000	\$ 2,065,000	Closed
Chem Systems, Inc.	Fairfield	M&D	16	\$ 650,000	\$ 855,000	Closed
Fairfield Crescent Co.	West Caldwell	M&D	60	\$ 1,200,000	\$ 1,380,100	Closed
H. Kohnstamm & Co., Inc.	Newark	M	10	\$ 575,000	\$ 875,000	
Montclair-Glen Ridge Medical Arts Association	Glen Ridge	O	12	\$ 1,000,000	\$ 1,300,000	
George Rich	Fairfield	M,D,O	100	\$ 1,000,000	\$ 1,175,000	
Gary & Frances Schaedel	West Caldwell	D	5	\$ 450,000	\$ 734,200	
Shamrock Chemicals Corp.	Newark	M	19	\$ 350,000	\$ 398,000	
T-Fal Manufacturing Div. of SEB of France, Inc.	Fairfield	M	125	\$ 800,000	\$ 800,000	Closed
U.S. Fused Quartz Co., Inc.	Fairfield	M	43	\$ 680,000	\$ 798,400	
SUBTOTAL			540	\$ 8,205,000	\$ 10,380,700	
Gloucester County						
Herbert Abrams Company	West Deptford	O&D	27	\$ 375,000	\$ 495,000	Closed
Univar Corporation	Logan	O&D	165	\$ 2,900,000	\$ 2,975,000	
Winner Chemicals, Inc.	Paulsboro	M	137	\$ 900,000	\$ 1,387,000	Closed
SUBTOTAL			329	\$ 4,175,000	\$ 4,857,000	
Hudson County						
Arrow Carrier Corporation	North Bergen	D	50	\$ 1,800,000	\$ 2,200,000	
Patrick House Family Health Center Inc.	Jersey City	C	25	\$ 220,000	\$ 250,000	
Broadam Realty Co.	Jersey City	M&D	50	\$ 1,400,000	\$ 1,762,000	Closed
Herzog & Co., Inc.	Jersey City	O	75	\$ 532,500	\$ 532,500	
H. Kohnstamm & Co., Inc.	Kearny	M	33	\$ 1,187,000	\$ 1,234,000	
Ogden Realty Corporation	Jersey City	D	140	\$ 750,000	\$ 825,000	
Port Jersey Distribution Services	Jersey City	D	34	\$ 4,750,000	\$ 4,750,000	
SUBTOTAL			407	\$ 10,639,500	\$ 11,553,500	
Hunterdon County						
Durling Farms	Readington	M&D	5	\$ 400,000	\$ 400,000	Closed
River's Edge, Inc.	Lambertville	C	92	\$ 500,000	\$ 705,000	
SUBTOTAL			97	\$ 900,000	\$ 1,105,000	

New Jersey Economic Development Authority

Summary of Projects Approved 1976

Company Name	Project Municipality	Type of Project *	Est. New Jobs Within 2 Years	Loan Amount	Total Project Cost	Closed in 1976
Bohren's Moving & Storage, Inc.	West Windsor	O&D	17	\$ 500,000	\$ 719,614	Closed
Freedman Properties, Ltd.	Hopewell	M	30	\$ 400,000	\$ 475,000	
Lenox, Incorporated	Lawrence	O	100 (m)	\$ 3,000,000	\$ 3,800,000	
McDonald's Corporation	Lawrence	C	50	\$ 237,000	\$ 237,000	
Ronson Aviation	Ewing	C	31	\$ 1,000,000	\$ 1,350,000	
SUBTOTAL			128	\$ 5,137,000	\$ 6,581,614	
			100 (m)			
Middlesex County						
Cities Service Company	So. Brunswick	P	4	\$ 1,000,000	\$ 1,000,000	Closed
Cobe Laboratories, Inc.	So. Brunswick	M&D	18	\$ 700,000	\$ 710,000	
G & W Laboratories	So. Plainfield	M&D	70	\$ 1,300,000	\$ 2,505,000	
Jeffrey Greenberg	Monroe	D	28	\$ 500,000	\$ 581,050	
John G. Kearney	So. Plainfield	M	9	\$ 375,000	\$ 375,000	Closed
Manfred Investment Co.	No. Brunswick	C	11	\$ 500,000	\$ 868,300	
Mann-Brechner Associates, Inc.	So. Brunswick	D	42	\$ 1,090,000	\$ 1,490,000	
New Brunswick Tool & Die Co., Inc.	Edison	M&D	83	\$ 3,000,000	\$ 3,053,000	
Salz Distribution Co.	Edison	D	32	\$ 3,100,000	\$ 3,807,000	
SUBTOTAL			297	\$ 11,565,000	\$ 14,389,350	
Monmouth County						
Access Self-Storage Assoc.	Eatontown	D	5	\$ 510,000	\$ 837,133	Closed
C & K Associates	Howell	O	4	\$ 550,000	\$ 726,750	Closed
Freehold Hotel Corporation	Freehold	H	120	\$ 2,868,500	\$ 3,000,000	
H & R Johnson, Inc.	Keyport	M	150	\$ 1,000,000	\$ 1,000,000	Closed
Daniel F. & Linda Langan	Hazlet	C	35	\$ 500,000	\$ 650,800	
New Shrewsbury Associates	Tinton Falls	H	150	\$ 3,500,000	\$ 4,000,000	
South River Metal Products Co., Inc.	Matawan	M	170	\$ 300,000	\$ 300,000	
X. S. Smith Holding Co.	Eatontown	M	40	\$ 525,000	\$ 525,000	
SUBTOTAL			674	\$ 9,753,500	\$ 11,039,683	
Morris County						
Baker Industries, Inc.	Parsippany	O	10	\$ 3,500,000	\$ 3,500,000	
Bard Associates	Lincoln Park	O	50	\$ 1,500,000	\$ 1,935,000	
Creations Aromatiques	Parsippany	M&D	19	\$ 1,000,000	\$ 1,155,500	Closed
Foster D. Snell, Inc.	Florham Park	O	70	\$ 600,000	\$ 830,000	Closed
Fritzsche Dodge & Olcott, Inc.	East Hanover	P	0	\$ 1,100,000	\$ 1,100,000	
John E. & Edna L. Johanson	Boonton	M&D	125	\$ 600,000	\$ 945,000	Closed
Mt. Hope Mining Company	Rockaway	M	168	\$ 1,000,000	\$ 8,000,000	Closed
Parkfield Realty Co., Inc.	Montville	O&D	33	\$ 850,000	\$ 1,387,250	Closed
PTD Associates	Parsippany	R	13	\$ 900,000	\$ 1,310,000	
T. N. Slutsker and R. L. Herman as Trustees	Whippany	M	18	\$ 600,000	\$ 618,000	Closed
Unette Corporation	Hanover	M&D	6	\$ 500,000	\$ 806,000	
U.S. Mineral Products	Netcong	M	67	\$ 1,000,000	\$ 1,383,000	Closed
SUBTOTAL			579	\$ 13,150,000	\$ 22,969,750	
Ocean County						
McDonald's Corporation	Berkeley	C	50	\$ 400,000	\$ 400,000	
Shamrock Associates	Jackson	C	10	\$ 250,000	\$ 299,500	
Thomas Lighting Co.	Lakewood	M	51	\$ 2,300,000	\$ 2,342,300	
SUBTOTAL			111	\$ 2,950,000	\$ 3,041,800	
Passaic County						
Ballet-Makers, Inc.	Totowa	M&D	50	\$ 1,500,000	\$ 1,577,500	
The Coca-Cola Bottling Co. of New York	Paterson	D	38	\$ 1,000,000	\$ 3,450,000	Closed
Henry Fette	Clifton	C	80	\$ 1,500,000	\$ 2,712,000	Closed
Harmony Realities, Inc.	Clifton	M	10	\$ 400,000	\$ 498,000	
Hunter Douglas, Inc.	Totowa	D	18	\$ 1,000,000	\$ 1,063,000	Closed
LCI Industries, Inc.	Passaic	M&D	1200	\$ 1,000,000	\$ 1,800,000	
Katherine Missbrenner & Gladys J. Prol	Clifton	M	14	\$ 600,000	\$ 728,750	
Perimar Company, Inc.	Wayne	C	60	\$ 1,000,000	\$ 1,080,000	
Rowe-Manse Emporium, Inc.	Clifton	C	73	\$ 700,000	\$ 700,000	Closed
X.S. Smith Holding Co.	Clifton	M	40	\$ 475,000	\$ 475,000	
SUBTOTAL			1583	\$ 9,175,000	\$ 14,084,250	
Somerset County						
Interpace Corporation	Hillsborough	M	100	\$ 1,000,000	\$ 4,066,000	Closed
Ronson Corporation	Bridgewater	O	20	\$ 900,000	\$ 1,500,000	
SUBTOTAL			120	\$ 1,900,000	\$ 5,566,000	
Union County						
Astro Tool & Machine Co.	Rahway	M	10	\$ 260,000	\$ 270,825	Closed
BBY Corporation	Elizabeth	M	25	\$ 900,000	\$ 900,000	
Bergmar Industries, Inc.	Elizabeth	M	25	\$ 1,180,000	\$ 1,214,275	
Boright Associates, Inc.	Kenilworth	M	42	\$ 1,150,000	\$ 1,400,000	
B.R.G. Realty	Linden	C	27	\$ 325,000	\$ 433,850	
Frank J. Brown T/A C.T. Industries	Springfield	O	20	\$ 425,000	\$ 580,000	
Economy Color Card Company	Roselle	M	50	\$ 550,000	\$ 550,000	Closed
Millen Industries, Inc.	Garwood	M	47	\$ 1,000,000	\$ 1,000,000	
Synres Chemical Corp.	Kenilworth	M	48	\$ 3,500,000	\$ 3,500,000	
Tremley Point Industries	Linden	C	22	\$ 300,000	\$ 304,200	
The Valley Fair Corp.	Union	C	300	\$ 600,000	\$ 600,000	
SUBTOTAL			616	\$ 10,190,000	\$ 10,753,150	
Warren County						
Fleet Services Division	Columbia	C	30	\$ 2,950,000	\$ 2,950,000	
SUBTOTAL			30	\$ 2,950,000	\$ 2,950,000	
Other						
Okonite Company Employees' Stock Ownership Trust	Paterson, Passaic, Ramsey, North Brunswick	M	1,000 (m)	\$ 17,000,000	\$ 44,000,000	Closed
SUBTOTAL			1,000 (m)	\$ 17,000,000	\$ 44,000,000	
GRAND TOTAL			8,146	\$154,467,500	\$225,101,729	
			2,000 (m)			

*KEY TO SYMBOLS: M = manufacturing facility
D = distribution and warehousing facility
O = office facility
H = hotel

C = commercial or retail facility
P = pollution control equipment
R = recreation facility
m = jobs maintained as result of project

New Jersey Economic Development Authority

Balance Sheet

December 31, 1976 and 1975

	1976	1975 (Note 2 (g))
Assets		
Operating fund:		
Cash, principally savings accounts	\$218,547	\$52,329
Certificates of deposit (Note 3)	100,000	
Other	16,796	22,066
	<u>\$335,343</u>	<u>\$74,395</u>
Bond guarantee fund (Note 2(b)2):		
Cash, principally savings accounts	\$ 129,748	\$ 124,073
Certificates of deposit and U.S. Treasury Bills (Notes 3 and 5)	10,795,143	10,235,000
Accrued interest	124,097	36,880
	<u>\$11,048,988</u>	<u>\$10,395,953</u>
Revolving loan fund (Note 2(b)3):		
Cash	\$ 11,691	\$ —
Note receivable (Note 4)	13,000,000	
Accrued interest receivable	65,000	
	<u>\$13,076,691</u>	<u>\$ —</u>
	<u>\$24,461,022</u>	<u>\$10,470,348</u>
Liabilities and Fund Balances		
Liabilities (Note 5):		
Operating fund accounts payable and accrued liabilities	\$ 46,452	\$ 29,808
Fund balances (Note 2(b)):		
Operating fund	288,891	44,587
Bond guarantee fund	11,048,988	10,395,953
Revolving loan fund (Note 2(b)3):		
Federal grant	13,000,000	
Fund balance	76,691	
	<u>24,414,570</u>	<u>10,440,540</u>
	<u>\$24,461,022</u>	<u>\$10,470,348</u>

See accompanying notes.

Statement of Revenues , Expenses and Changes in Fund Balances Years ended December 31, 1976 and 1975

	1976	1975 (Note 2(g))
Revenues:		
Application fees	\$ 621,158	\$ 290,400
Interest	749,259	403,491
Grants	44,307	22,066
	<u>1,414,724</u>	<u>715,957</u>
Expenses:		
Salaries and benefits	254,084	155,888
General and administrative	109,752	76,116
Project development consulting fees	76,858	25,500
	<u>440,694</u>	<u>257,504</u>
Excess of revenues over expenses (Note 2(b)):		
Operating fund	244,304	62,500
Bond guarantee fund	653,035	395,953
Revolving loan fund	76,691	
	<u>974,030</u>	<u>458,453</u>
Appropriation to bond guarantee fund from State of New Jersey (Note 2(b)2)		10,000,000
Grant to revolving loan fund from U.S. Economic Development Administration (Note 2(b)3.)	13,000,000	
Fund balance (deficit), beginning of year:		
Operating fund	44,587	(17,913)
Bond guarantee fund	10,395,953	
Revolving loan fund		
	<u>10,440,540</u>	<u>(17,913)</u>
Fund balance, end of year:		
Operating fund	288,891	44,587
Bond guarantee fund	11,048,988	10,395,953
Revolving loan fund	13,076,691	
	<u>\$24,414,570</u>	<u>\$10,440,540</u>

Statement of Changes in Financial Position
Years ended December 31, 1976 and 1975

	1976	1975
		(Note 2(g))
Sources of cash:		
Excess of revenues over expenses	\$ 974,030	\$ 458,453
Items not requiring funds:		
Interest receivable	(159,217)	(36,880)
Accrued liabilities and other — net	28,914	(4,634)
Cash provided by operations	<u>843,727</u>	<u>416,939</u>
Proceeds from redemption of certificates of deposit		100,000
Appropriation from State of New Jersey		10,000,000
Grant from U.S. Economic Development Administration	13,000,000	
	<u>13,843,727</u>	<u>10,516,939</u>
Uses of cash:		
Loan of grant from U.S. Economic Development Administration	13,000,000	
Purchase of certificates of deposit	660,143	10,235,000
Repayment of loan to State of New Jersey		110,000
	<u>13,660,143</u>	<u>10,345,000</u>
Increase in cash	183,584	171,939
Cash balance, beginning of year:		
Operating fund	52,329	4,463
Bond guarantee fund	124,073	—
Revolving loan fund	—	—
	<u>176,402</u>	<u>4,463</u>
Cash balance, end of year:		
Operating fund	218,547	52,329
Bond guarantee fund	129,748	124,073
Revolving loan fund	11,691	—
	<u>\$ 359,986</u>	<u>\$ 176,402</u>

See accompanying notes.

Notes to Financial Statements December 31, 1976 and 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 Authority is also authorized to guarantee loans, to enter into contracts, to buy and sell land, buildings and other property, and to conduct studies related to its legislative mandate to stimulate employment and investment in New Jersey. The Act prohibits the Authority from obligating

the credit of the State of New Jersey in any manner.

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 guarantee fund (see Note 2(b)2) with the provision that at least 50% of the dollar amount of outstanding loan and bond guarantees approved by the Authority be for projects located in certain designated municipalities receiving assistance pursuant to the provisions of P.L. 1971, c.64; (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. The amendments also 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; and (b) projects which create immediate construction employment. The amendments further provide that county governments of the State may 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) Nature of funds

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

1. Operating fund

The operating fund is used to record the administrative and other general financial transactions of the Authority. General and administrative costs incurred in connection with other fund programs are not allocated to the respective funds.

2. Bond guarantee fund

The bond guarantee fund is used to account for \$10,000,000 appropriated to the Authority by the State Legislature for purposes of guaranteeing project and other loans authorized by the Act. It is the policy of the Authority to guarantee repayment of bonds issued by the Authority or other financings in an amount generally limited to 30% (to a maximum of \$1,000,000) of the principal amount of the loan or bond. Interest earned on amounts in the bond guarantee fund is being used by the Authority to increase the amount of funds available for project loan guarantees. At December 31, 1976, the fund consisted of the \$10,000,000 State appropriation, which is restricted solely for bond guarantees along with \$1,048,988 of interest income to be used for bond guarantee purposes.

3. Revolving loan fund

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

Title IX of the Public Works and Economic Development Act of 1965 as amended and supplemented. The Authority agreed upon acceptance of the grant that the entire grant initially would be loaned to the Okonite Company Employee Stock Ownership Trust ("ESOT") (see Note 4) and that repayments of principal and interest thereon would be available for subsequent loans to finance eligible projects throughout the State. Failure of the Authority to utilize the funds in the manner prescribed in the grant agreement with the USED A may result in the funds being returned to the USED A.

At December 31, 1976 the fund consisted of \$13,000,000 received from the USED A and \$76,691 of interest income which will be used for additional loans as prescribed by the grant.

(c) Revenue recognition

The Authority's primary sources of operating revenue are from its loan application fee, which is 1/2 of 1% of the face amount of bonds issued and from its bond guarantee fee, which is 1/2 of 1% of the amount guaranteed by the Authority multiplied by the number of years the guarantee is in force. Each fee includes a non-refundable payment of \$250 which is made with the filing of the application. The non-refundable portion of the application fees is recorded as income when received and the balance is recognized upon closing.

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

(d) Pension and retirement plans

Employees of the Authority are covered by the Public Employees' Retirement System of the State of New Jersey. Pension expense is accrued based on rates provided by the State, and amounted to \$10,228, and \$928 for 1976 and 1975, respectively.

(e) Capital items

Capital items, which consist generally of office furniture and fixtures, office equipment, and leasehold improvements were immaterial in 1976 and 1975, and are charged directly to current expenses as incurred.

(f) Services from State of New Jersey

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

(g) Reclassification of 1975 balances

Certain 1975 balances have been reclassified to conform with current year presentation.

3. Certificates of deposit and U.S. Treasury Bills

Certificates of deposit and U.S. Treasury Bills have been purchased from several banks based on the recommendations of the Department of Treasury, Division of Investment. At December 31, 1976 the investments earned interest at rates ranging from 4.8% to 7.1% and mature no later than June 30, 1977. (See Note 5.)

4. Note receivable

On June 30, 1976 the Authority loaned \$13,000,000 to the Okonite Company ESOT in accordance with the provisions of a grant agreement with the U.S. Economic Development Administration (see Note 2(b)3) and a loan agreement with the Okonite Company ESOT and the Okonite Company. The loan is repayable as to principal in equal installments over 25 years commencing in 1979 and bears interest at a rate of 1% per year for the first five years, 3% per year for the next 7 years, and 5% thereafter until maturity.

5. Commitments and contingencies

For the years ended December 31, 1976 and 1975, \$86,806,500 and \$46,980,000 aggregate principal amount of Authority bonds have been issued, respectively. As set forth in such bonds and in the various agreements and documents related to their authorization

and issuance, the principal of, premium, if any, and interest on all such bonds issued in 1976 and 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.

For the year ended December 31, 1976, of the \$86,806,500 aggregate principal amount of bonds issued, the Authority had issued \$3,107,500 of bonds of which repayment of \$1,140,000 had been guaranteed. Such guarantees are binding obligations of the Authority for periods ranging from 5 to 10 years and require the Authority to

maintain bond guarantee funds no less than 1/3 of the aggregate amount of outstanding guarantees. In addition, the Authority has guaranteed repayment of approximately \$2,200,000 of other financings totaling \$4,952,500. Under these guarantee agreements, the Authority is required to purchase and pledge certain certificates of deposits increasing up to \$2,000,000 by 1981.

6. Subsequent events

During the period January 1, 1977 through February 28, 1977, \$24,747,000 of bonds have been issued by the Authority; bonds which had been approved for issuance by the Authority but not yet closed amounted to \$30,500,000; guarantee commitments on bonds approved but not yet closed amounted to \$225,000; and direct loan commitments approved but not yet closed amounted to \$50,000.

ARTHUR YOUNG & COMPANY

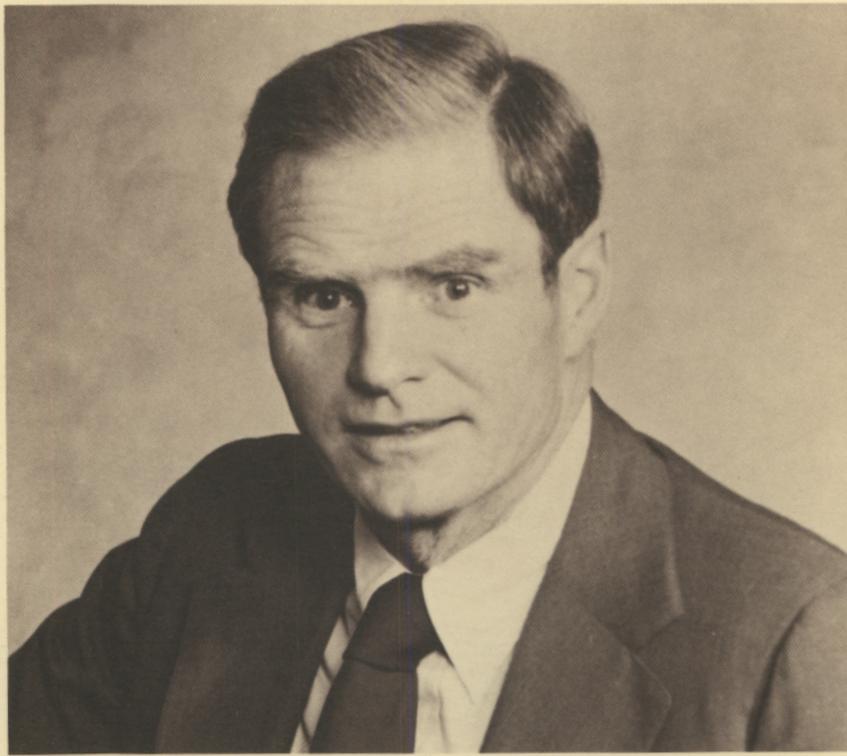
520 BROAD STREET
NEWARK, NEW JERSEY 07102

New Jersey Economic
Development Authority
Trenton, New Jersey

We have examined the accompanying balance sheets of the New Jersey Economic Development Authority at December 31, 1976 and 1975 and the related statements of revenues, expenses and changes in fund balances, and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statements mentioned above present fairly the financial position of the New Jersey Economic Development Authority at December 31, 1976 and 1975 and the results of operations and changes in fund balances and changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis during the period.

Arthur Young & Company



Brendan Byrne
Governor



New Jersey Economic Development Authority

Brendan Byrne
Governor

John J. Horn
Chairman
Acting Commissioner
of Labor & Industry

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

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

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

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

Robert S. Powell, Jr.
Executive Director

