

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
SPECIAL MEETING
May 17, 2005

MINUTES OF THE MEETING

Members of the Authority present: Joseph McNamara, Vice Chairman; Joseph Latoof representing the Commissioner of the Department of Labor and Workforce Development; Michael Sheridan representing the Commissioner of the Department of Banking and Insurance; Bernie Piaia representing the Commissioner of Education; Participating by conference call: Al Koepp, Chairman, Daniel Levine representing the State Treasurer; Joseph Grossi representing the Secretary of the NJ Commerce, Economic Growth and Tourism Commission; Jack Kocsis, Jr., Charles Sarlo and Ciro Scalera, Public Members; Cecil House and Raymond Burke, Alternate Public Members.

Absent from the meeting: Phil Kirschner, Timothy Carden and Carlos Medina, Public Members; and Rodney Sadler, non-voting member.

Also present: Caren S. Franzini, Chief Executive Officer of the Authority; Bette Renaud, Deputy Attorney General, and guests.

In accordance with the Open Public Meetings Act, Ms. Franzini announced that notice of this meeting has been sent to the *Star Ledger* and the *Trenton Times* at least 48 hours prior to the meeting, and that a meeting notice has been duly posted on the Secretary of State's bulletin board at the State House.

Vice Chairman McNamara called the meeting to order at 10:00.

The first item was the approval to authorize the New Jersey Economic Development Authority to enter into a Memorandum of Agreement with the New Jersey Commerce, Economic Growth and Tourism Commission to undertake a promotional and marketing program for the Portfields Initiative. Procurement Procedures will be reviewed by the Attorney General's Office.

MOTION TO APPROVE: Mr. Piaia **SECOND:** Mr. Scalera **AYES:** 12

RESOLUTION ATTACHED AND MARKED EXHIBIT 1

The next item was the approval to adopt the Second Supplemental State Pension Funding Bond Resolution to provide for the remarketing of the 2003 Pension Bonds to a fixed interest rate mode at an interest rate not to exceed 7.6%, which provides a premium to pay the principal amount of the remarketed bonds, swap termination payments, costs of issuance and other expenses; authorize the use of professionals; modify the optional redemption provisions of the 2003 Pension Bonds while in the fixed rate mode; and authorize staff to take all necessary actions incidental to the remarketing of the 2003 Pension Bonds, subject to final review and approval of all terms and documentation by Bond Counsel and the Attorney General's Office.

MOTION TO APPROVE: Mr. McNamara SECOND: Mr. Piaia AYES: 12
RESOLUTION ATTACHED AND MARKED EXHIBIT 2

Ms. Franzini updated the Board on the school bond refunding approved at the May 10, 2005 Board meeting. The delegated authority given to her by the Board required minimum savings of \$10 million or 2.5% net present value savings. She reported that the market had turned in the State's favor and the bonds were sold yesterday, May 16, 2005, for a savings in excess of \$17 million or 3.3% net present value savings. She thanked Ann Flynn, Office of Public Finance and the working group for their hard work and diligence on the transaction.

Ms. Franzini summarized the approval request for a remarketing of State pension bonds originally issued in 1997 for \$2.8 billion at an interest rate of 7.6%. This action is being proposed to achieve three things: 1) to take advantage of a slightly lower interest rate to achieve net present value savings; 2) to terminate the swap and change from a variable rate to a fixed rate thereby decreasing risk of rising rates; and 3) eliminating a liquidity provider, allowing the State greater flexibility in utilizing liquidity provider(s) in other transactions. Approval was also requested for the professional team, selected by Treasury pursuant to EO 26: McCarter and English, Lehman Brothers and CDR Financial. Ms. Franzini also noted that CDR Financial has provided summary information of the transaction to the EDA's Audit Committee prior to the meeting today.

Chairman Koeppé stated that the action appeared to be reasonable and asked Ms. Franzini if there was any downside. She stated that there was not, that the State was reducing its risk by switching from variable to fixed.

Mr. Scalera asked if the State was retreating from the swap strategy that the Board had discussed previously. Ann Flynn responded that she believed he was referring to the forward swap agreements that the Board had approved for school construction bonds. This strategy was adopted some time ago as a hedge against rising interest rates because of the activity in the school construction program that would necessitate borrowing every six months or so. She believes that the rationale for this remains valid for the school bonds. For the pension bond transaction, the recommendation was being made to terminate the swap for several reasons.

Mr. Latoof asked how long it would be until the State recovered the cost of the \$118 million

termination fee. Ms. Flynn stated that it actually would not be recovered but by remarketing the bonds at a premium, the cost would be absorbed. John McFadden of Lehman Brothers, the remarketing agent, stated that the transaction would be sold at a coupon rate of approximately 7.4%, generating a premium of approximately \$375 million that would include the cost of the termination as well as provide additional present value savings.

PROJECT: Griffin Medical Products, Inc.

APPL.#16227

LOCATION: Bridgeton City/Cumberland Cty.

MODIFICATION: to approve the name change of the original applicant, Griffin Medical Products, Inc. to GMP Manufacturing Company, Inc.; increase the new employment commitment from 25 to 60; increase the grant award percentage from 55% to 75%; increase the overall estimated grant award over ten years to \$109,748.25; and waiver of the 20% cap on the benefits associated with the new employment commitment because of the significant investment made to bring manufacturing operation to New Jersey.

MOTION TO APPROVE: Mr. Piaia

SECOND: Mr. Sheridan

AYES: 12

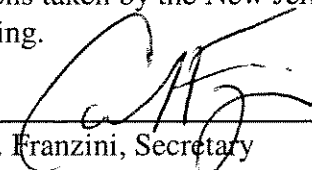
RESOLUTION ATTACHED AND MARKED EXHIBIT 3

PUBLIC COMMENT

There was no public comment.

There being no further business on a motion by Mr. Latoof, and seconded by Mr. Sheridan, the meeting was adjourned at 10:25.

Certification: The foregoing and attachments represent a true and complete summary of the actions taken by the New Jersey Economic Development Authority at its meeting.



Caren S. Franzini, Secretary