

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

November 9, 2005

MINUTES OF THE MEETING

Members of the Authority present: Al Koeppe, Chairman; Joseph McNamara, Vice Chairman; Virginia Bauer, Secretary of the NJ Commerce, Economic Growth and Tourism Commission; Dan Levine, representing the State Treasurer; 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; Timothy Carden, Charles Sarlo, Ciro Scalera, Philip Kirschner, and Carlos A. Medina, Public Members; Raymond Burke, Alternate Public Member; and Rodney Sadler, Non-Voting Member.

Absent from the meeting: Jack Koscis, Jr., Public Member; and Cecil House, Alternate Public Member.

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

Chairman Koeppe called the meeting to order at 10:02.

Pursuant to the Internal Revenue Code of 1986, Ms. Franzini announced that this was a public hearing and comments are invited on any Private Activity bond projects presented today.

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.

MINUTES OF AUTHORITY MEETING

The next item of business was the approval of the October 11, 2005 meeting minutes and Executive Session minutes of the Board. A motion was made to approve the minutes by Mr. Carden, seconded by Mr. Medina and was approved by the 11 Members present.

The next item was the presentation of the Chief Executive Officer's Monthly Report to the Board. **(For Informational Purposes Only)**

Mr. Scalera entered the meeting at this time.

The next item was a presentation by Professors Joseph Seneca and James Hughes of the Edward J. Bloustein School of Planning & Public Policy on the Business and the Employment Incentive Program Economic Impact Study that measured the positive fiscal impact of the program since its inception on the State's economy. Highlights of the presentation:

Nearly \$350 million in additional state tax revenue is generated each year and \$8.4 billion is brought to New Jersey's gross state product as a result of the Business Employment Incentive Program (BEIP). The study found that for every dollar spent on BEIP, New Jersey's gross state product increases by \$88. In addition to long-term economic benefits of the program generated by ongoing operation of the assisted business, BEIP also results in a number of one-time impacts generated by capital expenditures on construction, equipment and other items that accrue over the duration of the project, according to the study. One-time impacts include an additional 111,041 "job-years" (or one job lasting for one year); \$6.6 billion in gross state product, and \$233 million in state tax revenue.

Professor Seneca distributed an Executive Summary and noted that the full report could be found on the New Jersey Economic Development Authority's website at www.njeda.com.

Mr. Kirschner entered the meeting at this time.

BOND RESOLUTIONS

The next item was the approval to adopt the NJEDA/School Facilities Construction Bonds Fifteenth Supplemental Resolution authorizing the issuance of the 2005 Series P Bonds and 2005 Series Q Bonds in a combined principal amount not to exceed \$675 million as well as other matters in connection with the issuance and sale thereof; authorize the use of professionals, reduce the Authority's closing fee to no less than half the regulatory bond closing fee; and authorize Authority staff to take all necessary actions incidental to the issuance of the 2005 Series P Bonds and 2005 Series Q Bonds, subject to final review and approval of all terms and documentation by Bond Counsel and the Attorney General's Office.

Ms. Franzini summarized the actions presented to the Board for approval, specifically the request to issue Series P and Q bonds with a combined total par amount not to exceed \$675 million. Up to \$175 million will be issued at a fixed interest rate and up to \$500 million will be issued at a variable rate, in auction rRate mode. These variable rate bonds are tied to the 2003 forward starting swap agreements, of which the fourth tranche is expected to settle in March, 2006. She detailed the team of professionals procured for the transaction, with the addition of Goldman Sachs as co-manager, broker-dealer for the Series Q bonds. She then asked bond counsel Dilworth Paxson LLP to comment on the SEC's inquiries on auction rate modes. Mark Feller of Dilworth Paxson advised that over the course of the last year, the SEC has been looking into the practice nationally. It is believed that the inquiry is focused on pricing methods and perceived lack of transparency in the bidding process. The exact scope of the inquiry is unknown as the inquiries of professionals have been deemed confidential by the SEC. Mr. Feller did not believe that there has been any recent broadening of the scope. Counsel will ensure full disclosure and is working with the Office of the

Attorney General on the disclosure language. Elizabeth Renaud, DAG, confirmed that her office is reviewing language.

Mr. Carden asked what interest rates on the fixed rate bonds and on the variable rate bonds are projected at this time. Mary DiMartino of Wachovia Bank answered that for the fixed rate it would be 4.50% on an insured basis, with a ten to twenty basis point spread if uninsured; and on the variable rate, 4.295%. Mr. Carden then asked that if the SEC auction rate inquiry would have any impact on the pricing of the bonds. Charles Ellenwood of Bear Stearns stated that there has been no impact. Mr. Carden noted that there could be a remarketing of the bonds if there was a premium concern in the future. Ms. Franzini reaffirmed that the team has been working with Treasury and PFM to determine the most cost effective route which indicates that at this time the variable rate in auction mode is the best way to proceed but that it would continue to be monitored.

MOTION TO APPROVE: Mr. Carden **SECOND:** Mr. Latoof **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT 1

The next item was the approval to adopt the Second Supplemental Motor Vehicle Surcharges Revenue Bond Resolution authorizing the issuance of the 2005 Series A Bonds (Special Needs Housing Program) in an amount not to exceed \$60,000,000 (or such lesser amount as necessary so that the net proceeds of the 2005 Series A Bonds available to be transferred to the HMFA for deposit up to \$50,000,000 to the Special Needs Housing Trust Fund) and 2005 Series B Bonds Motor Vehicle Surcharges Refunding Bonds in an amount not to exceed \$300 million provided the net present value savings is 3% or greater, as well as other matters in connection with the issuance and sale thereof; authorize the use of professionals; authorize Authority staff to take all necessary actions incidental to the issuance of the 2005 Series A and B Bonds; approval of the HMFA Agreement; approval of the amendment to the State Contract; all subject to final review and approval of all terms and documentation by Bond Counsel and the Attorney General's Office.

Ms. Franzini summarized the actions for approval and noted the presence in the audience of Peter Kasabach and Eileen Hawes of the NJ Housing Mortgage Agency. She advised that prior to the meeting today, the EDA's Audit Committee has reviewed the proposed bond issuance as is its practice when specific revenues are being pledged for a state bond deal.

Ms. Franzini noted that the Special Needs Housing Trust Fund is a key priority of Governor Codey. Funding of up to \$200 million for the initiative was authorized by the Legislature and legislation was signed by the Governor this summer. The funds will expand housing opportunities for the state's special needs population, the mentally and developmentally disabled. EDA is issuing the bonds on behalf of the NJHMFA, which will manage the program, because the revenue source is bond proceeds from bonds issued by the Authority pursuant to the Motor Vehicles Surcharge Act.

She then advised that two approvals are being requested: 1)) for a resolution authorizing a first tranche with a par value not to exceed \$60 million or such a lesser amount as necessary to enable net \$50 million in proceeds for the initial program that is anticipated to be expended over the next three years; and 2) authorization to refund up to \$300 million in existing bonds if net present value savings

PRELIMINARY RESOLUTIONS

PROJECT: Future Fuels, Inc. **APPL.#16565**
LOCATION: Dover Twp./Ocean Cty. **BUSINESS:** Exempt public facility - Solid waste processor
PROCEEDS FOR: bldg. constr./equip. purch.
MOTION TO APPROVE: Mr. Piaia **SECOND:** Ms. Bauer **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT 5

PUBLIC HEARING ONLY

PROJECT: Hort Englewood Associates, LLC **APPL.#16727**
LOCATION: Englewood City/Bergen Cty. **BUSINESS:** Diversified printer
PROCEEDS FOR: bldg. acqui. & renov.
PUBLIC HEARING ONLY - NO RESOLUTION REQUIRED
PUBLIC COMMENT: None

PROJECT: Passaic Hebrew Institute for the benefit of YBH **APPL.#16896**
Hillel of Passaic
LOCATION: Passaic City/Passaic Cty. **BUSINESS:** Not for profit Jewish day school
PROCEEDS FOR: refinancing
PUBLIC HEARING ONLY - NO RESOLUTION REQUIRED
PUBLIC COMMENT: None

STATEWIDE LOAN POOL PROGRAM

PROJECT: Corporate Duplication Solutions, Inc. **APPL.#16899**
LOCATION: Teterboro Boro/Bergen Cty. **BUSINESS:** CD and DVD replication business
PROCEEDS FOR: equip. purch.
FINANCING: \$750,000 bank loan with a \$187,500 (25%) Authority participation and a 25% guarantee of principal outstanding not to exceed \$140,625.
MOTION TO APPROVE: Mr. Piaia **SECOND:** Mr. Sheridan **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT 6

FUND FOR COMMUNITY ECONOMIC DEVELOPMENT

PROJECT: ACCION New York, Inc. **APPL.#16864**
LOCATION: Various/Variou **BUSINESS:** Not for profit lending agency
PROCEEDS FOR: loan funding
FINANCING: \$500,000 Fund for Community Economic Development loan
MOTION TO APPROVE: Mr. Carden **SECOND:** Mr. Kirschner **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT 7

PROJECT: Margaret Gowey **APPL.#16885**
LOCATION: East Hanover Twp./Morris Cty.
PROCEEDS FOR: site remediation
FINANCING: \$7,567 Petroleum Underground Storage Tank Remediation, Upgrade and Closure Fund grant

PROJECT: J&D Auto Service, Inc. **APPL.#15910**
LOCATION: East Orange City/Essex Cty.
PROCEEDS FOR: site remediation
FINANCING: \$154,489 Petroleum Underground Storage Tank Remediation, Upgrade and Closure Fund grant

PROJECT: Estate of Mary Kolbe **APPL.#16833**
LOCATION: Newark City/Essex Cty.
PROCEEDS FOR: site remediation
FINANCING: \$7,147 Petroleum Underground Storage Tank Remediation, Upgrade and Closure Fund grant

PROJECT: Michael Mango **APPL.#16615**
LOCATION: Plainfield City/Union Cty.
PROCEEDS FOR: site remediation
FINANCING: \$21,235 Petroleum Underground Storage Tank Remediation, Upgrade and Closure Fund grant

PROJECT: Stan Melillo for the benefit of Morris American **APPL.#16695**
LOCATION: Union Twp./Union Cty.
PROCEEDS FOR: site remediation
FINANCING: \$35,260 Petroleum Underground Storage Tank Remediation, Upgrade and Closure Fund grant

PROJECT: Estate of Helen Miller **APPL.#16901**
LOCATION: Fair Lawn Boro./Bergen Cty.
PROCEEDS FOR: site remediation
FINANCING: \$2,130 Petroleum Underground Storage Tank Remediation, Upgrade and Closure Fund grant

PROJECT: Joseph Nowak and Irene Nowak **APPL.#16819**
LOCATION: Chesterfield Twp./Burlington Cty.
PROCEEDS FOR: site remediation
FINANCING: \$8,513 Petroleum Underground Storage Tank Remediation, Upgrade and Closure Fund grant

PROJECT: Caterina Papalia and Vincent Ruggiero **APPL.#16822**
LOCATION: Fort Lee Boro./Bergen Cty.
PROCEEDS FOR: site remediation
FINANCING: \$20,964 Petroleum Underground Storage Tank Remediation, Upgrade and Closure Fund grant

PROJECT: John Patalano for the benefit of Patalano **APPL.#16777**
Enterprises, Inc. and My Way Pizza
LOCATION: Dumont Boro./Bergen Cty.
PROCEEDS FOR: site remediation
FINANCING: \$46,469 Petroleum Underground Storage Tank Remediation, Upgrade and Closure Fund grant

PROJECT: Josefina Pruksarnukul **APPL.#16887**
LOCATION: Montclair Town/Essex Cty.
PROCEEDS FOR: site remediation
FINANCING: \$8,872 Petroleum Underground Storage Tank Remediation, Upgrade and Closure Fund grant

PROJECT: Peter Quilla for the benefit of Village Service **APPL.#15917**
Center
LOCATION: Jersey City/Hudson Cty.
PROCEEDS FOR: site remediation
FINANCING: \$174,410 Petroleum Underground Storage Tank Remediation, Upgrade and Closure Fund grant

PROJECT: Segear's Gulf **APPL.#15913**
LOCATION: Irvington Twp./Essex Cty.
PROCEEDS FOR: site remediation
FINANCING: \$180,941 Petroleum Underground Storage Tank Remediation, Upgrade and Closure Fund grant

PROJECT: Francis Sharkey and Judith Sharkey **APPL.#16851**
LOCATION: Vernon Twp./Sussex Cty.
PROCEEDS FOR: site remediation
FINANCING: \$3,391 Petroleum Underground Storage Tank Remediation, Upgrade and Closure Fund grant

PROJECT: Marilyn Skinn **APPL.#16865**
LOCATION: Wayne Twp./Passaic Cty.
PROCEEDS FOR: site remediation
FINANCING: \$8,966 Petroleum Underground Storage Tank Remediation, Upgrade and Closure Fund grant

PROJECT: Wallkill Valley First Aid Squad **APPL.#16693**
LOCATION: Franklin Boro/Sussex Cty.
PROCEEDS FOR: site remediation
FINANCING: \$8,905 Petroleum Underground Storage Tank Remediation, Upgrade and Closure Fund grant

HAZARDOUS DISCHARGE SITE REMEDIATION FUND PROGRAM

The following projects presented were municipal grants under the Hazardous Discharge Site Remediation Fund Program.

MOTION TO APPROVE: Mr. Piaia **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT 11

PROJECT: Borough of Neptune **APPL.#16147**
(Former East Coast Ice Co.)
LOCATION: Neptune City Boro./Monmouth Cty.
PROCEEDS FOR: site remediation
FINANCING: \$73,496 NJDEP Hazardous Discharge Site Remediation municipal grant

PROJECT: Upper Township **APPL.#15798**
(Estate of Samuel Migliaccio)
LOCATION: Upper Twp./Cape May Cty.
PROCEEDS FOR: site remediation
FINANCING: \$27,780 NJDEP Hazardous Discharge Site Remediation municipal grant

TECHNOLOGY

The next item was the recommendation to invest \$400,000 in the Next Stage Capital Venture Fund and approval to execute all documents for this investment subject to Attorney General's review.

MOTION TO APPROVE: Mr. Carden **SECOND:** Mr. McNamara **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT 12 **Mr. Sarlo recused himself because he has a client that might want to apply for funding in the future.**

BUSINESS EMPLOYMENT INCENTIVE PROGRAM

PROJECT: Advanced Drainage Systems, Inc. **APPL.#16915**
LOCATION: Logan Twp./Gloucester Cty. **BUSINESS:** Mfr. of polyethylene pipe
GRANT AWARD: 55% Business Employment Incentive grant, 10 years
MOTION TO APPROVE: Mr. Scalera **SECOND:** Mr. Piaia **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT 13

PROJECT: Realm Products, LLC, MAGI Products, LLC, and **APPL.#16922**
Realm Wood Products, LLC
LOCATION: Wood-Ridge Boro/Bergen Cty. **BUSINESS:** Producer of chemical coatings
GRANT AWARD: 45% Business Employment Incentive grant, 10 years
MOTION TO APPROVE: Mr. Sheridan **SECOND:** Mr. Kirschner **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT 13

BOARD MEMORANDUMS

PROJECT: Artmacher, LLC **APPL.#16703**
LOCATION: New Brunswick/Middlesex Cty.
MODIFICATION: to reduce the amount of the Local Development Financing Fund loan to \$350,000 based upon a change in the scope of the project since original approval by EDA in August of this year.
MOTION TO APPROVE: Mr. Piaia **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT 14

Mr. McNamara left the meeting at this time.

PROJECT: Bentley Laboratories, LLC & Norgate Holdings, LLC **APPL.#16699**
LOCATION: Mahwah Twp./Bergen Cty.
MODIFICATION: to re-approve the direct loan with the specific performance milestones that staff recommends as a result of receiving detailed updated actual and projected information since the original approval by the Members on 6/14/05.
MOTION TO APPROVE: Mr. Piaia **SECOND:** Mr. Carden **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT 15

PROJECT: Kontos Foods, Inc. **APPL.#14593**
LOCATION: Paterson City/Passaic Cty.
MODIFICATION: to consent to \$340,000 in additional debt and a release of a portion of the collateral held against the Local Development Financing Fund loan.
MOTION TO APPROVE: Mr. Carden **SECOND:** Mr. Piaia **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT 16

Mr. McNamara returned to the meeting at this time.

The next item concerned a policy to formulate foreclosure bids that may be required to protect EDA's existing collateral interest and maximize recoveries on loans. Action was the approval to delegate approval to staff to recommend bids of up to \$1,000,000 for approval by senior and executive management, or to recommend not bidding at a sale when it would not effectively protect our interests. The members will be advised quarterly about activity in these situations and our success in utilizing the bidding process to protect EDA's interest on its loans.
MOTION TO APPROVE: Mr. Carden **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT 17

The next item was the approval to adopt a Resolution amending the New Jersey Economic Development Authority's Deferred Compensation Plan.

This matter was held from consideration.

The next item was information on the following loans approved under delegated authority under the New Jersey Business Growth Fund Program: EWC Controls, Inc. And EWC, Inc., McCormick Bindery, Inc., and Mark Lighting Fixture Company, Inc. **(For Informational Purposes Only)**

The next item was the approval of the amendments to the Structured Finance Program and authorization to submit amendments to the program rules for promulgation in the New Jersey Register, subject to final review and approval by the Office of the Attorney General and the Office of Administrative Law.

MOTION TO APPROVE: Mr. Kirschner **SECOND:** Mr. Carden **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT 18

REAL ESTATE

The next item was the approval of the 2006 operating budget for the Technology Centre of New Jersey, L.L.C.

This matter was held from consideration.

The next item was the consent to enter into a Memorandum of Understanding with the Departments of Treasury and Transportation, and to establish a feasibility budget funded by Treasury in the amount of \$231,400 to advance the Hammonton State Office Building project, subject to approval of the Attorney General's Office.

MOTION TO APPROVE: Mr. Piaia **SECOND:** Mr. McNamara **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT 19 **Mr. Medina recused himself because his firm has an on call retainer contract with Department of Transportation.**

The next item was the approval to enter into standard form contracts with KSS Architects and Torcon for design and construction of the Hammonton State Office Building and DOT replacement facility, subject to approval by the Attorney General's Office and the Chief Executive Officer.

MOTION TO APPROVE: Mr. Scalera **SECOND:** Mr. Piaia **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT 20 **Mr. Sarlo recused himself because he is General Counsel for DMR Architects.**

The next item was the approval to execute the Authority's standard form of lease with Rutgers Camden Technology Campus, Inc. for up to 20,000 +/- square feet of initial office and development space with a single two year option on 20,000 +/- square feet of expansion space for research and laboratory use at the Waterfront Technology Center Camden's Tech One building; to provide a \$300,000 Lease Incentive Program Grant payable over 5 years per the approved schedule for office and high-tech tenants subject to the approval of the ERB; and to execute any and all other documents required to effectuate this transaction, on final terms acceptable to the Attorney General's Office and the Authority's Chief Executive Officer.

MOTION TO APPROVE: Mr. Piaia **SECOND:** Mr. McNamara **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT 21

The next item was the approval to enter into the design development phase of the Digital Century project with Nadaskay Kopelson.

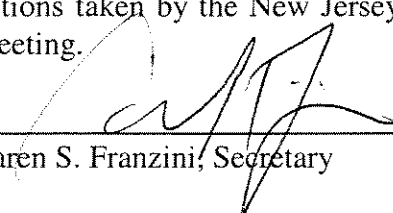
MOTION TO APPROVE: Mr. Piaia **SECOND:** Mr. Sheridan **AYES:** 12
RESOLUTION ATTACHED AND MARKED EXHIBIT 22 **Mr. Medina recused himself because his firm does work for Nadaskay Kopelson.**

PUBLIC COMMENT

There was no comment from the public.

There being no further business on a motion by Mr. Scalera, and seconded by Ms. Bauer, the meeting was adjourned at 12:10.

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