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NEW JERSEY BUILDING AUTHORITY

2008 Annual Report

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A Message from the Governor...

Since 1981, the NJ Building Authority has been dedicated to serving the needs of the public by providing and delivering exceptional facilities throughout New Jersey. Many of these construction projects directly and indirectly impact the welfare of our State and our residents.

Recent projects include the Regional Operations Intelligence Center in Ewing, designed to serve as a command center during homeland security threats and emergency response efforts; and the State Police Technology Complex in Hamilton Township, home to one of only four FBI Regional Computer Forensics Labs in the country. In addition, ground was recently broken for their newest project, the New Jersey Public Health, Environmental and Agricultural Laboratory. This facility is located at the State Police Headquarters in West Trenton, and will ensure that we are prepared for any event that may endanger the public's health, our environment, livestock and crops. The facility should be fully operational in 2010.

Furthermore, the New Jersey State Museum has reopened after undergoing a much needed renovation. These upgrades, the first significant changes since its opening in 1965, have transformed the Museum from an outdated repository to a stylish exhibition. In May 2008, the Super Science Weekend kicked off the first phase of the Museum's reopening. Visitors participated in educational, hands-on activities exploring all fields of science. "Cultures in Context, a Tapestry of Expression" was the featured exhibit and marked the beginning of many new and exciting programs scheduled this year.

These are just a few examples of the Building Authority's projects that are making a difference throughout the State. I congratulate the Authority on their achievements and look forward to working with them in the future.

Sincerely,

Jon S. Corzine

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And the State Treasurer...

The New Jersey Building Authority has managed an impressive collection of projects ranging from historical restorations to the construction of entire technical complexes. The Building Authority's leadership and expertise in finance and construction resulted in the successful completion of each of these projects. Their attention to detail brought back to life some of Trenton's historical treasures such as the State House and Dome, the War Memorial, the Old Barracks, and Thomas Edison College. Their vision transported New Jersey into the 21st century with such projects as the New Jersey Forensic Science Technology Center and the New Jersey State Police Regional Operations Intelligence Center.

Just when it seemed the Building Authority hit its stride, it took on the challenge of yet another extraordinary large scale and complex project. The latest project, the New Jersey Public Health, Environmental and Agricultural Laboratory located in West Trenton is the Building Authority's second largest project to date. The laboratory will provide a secure, central, state-of-the-art facility for various agencies to perform work in support of public health, environmental, and agricultural programs.

As State Treasurer, I am impressed by the Building Authority's effective management of multimillion dollar projects. It puts forth a quality product while making certain every dollar is well spent. I look forward to working with the Building Authority as we address the State's building needs and challenges in the future.

R. David Rousseau

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State of New Jersey
NEW JERSEY BUILDING AUTHORITY
PO BOX 219
TRENTON, NJ 08625-0219

JON S. CORZINE
Governor

JOHN H. FISHER III
Chairman

The Honorable Jon S. Corzine
Governor of the State of New Jersey

The Honorable Richard J. Codey
President, New Jersey Senate

The Honorable Joseph J. Roberts
Speaker, New Jersey General Assembly

The Honorable R. David Rousseau
State Treasurer

Consistent with N.J.S.A. 52:18A-78.26, I am pleased to report on the activities of the New Jersey Building Authority for calendar year 2008.

Respectfully,

John H. Fisher III
Chairman

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New Jersey Building Authority

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NEW JERSEY BUILDING AUTHORITY

Chairman

Executive Director

Report from the Chairman and Executive Director of the New Jersey Building Authority

On behalf of the Board of Directors, we are pleased to submit the 2008 Annual Report of the New Jersey Building Authority. This year was another successful year for the Authority. Many of our projects that were winding-down have been officially closed-out allowing us to focus on completing the State Museum for its first-phase reopening in May 2008. This project included renovations to the Museum campus including the main exhibit building, the auditorium, and planetarium. These modifications were necessary to bring the aging museum up-to-date, and will enhance the overall museum experience for visitors. Renovations consisted of upgrades to the HVAC system, and the installation of new electric, lighting and security systems. New picture windows with protective U.V. shields were installed allowing a panoramic view of the Delaware River and beautiful Museum grounds.

We are also pleased to report that through the use of its advanced energy systems, including rooftop solar power and geothermal heating and cooling, the Regional Operations Intelligence Center (ROIC) is now considered to be one of the most cost effective State facilities in New Jersey in terms of net operating cost. This is made possible through direct building efficiencies as well as the revenues being generated through the production of Solar Renewable Energy Credits. This production of Class 1 Solar Power also contributes toward achieving Governor Corzine's Energy Master Plan goal of meeting 30% of the State's electricity needs from renewable sources by 2020. The ROIC's energy efficiency is also in the top quartile of similar buildings around the country and is now qualified to receive the USEPA Energy Star label for its superior energy performance.

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NEW JERSEY BUILDING AUTHORITY

Construction of the New Jersey Public Health, Environmental and Agricultural Laboratory is well under way. The perimeter security fence has been positioned and is functional. Site excavation has been completed, all underground utilities have been installed, and steel erection has commenced.

Whether we are renovating museums for New Jersey families to enjoy, or are constructing high-tech laboratories to ensure the protection and well-being of the citizens of New Jersey, we never lose sight of our core values:

- A clear understanding of the client's needs, objectives and expectations;
- A strong professional commitment to achieve the client's objectives;
- An on-going, productive working relationship with the client characterized by an open line of communication throughout the process, and;
- A continuous focus on the philosophy that the client is the purpose of our work.

Also, we would like to thank all those who have diligently worked on these projects, and whose professionalism and service we've grown to rely on. Thank you to the staff of the Department of Law and Public Safety, and the Department of the Treasury's: Office of Public Finance, Division of Property Management and Construction, and the Division of Administration.

We would like to extend our gratitude to the NJBA board members and staff for their expertise and dedication, essential elements of the Building Authority's success which have proven invaluable.

We are proud to be part of a winning team focused on building a better New Jersey. We look forward and gladly accept future challenges.

John H. Fisher III
Chairman

Charles Chianese
Executive Director

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NEW JERSEY BUILDING AUTHORITY

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NEW JERSEY BUILDING AUTHORITY

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NEW JERSEY BUILDING AUTHORITY

Ex-Officio Board Directors

R. David Rousseau
State Treasurer
Debra Bell served in the Treasurer's absence.

Charlene Holzbaur
Comptroller of the Treasury
Gary Brune served in the Comptroller's absence.

Carol Molnar, Esquire
Chair, Commission on Capital Budgeting and Planning
James Vari served in the Chairperson's absence.

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Overview of the History of the Building Authority

The New Jersey Building Authority (the "Authority"), a body corporate and politic and an instrumentality of the State of New Jersey, was created in 1981 by the State Legislature for the purpose of financing, acquiring, constructing, reconstructing, rehabilitating, or improving office buildings and related facilities to meet the needs of State agencies.

In 1992, the State Legislature amended the Authority's statute to expand the types of projects the Authority can undertake. In addition to office buildings and related facilities, the Authority can now construct or renovate State correctional facilities and restore historic public buildings. The amendment also removed the $250 million bond principal limitation.

The Authority, under a master lease with amendments for individual properties, has leased to the State the buildings constructed or renovated with the funds provided from various bond offerings made by the Authority. The State is required to pay rent to the Authority at times and in amounts sufficient to pay: (1) debt service on the bonds outstanding (to the extent such debt service is not funded from bond proceeds); and (2) administrative expenses of the Authority. The lease transactions with the State are accounted for as direct financing leases.

The State is responsible for the award and monitoring of all contracts for the design, acquisition and construction of projects as well as supervision of construction work and acceptance of the completed projects. Project costs incurred by the State are paid by the Authority's bond trustee out of the construction fund after approval by an authorized Authority representative. Pursuant to the terms of the master lease, the State is responsible for the adequacy, sufficiency and suitability of the plans and specifications of any contracts or agreements with respect to the acquisition or construction of these projects. During the master lease term, the State is responsible for all costs relating to the operation, maintenance and repair of the projects. In addition, the state pays for all utilities, taxes and governmental charges during the lease term.

At any time prior to the expiration of the master term, the State has the option to purchase the projects for a price of $1 plus an amount sufficient to provide the full payment of the bonds and accrued interest in conformity with the bond resolution. If such option has not been exercised prior to the end of the lease term, the title to the projects will be transferred by the Authority to the State at that time.

The obligation of the State to make rental payments is subject to and depends upon yearly appropriations being made by the State Legislature for such purposes. In the event the State fails to make the necessary lease payments, the Authority may take possession of the projects and either lease or sell them to another party. In either case, the State is obligated to reimburse the Authority for any deficiency between the lease payments called for by the master lease and amounts paid by other parties.

Through December 31, 2008, the Authority has undertaken projects totaling in excess of $1.3 billion.

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Construction of State Office Buildings, State Police Facilities, Correctional Institutions and the Public Health, Environmental & Agricultural Laboratory

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Construction of State Office Buildings, State Police Facilities, and Correctional Institutions

In April 1981, the Authority submitted its first group of project reports describing five proposed building facilities to the Commission on Capital Budgeting and Planning. Those project reports were the results of a two-year planning program by the State. The five buildings were proposed as replacements for substandard and overcrowded rented space then used by the State. By consolidating office space, the State expected lower energy consumption, improved public access and increased productivity.

The facilities proposed in those initial project reports were:

Environmental Protection Building
Project Cost: $50,721,808

The Environmental Protection Building is located on 3.6 acres in Trenton on East State Street, across from the Federal Court and Office Building and near City Hall. This building provides approximately 400,000 square feet of office space and accommodates approximately 2,000 employees. The completion of this building permitted the consolidation of Department of Environmental Protection employees located in 15 separate office locations.

Mary Roebling Building
Project Cost: $50,879,841

The Mary Roebling Building is located in Trenton on a .75 acre site on West State and North Warren Streets. The building provides approximately 300,000 square feet of space and accommodates approximately 1,500 employees. The building is occupied by the Department of Banking and Insurance, Commerce and Economic Growth Commission, the Commission on Higher Education, the Bureau of Risk Management, and the Office of the State Comptroller.

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Community Affairs Building
Project Cost: $29,464,376

The Community Affairs Building is located in Trenton on a .75 acre site on South Broad and Front Streets. This building of approximately 160,000 square feet accommodates approximately 900 employees. The building is occupied by the Department of Community Affairs and permitted the consolidation of employees previously occupying seven separate office locations.

Department of Transportation Annex
Project Cost: $35,148,027

The Department of Transportation Annex is located in Ewing Township on a two acre site immediately to the rear of the Department's headquarters building on Parkway Avenue. The Annex provides approximately 270,000 square feet of space and accommodates an estimated 1,400 employees of the Department, permitting consolidation of employees across 14 locations in the Trenton area and eliminating overcrowding in the headquarters building.

Pest Control Laboratory
Project Cost: $4,887,050

The one-story laboratory building is located on a 5.2 acre site in Ewing Township on State Police Road, near the State Police headquarters. This facility provides approximately 22,000 square feet and includes laboratories and a greenhouse to breed beneficial insect parasites as an alternative to chemical pesticides in controlling harmful insects. The laboratory building replaced previously rented space in Trenton.

These five buildings are completed and fully occupied.

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Bank Street Garage
Project Cost: $9,000,000

Due to lower than projected contract prices, the Construction Fund for the initial projects had a residual balance. At the option of the State, $9 million of this surplus was transferred to a Construction Fund account for a multi-story structural parking garage in Trenton to service State employees in the State capital area. The six-level garage accommodates approximately 1,000 vehicles.

South Woods State Prison, Bridgeton
Project Cost: $234,416,107

In June 1993, the Legislature authorized the Authority to proceed with financing and constructing several new projects. Among these projects was the construction of a medium security state prison in Bridgeton, New Jersey. Situated on an 85-acre site at South Burlington Road and Andrews Avenue, South Woods State Prison is a 3,000 bed prison with administrative, technical and vocational support units. The facility has minimum and medium security, with modern security design features. This project is the single largest construction project that the State has ever orchestrated. The design/build contracting method was used in order to expedite the design and construction process. The project was brought in $29.5 million under budget. This major project was completed in a timely manner, with only minor weather related time extensions to the schedule.

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Also in Bridgeton, construction was completed on a new regional diesel fueling station on a 3.3-acre site directly across the street from the new South Woods State Prison. This station was funded out of the budget surplus of the prison. In February 1999 the construction contract was awarded $100,000 below the design estimate. Construction was completed in September 1999 and the station was opened for business on November 30, 1999. In June 2000, a Memorandum of Understanding relating to the operation and maintenance of the new facility was signed between the Department of Corrections and the Treasury Department. Closeout activities were completed in August 2000.

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Division of Revenue/State Police Facility

In February 1999, planning began on a new facility to house the Department of Treasury's Division of Revenue and a State Police Troop C headquarters. A location in Hamilton Township was selected and land acquisition negotiations began. In anticipation of acquiring the land, a design consultant-architect and construction management firm were engaged and several bid packages were awarded for the Revenue facility.

In February 2000, the purchase of the land for the facility was completed. Construction for the Revenue facility was initiated for site work and exterior and interior masonry work. The pre-engineered building was scheduled for delivery in April 2000.

On April 28, 2000, Governor Whitman directed that the work on the Revenue project be halted and the facility be relocated to Trenton. All construction contracts and the construction management contract were terminated for convenience. The architect was retained to provide assistance in the redesign of the project.

After exploration of all the issues related to siting, budgeting and scheduling, a revised project report was developed and submitted to the NJBA Board in July 2000. It was requested that the proposed Division of Revenue facility be utilized as a multi-purpose facility to house State Police functions. The project report was approved by the NJBA Board, the Capital Planning Commission and the Legislature in July, August and December 2000 respectively.

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State Police Technology/Multi-Purpose Building and Troop C Headquarters
Project Cost: $83,406,240

State Police Technology/Multi-Purpose Building

The Technology/Multi-Purpose facility, covering approximately 195,000 square feet, includes a forensic laboratory, and offices for the Information Technology Bureau, Records and Identification Section, and other investigative units. Common facilities include a kitchenette, a break room, centralized lockers, lavatories, conference centers and a 250 seat auditorium.

Three of the contracts prepared initially for the construction of the Revenue facility were reinstated in September 2000. The NJBA negotiated the redesign of the interior with the architect and the new plans were completed in December 2001. The remaining interior fit-out work for the building was awarded in April 2002.

Construction progressed quickly and the building was occupied by September 2003. On May 17, 2004, approximately 300 invited guests and law enforcement dignitaries attended the ribbon cutting ceremony officially unveiling the New Jersey Forensic Science Technology Center in Hamilton Township.

During closeout activities, a separate project was initiated and design plans were developed to convert a vacant 40,000 square foot area into office space for the Department of Law and Public Safety-Office of Counter Terrorism (now, the Department of Homeland Security and Preparedness) and the Department of Treasury-Office of Information Technology. This space would also house the FBI Regional Computer Forensic Lab, one of only four in the country. Construction commenced in November 2004 and within nine months, the offices were occupied. This project was completed under budget.

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State Police Technology/Multi-Purpose Building and Troop C Headquarters Continued

Troop C Headquarters

The Troop C Headquarters, approximately 66,000 square feet, remains essentially as originally planned, but includes an additional 15,000 square feet to consolidate communications services used by the Division of State Police and the Departments of Transportation and Environmental Protection. The site elements in the Troop C project include an enclosed firing range, a communications tower, heliport, fueling station, emergency generator, parking area and easy access to the State's highway system for police activities.

The ground breaking ceremony for the Troop C headquarters was held on April 2, 2001. Bids were received in July and the project was awarded by October.

By January 2002, most of the footings and foundation walls were in place. It took four months to complete the steel framework, and by May 2002, the foundation and stone bedding within the building footprint were constructed. The exterior masonry and most of the interior stud walls were completed by September. Mechanical, electrical and plumbing installation progressed throughout the fall.

By January 2003, the boiler units were installed and the main electrical service to the building was activated. Interior finish work including the installation of the fire alarm and HVAC systems, light fixtures, cabinetry, countertops, flooring and ceiling tile continued through the spring.

By September, the 911 Center was completed, the firing range was turned over to the State Police and occupants were able to move into the facility.

This project was completed substantially ahead of schedule.

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New Jersey State Police Emergency Operations Center
Project Cost: $27,600,000

The objective of this project was to improve emergency services by constructing a new facility to accommodate the New Jersey State Police (NJSP) Emergency Management Section (EMS) and Emergency Operations Center (EOC). This high-tech facility, now called the Regional Operations Intelligence Center, was designed to serve as an interagency command center during homeland security, crime fighting, and emergency response efforts.

The 65,500 square foot, two-story facility is built to withstand 125 mph winds and earthquakes measuring 5.5 on the Richter scale. At the heart of this command center is a support room equipped with 100 workstations that can be configured uniquely for each agency involved including the FBI, Homeland Security, FEMA, and regional, state and local authorities. Input from all emergency operations representatives can be displayed on the 32 foot wide by 12 foot high video wall. Overlooking the support room is the capitol executive operations room, a restricted area, where Governor's Office staff and key officials can keep apprised of situations. The facility is also home to the New Jersey State Police Call Center with state-of-the-art communication technology designed to handle mobile 911 calls.

Technology includes an uninterruptible power source, separate electrical service power feeds, special grounding techniques and state-of-the-art communication and data feeds. To conserve and protect resources, alternate energy sources have been incorporated. A geothermal system heats, ventilates, and cools the facility by utilizing ground temperature, and a photovoltaic system is used to convert sun light to electricity.

By September 2004, foundation excavation was under way and most structural work, plumbing, duct work, and HVAC piping were completed by the following summer. Interior electrical work, dry wall installation, and painting progressed through the fall 2005. The structure was completed and occupied by September 2006. During that time, a separate project for a second-story shell addition was initiated by the Department of Law and Public Safety (L&PS) with an estimated cost of $7.598 million which is being funded directly by L&PS. Construction of the addition progressed through the year and was completed October 2007. Interior fit-out of this second story continues and is expected to be completed fall 2008.

On January 24, 2007, a dedication ceremony marked the official opening and renaming of the Regional Operations Intelligence Center.

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NJ Public Health, Environmental and Agriculture Laboratory Facilities
Project Cost: $157,200,000

Located at the State Police Headquarters in West Trenton, the 275,000 square foot Health, Environmental and Agricultural Laboratory is comprised of a mix of space types necessary to support the agency's current public health, agricultural and environmental missions. 180,000 square feet of the space will be dedicated to specialized laboratories and 95,000 square feet to administrative and support space. Specialized spaces will include a Biological Safety Level 3 laboratory with appropriate design and infrastructure to safely handle select agents, dangerous pathogens and highly toxic chemicals which represent a threat to the public health. Necropsy laboratory space will enable the detection of animal borne diseases that threaten both animal and human populations, and a plant science lab "greenhouse" will provide facilities for the evaluation and prevention of treats to the State's agricultural resources. Capability will be provided to support testing of environmental resources in coordination with the Department of Environmental Protection.

The facility will be designed and sited to provide security from both internal and external perspectives, including a pre-screening facility for the inspection of vehicles and the triage of unknown and potentially dangerous materials. Access control for both the site and facility, and separation of public and secure functions will be maintained to meet the post 9/11 security paradigm.

The design of the facility is intended to comply with the current and mandatory requirements and operational standards of the Centers for Disease Control and Prevention, National Institutes of Health and the United States Department of Agriculture.

By August 2005, contracts for design and for construction management services were awarded. Early analysis determined that the original building size was more than the budget could accommodate so the design was reconfigured to reduce the overall exterior square footage without compromising the integrity of the structure or

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jeopardizing necessary program functions. To curb costs further, the project was separated into general construction and structural steel packages, and some elements such as site irrigation, greenhouse construction, kitchen equipment and the paging system were bid as add alternatives.

To safeguard the laboratory facility, the campus security scope includes hardened security checkpoints, a closed circuit TV system, perimeter fencing, and a command center. The perimeter fence technology and additional check points will be incorporated as add alternatives.

The early bid package for structural steel was awarded by the end of 2007.

Status as of December 31, 2008

The site, civil engineering and foundation contract, and the general construction contract were both awarded early in 2008. The bids for the security command center contract came in over budget, so the contractors were interviewed to better understand the higher costs. The bids were revised, and the project will be advertised again.

By February 2008, upgrades to the perimeter security fencing were completed. These enhancements will secure the site during construction, and will be incorporated into the overall campus security plan.

Site excavation began in April along with the installation of storm-water piping. During the summer, parking lot curbing was positioned. Early that fall, elevator jack holes were drilled, and the first structural steel columns were set.

By the end of the year, the site excavation phase was completed, and underground utilities were positioned within the building footprint. Metal decks were installed, and concrete deck slabs were poured.

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Renovation of State Office Buildings

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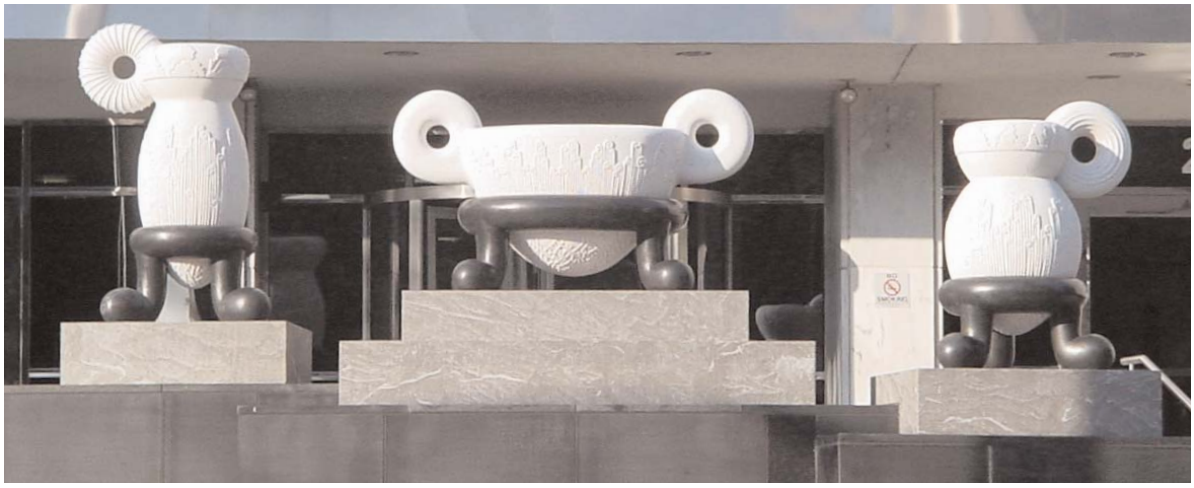
Renovation of State Office Buildings

Since June 1993, the Legislature has authorized the Authority to proceed with various renovations of office buildings in Trenton. These projects, which are in varied phases of completion, are:

Department of State - Cultural Campus Renovations (Phase 1)
Project Cost: $16,050,256

The objective of this project was to renovate the former Education Building located at 225 West State Street in Trenton. The project was awarded for construction in June 1997. Demolition and renovation of the building's mechanical systems were completed in 1998. The Department of State moved into the building in late summer 1999 and a final Certificate of Occupancy was issued in September 2001.

As part of an art inclusion package, three granite vessels have been crafted and are on display in front of the building atop of stone pedestals.



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Labor Building Renovations
Project Cost: $22,932,074

Over the years, extensive upgrades have been made to the Labor Building. Early project scope included renovations to the basement through the 4th floor. Eventually, the scope expanded to include all thirteen floors and encompassed a variety of tasks including asbestos abatement; interior finishes and furnishings; upgrades to the HVAC, plumbing, electrical, fire, alarm, security, and telecommunication systems; and an overhaul to the elevators. Modifications incorporated barrier free access and satisfied Americans with Disabilities Act (ADA) requirements. Renovations began in 1993 and averaged about a year to complete each floor.

In 2000, exterior marble panels were replaced with granite panels.

In 2003, focus moved to repairing the building canopy. By June 2004, all exterior construction was completed and inside concrete repairs, water proofing, and painting were completed later that summer.

During close out activities, it was determined that the air conditioning system needed to be upgraded in order to support the new high-tech data center on the 3rd floor and to meet code compliance. The NJBA managed the project funded by the Department of Labor.

Additional projects addressed exterior repairs to meet ADA requirements and included: restoration of handicapped access ramps; replacement of damaged walkways, steps and railings; completion of parking areas. Also, installation of monuments, benches and stone paving was accomplished. Demolition of the walkways began in February 2006. Granite pavers and curbing were installed during the spring, and by the summer 2007, the exterior repairs were completed. Later that year, a sculpture was added as part of an art inclusion package.

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Taxation Building Renovations
Project Cost: $6,513,297

The objective of the project was to renovate the Taxation Building located at 50 Barrack Street in Trenton. The renovations included upgrading the building's air handler units, energy management system and fire and life-safety systems, and improving building access to meet the Americans with Disabilities Act requirements.

The project was completed and closed out in 1998.

Department of Transportation, Engineering and Operations Building Improvements
Project Cost: $8,405,796

This facility houses the Department of Transportation administrative, operational and engineering offices. The objective of the original project was to bring the existing HVAC systems up to code and to upgrade communication cabling throughout the building to meet industry standards for voice and data systems.

The HVAC improvement project was awarded in October 2000 and most renovations were completed by 2002. Relocation of the dry system fire pump was completed in February 2003. Over the course of 2004, modifications were made to the masonry air shaft design to ensure the structures met fire rating specifications.

Department of Transportation, Fire Alarm System Upgrade, Elevator Replacement, and Flooring Repairs
Project Cost: $3,720,991

The objective of this project is to upgrade the fire alarm system, replace elevators, and repair floors in various buildings throughout the Department of Transportation campus.

RFPs for the fire alarm system were drafted in the fall 2004. Composition of the new system began soon after. By April 2005, all fire alarm systems were installed and fully operational.

A kickoff meeting for the replacement elevator project was held in July 2005. By September, engineers completed an initial survey of the elevators to develop plans for the permit and bid announcement. The low bid was accepted in October 2006 and electrical rough-in work began. Early in 2007, the technical drawings were approved, necessary elevator components were ordered, and mechanical systems were modified to accommodate the new elevators. Equipment was delivered in June and the installation process began. By early 2008, all eight elevators were completed, inspected and returned to service.

<u>Status as of December 31, 2008</u>

A scope of work is being prepared for the repair and replacement of quarry tiles in the corridors and elevator lobbies.

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Richard J. Hughes Justice Complex Renovations
Project Cost: $20,118,783

The objective of this project is to ensure that the integrity of the safety, HVAC, electrical, structural and operational components of the facility is maintained. The original project included replacement of the atrium glass, installation of a new roofing system and repairs to the first and second levels of the parking garage. The majority of those projects were completed by 2004.

As the initial renovations progressed, additional projects were added to the scope of work and were addressed as funding permitted.

Considerable renovations to the lobby area were completed during the course of 2004. These included installation of safety film, the construction of entrance and exit vestibules, and the replacement of the escalators and spline ceiling. Throughout the building, walls were repaired and painted, and carpeting was replaced as needed. Extensive upgrades were made to the existing security structure and include a central monitoring system, card readers and magnetometers at all entrances, additional lighting throughout the campus, and closed circuit surveillance equipment to monitor activity in and around the building. Guard booths were relocated and anti-ram barriers, roll-up doors, gate arms and stop lights were installed.

External renovations included refurbishing the loading dock area, replacing the snow melting system and resurfacing the parking areas. Emergency egress walks, plaza waterproofing, and roofing on the north and west wings were replaced. The day care center playground was resurfaced, and new equipment was installed.

In December 2005, a construction contract to remodel thirty-four bathrooms was awarded. Demolition began in early 2006 and all public restrooms were completed by June. When major renovations were completed, new furniture was placed in public areas and greenery was added. The project is in closeout phase.

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New Jersey State Museum
Project Cost: $15,600,000

The objective of this project is to address the aging infrastructure of the New Jersey State Museum located in Trenton; to protect the health and safety of the State Museum's constituency; and to secure its collections. The project includes enhancements to the HVAC and electrical systems; upgrades to the security structure; installation of a fire suppression system; asbestos remediation; and renovation of vestibules, windows, walls, ceilings and roof. These improvements will bring the State Museum up to code so that collections may be borrowed from other museums providing greater cultural opportunities for the citizens of New Jersey.

The scope of work for design was completed in May 2003 and the contract was awarded by the end of October.

The project team evaluated options for relocating and storing the existing museum collection during renovations. It was decided that most of the collection could be stored securely within the museum. The items that were too large to move safely were protected by metal stud frames and fire rated plywood.

In early fall 2004, the museum collection was relocated; a comprehensive fire safety plan was established and implemented; and a temporary security system was installed. The system permitted the monitoring of the museum collection while in storage and during renovations. Components of the temporary system were utilized in the permanent installation.

Due to its complexity, the remaining project was put out to bid in four separate packages: general construction, HVAC, electrical and plumbing. Bids were awarded in the summer of 2005. Asbestos abatement, installation of new ductwork for the HVAC system and electrical upgrades in the mezzanine and storage area were completed by November 2006. By January 2007, first floor demolition was completed enabling the start of framing and ductwork. In March, the general contractor abandoned the project, and that contract was terminated by the State. Work continued with the surety. Eventually, however, the surety was also terminated for default of its contractual obligations. Once a new contractor was secured, work steadily progressed toward completion.

Construction of the walls and ceilings, electrical installation, and renovation of the bathrooms quickly proceeded. By mid December 2007, most interior construction was completed, and a partial Certificate of Acceptance was approved. Staff moved into the 2nd and 3rd floors offices.

Status as of December 31, 2008

In 2008, installation of the plumbing, electrical, lighting, and security systems were completed, and all systems were tested. New vestibules were constructed, and the museum exterior was painted. Final inspections were conducted in May, and the museum was turned over to the Department of State for reopening.

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Renovation and Restoration of Historic Structures

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Renovation and Restoration of Historic Structures

Since its inception, the Building Authority has financed several projects to restore historical structures including the State House, Old Barracks Museum, War Memorial, Thomas Edison State College Townhouses, and the Pinelands Commission Headquarters. Descriptions of the projects follow:

State House Complex Improvements
Project Cost: $143,993,680

In May 1987, the Building Authority Chairman was named to oversee the restoration and renovation of the legislative portion of the State House and the State House Annex.

During 1988, design work on the State House portion of the project was completed. Construction contracts for work on the Legislative State House were awarded in 1989 and 1990, with completion in the fall of 1991.

Restoration of the Annex began in late 1992 and was completed in February, 1995.

In 1991, the Legislature authorized further improvements to the State House Complex including more extensive restorations of the annex, construction of a structural parking garage, and installation of a rooftop plaza and landscaped park at the rear of the complex.

State House Annex

The Annex renovations were completed and closed-out in December 2002.

State House Garage, Plaza and Stacy Park

A design/build contract for the Garage Plaza was awarded in late 1998. By August 1999, the Plaza design was approved and included construction of a plaza, park and fountain. A granite paver system to match the existing hardscape in the Capitol Complex was installed and the existing garage roof system was reinforced by providing new flashing, replacing the roof membrane and expansion joints, and installing a concrete overlay.

By year-end, most of the structural work was accomplished and early in 2000, the granite curbing was completed. The fountain sculpture, part of a separate arts inclusion contract, was erected that summer. The plaza was landscaped, and work on the granite pavers and fountain was completed by the fall. The plaza park and fountain were officially dedicated during a celebration in October 2000.

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In December 2003, repairs were needed to eliminate water infiltration at the ventilation towers, elevator lobby, plaza skylights and expansion joints. The project was advertised and awarded that summer. In November, the team planned the demolition and reinstallation of the four ventilation towers and elevator lobby. During 2005, new ice and water shields, and replacement roof panels were installed on all ventilation towers and elevator shafts. During the course of this project, it was discovered that the roofing membrane in the expansion joints needed repair in order to eliminate water infiltration into the garage. By March 2007, detail and elevation drawings were completed, and the contract was awarded in June. By October, significant progress was made, and early testing of the area indicated that the water infiltration problem greatly improved, but not entirely eliminated. In 2008, extensive testing was conducted, and the source of the problem was determined. By June, the expansion joists were fixed.

State House Annex Entablature

During the winter of 1996, a section of the cornice or entablature assembly on the State House Annex fell from the building. A preliminary study revealed that the break down was the result of the freeze-thaw process. Since this issue was not part of the original project scope, additional funding to perform a more detailed investigation of the cornice was sought and approved by the Building Authority in January 1998. Given that the Authority delivered several projects under budget, the cost for the repairs, approximately $5.7 million, was funded from residual balances.

During removal of some cornice stones, the contractor discovered that underlying dentil stones were cracked and the roof needed to be replaced. In 2000, the consultant conducted extensive tests and took several cores from portions of the roof and issued a report on the condition of the roof slab. The final report indicated a possible deterioration of the existing concrete slab, particularly on the West Wing.

A scope of work was developed to contract with an independent engineer to conduct a structural investigation and develop design documents for the roof slab renovation and replacement project. This project was funded and administered under a separate State project. Remediation repairs began in July 2001 and were completed by January 2002.

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State House Dome Restoration
Project Cost: $9,078,421

The New Jersey State House is the second oldest State House in continuous legislative use in the United States. The cupola and lantern, which sit on top of the gilded dome, rise 145 feet from ground level. This makes the State House dome the most visible structure in Trenton as well as the most important symbol of the State's capital. Since its reconstruction in 1889, the dome had not undergone any significant structural repairs. Exterior caulking was done in 1989 as a temporary attempt to prevent leaking and water penetration. The most recent gilding and painting of the dome and drum had occurred in 1972, but inadequate surface preparation and inferior materials resulted in the initial flaking of the surface within ten years.

The State House dome was in obvious need of repair. The gold gilding had failed, leaving an unsightly discolored surface, paint on the cast iron was chipped and rust was prevalent throughout. Water leaking form the dome ruined the rotunda walls.

A consultant was hired to investigate the causes of the dome problems, recommend solutions and estimate the cost of repairs. A final report of findings, recommendations and cost was issued in December 1996. The report recommended, among other repair and restorations items, the complete disassembly, repair and reassembly of the exterior cast iron of the drum and cupola, structural reinforcement of the 24 webbed columns of the dome's frame, replacement of all copper cladding on the dome and cupola roofs, the regilding of all copper cladding,

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repainting and regilding of all of the interior finishes of the rotunda, and the repair of stained glass windows. The project report and Legislative approval for the project was received in June 1997.

Due to the magnitude of the dome and the necessary repairs, a complex network of scaffolding was required. Placement of the scaffolding footings were completed in the fall of 1997. Once the scaffolding footings were in place, the steel structure took approximately three months to assemble and remained in place for the duration of the project.

Removal of existing copper on the Dome was completed in July and the cast iron removal was completed in August 1998. The cast iron pieces were transported to a foundry in Alabama for refinishing. By late February 1999, the cast iron pieces were reinstalled and the wood sheathing under the copper dome was replaced. New copper replaced the old, worn copper and the regilded cupola was reinstalled on top of the dome.

The interior finishes were repaired and refinished including the plastering, painting, regilding of the metal railings and refinishing of the stone work. The stained glass windows were restored at an off-site location and reinstalled.

In May 1999, the gilding of the exterior dome and the refinishing of the Great Seal were complete. Disassembly of the scaffolding began in June. The Dome Dedication Celebration was held on July 8th.

The project was completed significantly under budget and on schedule.

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Thomas Edison State College Townhouses
Restoration and Renovation
Project Cost: $14,358,441

This project included renovating six historic townhouses located at 105-115 West State Street, adjacent to Thomas Edison State College. Building exteriors were restored to reflect the original 19th Century appearance and the interiors were converted to modern office space for Thomas Edison State College personnel. A new addition connects the townhouses and the Kelsey Building.

The project was substantially completed in October 1999. College personnel moved into the facility in November 1999. By late 2002, all DCA code requirements were satisfied and Certificates of Approval were received.

The NJBA had initiated repairs to the antique wood clock at the Kelsey Building because of its severe state of deterioration and potential hazard to passing pedes-

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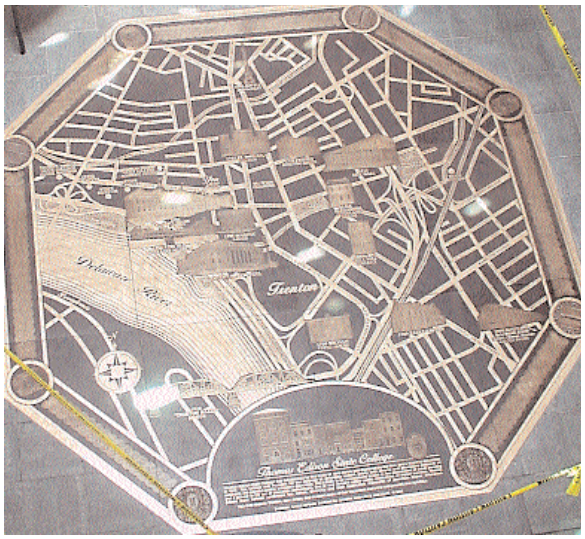
trians. The clock was refurbished by an antique clock consultant to its original detail and splendor and, once again, proudly adorns the Kelsey Building facade.

The NJBA pursued several art initiatives for the college through the New Jersey Council of the Arts. In September 2003, a vibrant glass sculpture was suspended from the atrium ceiling. Another project included the fabrication of bronze floor inlays depicting significant structures, landmarks and personalities of



historic Trenton. These beautiful plaques and tiles were set in the atrium and great hall in the spring of 2004.

In 2005, three problematic conditions were addressed. The first project included refinishing the exterior windows and doors and was completed by spring.

Other projects focused on water infiltration into the basement and ice formation on the power conduits, gutters, downspouts and storm drains during the winter months. To alleviate these problems, new sewer lines and de-icing equipment were installed. The project was put out to bid in September 2005 and completed by March 2006.

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Old Barracks Museum Restoration
Project Cost: $6,623,237

The objective of this project was to complete the restoration of the Old Barracks Museum including archeological investigation and work on the interior of the Barracks, the roof, porches, parade ground and stockade fence. This project was completed on time and under budget in December 1998. Contract closeout was completed in early 2001.

To ensure the integrity of the Old Barracks structure and mechanical systems, a deferred maintenance and capital improvement plan was completed for the museum. In 2006, the structure and building systems were assessed, and the need for preventative maintenance, immediate repairs, and long-term service requirements were noted.

War Memorial
Restoration and Renovation
Project Cost: $33,586,024

The objective of this project was to renovate and historically restore the War Memorial as a multi-use auditorium and performing arts center.

All the major interior and exterior work was completed in 1998 and a Temporary Certificate of Occupancy was issued that December.

The Authority sponsored "Hard Hat" concert was the first concert held in the refurbished theater. Craftsmen, their families and all who assisted in completing the renovation of the War Memorial were invited to attend this free concert.

The Governor's State of the State message was held in mid-January 1999 after

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which the building was rededicated to all war veterans. The grand reopening was held in March 1999.

In early 2001, an additional balcony railing was added in the auditorium as requested by the Building Authority Board for public safety. Later that year, the Building Authority approved sound and lighting upgrades for the theater. The first set of design plans were developed by February of 2003. Plan modifications continued through the year and addressed issues related to the safeguarding of seating areas already compliant with the Americans with Disabilities Act (ADA) and to keep this seating available for use during construction of the new sound monitoring and mixing stations. By March 2004, the plans were approved and included new speakers throughout the theater, a permanent in-house sound-mixing station, and a system to control lighting from both the balcony and stage areas. Rewiring for the new sound and light systems began in July and the entire project was completed by October.

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Pinelands Commission Renovations
Project Cost: $2,004,972

The objective of this project was to renovate and repair the Pinelands Commission Headquarters located in Pemberton Township while maintaining its historical value. The project required interior and exterior renovation of four buildings on the property. Improvements included upgrades to correct technical problems, improve functional operations and address code, safety and environmental issues in all buildings. All utilities including heating, air conditioning, electrical, plumbing, and telecommunications were updated. Walkways compliant with the Americans with Disabilities Act (ADA) were installed throughout the property.

The first two floors of the farmhouse were completely renovated and the exterior of the building, including windows, were restored to state historic specifications. A new roof completed the renovation.

The carriage house was structurally reinforced and painted. The windows were restored and a new tile bathroom was added.

The barn was converted into office space which required the installation of a bathroom, heating and air conditioning systems, a security access system, and a telecommunication system. The barn roof was also replaced during the renovation.

Finally, the outhouse was converted into storage space.

Construction began in September 2004 and in just over a year, Pinelands Commission employees occupied all three buildings. By January 2006, the project was in closeout phase.

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Acquisition of State Office Buildings

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Acquisition of State Office Buildings

Up until 1999, all of the Building Authority's financing activities involved the construction, renovation and restoration of various office buildings, historical structures and correctional facilities. In late 1999, the Building Authority financed the acquisition of an existing building, the Richard J. Hughes Justice Complex.

Richard J. Hughes Justice Complex
Project Cost: $80,682,136

On January 1, 1978, the State of New Jersey and the Mercer County Improvement Authority (MCIA) entered into a lease agreement for the Richard J. Hughes Justice Complex to be constructed in Trenton, pursuant to which the State was responsible for the planning, construction, installation and maintenance of the complex. The Justice Complex consists of an eight-story L-shaped office building, a four-story Supreme Court structure and a two-story below-grade parking garage. The combined gross building space is approximately one million square feet.

The cost of acquisition and construction of the complex was financed through the issuance of bonds by the MCIA consisting of $50 million State Justice Complex Revenue Bonds, 1978 Series A, $60.2 million State Justice Complex Revenue Bonds, 1979 Series A, and $2.175 million State Justice Complex Revenue Bonds, 1985 Series A. The MCIA Bonds were defeased to maturity with proceeds from the secondary offering of the Custody Receipts. Pursuant to the MCIA Lease, the State paid the MCIA an amount of rent equal to the sum of (1) the debt service on the Custody Receipts outstanding; (2) payments in lieu of taxes due to the City of

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Trenton; and (3) the administrative fees and expenses of the MCIA, the Custodian and the MCIA Lease Trustee. The State's payment obligations under the MCIA Lease were subject to, and dependent upon, appropriations being made by the State Legislature, from time to time, for such purpose. During the term of the MCIA Lease, the State was responsible for, and paid all costs of, operating the Justice Complex and making all necessary repairs and replacements to the Justice Complex.

Pursuant to the MCIA Lease, the State had the option to purchase the Justice Complex by depositing with the Custodian an amount sufficient to pay the remaining principal component and accrued interest component of Basic Rent under the MCIA Lease, together with any other amounts then due and owing under the MCIA Lease, if any. On October 1, 1999, the Building Authority issued $134.9 million of New Jersey Building Authority Revenue Bonds, 1999 Series. From the proceeds, $80.7 million was used to acquire the Richard J. Hughes Justice Complex.

Upon defeasance of the Custody Receipts, the MCIA Lease was terminated and the MCIA conveyed the Justice Complex to the State which then ground leased it to the Authority pursuant to an amendment to the Ground Lease.

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Building Authority Financing Activities

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Building Authority Financing Activities

Initial Project Financing

Construction of the Environmental Protection Building, Mary Roebling Building, Community Affairs Building, Department of Transportation Annex, Pest Control Laboratory, and Bank Street Garage

To maximize investment earnings during the construction period, the Authority designed a two and one-half year temporary bond issue with interest capitalized for the life of the loan. On December 23, 1981, the Authority sold $129 million of Revenue Bonds, secured by a lease agreement with the State and rated "Aa" by Moody's and "AA-" by Standard and Poor's, at a coupon rate of 10.5%. The bonds were due on August 1, 1984. The reinvestment of proceeds, according to a projected cash draw-down schedule, was made at a very favorable average return of approximately 14 percent.

Preparation for the long-term financing of the initial project began in September of 1982 but a planned November bond sale was postponed when interest rates moved upward. The sale was eventually consummated on January 13, 1983 when an issue of $157.1 million refunding bonds was underwritten at a net interest cost of 9.83%. In December 1985, the Authority refinanced its outstanding debt at an interest cost of 9.39%. In May, 1987, the Authority refinanced a portion of the 1985 bonds to achieve debt service savings of $13 million over the life of the bonds. In September, 1997, a portion of the 1987 bonds were refunded with the 1997 Bond Series.

State House Complex Improvements Financing

Restoration and Renovation of the State House and State House Annex
Construction of the State House Garage, State House Plaza and Stacy Park

The Authority issued $49.7 million of Revenue Bonds, 1989 Series to finance the first phase of the project. The bonds were issued at an interest cost of 7.518%. In January, 1994, a portion of these bonds were refunded with the 1994 Series Bonds.

In September, 1991, the Authority issued $74.9 million of bonds to finance the second phase of the improvements. The 1991 Series Bonds were issued as capital appreciation bonds (CABS). These bonds are also a series of Garden State Savings Bonds.

During 1990 and 1993 the Authority applied for and received two Historic Preservation Grants from the New Jersey Historic Trust. The grants, which were $530,450 and $64,000 respectively, were used to help fund the State House improvements.

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1994 Project Financing

Construction of South Woods State Prison,
Renovation of the Education, Labor and Taxation Buildings,
Restoration and Renovation of the Old Barracks, War Memorial, and Edison Townhouses
Completion financing for the State House Complex Improvements

On January 13, 1994, the Building Authority issued $314.9 million of New Jersey Building Authority Building Revenue Bonds, 1994 Series. A portion of these bonds were issued as capital appreciation bonds (CABS).

From the proceeds, $38.8 million was used to advance refund certain outstanding debt; $249.2 million was used to pay project construction costs. The balance of the proceeds were used to fund accrued and capitalized interest and pay the costs of issuance. The 1994 Series bonds were issued at a yield of 5.0326%.

1995 Financing

The Authority issued no new bonds in 1995.

On July 20, 1995, the Authority entered into a collateralized flexible repurchase agreement.

1996 Financing

The Authority issued no new bonds in 1996.

1997 Project Financing

Completion financing for the 1994 Projects
Replacement of Labor Building Exterior Panel
Repair and Restoration of the State House Dome

On September 17, 1997, the Building Authority issued $224.6 million of New Jersey Building Authority Revenue Bonds, 1997 Series. $103.2 million of the proceeds were used to refund a portion of the 1987 Series; $102.5 million was used to complete the costs of the 1994 projects; $12.3 million was used to finance the Labor Building Exterior Panel Replacement project; and $9 million was used to pay for the cost of the repair and restoration of the State House Dome. The balance of the proceeds were used to fund accrued and capitalized interest and pay the costs of issuance. The bonds were issued at a yield of 5.0286%.

Additional funding for the State House Dome project was provided through other sources. $1 million in State appropriations were made available through the Joint Management Commission and approximately $2 million through private donations and fundraising initiatives. One such fundraising initiative was *"Dimes for the Dome".* During the week of May 5 - 9 1997, New Jersey school children voluntarily participated in a week-long fundraising drive to raise money for the dome repair and restoration. These students collected dimes and other coins by hosting varied events. They raised over $48,000, the

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exact amount needed to gold leaf the dome.

1998 Financing

The Authority issued no new bonds in 1998.

1999 Project Financing

Acquisition of the Richard J. Hughes Justice Complex
Construction of the Division of Revenue/State Police Facility

On October 1, 1999, the Building Authority issued $134.9 million of New Jersey Building Authority Revenue Bonds, 1999 Series.

From the proceeds, $80.7 million was used to acquire the Richard J. Hughes Justice Complex; $55 million will be used to pay for the construction of a new State Police Multi-Purpose Building and Troop C Headquarters. The balance of the proceeds will be used to fund accrued and capitalized interest and pay the costs of issuance. The bonds were issued at a yield of 5.3150%.

2000 Project Financing

Renovation of the Richard J. Hughes Justice Complex
Construction of the Improvements to the Department of Transportation E & O Building

On August 1, 2000, the Building Authority issued $29.0 million of New Jersey Building Authority Revenue Bonds, 2000 Series A.

From the proceeds, $21.0 million will be used to finance the renovations of the Richard J. Hughes Justice Complex; $7.5 million will be used to finance the construction of the improvements to the Department of Transportation Engineering & Operations Building. The balance of the proceeds will be used to fund accrued and capitalized interest and pay the costs of issuance. The bonds were issued at a yield of 5.1023%.

2001 Financing

The Authority issued no new bonds in 2001.

2002 Project Financing

Construction of the State Police Office of
Emergency Management and Emergency Operations Center
Renovation of the State Museum and the Pinelands Commission Headquarters
Completion Funding for the State Police Technology/Multi-Purpose Building and
Troop C Headquarters

On November 15, 2002, the Building Authority issued $65 million of NJBA Revenue Bonds, 2002 series A.

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From the proceeds, $26.8 million was used to finance the construction of the State Police Emergency Management and Emergency Operations Center; $14.1 million was used to finance the renovation of the State Museum; $23.2 million was used to finance the completion of the construction of the State Police Technology/Multi-Purpose Building and Troop C Headquarters; $1 million of existing Building Authority proceeds was used to finance the renovations of the Pinelands Commission Headquarters. The balance of the 2002 A proceeds was used to fund accrued and capitalized interest and pay the costs of issuance. The bonds were issued at a variable rate yield.

On November 15, 2002, the Building Authority issued $210 million of NJBA Revenue and Refunding Bonds, 2002 series B. Those bonds represent a partial refunding of previous issues. The bonds were issued at a variable rate yield.

2003 Project Financing

On August 15, 2003, the Building Authority issued $190 million of NJBA Revenue Bonds, 2003 Series A.

The 2003 Bonds were issued by the Authority to provide proceeds to refund all or a portion of the 1994 Series Bonds, the 1999 Series Bonds, the 2000 Series A Bonds and the 2002 Series A Bonds (the “Bonds to be Refunded”) and to pay for costs of issuance of the 2003 Bonds.

2004 Project Financing

New Jersey Department of Transportation
Elevator Renovations, Limited Floor Re-Tiling and Fire Alarm System Upgrade

On December 1, 2004, the Authority issued $4.08 million of New Jersey Building Authority Revenue Bonds, 2004 Series A.

The 2004 Series A proceeds are being used to finance the (i) renovation of the elevators in the New Jersey Department of Transportation Engineering and Operations Building, the New Jersey Department of Transportation Main Office Building and the New Jersey Department of Transportation Finance and Administration Building, (ii) re-tiling work in the main lobby and one stairway of the New Jersey Department of Transportation Engineering and Operations Building and (iii) upgrading the fire alarm systems in the New Jersey Department of Transportation Engineering and Operations Building, the New Jersey Department of Transportation Main Office Building and the New Jersey Department of Transportation Finance and Administration Building.

On December 7, 2004, the Authority issued $48.8 million of New Jersey Building Authority Revenue Bonds, 2004 Series B.

The 2004 Series B Bonds were issued to refund certain maturities of the Outstanding

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1991 Series Bonds, 1999 Series Bonds, 2000 Series A Bonds and 2002 Series A Bonds of the Authority in the aggregate original principal amount of $34,629,816.60 and to pay costs of issuance of the 2004 Series B Bonds.

2005 Project Financing

The Authority issued no new bonds in 2005.

2006 Project Financing

New Jersey Public Health, Agricultural and Environmental Laboratory Project

On August 17, 2006, the Authority issued $48.7 million of New Jersey Building Authority Revenue Bonds, 2006 Series A.

The 2006 Series A will be used to finance the initial construction phase of an approximately 275,000 square foot public health, agricultural and environmental laboratory, to be located in Ewing Township, New Jersey. Construction should begin in January 2007 and is expected to be completed by December 2009.

2007 Project Financing

New Jersey Public Health, Environmental and Agriculture Laboratory

On November 7, 2007, the Authority issued $96.67 million of New Jersey Building Authority State Building Revenue Bonds 2007 Series A and $119.68 million of New Jersey Building Authority State Building Refunding Bonds 2007 Series B.

The 2007 Series A proceeds will be used to finance the completion of the New Jersey Public Health, Environmental and Agriculture Laboratory. The 2007 Series B proceeds were used to refund the remainder of the outstanding 1997 Series Bonds in the aggregate original principal amount of $120,055,000 and to pay cost of issuance of the 2007 Series B Bonds.

2008 Project Financing

The Authority issued no new bonds in 2008.

Financial Statements

See Appendix A for the combined financial statements for the years ended December 31, 2008 and 2007 along with the report of the independent public accountants.

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NEW JERSEY BUILDING AUTHORITY

Past and Present Board of Directors
1981 - 2008

Name	Affiliation	Years Served
Nancy Beer	Program Associate, The Woodrow Wilson School, Princeton University	1981-1985
William I. Blanchard	Assistant Treasurer, Wm. Blanchard Co.	1996-2004
Jerry Della Salla	Business Manager, Bricklayers & Allied Craftworkers	2004
Stephen R. Ehrlich, Chairman	President, Windemere Associates	1996-2005 Chairman 1996-2001
Bernard Ekelchick	School Teacher, Edison, New Jersey	1981-1982
Alfred L. Faiella	Executive Director, Newark Economic Development Corporation	1981-1982
John H. Fisher III, Chairman	Managing Director, Tri-State Strategies, NJ, LLC	1990-present Chairman 2001-present and 1990-1993
Dale Florio	Partner, Princeton Public Affairs Group	1991-1994
Michael Hartsough, Chairman	Attorney, Hartsough, Kenny & Chase	1986-1994 Chairman 1994
William Hiering, Jr., Esquire	Attorney, Hiering, Hoffman & Gannon Law Firm	1996-2001
Edward L. Hoffman	Publisher, The Trentonian	1981-1988
James Kearney	President, BCC Construction LLSC	2004-2007
Donald J. Kennedy	Business Manager, IBEW, Local 269	1986-1995
Karen Kominsky, Acting Chair	Associate, Policy Management & Communications, Inc.	1993-1996 Acting Chairwoman 1995
Aladar G. Komjathy	Director, The Stewart Agency	1989-1998
John R. Lacy, Jr.	Publisher	1986-1988
Joseph Lazur	President, National Siding Co.	1984-1985
William Maer	Partner, Public Strategy Impact	2005-present
Charles Marciante	Business Manager, IBEW, Local 269	1996-2008

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NEW JERSEY BUILDING AUTHORITY

Past and Present Board of Directors
1981 - 2008

Name	Affiliation	Years Served
Arthur Maurice	Associate, New Jersey Business and Industry Association	1994-1995
Edward F. Meara, III, Chairman	Executive Director, Mercer County Chamber of Commerce	1981-1992 Chairman 1981-1982
Peter J. McDonough, Jr.	Partner, Princeton Public Affairs Group	1989-1990
Dennis McNerney	Bergen County Executive	2004-present
William T. Mullen	President, NJ Building and Construction Trades Council	2008-present
Dean Munley	Howard Savings Bank	1983-1985
Prentis C. Nolan, III	President, PC Nolan & Associates, Inc.	1999-present
John S. Pehlivanian, Esquire	Attorney, Pehlivanian & Braaten, LLC	1996-2007
Maurice T. Perilli	Executive Vice President and Board Chairman, Roma Savings Bank	1992-1994
Edward Pulver	Secretary/Treasurer, New Jersey AFL-CIO	1981-1985
Ramon Rivera	Executive Director, La Casa de Don Pedro	1981-1983
Richard Rowson	Business Agent, IBEW, Local 351	1997-2002
Morris Rubino	Manger/Financial Secretary and Treasurer Ironworkers Local Union No. 68	2005-present
W. Harry Sayen	Board Chairman Emeritus, Mercer Rubber Co.	1981-1992
Leonard Sendelsky	Builder	1986-1991
Morton A. Siegler, Chairman	President, Morton A. Siegler Associates	1983-1987 Chairman 1983-1987
William C. Sproule	NJ Regional Council of Carpenters	2008-present
Charles E. Stapleton	President, Impact Government Relations	1986-1990
John H. Walther	Board Chairman, New Jersey National Bank	1981-1985
Kim Whelan	Managing Director, Public Financial Mgmt.	1998-2005

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NEW JERSEY BUILDING AUTHORITY

Past and Present
Ex-Officio Board Directors
1981 - 2008

Name	***State Office Held***	***Years Served***
Bradley I. Abelow	*State Treasurer*	*2006-2007*
Douglas Berman	*State Treasurer*	*1989-1990*
Kenneth R. Biederman	*State Treasurer*	*1981-1982*
Brian W. Clymer	*State Treasurer*	*1993-1997*
Samuel Crane	*State Treasurer*	*1991-1992*
Michellene Davis	*Acting State Treasurer*	*2007*
William R. DeLorenzo, Jr.	*Chairman, Commission on Capital Budgeting & Planning*	*1989-1993*
James A. DiEleuterio, Jr.	*State Treasurer*	*1997-1999*
Michael Ferrara	*Acting Comptroller of the Department of the Treasury*	*1993*
Edward G. Hofgesang	*Comptroller of the Department of the Treasury*	*1981-1982*
Charlene Holzbaur	*Comptroller of the Department of the Treasury*	*1999-present*
Michael Horn	*State Treasurer*	*1983-1985*
Eugene Jacobson	*Chairman, Commission on Capital Budgeting & Planning*	*1981-1985*
Richard Keevey	*Comptroller of the Department of the Treasury*	*1989-1992*
Peter R. Lawrance	*Acting State Treasurer*	*2001*
Roland M. Machold	*State Treasurer*	*1999-2001*
John McCormac	*State Treasurer*	*2002-2005*
Benedict T. Marino	*Chairman, Commission on Capital Budgeting & Planning*	*1986-1988*
Carol Molnar	*Chairman, Commission on Capital Budgeting & Planning*	*1994-present*
Feather O'Connor	*State Treasurer*	*1986-1988*
Elizabeth Pugh	*Comptroller of the Department of the Treasury*	*1994-1999*
R. David Rousseau	*State Treasurer*	*2008-present*
Richard Standiford, III	*Comptroller of the Department of the Treasury*	*1983-1988*

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NEW JERSEY BUILDING AUTHORITY

Past and Present Executive Directors
1981 - 2008

Name	***Years Served***
David T. Beale	*1981-1995*
Charles Chianese	*1995-present*

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NEW JERSEY BUILDING AUTHORITY

(A Component Unit of the State of New Jersey)

Financial Statements

December 31, 2008

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NEW JERSEY BUILDING AUTHORITY

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MERCADIEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
A Mercadien Group Company

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
New Jersey Building Authority

We have audited the accompanying financial statements of the governmental activities and each fund of New Jersey Building Authority (the "Authority"), a component unit of the State of New Jersey, as of and for the years ended December 31, 2008 and 2007, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each fund of the Authority as of December 31, 2008 and 2007, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2009, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

The management's discussion and analysis on pages 5-8 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Mercadien, P.C.
Certified Public Accountants

May 11, 2009

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MERCADIEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
A Mercadien Group Company

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
New Jersey Building Authority

We have audited the financial statements of New Jersey Building Authority (the "Authority") as of and for the year ended December 31, 2008, and have issued our report thereon dated May 11, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (CONTINUED)

Internal Control over Financial Reporting (Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the audit committee, Board of Directors, and others within the Authority and the State of New Jersey and is not intended to be and should not be used by anyone other than those specified parties.

Mercadien, P.C.
Certified Public Accountants

May 11, 2009

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the New Jersey Building Authority's annual financial report represents our discussion of the New Jersey Building Authority's (the "Authority") financial performance and provides an overview of the Authority's activities for the year ended December 31, 2008. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read it in conjunction with the Authority's financial statements.

Financial Highlights

- Converted $180,875,000 of 2003 Series A Bonds from an auction rate mode to a variable rate mode.
- Investment income totaled $4,272,797.
- Construction-In-Progress outlays totaled $27,852,971.

Overview of the Financial Statements

The annual report consists of two parts – management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include the Statement of Net Assets and Governmental Funds Balance Sheet and the Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balance.

With regard to the State of New Jersey, the Authority is a component unit which provides services entirely or almost entirely to the State. Per GASB 14 requirements, the Authority is thus considered a blending unit for inclusion in the New Jersey Comprehensive Annual Financial Report. Blending requires the component unit's balances and transactions to be recorded in a manner similar to the balances and transactions of the State, i.e. a governmental fund type.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when measurable and available. Expenditures are recognized when the related liability is incurred. The exception to this rule is that principal and interest on long-term debt are recognized when due.

Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the Authority's finances. The Statement of Net Assets and Governmental Funds Balance Sheet presents information on all of the Authority's assets and liabilities, with the difference between the two reported as Fund Balances/Net Assets. Fund Balances/Net Assets increase when revenues exceed expenditures.

The Statement of Activities and Government Funds, Revenues Expenditures and Changes in Fund Balance/Net Assets presents information showing how the Authority's Fund Balance/Net Assets changed during the year. All changes in net assets are reported as the underlying events occur, regardless of the timing of the related cash flows. Therefore, revenues and expenditures are reported in this statement for some items, such as accrued payroll, that will result in cash flows in future years.

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Notes to the basic financial statements.

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis

Net Assets (in thousands) - Statements of Net Assets

	December 31,		Change
	2008	2007	2008-2007
Current assets	$ 164,402	$ 176,720	(6.97)%
Non-current assets	581,014	611,272	(4.95)%
Total assets	745,416	787,992	(5.40)%
Current liabilities	74,081	70,065	5.73 %
Non-current liabilities	641,669	695,343	(7.71)%
Total liabilities	715,750	765,408	(6.48)%
Net assets	$ 29,666	$ 22,584	31.35 %

Change in Net Assets (in thousands) - Statements of Activities

	Year Ended December 31,		Percentage Change
	2008	2007	2008-2007
Revenues			
Investment income	$ 4,272	$ 4,847	(11.86)%
Rebate income	694	-	- %
State rental payments	36,457	28,451	28.14 %
State appropriation	1,139	1,150	(0.96)%
Amortization income	2,916	2,232	30.65 %
Total revenues	45,478	36,680	25.89 %
Expenditures			
Transaction costs	480	3	- %
Amortization expense	4,623	3,897	18.62 %
Debt Service:			
Interest	31,803	31,238	1.80 %
Rebate expense	-	694	- %
Other administrative expenses	1,490	1,296	14.97 %
Total expenditures	38,396	37,128	3.41 %
Change in net assets	7,082	(448)	106.00 %
Net assets, beginning of year	22,584	23,032	(1.94)%
Net assets, end of year	$ 29,666	$ 22,584	31.35 %

Cash Receipts and Revenues

State debt service receipts totaled $96.2 million, of which $37.9 million was associated with the interest portion of bond payments as identified in the official statements and $58.3 million was associated with the pay-down of the principal portion.

Investment income increased $119,854 from $4,847,418 at December 31, 2007, to $4,967,272 at December 31, 2008 as a result of cash held in the construction fund associated with the Health Lab Facility.

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The Authority did recognize $694,475 as Rebate income, in 2008, as a result of falling interest rates on bond proceeds that eliminated the prior year payable.

The Authority received a State appropriation of $1.14 million to cover its 2008 Administrative Budget, the majority of which was used for salary and payroll related expenses ($922,500) of its nine full time and one part time employees.

Construction Contract Payments

Construction expenditures in 2008 totaled $27.85 million and are detailed in Table 1.

Table 1

Construction Contract Payments	2008 (in thousands)
DOT	$ 20
DOT-Ewing Campus	633
Edison Townhouses	264
Education Building	16
Health Lab Facility	25,729
Justice Complex	4
State House Annex	23
State Museum	502
State Police HQ	628
State Police EOC	34
Total	$ 27,853

The Authority commenced the construction phase of the 275,000 square foot Public Health, Environmental & Health Agricultural Laboratory Facility at the New Jersey State Police Headquarters Complex in West Trenton. When completed, the laboratory will provide a secure, central, state-of-the-art facility for various agencies to perform work in support of public health, environmental and agriculture programs.

There was significant progress on the State Museum and DOT Ewing Campus projects as both projects were approximately 90% completed as of December 31, 2008. The objective of the State Museum project is to retrofit the current HVAC system with a state-of-the-art zoned system to provide the appropriate stable climate for visitors, staff and the valuable collections. The objective of the DOT Ewing campus project is to install a new fire alarm systems in the Main Office Building, Steam Plant, Finance and Administration Building and the Engineering & Operations Building to include all audio and visual fire alarm devices as well as head-end systems.

Debt Service

During 2008 the Authority made principal payments on the bonds of $58.3 million. No new bonds were issued, however the remaining outstanding 2003 Series A Bonds ($180,875,000) were converted from an auction rate mode to a variable rate mode. The converted bonds are secured by letters of credit issued by the Bank of New York and the Bank of Nova Scotia.

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Table 2 summarizes the change in debt service between the calendar years 2008 and 2007:

	2008	2007	Percentage Change 2008-2007
Bonds payable	$ 636,410	$ 690,195	(7.79)%
Capital Appreciation Bonds Payable	40,580	43,966	(7.70)%
Accreted interest	-	3,790	(100.00)%
Total Bond Payable	$ 676,990	$ 737,951	(8.26)%

The Authority Bond Ratings as of December 31, 2008 and 2007, were as follows:

	2008	2007
Fitch	A+	A+
Moody's	A1	A1
Standard & Poor	AA-	AA-

To provide the reader with a better understanding of the above ratings, included below is a schedule explaining the various ratings utilized by three rating companies.

Investment Grade	Fitch	Moody's	Standard & Poor
Highest Quality	AAA+	Aaa1	AAA+
Highest Quality	AAA	Aaa2	AAA
Highest Quality	AAA-	Aaa3	AAA-
High Quality	AA+	Aa1	AA+
High Quality	AA	Aa2	AA
High Quality	AA-	Aa3	AA-
Upper Medium	A+	A1	A+
Upper Medium	A	A2	A
Upper Medium	A-	A3	A-

Moody's uses a modifier of 1, 2 or 3 to show relative standing in a category (1 higher than 2, 2 higher than 3). Standard & Poor's and Fitch use a modifier of plus or minus.

Contacting Financial Management

This financial report is designed to provide citizens, vendors and creditors with a general overview of the New Jersey Building Authority finances. If you have any questions about this report or need additional financial information, contact the Authority's Fiscal office at P.O. Box 219, Trenton, New Jersey 08625-0219.

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NEW JERSEY BUILDING AUTHORITY

(A Component Unit of the State of New Jersey)

STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET
December 31, 2008

	Governmental Funds	Adjustments (Note F)	Statement of Net Assets
ASSETS			
Cash and equivalents- restricted	$ 164,401,050	$ -	$ 164,401,050
Accrued interest receivable	714	-	714
Minimum lease payments receivable	-	488,787,247	488,787,247
Deferred loss on advanced refunding of bonds	-	21,457,150	21,457,150
Deferred bond issuance costs	-	5,403,443	5,403,443
Property and equipment	-	34,832	34,832
Construction in progress	-	65,331,888	65,331,888
Total Assets	$ 164,401,764	$ 581,014,560	$ 745,416,324
LIABILITIES			
Accounts payable			
Payable to State	$ 77,997	$ -	$ 77,997
Other	18,249,315	-	18,249,315
Contractor retainage payable	2,840,647	-	2,840,647
Accrued bond interest payable	-	1,081,521	1,081,521
Bonds payable	-	676,990,000	676,990,000
Unamortized bond premiums, net of discounts	-	16,510,692	16,510,692
Total Liabilities	21,167,959	694,582,213	715,750,172
FUND BALANCES/NET ASSETS			
Restricted	143,233,805	(113,567,653)	29,666,152
Total Fund Balances/Net Assets	143,233,805	(113,567,653)	29,666,152
Total Liabilities and Fund Balances/Net Assets	$ 164,401,764	$ 581,014,560	$ 745,416,324

See notes to financial statements.

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NEW JERSEY BUILDING AUTHORITY

(A Component Unit of the State of New Jersey)

STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET
December 31, 2007

	Governmental Funds	Adjustments (Note F)	Statement of Net Assets
ASSETS			
Cash and equivalents- restricted	$ 176,643,195	$ -	$ 176,643,195
Accrued interest receivable	77,253	-	77,253
Minimum lease payments receivable	-	543,973,094	543,973,094
Deferred loss on advanced refunding of bonds	-	23,507,012	23,507,012
Deferred bond issuance costs	-	5,298,697	5,298,697
Property and equipment	-	35,911	35,911
Construction in progress	-	38,456,786	38,456,786
Total Assets	$ 176,720,448	$ 611,271,500	$ 787,991,948
LIABILITIES			
Accounts payable			
Payable to State	$ 220,654	$ -	$ 220,654
Other	4,351,802	-	4,351,802
Contractor retainage payable	2,374,063	-	2,374,063
Accrued bond interest payable	-	2,212,971	2,212,971
Arbitrage rebate payable	-	694,475	694,475
Bonds payable	-	737,951,402	737,951,402
Unamortized bond premiums, net of discounts	-	17,602,107	17,602,107
Total Liabilities	6,946,519	758,460,955	765,407,474
FUND BALANCES/NET ASSETS			
Restricted	169,773,929	(147,189,455)	22,584,474
Total Fund Balances/Net Assets	169,773,929	(147,189,455)	22,584,474
Total Liabilities and Fund Balances/Net Assets	$ 176,720,448	$ 611,271,500	$ 787,991,948

See notes to financial statements.

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NEW JERSEY BUILDING AUTHORITY

(A Component Unit of the State of New Jersey)

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE/NET ASSETS

Year Ended December 31, 2008

	Governmental Funds	Adjustments (Note F)	Statement of Activities
REVENUES			
Investment income	$ 4,272,797	$ -	$ 4,272,797
Rebate income	-	694,475	694,475
State rental payments	36,456,893	-	36,456,893
State principal payments	58,291,030	(58,291,030)	-
State appropriation for administrative costs	1,138,937	-	1,138,937
Amortization income	-	2,915,779	2,915,779
Total revenues	100,159,657	(54,680,776)	45,478,881
EXPENDITURES			
Miscellaneous transaction costs	479,706	-	479,706
Amortization expense	-	4,623,648	4,623,648
Capital outlay	27,852,971	(27,852,971)	-
Debt service:			
Principal	58,291,030	(58,291,030)	-
Interest	38,586,144	(6,782,225)	31,803,919
Other administrative expenses	1,489,930	-	1,489,930
Total expenditures	126,699,781	(88,302,578)	38,397,203
Change in fund balance/net assets	(26,540,124)	33,621,802	7,081,678
Fund balance/net assets:			
Beginning of year	169,773,929	(147,189,455)	22,584,474
End of year	$ 143,233,805	$ (113,567,653)	$ 29,666,152

See notes to financial statements.

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NEW JERSEY BUILDING AUTHORITY

(A Component Unit of the State of New Jersey)

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE/NET ASSETS

Year Ended December 31, 2007

	Governmental Funds	Adjustments (Note F)	Statement of Activities
REVENUES			
Investment income	$ 4,847,418	$ -	$ 4,847,418
State rental payments	28,450,824	-	28,450,824
State principal payments	60,006,248	(60,006,248)	-
State appropriation for administrative costs	1,150,000	-	1,150,000
Amortization income	-	2,232,471	2,232,471
Total revenues	94,454,490	(57,773,777)	36,680,713
EXPENDITURES			
Miscellaneous transaction costs	2,872	-	2,872
Amortization expense	-	3,896,805	3,896,805
Capital outlay	14,842,510	(14,842,510)	-
Debt service:			
Principal	60,006,248	(60,006,248)	-
Interest	27,321,728	3,916,713	31,238,441
Arbitrage rebate expense	-	694,475	694,475
Other administrative expenses	1,295,683	-	1,295,683
Total expenditures	103,469,041	(66,340,765)	37,128,276
Excess (deficiency) of revenues over expenditures	(9,014,551)	8,566,988	(447,563)
OTHER FINANCING SOURCES (USES):			
Long-term debt issued	216,340,000	(216,340,000)	-
Bond issuance costs	(1,089,999)	1,089,999	-
Premium on debt issued	9,829,929	(9,829,929)	-
Payment to bond refunding escrow agent	(125,079,930)	125,079,930	-
Total other financing sources (uses)	100,000,000	(100,000,000)	-
Change in fund balance/net assets	90,985,449	(91,433,012)	(447,563)
Fund balance/net assets:			
Beginning of year	78,788,480	(55,756,443)	23,032,037
End of year	$ 169,773,929	$ (147,189,455)	$ 22,584,474

See notes to financial statements.

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A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Authority

The New Jersey Building Authority (the "Authority"), a component unit of the State of New Jersey (the "State"), a body corporate and politic and an instrumentality of the State, was created in 1981 by the state legislature for the purpose of providing the capital resources (through the sale of bonds, notes and other obligations) necessary to acquire, construct, reconstruct, rehabilitate or improve office buildings or related facilities necessary or convenient to the operation of any State agency.

In Chapter 174 of the Pamphlet Laws of 1992, the state legislature amended the Authority's statute to expand the types of projects the Authority can undertake. The Authority can also now construct or rehabilitate correctional facilities and renovate and preserve historic public buildings. The amendment also removed the $250 million bond principal limitation.

Reporting Entity

The decision to include a potential component unit in the Authority's reporting entity is based on several criteria, including legal standing, fiscal dependency and financial accountability. Based on the application of these criteria, the Authority has no component units.

Under a master lease with amendments for individual properties, the Authority has leased to the State the buildings constructed or renovated with funds provided from various bond offerings made by the Authority. The State is required to pay rent to the Authority in amounts sufficient to pay (1) debt service on the bonds outstanding (to the extent such debt service is not funded from other monies available in the debt service account of the debt service fund, as provided for in the master lease agreement), and (2) administrative expenses of the Authority. The lease transactions with the State are accounted for as direct financing leases.

The State is responsible for awarding and monitoring all contracts for the design, acquisition and construction of projects, as well as supervising construction work and accepting the completed projects. Project costs incurred by the State are paid by the Authority's bond trustee out of the construction fund after approval by an authorized Authority representative. Pursuant to the terms of the master lease, the Authority is not liable or responsible for the adequacy, sufficiency and suitability of the plans and specifications of any contracts or agreements with respect to the acquisition or construction of these projects. During the master lease term, the State is responsible for all costs relating to the operation, maintenance and repair of the projects. In addition, the State pays for all utilities, taxes and governmental charges during the lease term.

At any time prior to the expiration of the master lease term, the State has the option to purchase the projects for a price of $1 plus an amount sufficient to provide the full payment of the bonds and accrued interest in conformity with the bond resolution. If such option has not been exercised prior to the end of the lease term, the title to the projects will be transferred by the Authority to the State at that time.

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A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The obligation of the State to make rental payments is subject to and depends upon yearly appropriations being made by the state legislature for such purposes. In the event the State fails to make the necessary lease payments, the Authority may take possession of the projects and either lease or sell them to another party. In either case, the State is obligated to reimburse the Authority for any deficiency between the lease payments called for by the master lease and amounts paid by other parties.

Basis of Accounting

The Authority is a component unit of the State of New Jersey and is included in the general purpose financial statements of the State.

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

The basic financial statements consist of government-wide and governmental fund financial statements.

The Authority, as a single-program government, combines government-wide and governmental fund financial statements, which are linked together by a reconciliation.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenditures are recognized when incurred. The primary sources of revenues are rental payments received from the State of New Jersey, in accordance with the Authority's master lease agreement with the State.

The governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when measurable and available. Expenditures are recognized when the related liability is incurred. The exception to this rule is that principal and interest on long-term debt are recognized when payment is due.

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A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America for governmental units requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Funds Required by Bond Resolutions

In accordance with certain bond resolutions, the Authority has established the following restricted funds (accounts) to be held by US Bank, as trustee, to account for all revenue received by the Authority:

Fund Accounts	Amount	Use for Which Restricted
Construction	Any amount determined by the Authority after meeting requirements under the bond resolution for all of the other funds.	Payment of construction costs of any authorized projects.
Debt Service	Amounts needed to pay principal and interest on or before each interest payment date and principal installment date on the bonds.	Payment of principal and interest on the bonds.
Rebate	Estimated amount needed to pay arbitrage earnings.	Payment of arbitrage earnings to the federal government.

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A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Funds Required by Bond Resolutions (Continued)

For financial reporting purposes, the assets, liabilities and fund balance/net assets and related revenues, expenditures and other financing sources and uses of these funds have been combined.

The following sets forth the cash and equivalent balances in the above funds:

	December 31,	
	2008	2007
Construction fund	$160,512,106	$173,020,424
Debt service	2,898,250	3,038,130
Rebate and other	990,694	584,641
	$164,401,050	$176,643,195

Construction in Progress

In the government-wide financial statements, construction in progress is stated at cost, which includes direct construction costs and other expenditures related to construction, including capitalized net interest. All construction costs related to projects which are not yet completed are charged to construction in progress until such time as the projects are completed and put into operation. Construction in progress is reduced when assets are put into operation and an offsetting minimum lease payment receivable is established. The State is obligated to make payments to the Authority for the construction in progress funded by bonds issued by the Authority.

In the governmental fund financial statements, construction costs are recorded as capital outlay expenditures as such costs are incurred.

Capitalized Interest

In the government-wide financial statements, the Authority capitalizes all interest expense and income related to projects under construction. Capitalized interest charged to construction in progress was $8,056,108 and $2,934,395 for the years ended December 31, 2008 and 2007, respectively.

In the governmental fund financial statements, all interest income and expense is recorded in the statement of revenues, expenditures and changes in fund balance as received and expended, respectively.

Bond Issuance Costs

In the government-wide financial statements, bond issuance costs are reported as deferred charges (assets) and are amortized over the term of the related debt.

In the governmental fund financial statements, bond issuance costs are expensed when incurred.

Bond Premiums/Discounts

Bond premiums, net of discounts, are recorded as liabilities in the statements of net assets and are amortized over the life of the debt.

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A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance/Net Assets

Fund balance/net assets are classified as restricted and can only be utilized upon approval by the State Treasurer.

Income Taxes

As an instrumentality of the State under existing statute, the Authority is exempt from both federal and state income taxes.

Administrative Expense

The Authority receives an appropriation from the State for salaries, fringe benefits, related costs for overhead, and other expenses that support the operations of the Authority.

Concentration of Risk

The Authority maintains cash and equivalent balances which may exceed federally insured limits. They historically have not experienced any credit-related losses.

Cash and Equivalents

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires uncollateralized deposits exposed to custodial risk to be disclosed. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits that are in the possession of an outside party. The following is a summary of the Authority's cash deposit by financial institution and the amount exposed to custodial credit risk at December 31, 2008 and 2007. The New Jersey Cash Management Fund is a pooled investment fund and is guaranteed by the State of New Jersey. Thus, deposits in the New Jersey Cash Management Fund are not subject to credit risk or custodial credit risk. The Authority's deposits at Wachovia and US Bank are insured by the Federal Deposit Insurance Corporation up to $250,000 and $100,000 as of December 31, 2008 and 2007, respectively.

	December 31,	
	2008	2007
Wachovia	$ 87,815	$ 44,228
US Bank	7,797,973	6,587,279
New Jersey Cash Management Fund	156,515,262	170,011,688
Total cash balance	164,401,050	176,643,195
Total collateralized deposits	157,858,416	170,569,494
Total deposits exposed to custodial credit risk	$ 6,542,634	$ 6,073,701

New Pronouncements

GASB issued Statement No. 53 Accounting and Financial Reporting for Derivative Instruments. This statement provides guidance on reporting derivative instruments at fair value in the financial statements. The Authority will implement this statement as required for the calendar year ending December 31, 2009.

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B. FINANCIAL INSTRUMENTS

Variable Rate Revenue Bonds, 2003 Series A Issue

In connection with its issuance of $189,950,000 Variable Rate Revenue Bonds, 2003 Series A issued on August 15, 2003, and then remarketed on May 9, 2008, the Authority has entered into six separate swap agreements, two each with Citibank, N.A., New York ("Citibank"), Goldman Sachs Mitsui Marine Derivative Products, L.P. ("Goldman Sachs") and Morgan Stanley Capital Services, Inc. ("Morgan Stanley"). The nature and purpose of each of these transactions is described below:

1) **Interest Rate Swap Agreements**

Under the terms of these agreements, which were executed on the same date and feature identical general terms, the Authority pays a fixed rate of 3.64% to Citibank, Goldman Sachs, and Morgan Stanley on a notional amount equal to the principal amount of the 2003 bonds being hedged pursuant to such swap. In return, the respective swap provider will pay the Authority a floating amount based on 62% of one month LIBOR plus .20% on the same notional amount. As the 2008 bonds are redeemed, the notional amounts of the respective swaps shall decrease proportionately. The purpose of these agreements is to achieve a fixed rate. The swaps remain in effect during the entire term of the 2003 bonds. The negative fair value of the swaps were $25,732,467 and $8,144,295 as of December 31, 2008 and 2007, respectively.

2) **Credit Risk**

As of December 31, 2008, the Authority was not exposed to credit risk, because the swap had a negative fair value. However, should interest rates change and the fair value of the swaps become positive, the Authority would be exposed to credit risk in the amount of the swaps' fair value.

3) **Termination Risk**

The swap contracts use the International Swap Dealers Association Master Agreement, which includes provision for standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes provision for an "additional termination event." That is, the swap may be terminated by the Authority if the counterparty's credit quality rating falls below "A-," as issued by Fitch Ratings or Standards & Poor, or "A3," as issued by Moody's Investors Service. The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic fixed interest rate. Also, if the swap were to have a negative fair value at the time of termination, the Authority would be liable to the counterparty for a payment equal to the swap's fair value.

In connection with these agreements, no amounts are recorded in the financial statements other than the net interest expense resulting from the agreement.

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C. MINIMUM LEASE PAYMENTS RECEIVABLE

Future minimum lease payments receivable from the State as of December 31, 2008, are as follows:

2009	$ 72,746,353
2010	62,839,839
2011	59,293,669
2012	44,168,641
2013	39,201,446
2014-2018	167,085,685
2019-2023	54,167,595
	499,503,228
Less amounts representing interest	(121,085,981)
	$ 378,417,247

The State is obligated to make payments to the Authority against the minimum lease payments receivable for the completed portions of projects funded by bonds issued by the Authority.

The Authority has contract commitments for the renovation of the State House Complex and for construction and renovations funded by bonds issued by the Authority as of December 31, 2008, in the approximate amount of $22,400,000. Such commitments relate to various architectural and construction contracts under the project.

The Authority is engaged in certain legal proceedings relating to vendor claims. Management of the Authority believes the outcome of these proceedings will not have a material adverse effect on the Authority's financial statements.

D. BONDS PAYABLE

Bond activity for the years ended December 31, 2008 and 2007, was as follows:

Balance, December 31, 2007	$ 737,951,402
Additions	-
Reductions	(60,961,402)
Balance, December 31, 2008	$ 676,990,000
Balance, December 31, 2006	$ 706,595,808
Additions	232,010,594
Reductions	(200,655,000)
Balance, December 31, 2007	$ 737,951,402

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D. BONDS PAYABLE (CONTINUED)

2007 Series A

In November 2007, the Authority issued $96,665,000 of 2007 Series A Bonds. The proceeds were used to finance the construction of the New Jersey Public Health Lab project.

The bonds were issued at a premium of $3,813,983. The bonds mature at various amounts from June 2009 through 2027. The bonds bear interest at a rate of 5%.

2007 Series B Refunding Bonds

In November 2007, the Authority issued $119,675,000 of 2007 Series B Bonds. The proceeds were used for the costs of issuance of the 2007 Series B Bonds and to refund the 1997 Series Bonds in the aggregate original principal amount of $120,055,000. The bonds mature at various amounts from June 2008 through June 2018. The bonds bear interest at a rate of 5%.

In connection with the 2007 refunding, the Authority realized a loss on refunding of $5,024,931, which has been included in deferred loss on advance refunding of bonds on the balance sheet and is being amortized over the average remaining lives of the refunded bonds.

2006 Series A

In August 2006, the Authority issued $48,745,000 of 2006 Series Bonds. The proceeds were used to finance a portion of the construction of the New Jersey Public Health Lab project.

The bonds were issued at a premium of $1,072,908. The bonds mature at various amounts from June 2008 through 2027. The bonds bear interest rates ranging from 4.00% to 6.00%.

2004 Series A

In December 2004, the Authority issued $4,080,000 of 2004 Series A Bonds. The proceeds were used to fund the following:

a. Renovating the elevators in several State office buildings.
b. Retailing work in the New Jersey Department of Transportation Engineering and Operations Building.
c. Upgrading the fire alarm systems in several State office buildings.
d. Paying the costs of issuance of the 2004 Series A Bonds.

The bonds were issued at a premium of $51,365. The bonds mature at various amounts from June 15, 2007 through June 15, 2014. The bonds bear interest rates ranging from 3.00% to 4.00%.

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D. BONDS PAYABLE (CONTINUED)

2004 Series B Refunding Bonds (Continued)

In December 2004, the Authority issued $48,795,000 of 2004 Series B Bonds. The proceeds were used for the costs of issuance of the 2004 Series B Bonds and to refund $34,629,817 of previously issued bonds, including $10,739,817 of 1991 Series Bonds, $4,665,000 of 1999 Series Bonds, $2,175,000 of 2000 Series Bonds, and $17,050,000 of 2002 Series A Bonds.

The bonds were issued at a premium of $4,613,593. The bonds mature at various amounts from December 15, 2006 through December 15, 2016. The bonds bear interest rates ranging from 3.375% to 5.25%.

This refunding was done to achieve interest cost savings. Proceeds of the bonds were used to establish an irrevocable escrow account. Funds in the escrow account were invested in special direct obligations of the United States Treasury or other obligations of the United States government or its agencies. The escrow securities and their earnings are structured to pay the principal and interest on the refunded bonds as such payments become due until the call dates of the respective refunded bonds, at which time the escrow agent will pay the principal of the refunded bonds at a price of par plus accrued interest. Since these funds have been placed in an irrevocable trust, the bonds are considered defeased and the liability for such bonds were removed from the balance sheet.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $3,261,194 in 2004. The difference was reported with deferred charges in the statement of net assets and is being charged to expenditures using a method which approximates the effective interest method over the shorter of the remaining life of the old debt or the life of the new debt. The economic gain from the advance refunding in 2004 was approximately $203,000.

2003 Series A Refunding Bonds

In August 2003, the Authority issued $189,950,000 of 2003 Series A Bonds. The proceeds were used to refund $174,300,000 of previously issued bonds, including $76,770,000 of 1994 Series Bonds, $56,530,000 of 1999 Series Bonds, $12,695,000 of 2000 Series Bonds, and $28,305,000 of 2002 Series A Bonds. The interest rate mode on these bonds was revised in May 2008 to a variable rate mode from an auction rate mode. The remaining terms and conditions of these bonds have not changed.

The bonds were issued at par. The bonds mature at various amounts from June 10, 2005 through June 15, 2023.

In connection with the 2003 refunding, the Authority realized a loss on refunding of $13,081,720, which has been included in deferred loss on advance refunding of bonds on the balance sheet and is being amortized over the average remaining lives of the refunded bonds.

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D. BONDS PAYABLE (CONTINUED)

2002 Series A

In December 2002, the Authority issued $65,375,000 of 2002 Series A Bonds. The proceeds were used to finance the costs of the State Police Emergency Operations Center.

The bonds were issued at a premium of $2,792,000. The bonds were scheduled to mature in various amounts from December 2005 through December 2023. The bonds bear interest rates ranging from 2.05% to 5.25%.

In August 2003, $28,305,000 of the 2002 Series A Bonds were refunded by the 2003 Series A Bonds. As a result, the $28,305,000 principal amount of the 2002 Series A Bonds is considered to be defeased, and the liability for such bonds was removed from the balance sheet.

In December 2004, $17,050,000 of the 2002 Series A Bonds were refunded by the 2004 Series B Bonds. As a result, the $17,050,000 principal amount of the 2002 Series A Bonds is considered to be defeased, and the liability for such bonds was removed from the balance sheet.

The remaining bonds payable mature in various amounts through 2012.

2002 Series B Refunding Bonds

In December 2002, the Authority issued $210,515,000 of 2002 Series B Bonds. The proceeds were used to refund $212,930,000 of previously issued bonds, including $164,920,000 of 1994 Series Bonds, $26,335,000 of 1997 Series Bonds, $18,550,000 of 1999 Series Bonds and $3,125,000 of 2000 Series Bonds.

The bonds were issued at a premium of $21,355,000. The bonds were scheduled to mature in various amounts from December 2005 through December 2023. The bonds bear interest rates ranging from 2.05% to 5.25%.

In connection with the 2002 refunding, the Authority realized a loss on refunding of $11,066,000, which has been included as part of the deferred loss on advance refunding of bonds in the balance sheet and is being amortized over the average remaining lives of the refunded bonds.

The remaining bonds payable mature in various amounts through 2015.

2000 Series

In August 2000, the Authority issued $29,000,000 of 2000 Series Bonds. The proceeds were used to finance the costs of the 2000 series projects, consisting of the Justice Complex and the Department of Transportation project.

The bonds were issued at a discount of $425,000. The bonds were scheduled to mature at various amounts from June 2001 through June 2020. The bonds bear interest rates ranging from 4.350% to 5.125%.

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D. BONDS PAYABLE (CONTINUED)

2000 Series (Continued)

In December 2002, $3,125,000 of the 2000 Series Bonds were refunded by the 2002 Series B Bonds. As a result, the $3,125,000 principal amount of the 2000 Series Bonds is considered to be defeased, and the liability for such bonds was removed from the balance sheet.

In August 2003, $12,695,000 of the 2000 Series Bonds were refunded by the 2003 Series A Bonds. As a result, the $12,695,000 principal amount of the 2000 Series Bonds is considered to be defeased, and the liability for such bonds was removed from the balance sheet.

In December 2004, $2,175,000 of the 2000 Series Bonds were refunded by the 2004 Series B Bonds. As a result, the $2,175,000 principal amount of the 2000 Series Bonds is considered to be defeased, and the liability for such bonds was removed from the balance sheet.

The remaining bonds payable mature at various amounts through 2011.

1999 Series

In October 1999, the Authority issued $134,925,000 of 1999 Series Bonds. The proceeds were used for the acquisition of the Richard J. Hughes Justice Complex and for construction of a new facility to house the New Jersey Department of Treasury's Division of Revenue and State Police Troop "C" Headquarters. The project for the new facility has since been renamed the State Police Multi-Purpose Building and Troop "C" headquarters.

The bonds were issued at a premium of $2,502,000. The bonds were scheduled to mature at various amounts from June 2000 through June 2019. The bonds bear interest rates ranging from 5.0% to 5.75%.

In December 2002, $18,550,000 of the 1999 Series Bonds were refunded by the 2002 Series B Bonds. As a result, the $18,550,000 principal amount of the 1999 Series Bonds is considered to be defeased, and the liability for such bonds was removed from the balance sheet.

In August 2003, $56,530,000 of the 1999 Series Bonds were refunded by the 2003 Series A Bonds. As a result, the $56,530,000 principal amount of the 1999 Series Bonds is considered to be defeased, and the liability for such bonds was removed from the balance sheet.

In December 2004, $4,665,000 of the 1999 Series Bonds were refunded by the 2004 Series B Bonds. As a result, the $4,665,000 principal amount of the 1999 Series Bonds is considered to be defeased, and the liability for such bonds was removed from the balance sheet.

The remaining bonds payable mature at various amounts through 2011.

1997 Series Refunding Bonds

In December 2002, $26,335,000 of the 1997 Series Bonds were refunded by the 2002 Series B Bonds. As a result, the $26,335,000 principal amount of the 1997 Series Bonds is considered to be defeased, and the liability for such bonds was removed from the balance sheet. In November 2007, $125,079,930 of the 1997 Series Bonds were refunded by the 2007 Series B Bonds. As a result, the $125,079,930 principal amount of the 1997 Series Bonds is considered to be defeased, and the liability for such bonds was removed from the balance sheet.

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D. BONDS PAYABLE (CONTINUED)

1994 Series

On January 13, 1994, the Authority issued $314,970,113 of 1994 Series Bonds to fund the following:

a. The costs of construction, renovation, reconstruction and/or improvement of several State office buildings and historic restoration projects.
b. The costs of land acquisition and construction of South Woods State Prison.
c. The cost of refunding a portion of the Authority's State Building Revenue Bonds, 1989 Series.
d. Payment for a portion of interest payable on the 1994 Series Bonds through June 15, 1995.

The bonds consisted of both capital appreciation bonds and current interest bonds, with interest rates ranging from 4.2% to 5.0%.

In December 2002, $164,920,000 of the 1994 Series Bonds were refunded by the 2002 Series B Bonds. As a result, the $164,920,000 principal amount of the 1994 Series Bonds is considered to be defeased, and the liability for such bonds was removed from the balance sheet.

In August 2003, $76,770,000 of the 1994 Series Bonds were refunded by the 2003 Series A Bonds. As a result, the $76,770,000 principal amount of the 1994 Series Bonds is considered to be defeased, and the liability for such bonds was removed from the balance sheet.

The final bond principal and interest expense payments were made in 2006.

1991 Series

On October 9, 1991, the Authority issued $74,999,816 of 1991 Series Bonds (Garden State Savings Bonds) to partially fund the State House Complex Project. These bonds were issued as capital appreciation bonds which mature in various amounts from June 2000 through 2011. Yields on these bonds range from 6.10% to 6.75%.

In December 2004, $10,739,817 of the 1991 Series Bonds were refunded by the 2004 Series B Bonds. As a result, the $10,739,817 principal amount of the 1991 Series Bonds is considered to be defeased, and the liability for such bonds was removed from the balance sheet. The defeased bonds were paid off in 2006.

Defeased Bonds

The Authority has refunded various general obligation bond issuances by creating separate irrevocable trust funds. Refunding bonds have been issued, the proceeds from which are used to purchase U.S. Treasury Obligations - State and Local Government Series. The securities are deposited into an irrevocable trust fund and then held by the trustee. The investments themselves and the fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the refunded debt has been considered defeased and has therefore been removed as a liability from the Authority's long-term debt. As of December 31, 2008, the amount of defeased general obligation debt outstanding but removed from the Authority's long-term debt amounted to $441,955,000.

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D. BONDS PAYABLE (CONTINUED)

The following table reflects the Authority's annual principal obligation for defeased general obligation debt outstanding:

2009	$ 30,825,000
2010	32,480,000
2011	34,125,000
2012	43,945,000
2013	51,080,000
2014-2018	202,025,000
2019-2023	47,475,000
Total	$ 441,955,000

E. FUTURE DEBT SERVICE PAYMENTS

The following tables reflect the debt service by year for the various Series Bonds issued by the Authority:

	1991 Capital Appreciation Bond (net of 2004 refunding)		
Year	Principal or sinking fund installment	Interest	Total debt service
2009	$ 4,181,254	$ 9,343,746	$ 13,525,000
2010	3,912,647	9,612,353	13,525,000
2011	3,662,706	9,867,294	13,530,000
	$ 11,756,607	$ 28,823,393	$ 40,580,000

	1999 Series Bond (net of 2002, 2003 and 2004 refunding)		
Year	Principal or sinking fund installment	Interest	Total debt service
2009	$ 6,835,000	$ 1,042,700	$ 7,877,700
2010	7,220,000	647,163	7,867,163
2011	7,645,000	219,794	7,864,794
	$ 21,700,000	$ 1,909,657	$ 23,609,657

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E. FUTURE DEBT SERVICE PAYMENTS (CONTINUED)

	2000 Series Bond (net of 2002, 2003 and 2004 refunding)		
Year	Principal or sinking fund installment	Interest	Total debt service
2009	$ 1,270,000	$ 225,960	$ 1,495,960
2010	1,325,000	165,944	1,490,944
2011	1,390,000	102,125	1,492,125
2012	1,455,000	34,556	1,489,556
	$ 5,440,000	$ 528,585	$ 5,968,585

	2002 Series A Bond (net of 2003 and 2004 refunding)		
Year	Principal or sinking fund installment	Interest	Total debt service
2009	$ 2,840,000	$ 463,975	$ 3,303,975
2010	2,935,000	371,675	3,306,675
2011	3,040,000	268,950	3,308,950
2012	3,175,000	158,750	3,333,750
	$ 11,990,000	$ 1,263,350	$ 13,253,350

	2002 Series B Bond		
Year	Principal or sinking fund installment	Interest	Total debt service
2009	$ 23,075,000	$ 6,926,588	$ 30,001,588
2010	14,370,000	5,715,150	20,085,150
2011	18,565,000	4,960,725	23,525,725
2012	21,160,000	3,986,063	25,146,063
2013	18,380,000	2,875,163	21,255,163
2014	17,690,000	1,910,213	19,600,213
2015	18,695,000	981,488	19,676,488
	$ 131,935,000	$ 27,355,390	$ 159,290,390

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E. FUTURE DEBT SERVICE PAYMENTS (CONTINUED)

	2003 Series A Bond (net of 2003 and 2004 refunding)		
Year	Principal or sinking fund installment	Interest	Total debt service
2009	$ 3,300,000	$ 6,364,697	$ 9,664,697
2010	3,575,000	6,228,002	9,803,002
2011	3,575,000	6,299,197	9,874,197
2012	8,675,000	5,880,830	14,555,830
2013	9,025,000	5,723,243	14,748,243
2014	8,650,000	5,244,120	13,894,120
2015	10,925,000	5,029,732	15,954,732
2016	11,200,000	4,470,731	15,670,731
2017	30,975,000	3,702,072	34,677,072
2018	36,225,000	2,541,301	38,766,301
2019	30,250,000	1,307,923	31,557,923
2020	6,975,000	678,842	7,653,842
2021	4,875,000	442,452	5,317,452
2022	5,050,000	278,501	5,328,501
2023	5,250,000	88,806	5,338,806
	$ 178,525,000	$ 54,280,449	$ 232,805,449

	2004 Series A Bond		
Year	Principal or sinking fund installment	Interest	Total debt service
2009	$ 485,000	$ 99,925	$ 584,925
2010	500,000	82,725	582,725
2011	515,000	66,856	581,856
2012	530,000	49,544	579,544
2013	550,000	30,631	580,631
2014	570,000	10,331	580,331
	$ 3,150,000	$ 340,012	$ 3,490,012

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E. FUTURE DEBT SERVICE PAYMENTS (CONTINUED)

	2004 Series B Bond		
Year	Principal or sinking fund installment	Interest	Total debt service
2009	$ 7,130,000	$ 1,496,356	$ 8,626,356
2010	7,500,000	1,139,856	8,639,856
2011	45,000	766,731	811,731
2012	50,000	765,213	815,213
2013	3,390,000	763,463	4,153,463
2014	3,570,000	592,988	4,162,988
2015	3,760,000	405,562	4,165,562
2016	3,965,000	208,162	4,173,162
	$ 29,410,000	$ 6,138,331	$ 35,548,331

	2006 Series A Bond		
Year	Principal or sinking fund installment	Interest	Total debt service
2009	$ 1,610,000	$ 2,061,550	$ 3,671,550
2010	1,700,000	1,974,775	3,674,775
2011	1,785,000	1,892,113	3,677,113
2012	1,865,000	1,809,988	3,674,988
2013	1,950,000	1,724,150	3,674,150
2014	2,035,000	1,634,488	3,669,488
2015	2,125,000	1,535,575	3,660,575
2016	2,235,000	1,426,575	3,661,575
2017	2,345,000	1,320,869	3,665,869
2018	2,445,000	1,222,138	3,667,138
2019	2,545,000	1,122,338	3,667,338
2020	2,645,000	1,016,884	3,661,884
2021	2,755,000	905,509	3,660,509
2022	2,865,000	787,806	3,652,806
2023	2,990,000	663,388	3,653,388
2024	3,115,000	529,763	3,644,763
2025	3,255,000	386,438	3,641,438
2026	3,405,000	236,588	3,641,588
2027	3,555,000	79,988	3,634,988
	$ 47,225,000	$ 22,330,923	$ 69,555,923

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E. FUTURE DEBT SERVICE PAYMENTS (CONTINUED)

	2007 Series A Bond		
Year	Principal or sinking fund installment	Interest	Total debt service
2009	$ 2,200,000	$ 4,778,250	$ 6,978,250
2010	2,335,000	4,664,875	6,999,875
2011	2,370,000	4,547,250	6,917,250
2012	2,615,000	4,422,625	7,037,625
2013	2,765,000	4,288,125	7,053,125
2014	2,955,000	4,145,125	7,100,125
2015	3,060,000	3,994,750	7,054,750
2016	3,370,000	3,834,000	7,204,000
2017	3,590,000	3,660,000	7,250,000
2018	5,785,000	3,425,625	9,210,625
2019	6,020,000	3,130,500	9,150,500
2020	6,295,000	2,822,625	9,117,625
2021	6,575,000	2,500,875	9,075,875
2022	6,870,000	2,164,750	9,034,750
2023	7,210,000	1,812,750	9,022,750
2024	7,575,000	1,443,125	9,018,125
2025	7,950,000	1,055,000	9,005,000
2026	8,355,000	647,375	9,002,375
2027	8,770,000	219,250	8,989,250
	$ 96,665,000	$ 57,556,875	$ 154,221,875

	2007 Series B Bond		
Year	Principal or sinking fund installment	Interest	Total debt service
2009	$ 7,150,000	$ 5,339,750	$ 12,489,750
2010	7,505,000	4,973,375	12,478,375
2011	17,590,000	4,346,000	21,936,000
2012	18,465,000	3,444,625	21,909,625
2013	19,395,000	2,498,125	21,893,125
2014	7,290,000	1,831,000	9,121,000
2015	7,650,000	1,457,500	9,107,500
2016	8,035,000	1,065,375	9,100,375
2017	8,435,000	653,625	9,088,625
2018	8,855,000	221,375	9,076,375
	$ 110,370,000	$ 25,830,750	$ 136,200,750

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E. FUTURE DEBT SERVICE PAYMENTS (CONTINUED)

Year	Total debt service
2009	$ 98,219,751
2010	88,453,540
2011	93,519,741
2012	78,542,194
2013	73,357,900
2014	58,128,265
2015	59,619,607
2016	39,809,843
2017	54,681,566
2018	60,720,439
2019	44,375,761
2020	20,433,351
2021	18,053,836
2022	18,016,057
2023	18,014,944
2024	12,662,888
2025	12,646,438
2026	12,643,963
2027	12,624,238
Subtotal, gross debt	874,524,322
Less: interest portion	(226,357,715)
Add: accreted interest 1991 Series Bonds	28,823,393
Net Bonds Payable	$ 676,990,000

F. ADJUSTMENTS - RECONCILIATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS AND GOVERNMENT-WIDE FINANCIAL STATEMENTS

(1) During 2003 and 2002, the Authority refunded some of its existing debt. The amount borrowed was received by the Governmental Funds and increased the fund balance. The amount that was sent to the paying agent to be escrowed for payment of the old debt as it comes due was paid out of the Governmental Funds and reduced the fund balance. The difference between those amounts will be amortized as an adjustment in the statement of activities over the remaining life of the refunded debt (varying amounts from twelve to nineteen years).

During 2004, the Authority refunded some of its existing debt. The amount borrowed was received by the Governmental Funds and increased fund balance. The amount that was sent to the paying agent ($52,509,200) to be escrowed for payment of the old debt ($49,248,006) as it comes due was paid out of the Governmental Funds and reduced fund balance. The difference between those amounts was $3,261,194 and will be amortized as an adjustment in the statement of activities over the remaining life of the refunded debt (varying amounts from two to twelve years).

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F. ADJUSTMENTS - RECONCILIATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS AND GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

During 2007, the Authority refunded the 1997 Series Bonds (net of 2002 refunding). The amount borrowed was received by the Governmental Funds and increased fund balance. The amount that was sent to the paying agent ($125,079,930) to be escrowed for payment of the old debt ($120,055,000) as it comes due was paid out of the Governmental Funds and reduced fund balance. The difference between those amounts was $5,024,930 and will be amortized as an adjustment in the statement of activities over the remaining life of the refunded debt (varying amounts from two to nine years).

	December 31,	
	2008	2007
2002 refunding	$ 9,811,290	$ 10,465,376
2003 refunding	6,396,136	7,195,653
2004 refunding	750,131	843,897
2007 refunding	4,499,593	5,002,086
	$ 21,457,150	$ 23,507,012

(2) Unamortized bond issuance costs are recorded as deferred charges (assets) in the statement of net assets and are amortized over the life of the debt. Amortization expense is recorded in the statement of activities. In governmental fund financial statements, bond issuance costs are expensed when incurred.

	December 31,	
	2008	2007
Total unamortized bond issuance cost	$ 5,403,443	$ 5,298,697
Related amortization expense	$ -	$ 501,225
Bond issuance costs	$ -	$ 1,089,999

(3) When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets is reported as an expenditure in governmental funds. However, the statement of net assets includes those capital assets among the assets of the Authority as a whole.

	December 31,	
	2008	2007
Cost of property and equipment	$ 74,350	$ 69,762
Accumulated depreciation	(39,518)	(33,851)
Property and equipment, net	$ 34,832	$ 35,911
Construction in progress	$ 65,331,888	$ 158,131,786
Capital outlay	$ 27,852,971	$ 14,842,510

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F. ADJUSTMENTS - RECONCILIATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS AND GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

(4) Minimum lease payments receivable are not part of the Authority's governmental fund activities because no portion of this balance is available to finance liabilities at year end.

	December 31,	
	2008	2007
Minimum lease receivable	$ 488,787,247	$ 543,973,094

(5) Unmatured principal and accrued interest applicable to the Authority's governmental activities are not shown as liabilities or expenses until they are due and payable. Unamortized bond premiums, net of discounts, are recorded as liabilities in the statement of net assets and are amortized over the life of the debt. Amortization revenue is recorded in the statement of activities. In governmental fund financial statements, net bond premiums are recognized as revenue when received. All liabilities - both current and long-term - are reported in the statement of net assets.

	December 31,	
	2008	2007
Accrued bond interest payable	$ 1,081,521	$ 2,212,971
Arbitrage rebate payable	$ 694,475	$ -
Related adjustment to interest expense	$ (6,782,225)	$ 3,916,713
Bonds payable	$ 676,990,000	$ 737,951,402
Unamortized bond premiums, net of discounts	$ 16,510,692	$ 17,602,107
Amortization income	$ 2,915,779	$ 2,232,471

(6) Amortization expense in the governmental fund differs from amortization expense in the statement of activities ($4,623,648 in 2008 and $3,896,805 in 2007). The difference is a result of the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds.

(7) Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities. Proceeds were received from:

	Year Ended December 31,	
	2008	2007
Debt issuance	$ -	$ 216,340,000
Premium on debt issued	$ -	$ 9,829,929

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F. ADJUSTMENTS - RECONCILIATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS AND GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Repayment of bond principal is reported as an expenditure in governmental funds and thus has the effect of reducing fund balance because current financial resources have been used. For the Authority as a whole, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities. The Authority's bond debt was reduced by principal payments made to bondholders.

	Year Ended December 31,	
	2008	2007
Principal payments made	$ 58,291,030	$ 60,006,248

(8) The amounts received from the State for debt service principal payments of $58,291,030 during 2008 and $60,006,248 during 2007 constitute governmental fund revenue and thus are not included in the Authority's statements of activities.

(9) The Authority had an arbitrage rebate calculation performed at December 31, 2008, that resulted in no liability due to the Internal Revenue Service.

G. GASB STATEMENT NUMBER 45 - ACCOUNTING AND FINANCIAL REPORTING BY EMPLOYERS FOR POST RETIREMENT BENEFITS OTHER THAN PENSION

The Authority is a member of the State of New Jersey's cost sharing multiple-employer plan for health and post retirement medical benefits. Thus, pursuant to the Authority's implementation of GASB Statement Number 45 on January 1, 2008, their portion of this liability and cost will be included in the State of New Jersey's CAFR on an annual basis.

As such, the liability for Authority employees' is covered under the state plan.

Please refer to State website www.state.nj.us for more information regarding the plan.