To The Honorable

Christine Todd Whitman, Governor of the State of New Jersey, and the Members of the State Legislature.

1999 underscores both the extraordinary benefits brought to the State by the Sports and Exposition Authority and the challenges facing our core businesses of racing, sports and entertainment.

Operationally, the Authority had a special year at the Meadowlands Sports Complex. Continental Airlines Arena led the nation's arenas in total box office gross for non-franchise events (source: *Amusement Business*). Our managers brought an extraordinary total of 239 events to the building, highlighted by New Jersey's own Bruce Springsteen selling out the arena an industry record 15 times.

Giants Stadium experienced another strong year and once again was the focus of international attention as the Women's Soccer World Cup kicked off in June in front of an all-time record attendance for a women's sporting event. The Women's World Cup featured the United States women's team embarking on their historic march to World Cup victory. Giants Stadium also ranked first in non-franchise gross box office sales of any stadium in the country, completing a remarkable doubleheader for Meadowlands facilities (source: *Amusement Business*). The Jets' AFC East Championship and playoff game victory highlighted a stadium year that saw all 119 luxury suites sold out as usual. Additionally, the Sports Authority decided, in conjunction with both the Giants and Jets, to install a grass field that will be in place for the next football season. These highlights, along with the potential sale of the Jets, made 1999 an extraordinary year for Giants Stadium.

The horse racing industry is undergoing dramatic marketing and product distribution changes as states such as New York, Pennsylvania and Maryland institute new technologies that make wagering on horse racing more accessible and convenient to the racing public. While New Jersey's purses and handles remained strong in 1999, legislative and regulatory reforms such as off-track and account wagering are needed if New Jersey's billion dollar horse racing industry is to remain competitive. Our top priority in 2000 will be to ensure that New Jersey adopts these changes to guarantee that New Jersey's racing future remains bright. Harness racing's signature event, the Hambletonian, held annually at the Meadowlands, set records with total wagering of $7.2 million. The Meadowlands remains the leading racetrack facility in the country with total wagering exceeding $540 million, and Monmouth Park remains a premier and profitable American thoroughbred venue.

Much was written and speculated about in 1999 concerning the future of the Sports Complex and the Continental Airlines Arena. In cooperation with the Administration, a comprehensive Master Plan process was initiated and completed which produced a blueprint for the 21st Century at the East Rutherford site.

Competing proposals for a new arena, the future of the soccer franchise, the evaluation of appropriate and feasible new attractions and developments at the Complex are all issues to be resolved in the years ahead. New Jersey has both the benefit and the challenge of being home to six major professional sports franchises on one site. Those franchises are under severe economic pressure from peers in their respective leagues whose new arenas and stadiums are generating substantial new revenues. Our goal is to work with the franchises, along the model of the successful Stadium Suites project at Giants Stadium, to develop new attractions, amenities and revenue sources.

In 1999, the New Jersey Sports and Exposition Authority continued its mission of delivering economic development statewide. Governor, your commitment to South Jersey tourism and convention development is turning into a bricks and mortar reality. The Wildwoods Convention Center construction is under way and is on-time and on-budget for its completion in late 2001. A new era for sports and entertainment in Atlantic City approaches with work continuing on the renovation of the historic Boardwalk Hall.

Throughout its 28-year history, the Sports and Exposition Authority has strived to provide New Jerseyans with entertainment and economic benefit through the development of the racing, sports, entertainment and convention industries in the State. Each of those industries faces competitive challenges that mark much of today's economy. Therefore, we have strategic decisions to make, vital legislation to adopt, and an opportunity to lay the groundwork for a generation of growth.

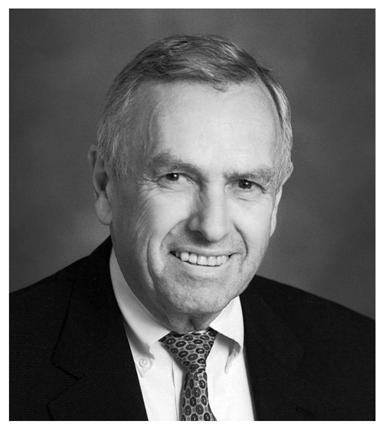
Governor, we look forward to working with you and the Legislature on the challenges before us.

Sincerely,

Raymond H. Bateman
Chairman of the Board

James A. DiEleuterio, Jr.
President and
Chief Executive Officer

Governor
Christine Todd Whitman

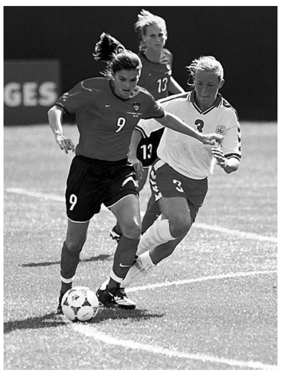


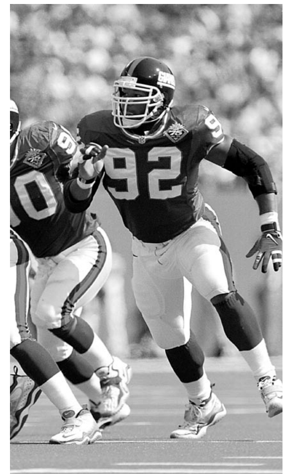
Raymond H. Bateman
Chairman of the Board

James A. DiEleuterio, Jr.
President and
Chief Executive Officer

Giants Stadium

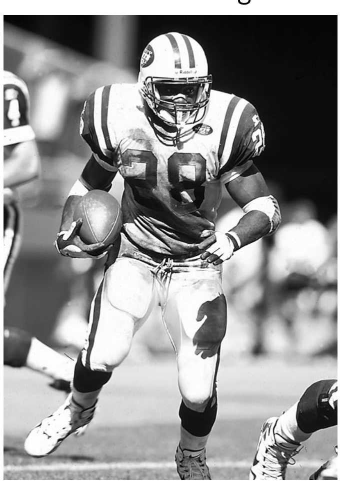
Giants Stadium, home to the NFL Giants and Jets and Major League Soccer's New York/New Jersey MetroStars capped a banner year in 1999 by receiving the "No. 1 Stadium Award" from *Amusement Business*, an entertainment industry trade publication. This honor is bestowed upon the stadium with the highest box office gross for all non-franchise events.



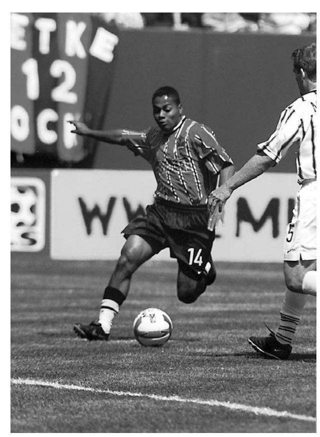


One highlight of the year was the 1999 FIFA Women's World Cup. The largest women's sporting event in history kicked off at Giants Stadium with the Opening Ceremonies starring 'N Sync and a sold-out double-header featuring the United States team. The U.S. defeated Denmark, 3-0, that day and went on to win the Cup.

The Dave Matthews Band rocked Giants Stadium for two sold-out dates in May. NetAid, a special concert whose purpose was to help raise global awareness of extreme poverty and eradicate hunger in the world, took place at the Stadium in October. The all-day concert featured Sting, Bono, Jewel and Sheryl Crow and ran concurrently with NetAid concerts at Wembley Stadium in London and the Palais des Nations in Geneva.



Pro football was again played on natural grass in the pre-season and the decision was made to convert to natural grass for the entire 2000 football season. The Jets finished the 1999 season with four straight home wins to go 8-8, while the Giants ended up at 7-9, placing third in the NFC East.

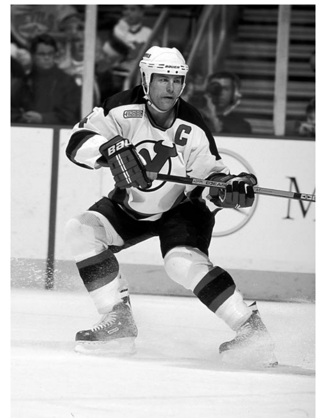


The MetroStars hosted the exciting international Gotham Cup in July, featuring teams from Holland, England, Greece and Italy.

Competitive college football comes to Giants Stadium every fall, and 1999 was no exception. Kickoff Classic XVII featured an upset as the Miami Hurricanes defeated national powerhouse Ohio State. Hampton defeated Grambling State in the annual New York Urban League Classic.

Continental Airlines Arena

Continental Airlines Arena is home to the NBA's New Jersey Nets, NHL's New Jersey Devils, Big East Basketball's Seton Hall Pirates, and Arena Football League's Red Dogs.



The arena was honored with the "No. 1 Arena Award" by Amusement Business. The award is based on total ticket sales in 1999 for family shows, concerts and special events.

1999 will be best remembered for the return of Bruce Springsteen and the E Street Band, who performed a record 15 sold-out concerts during July and August. Springsteen surpassed the one million mark in total attendance to become the No. 1-selling artist in Meadowlands history. The 15-show run set Meadowlands house records for ticket gross, tickets sold and number of shows.

The arena also hosted 21 other concerts, including Billy Joel, Jimmy Buffett, Bette Midler, Dave Matthews, Alanis Morrissette, Bob Dylan and the Backstreet Boys.

The Devils finished atop the Eastern Conference of the Atlantic Division for the third straight year. In the playoffs, they were defeated in the conference quarterfinals by the Pittsburgh Penguins.

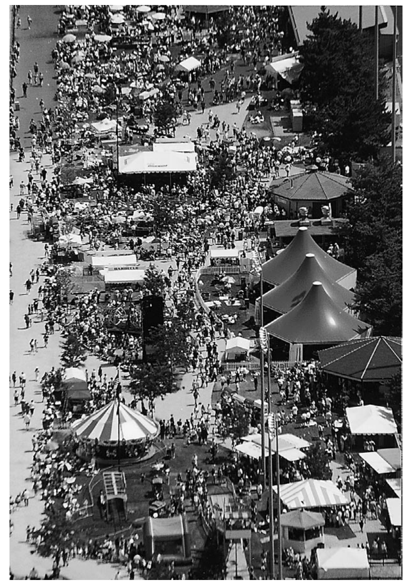
The Nets played a shortened season due to the NBA lockout. Don Casey was named the head coach and Stephon Marbury was acquired in a blockbuster trade.

The arena received the "Slam Dunker of the Year Award" from the Harlem Globetrotters for the highest ticket gross for any building in the Eastern United States. Sesame Street Live's "Big Bird's Sunny Day Camp Out" set a house record for its gross despite the cancellation of two shows due to Hurricane Floyd. 1999 also included the International Championship Rodeo, WWF Wrestling, Disney On Ice and the triumphant return of the U.S. Women's World Cup team in an arena exhibition tour.

College basketball is a tradition at the arena, which played host to the NCAA Men's Basketball East Regionals for a record ninth time. The 5th annual Jimmy V Classic showcased North Carolina, Indiana, Florida and Rutgers while raising $95,500 for The V Foundation for Cancer Research. To date, the event has raised approximately $300,000 for the Foundation.

Meadowlands Harness Meet

Two harness industry records fell on August 7, as Self Possessed posted the fastest trotting mile [1:51.3] in history in the $1 million Hambletonian and the total handle of $7,132,583 set the mark as the highest in the sport. In addition to Hambletonian Day, five of the top ten all-time highest harness handles, all exceeding $5.8 million, were recorded this meet.



More than $548 million was wagered on 149 dates of Meadowlands harness racing for an average of $3.6 million daily, an increase of 15 percent over 1998. Saturday nights continued to pace the track's business with a nightly wagering average of $5.4 million.

Purse increases totaling 20 percent spurred one of the highest quality meets in history. Total purse distribution for the meet exceeded $44 million, an average of $298,506 daily, including $188,963 in overnight purses, up for an eighth straight year. Field size rose by more than one percent to an average of 9.25 horses per race. All claiming records were smashed as the total number of claims reached 506 (up 35 percent from 1998) for a total of $17,100,520 (up 44 percent). The State of New Jersey benefited with sales tax of $586,484.

The 1999 Meadowlands Pace produced one of the most exciting finishes in the race's history as The Panderosa set a stakes mark and equaled the track record with a 1:49.3 mile in the track's $1 million signature event. The Meadowlands Pace crowd of 21,319 wagered $1,916,563 on-track toward a total harness handle of $6,353,987, of which $964,975 was bet into the Pace pool alone.

Monmouth Park and Meadowlands Thoroughbred Meet

The 1999 Meadowlands thoroughbred meet closed with purses at an all-time high as $222,255 was distributed nightly. The average daily overnight purses saw an increase of 12.4 percent. Total average daily handle was even with last year's numbers as $2,075,000 was wagered nightly. On track handle showed a small decline of 5.3 percent. Joe Bravo set a new Big M record by capturing his seventh riding title. Jorge Chavez, a leading contender for the Eclipse Award, captured two premier events, The Meadowlands Cup aboard Pleasant Breeze and The Pegasus atop Forty One Carats.

Fueled by a record purse distribution, the 1999 Monmouth Park thoroughbred meet showed a substantial gain in daily wagering over 1998, with betting averaging $4.6 million per day. The average mutuel handle was 6.0 percent higher than the $4.3 million bet at Monmouth in 1998. Attendance averaged 9,893 daily, just 0.7 percent below the 1998 figure of 9,959.

With a $3 million supplement available, purses skyrocketed to $257,572 per day, a record distribution and more than 15 percent higher than last year. The purse per race averaged $25,404, a 15.4 percent gain over 1998.

Despite the rain on Haskell Day, a crowd of 33,056 came out to watch Menifee, who had broken his maiden over the track in 1998, win the $1 million Haskell Invitational.

Frisk Me Now, who started his career in 1996 by breaking his maiden at Monmouth, finished a distinguished stakes-winning career with a victory in the Grade 2 Iselin Handicap, run on one of the hottest Fourth of Julys in memory.

Authority Around the State

The opening of the $268 million Atlantic City Convention Center in May, 1997 has greatly enhanced the resort's prominence and competitiveness throughout the convention industry nationwide. Visitors' spending brought by conventions, trade shows, meetings, and special events generated more than $230 million in economic benefits to the State in 1999.

Opened in 1929 and designated a Historic Landmark in 1987, Boardwalk Hall is undergoing a $90 million renovation scheduled for completion in 2001. As the site of some of the world's greatest entertainers, from the Beatles to Pavarotti, championship boxing and the home of the Miss America Pageant since 1929, the building will host up to 150 events a year, including concerts, family entertainment, and the Hampton Roads Admirals professional ice hockey team.

In 1999, the Atlantic City Convention Center and Boardwalk Hall hosted a total of 264 convention/trade shows, special events and meetings with an attendance of more than 775,800 visitors.

Under the supervision of the NJSEA, work is underway for the new Wildwoods Convention Center. Planned for completion in the fourth quarter of the year 2001, the new convention center will total over 260,000 square feet, including exhibition hall, meeting rooms, ballrooms, and retail space.

Outdoor amenities will include new boardwalk space, a boardwalk beach extension and deck areas. The new center will make the Wildwoods a year-round destination creating jobs and economic opportunity.

All About the Authority

The New Jersey Sports and Exposition Authority was created by the New Jersey Legislature in 1971. There are 13 members appointed by the Governor to four-year terms, subject to confirmation by the New Jersey Senate, and four "ex officio" members, including the Authority President, State Attorney General, State Treasurer, and a designated representative of the Hackensack Meadowlands Development Commission.

The Sports Authority is the governing body which oversees the operations of Meadowlands Racetrack, Continental Airlines Arena, Giants Stadium, and Monmouth Park Racetrack. At the State's request, it constructed the State Aquarium at Camden. It built and operates the Atlantic City Convention Center, as well as Boardwalk Hall, and the State Legislature has recently given the Authority the task of building and operating a new convention facility for the Wildwoods. The Authority holds regularly scheduled meetings which are open to the public. The minutes of all Authority meetings are subject to approval by the Governor.

AUTHORITY MEMBERS

Raymond H. Bateman
Chairman

James A. DiEleuterio, Jr.
President & CEO

Candace L. Straight
Vice Chairman

Ronald J. Burton

Joetta Clark

M. Joseph Montuoro

Joseph J. Plumeri, II

Aubrey C. Lewis

Barbara Sobel

Peter D. Sudler

Roland M. Machold
Treasurer, State of New Jersey

John J. Farmer, Jr.
Attorney General
State of New Jersey

Jane Kenny
Representative
Hackensack Meadowlands
Development Commission

SENIOR STAFF

James A. DiEleuterio, Jr.
President and
Chief Executive Officer

Robert J. Castronovo
Senior Executive Vice President
& Chief Operating Officer
Arena/Stadium

Bruce Garland
Senior Executive
Vice President
Racing

Joseph Consolazio
Senior Vice President
Finance & Chief
Financial Officer

Christine H. Steinberg
Senior Vice President
& General Counsel

Richard C. Wolffe, Jr.
Senior Vice President
Business Operations

Timothy D. Hassett
Senior Vice President
Sports & Entertainment
Development

John Samerjan
Vice President
Public Affairs/
Communications

New Jersey Sports and Exposition Authority

Financial Statements
for the Years Ended
December 31, 1999 and 1998
and Independent Auditors' Reports

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INDEPENDENT AUDITORS' REPORT

Chair and Members of the
New Jersey Sports and Exposition Authority
East Rutherford, New Jersey

We have audited the accompanying bond resolution statements of assets, liabilities and fund balances of the New Jersey Sports and Exposition Authority (the "Authority"), a component unit of the State of New Jersey, as of December 31, 1999 and 1998, and the related statements of revenues and expenses and changes in fund balances for the years then ended. 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 generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement and schedule presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note B-1, the Authority has prepared these financial statements in accordance with the requirements of the law and the various bond resolutions. Accordingly, the bond resolution basis financial statements do not present fairly the financial position, results of operations and cash flows in accordance with generally accepted accounting principles.

However, in our opinion, the combined financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the Authority as of December 31, 1999 and 1998, and the revenues and expenses and changes in fund balances for the years then ended, in conformity with the basis of accounting as set forth in Note B-1 of the notes to the financial statements.

Deloitte & Touche LLP

March 17, 2000

Deloitte Touche
Tohmatsu

STATEMENTS OF REVENUES AND EXPENSES YEARS ENDED DECEMBER 31, 1999 AND 1998

(Pursuant to various Bond Resolutions)
(In thousands)

	Sports Complex Funds	Stadium Suites Project
REVENUES FROM OPERATIONS:		
Meadowlands Racetrack	$ 79,366	$ -
Monmouth Park Racetrack	-	-
Stadium	39,859	-
Stadium Suites Project	-	9,584
Arena	42,180	-
Atlantic City Convention Centers	-	-
Wildwood Convention Center	-	-
	161,405	9,584
EXPENSES FROM OPERATIONS:		
Meadowlands Racetrack	62,725	-
Monmouth Racetrack	-	-
Stadium	26,555	-
Stadium Suites Project	-	788
Arena	43,247	-
Atlantic City Convention Centers	-	-
Wildwood Convention Center	-	-
	132,527	788
EXCESS (DEFICIT) FROM OPERATIONS	28,878	8,796
OTHER INCOME, EXPENSES AND TRANSFERS:		
General and administrative expenses	(9,556)	-
Interest income and other	15,353	373
State appropriation	11,000	-
Other expense	-	-
Luxury tax, marketing fee and tourism tax revenues	-	-
State contract payments	-	-
Payments in aid of construction	-	-
Stadium Suites Distribution	546	-
Distribution to Atlantic City Convention Centers	-	-
EXCESS OF REVENUES OVER EXPENSES (Exhibit A-3 and Note B)	46,221	9,169
OPERATING FUND BALANCES, BEGINNING OF YEAR	-	-
Total Revenue Available For Distribution	$ 46,221	$ 9,169
DISTRIBUTION TO (FROM) AS FOLLOWS (Note B-7):		
Operating fund balances, end of year	$ -	$ -
Debt service funds	3,782	5,017
Maintenance reserve funds	20,604	221
Payment in lieu of tax funds (Note B-5)	3,313	-
Guaranteed Bond Fund 1992 Series	18,522	-
Construction funds	-	-
Excess cash flow fund	-	2,293
Partner distribution	-	1,638
Total Revenues Distributed	$ 46,221	$ 9,169

See notes to financial statements.

um es ect	Monmouth Park Funds	Atlantic City Convention Center Funds	Luxury Tax Funds	State Contract Funds	Wildwood Convention Center Funds	Total Funds (December 31, 1999)	Total Funds (December 31, 1998)
-	$ -	$ -	$ -	$ -	$ -	$ 79,366	$ 81,653
-	28,222	-	-	-	-	28,222	31,307
-	-	-	-	-	-	39,859	35,756
84	-	-	-	-	-	9,584	7,321
-	-	-	-	-	-	42,180	39,403
-	-	12,475	-	-	-	12,475	10,471
-	-	-	-	-	629	629	698
84	28,222	12,475	-	-	629	212,315	206,609
-	-	-	-	-	-	62,725	61,832
-	25,140	-	-	-	-	25,140	25,260
-	-	-	-	-	-	26,555	24,380
88	-	-	-	-	-	788	635
-	-	-	-	-	-	43,247	37,298
-	-	21,549	-	-	-	21,549	22,384
-	-	-	-	-	936	936	908
88	25,140	21,549	-	-	936	180,940	172,697
96	3,082	(9,074)	-	-	(307)	31,375	33,912
-	(400)	(3,785)	-	-	(1,006)	(14,747)	(14,879)
73	857	177	1,408	593	180	18,941	9,904
-	-	-	-	-	-	11,000	15,000
-	-	-	-	-	-	-	(3,766)
-	-	8,274	18,083	-	2,729	29,086	27,483
-	-	-	4,991	38,922	-	43,913	29,804
-	-	-	24,019	-	10,131	34,150	-
-	-	-	-	-	-	546	-
-	-	4,575	(4,575)	-	-	-	-
69	3,539	167	43,926	39,515	11,727	154,264	97,458
-	400	2,058	-	-	531	2,989	1,916
69	$ 3,939	$ 2,225	$ 43,926	$ 39,515	$ 12,258	$ 157,253	$ 99,374
-	$ 400	$ 2,225	$ -	$ -	$ 3,100	$ 5,725	$ 2,989
17	2,790	-	8,375	39,515	175	59,654	53,558
21	(558)	-	11,532	-	102	31,901	14,204
-	1,307	-	-	-	30	4,650	4,863
-	-	-	-	-	-	18,522	18,450
-	-	-	24,019	-	8,851	32,870	5,103
93	-	-	-	-	-	2,293	207
38	-	-	-	-	-	1,638	-
69	$ 3,939	$ 2,225	$ 43,926	$ 39,515	$ 12,258	$ 157,253	$ 99,374

STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCES

(Pursuant to various Bond Resolutions)
(In thousands)

	Sports Complex Funds	Stadium Suites Project
ASSETS		
Cash and cash equivalents (Notes B-8 and D)	$ 61,590	$ 5,698
Restricted cash and cash equivalents (Notes B-8 and D)	18,725	-
Restricted investments (Note D)	14,586	-
Accrued interest receivable	1,223	-
Luxury tax, marketing fee and tourism tax receivable (Notes A and C)	-	-
Receivables	26,775	-
Interfund receivables	9,208	492
Investment in facilities	470,492	44,018
Other assets (Note B-9)	3,522	755
	$ 606,121	$ 50,963
LIABILITIES AND FUND BALANCE		
Accounts payable and accrued expenses	$ 28,754	$ 1,710
Interfund payables	492	-
Interest payable on bonds and notes	6,871	537
Deferred revenue	10,564	-
Other liabilities	8,986	-
Notes payable (Note G)	3,800	29,757
Bonds payable (Note F)	196,150	-
Unamoritzed original issue discount	(1,818)	-
Fund balance (deficit)	352,322	18,959
	$ 606,121	$ 50,963

See notes to financial statements.

	December 31, 1999						December 31, 1998
um es ct	Monmouth Park Funds	Atlantic City Convention Center Funds	Luxury Tax Funds	State Contract Funds	Wildwood Convention Center Funds	Total Funds	Total Funds
98	$ 11,612	$ 3,141	$ 20,986	$ -	$ 3,650	$ 106,677	$ 104,988
-	-	-	81,388	23,505	-	123,618	74,988
-	-	-	-	25,708	-	40,294	51,278
-	-	-	-	561	-	1,784	1,469
-	-	1,299	2,436	-	260	3,995	3,564
-	597	2,017	-	-	10,134	39,523	7,331
92	-	138	-	-	-	9,838	2,789
18	37,006	828	188,728	247,498	6,242	994,812	969,589
55	1,016	490	2,421	2,885	8	11,097	12,085
63	$ 50,231	$ 7,913	$ 295,959	$ 300,157	$ 20,294	$1,331,638	$1,228,081
10	$ 5,608	$ 3,745	$ 10,291	$ 808	$ 762	$ 51,678	$ 36,162
-	-	-	9,346	-	-	9,838	2,789
37	927	-	5,570	-	15	13,920	13,397
-	-	334	-	-	5	10,903	8,326
-	1,496	-	-	-	-	10,482	43,202
57	-	-	8,600	-	-	42,157	44,810
-	58,105	-	211,640	464,536	3,022	933,453	895,886
-	(172)	-	(1,749)	(8,364)	-	(12,103)	(19,320)
59	(15,733)	3,834	52,261	(156,823)	16,490	271,310	202,829
63	$ 50,231	$ 7,913	$ 295,959	$ 300,157	$ 20,294	$1,331,638	$1,228,081

STATEMENTS OF CHANGES IN FUND BALANCES

(Pursuant to various Bond Resolutions)
(In thousands)

	Sports Complex Funds	Stadium Suites Project
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	$ 328,531	$ 13,905
Excess of revenues over expenses	46,221	9,169
Interest income (loss) on restricted debt service funds	524	-
Interest on bonds and notes	(11,942)	(2,354)
Maintenance charges	(7,597)	(123)
Payment in lieu of taxes (Note B-5)	(3,313)	-
Write-off and amortization of bond discount and issuance costs	(102)	-
Amortization of costs on the Rutgers and Higher Education Projects	-	-
Contributed capital	-	-
Partners distribution	-	(1,638)
Loss on bond refunding	-	-
FUND BALANCE (DEFICIT), END OF YEAR	$ 352,322	$ 18,959

See notes to financial statements.

	December 31, 1999							December 31, 1998
um es ct	Monmouth Park Funds	Atlantic City Convention Center Funds	Luxury Tax Funds	State Contract Funds	Wildwood Convention Center Funds	Total Funds		Total Funds
05	$ (13,137)	$ 3,696	$ 33,818	$ (168,938)	$ 4,954	$ 202,829		$ 179,670
59	3,539	167	43,926	39,515	11,727	154,264		97,458
-	-	-	(4,375)	1,508	-	(2,343)		2,323
54)	(2,790)	-	(9,259)	(27,920)	(47)	(54,312)		(57,161)
23)	(2,003)	(29)	(650)	-	(114)	(10,516)		(4,651)
-	(1,307)	-	-	-	(30)	(4,650)		(4,863)
-	(35)	-	(171)	(422)	-	(730)		(922)
-	-	-	-	(566)	-	(566)		(206)
-	-	-	-	-	-	-		4,456
38)	-	-	-	-	-	(1,638)		-
-	-	-	(11,028)	-	-	(11,028)		(13,275)
59	$ (15,733)	$ 3,834	$ 52,261	$ (156,823)	$ 16,490	$ 271,310		$ 202,829

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INDEPENDENT AUDITORS' REPORT

Chair and Members of the
New Jersey Sports and Exposition Authority
East Rutherford, New Jersey

We have audited the accompanying consolidated statements of financial position of the New Jersey Sports and Exposition Authority (the "Authority"), a component unit of the State of New Jersey, as of December 31, 1999 and 1998, and the related statements of operations and changes in fund equity, and cash flows for the years then ended. 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 generally accepted auditing standards. Those standards require that we plan and perform the audit 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, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Authority as of December 31, 1999 and 1998, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Deloitte & Touche LLP

March 17, 2000

Deloitte Touche
Tohmatsu

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 1999 AND 1998

(In thousands)

ASSETS	1999	1998
Current Assets:		
Cash and cash equivalents (Notes B-8 and D)	$ 106,677	$ 104,988
Restricted cash and cash equivalents (Notes B-8 and D)	123,618	74,988
Restricted investments (Note D)	2,716	4,732
Accrued interest receivable	1,784	1,469
Due from State of New Jersey (Notes A and B-6)	14,126	3,564
Receivables (net of allowance for doubtful accounts of $1,774 in 1999 and $1,302 in 1998)	10,769	7,112
Total Current Assets	259,690	196,853
Long - Term Assets:		
Restricted long - term investments (Note D)	37,578	46,546
Long - term accounts receivable	-	219
Investment in facilities (Notes B-4 and E)	817,870	791,273
Other assets (Note B-9)	42,187	43,742
TOTAL ASSETS	$ 1,157,325	$ 1,078,633
LIABILITIES AND FUND EQUITY		
LIABILITIES:		
Current Liabilities:		
Accounts payable and accrued expenses	$ 53,316	$ 41,925
Interest payable on bonds and notes	23,570	22,551
Deferred revenue	25,980	25,127
Advanced ticket sales	3,384	3,733
Other current liabilities	36,229	39,469
Current portion of Notes payable (Note G)	3,190	2,653
Current portion of Bonds payable (Note F)	29,945	20,270
Total Current Liabilities	175,614	155,728
Long - term Liabilities:		
Long - term portion of Notes payable (Note G)	38,259	41,249
Long - term portion of Bonds payable (Note F)	862,072	843,021
TOTAL LIABILITIES	1,075,945	1,039,998
FUND EQUITY:		
Net investment in facilities	6,615	3,250
Contributed Capital (Note B-6)	74,765	35,385
Total fund equity	81,380	38,635
TOTAL LIABILITIES AND FUND EQUITY	$ 1,157,325	$ 1,078,633

See notes to financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN FUND EQUITY YEARS ENDED DECEMBER 31, 1999 AND 1998

(In thousands)

	1999	1998
OPERATING REVENUES:		
Racetracks	$ 107,588	$ 112,035
Stadium	48,902	44,829
Arena	42,180	39,403
Convention Centers	13,104	11,169
	211,774	207,436
OPERATING EXPENSES:		
Racetracks	87,865	86,167
Stadium	28,981	30,779
Arena	43,247	37,298
Convention Centers	22,485	23,292
General and administrative	13,907	14,039
Depreciation and amortization (Notes B-4 and E)	31,022	30,027
Payment in lieu of taxes (Note B-5)	4,650	4,863
	232,157	226,465
OPERATING LOSS	(20,383)	(19,029)
NON-OPERATING INCOME AND EXPENSES:		
Interest income and other	6,863	10,143
Luxury tax, marketing fund and tourism tax revenues (Notes A and C)	29,086	27,483
State contract payments and appropriations (Note A)	44,657	39,469
Interest expense (Note F-8)	(56,858)	(58,928)
NET INCOME (LOSS)	3,365	(862)
FUND EQUITY, BEGINNING OF YEAR	38,635	31,436
Contributed Capital (Note B-6)	39,380	8,061
FUND EQUITY, END OF YEAR	$ 81,380	$ 38,635

See notes to financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1999 AND 1998

(In thousands)

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating Loss	$ (20,383)	$ (19,029)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	31,022	30,027
(Increase) decrease in assets:		
Receivables	(3,438)	3,660
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	11,391	7,787
Advanced ticket sales and other liabilities	(3,589)	29,041
Deferred revenues	853	3,492
Net cash provided by operating activities	15,856	54,978
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(115,467)	(77,738)
Maturities of investments	126,451	88,368
Interest on investments	6,620	12,127
Net cash provided by investing activities	17,604	22,757
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments of bonds and notes	(152,973)	(91,859)
Issuance of bonds and notes	179,734	117,716
Additions to investment in facilities	(57,244)	(45,210)
Disposals of investment in facilities	191	43
Interest paid on bonds and notes	(65,541)	(60,657)
State Contract receipts for payment of principal and interest on bonds	84,037	32,530
Luxury tax revenues	8,193	12,376
Net cash used in capital and related financing activities	(3,603)	(35,061)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Luxury tax, marketing fee and tourism tax revenues	20,462	14,842
Net cash provided by non-capital financing activities	20,462	14,842
INCREASE IN CASH AND CASH EQUIVALENTS	50,319	57,516
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	179,976	122,460
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 230,295	$ 179,976

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

A. AUTHORIZING LEGISLATION

The New Jersey Sports and Exposition Authority (the "Authority") was created by the laws of the State of New Jersey of 1971, Chapter 137, enacted May 10, 1971, as supplemented and amended (the "Act"). It is constituted as an instrumentality of the State, exercising public and essential governmental functions. The Act empowers the Authority to own and operate various projects, located in the State of New Jersey, including stadiums and other buildings and facilities for athletic contests, horse racing, and other spectator sporting events, trade shows and other expositions.

The Authority has no stockholders or equity holders, and all bond proceeds, revenues or other cash received must be applied for specific purposes in accordance with the provisions of the Act, and related bond resolutions, for the security of the bondholders. The Authority's Board consists of the President of the Authority, the State Treasurer, the Attorney General and a member of the Hackensack Meadowlands Development Commission, appointed by the Governor, who are members ex officio, and nine members appointed by the Governor with the advice and consent of the State Senate.

On January 13, 1992, the New Jersey legislature adopted Chapter 375 of P.L. 1991 (the "Bill"), which approved the issuance of bonds, by the Authority, pursuant to a contract between the Authority and the State Treasurer. The contract requires the Treasurer to provide funds from the General Fund of the State necessary to pay the debt service on the bonds, subject to and dependent upon annual appropriations by the State legislature (see Note F-6). On November 24, 1998, the contract was restated and amended to expand the scope of projects eligible for the issuance of bonds to include the Wildwood Convention Center project.

On December 24, 1997, amendments to the Act authorized the Authority to undertake and finance a project in the City of Wildwood consisting of the acquisition of property, operation of an existing convention center facility and the development of a new convention center facility. The Authority assumed title to the assets, funds, properties and obligations of the existing facility from the Greater Wildwood Tourism Improvement and Development Authority and began operating the facility on February 23, 1998.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. ***General*** - In its accounting and financial reporting, the Authority follows the pronouncements of the Governmental Accounting Standards Board (GASB). In addition, the Authority follows the pronouncements of all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The financial statements include the accounts of the Authority including Monmouth Park Racetrack, the Atlantic City Convention Center Authority (the "Convention Center Authority") and the Wildwood Convention Center.

   The Authority also prepares financial statements, included in Section A, in accordance with the provisions of the Sports Complex, State Contract, and Luxury Tax Bond Resolutions which differ from the financial statements prepared in accordance with generally accepted accounting principles included in Section B, as follows: (1) depreciation and amortization is not provided, (2) capital expenditures funded from the Operating Fund or Maintenance Reserve Fund are not capitalized, (3) certain expenses are accounted for as a distribution of revenue, (4) certain receipts deposited in or transferred to the Revenue Fund are recognized as revenue in the year received rather than when earned, (5) contributions from the State for principal payments on State Contract Bonds are recognized as revenue when received, and (6) interest expense on bonds is recognized when transferred to the debt service funds in accordance with the Bond Resolutions.

Reconciliation of Bond Resolution Excess from Operations to Statement of Operations Net Income :

	Years Ended December 31, 1999	1998
	(in thousands)	
Excess of revenues over expenses	$ 154,264	$ 97,458
Interest expense	(56,858)	(58,928)
Depreciation and amortization	(31,022)	(30,027)
Payment in lieu of tax	(4,650)	(4,863)
State Contract payments	(5,026)	(1,730)
Stadium Suites license revenue	(2,725)	(4,012)
Interest income and other	4,413	4,888
Debt service restructuring	(15,460)	-
Cost of land sold	(191)	(43)
Contributed Capital	(39,380)	(3,605)
Net income (loss)	$ 3,365	$ (862)

Amounts recorded in accordance with the Bond Resolution financial statements vary from financial statements prepared in accordance with generally accepted accounting principles as disclosed in the reconciliation above. In 1999 and 1998, the Authority deferred debt refinancing costs in connection with the advance refunding of certain bonds (Note F-6 and Note F-7).

2. ***Revenues*** - The revenues of the Authority are deposited into the Revenue Funds and transferred to the Operating Funds, Debt Service Funds and other funds on a monthly basis as required by the Bond Resolutions. All interfund accounts have been eliminated.

   The Authority promotes certain events held at the Arena and Stadium. The gross revenues and expenses of these events are reflected in the financial statements.

   Revenues from restricted-purpose State and/or other State agency grants are recognized when awarded and recorded in a purpose-specific fund.

3. ***Reporting Entity*** - The GASB establishes the criteria used in determining which organizations should be included in the Authority's financial statements. Generally accepted accounting principles require the inclusion of the transactions of government organizations for which the Authority is financially accountable.

   The extent of financial accountability is based upon several criteria including: appointment of a voting majority, imposition of will, financial benefit to or burden on a primary government and financial accountability as a result of fiscal dependency. As a result of the Authority's contract with the Convention Center Authority and the above criteria, the Convention Center Authority's financial statements are included in the Authority's annual report.

   At the request of the State of New Jersey, the Authority assumed the assets and liabilities and undertook the existing operations of the Wildwood Convention Center on February

23, 1998. As a result the Authority includes the financial statements of the Wildwood Convention Center in its annual report. The assets and liabilities were recorded at fair value and the difference was recorded to fund balance as contributed capital.

The Authority is a component unit included in the State of New Jersey's comprehensive annual financial report.

4. ***Investment in Facilities*** - Investment in facilities is stated at cost, which includes all costs during the construction period for acquisition of land, rights of way, acquisition cost of acquiring facilities, surveys, engineering costs, roads, construction costs and additions to facilities, administrative and financial expenses and interest during construction net of interest income earned on the unexpended funds, including debt service reserve funds. Depreciation is computed by the straight-line method based on estimated useful lives of the related assets.

5. ***Payment in Lieu of Taxes*** - In accordance with a provision of the enabling Act, properties and income of the Authority are exempt from taxation. However, payments in lieu of taxes are made to municipalities to compensate for loss of tax revenues by reason of acquisition of real property by the Authority.

6. ***Contributed Capital*** - Contributed capital represents funds received from the State to pay principal on the State Contract Bonds and funds received from other authorities. Amounts received to pay interest on State Contract Bonds and direct appropriations are treated as non-operating revenue.

7. ***Distributions*** - Each month, after appropriate transfers to the designated funds as specified by the Bond Resolutions, any excess balance remains in the Revenue Fund. At year end the excess, if any, will be held up to May 1 of the succeeding year, at which time transfers are made to meet debt service requirements for the Authority's 1992 Guaranteed Refunding Bonds, Guaranteed by the State of New Jersey. Any remaining excess would be used for other projects of the Authority.

   In accordance with the Act, to the extent not required for any such projects, and not required to repay any obligations incurred by the Authority to the State, any balance remaining is to be deposited in the General Fund of the State of New Jersey.

8. ***Cash and Cash Equivalents*** - Cash and cash equivalents include short-term investments that are carried at cost, which approximates market. The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

9. ***Other Assets*** - Other assets include deferred issuance costs incurred to issue debt, including but not limited to, legal and accounting costs. These costs have been deferred and are being amortized over the life of the issuance on a straight-line basis. Costs incurred for the Rutgers and Higher Education Projects are also included in other assets and will be amortized as principal payments are made on the related State Contract Bonds.

10. ***Accumulated Vacation Time*** - Salaried employees of the Authority, the Convention Center Authority and the Wildwood Convention Center may accumulate vacation time up to a maximum of one half of their vacation time. This accumulated vacation time must be used within one year of the year earned. Upon termination of employment, salaried employees are entitled to receive a maximum lump-sum payment of ten days of accumulated vacation time.

11. ***Interest Rate Swap Agreements*** - The Authority entered into interest rate swap agreements to modify interest rates on certain outstanding debt. Premiums received from options to

exercise an interest rate swap in the future and net interest expenditures resulting from these agreements are recorded in the financial statements. The interest differential to be received or paid under these interest rate swap agreements is accrued annually over the life of the agreement as an adjustment to the interest expense of the related bonds.

12. ***Valuation of Investments*** - Guaranteed investment contracts, state and local government securities and certificates of deposit are investments in non-participating investment contracts which management concludes are not significantly affected by the impairment of the credit standing of the Authority or other factors. These investments are recorded at amortized cost in accordance with GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments and External Investment Pools."

13. ***Use of Estimates*** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

14. ***Reclassifications*** - The 1998 financial statements contain certain reclassifications which have been made to conform to the classifications used in 1999.

C. LUXURY TAX, MARKETING FEES AND TOURISM TAX

1. ***Luxury Tax*** - Pursuant to NJSA. 40:48-8.15 et seq. (the "Luxury Tax Act"), the City of Atlantic City has, by Ordinance No. 18 of 1982, imposed a 3 percent tax on the sale of alcoholic beverages by the drink in the restaurants, bars, hotels and other similar establishments and a 9 percent tax on cover charges or other similar charges made to any patron of such an establishment, the hiring of hotel rooms and the sale of tickets for admission to theaters, exhibitions and other places of amusement.

   On January 13, 1992, amendments to the Act were adopted which authorized the Authority to undertake the Convention Center Project (see Note A) and authorized the State to transfer the proceeds of the Luxury Tax to the Authority. Luxury Tax proceeds are deposited into the Revenue Fund and transferred to other funds to pay debt service on the Luxury Tax Bonds and fund the operating deficit and capital expenditures for the Convention Center Project.

2. ***Marketing Fees*** - The New Jersey legislature adopted a bill which authorized the Convention Center Authority to impose marketing fees on hotels in Atlantic City. The proceeds from the fees collected pursuant to this legislation are paid into a special fund established and held by the Convention Center Authority.

3. ***Tourism Tax*** - Upon transfer of the Wildwood Convention Center from the Greater Wildwood Tourism Improvement and Development Authority (GWTIDA) on February 23, 1998 (see Note A), the Authority assumed the right to receive 90 percent of the proceeds of a 2 percent tourism related retail receipts tax pursuant to NJSA 40:54D-1 et. seq. (the "Tourism Improvement and Development District Law") for the construction and promotion of a new convention center facility and the operation maintenance and promotion of the existing center within Wildwood. The remaining 10 percent of the funds generated by the tax is allocated to GWTIDA for its continuing promotion of tourism in the area. The tax is imposed and collected by ordinance and with the cooperation of the municipalities in the Greater Wildwoods (i.e. North Wildwood, Wildwood and Wildwood Crest).

D. CASH, CASH EQUIVALENTS AND INVESTMENTS

1. The components of cash, cash equivalents and investments are:

	Balance December 31, 1999 Book	Balance December 31, 1999 Bank	Balance December 31, 1998 Book	Balance December 31, 1998 Bank
	(in thousands)		*(in thousands)*	
Cash and Cash Equivalents:				
Cash on hand	$ 2,917	$ -	$ 3,606	$ -
Demand deposits	2,875	2,977	(3,318)	3,141
N.J. Cash Management Fund	165,356	165,356	161,033	161,033
Repurchase Agreements	3,681	3,681	3,254	3,254
Commercial Paper	-	-	15,401	15,401
Certificates of Deposit	55,466	55,466	-	-
Total cash and cash equivalents	$ 230,295	$ 227,480	$ 179,976	$ 182,829

	December 31, 1999 Cost *(in thousands)*	December 31, 1998 Cost *(in thousands)*
Investments (see Note B-12):		
Guaranteed investment contracts	$ 20,999	$ 27,251
Certificates of Deposit	-	2,100
	20,999	29,351
State and local unit government securities (SLUGS)	19,295	21,927
Total investments	$ 40,294	$ 51,278

2. At December 31, 1999 and 1998, approximately $96,392,000 and $88,655,000, respectively, were held by Trustees in Debt Service and Debt Service Reserve Funds and are restricted only for payment of principal and interest on bonds.

3. The various Bond Resolutions of the Authority specify the institutions and types of investments that can be made with the money available for investment. A general description of those investments is the following: (a) direct obligations of or obligations guaranteed by the United States, (b) bonds or obligations of any state of the United States or of any agency, instrumentality or local governmental unit of any such state, (c) bonds, debentures or other evidence of indebtedness issued or guaranteed by any agency or corporation created pursuant to an Act of Congress, (d) new housing authority bonds, (e) certificates of deposit, (f) commercial paper, (g) repurchase agreements, (h) State of New Jersey Cash Management Fund and (i) guaranteed investment contracts.

   All demand deposits, except deposits held by the Trustee, of any depository must be fully secured by lodging collateral security of obligations secured by the United States with the Trustee or bank designated by the Trustee. At December 31, 1999, all demand deposits were collateralized.

   Commercial paper is held by the Trustee in the name of the Authority.

   The guaranteed investment contract is an investment agreement with a bank that provides the Authority with a fixed rate of return credited to specific Debt Service Reserve Account. At December 31, 1999, $20,999,000 is collateralized with U.S. government obligations that have, as a minimum, an aggregate value of 105 percent of the investment contract which is held by a third-party bank in the name of the Authority.

Repurchase agreements represent overnight investments whereby the Authority transfers cash to a financial institution in exchange for securities. The financial institution agrees to repurchase the same securities at an agreed upon price at a future date. These investments are collateralized at a premium and held by the financial institution in the name of the Authority.

The State and Local Unit Government Securities (SLUGS) are special non-marketable securities issued by the U.S. Treasury, held by the Trustee and have interest rates between 3.20 percent and 3.75 percent which mature semi-annually commencing on January 1, 2000 through January 1, 2005.

The N.J. Cash Management Fund is a money market fund managed by the State of New Jersey Division of Investments. P.L. 1950, c. 270 and subsequent legislation permit the Division to invest in a variety of securities, including, in the case of short-term investments, obligations of the U.S. Government and certain of its agencies, commercial paper, certificates of deposit, repurchase agreements, bankers' acceptances and loan participation notes. All such investments must fall within the guidelines set forth by the regulations of the State of New Jersey, State Investment Council. Securities in the N. J. Cash Management Fund are insured or registered, or securities held by the Division or its agent in the N. J. Cash Management Fund's name.

E. INVESTMENT IN FACILITIES

	Balance, December 31, 1998	Additions	Disposals *(in thousands)*	Transfers	Balance, December 31, 1999
Land	$ 172,282	$ -	$ (191)	$ -	$172,091
Buildings	786,058	18,008	-	-	804,066
Machinery and equipment	110,210	5,374	-	-	115,584
Land improvements	20,715	3,429	-	-	24,144
Leasehold rights	25,000	-	-	-	25,000
Construction in progress	3,073	30,433	-	-	33,506
	1,117,338	57,244	(191)	-	1,174,391
Less accumulated depreciation	(326,065)	(30,456)	-	-	(356,521)
	$ 791,273	$ 26,788	$ (191)	$ -	$817,870

Asset lives used in the calculation of depreciation are generally as follows:

Buildings	35 to 60 years
Machinery and equipment	2 to 20 years
Land improvements	10 to 20 years
Leasehold rights	24 years

F. BONDS PAYABLE

1. Bonds payable consists of the following:

	Date Issued	Original Amount	December 31, 1999	December 31, 1998
		(in thousands)		
REVENUE BONDS				
Sports Complex Refunding Bonds 1985/1992 Series (guaranteed by the State of New Jersey) 7.30%-8.30%, due serially through 2005	11/01/85	$ 175,450	$ 99,510	$ 111,910
Sports Complex Refunding Revenue Bonds, 1993 Series A $30,350,000 Serial Bonds 5.00%-5.125% due 2005 through 2016; $14,990,000 Term Bonds, 5.20%, due 2017-2020; $18,425,000 Term Bonds, 5.20%, due 2021-2024	12/01/93	63,765	63,765	63,765
Sports Complex Subordinated Refunding Revenue Bonds, 1993 Series A $32,875,000 Term Bonds 6.875%, due 2005-2017	12/01/93	32,875	32,875	32,875
Wildwood Revenue Bonds, Series 1996A 1.50% interest through 2001 then 2.50% due serially through 2016	09/06/96	3,400	3,022	3,150
STATE CONTRACT BONDS				
State Contract Bonds, 1992 Series A, $46,955,000 Serial Bonds 5.50%-6.50% due 1998 through 2007; $177,045,000 Term Bonds, 6.00% - 6.50%, due 2013 to 2021	03/02/92	224,000	197,341	198,071
State Contract Bonds, 1992 Series C, $209,990,000 Term Bonds 5.86%, due through 2024	11/19/92	209,990	197,975	200,735
State Contract Bonds, 1993 Series A, $5,755,000 Serial Bonds, 4.70%-5.40%, due 2003 to 2009; $6,930,000 Term Bonds, 5.37%, due 2015 $13,600,000 Term Bonds 5.50%, due 2023	03/01/93	26,285	26,285	26,285
State Contract Bonds, 1993 Series B, $5,000,000 Serial Bonds 2.50%-4.70%, due through 2002	03/01/93	5,000	1,880	2,450
State Contract Bonds, 1998 Series A, $57,810,000 Serial Bonds 4.00%-5.50% due 2004 through 2019; $28,855,000 Term Bonds 4.50% due 2024	12/15/98	86,665	86,665	86,665
State Contract Bonds, 1998 Series B, $13,665,000 Serial Bonds 4.96%-5.77% due 1999 through 2008	12/15/98	13,665	12,495	13,665
State Contract Bonds, 1999 Series A, $49,915,000 Serial Bonds 6.00%-7.00% due 2000 through 2014	06/15/99	49,915	49,915	-

	Date Issued	Original Amount	December 31, 1999	1998
		(in thousands)		
LUXURY TAX BONDS				
Convention Center Luxury Tax Bonds 1992, Series A, $53,795,000 Serial Bonds 2.90%-6.00%, due through 2007 and final payment 2013; $114,230,000 Term Bonds, 6.58%-6.60%, due 2012-2022	11/12/92	$ 168,025	$ 33,455	$ 156,315
Convention Center Luxury Tax Refunding Bonds 1999, Series A, $128,270,000 Serial Bonds 4.25%-5.125%, due 2003 through 2020	02/15/99	128,270	128,270	-
Total bonds payable			933,453	895,886
Less original issue discount and deferred loss on refunding			(41,436)	(32,595)
			$ 892,017	$ 863,291

2. ***State Guaranteed Bonds*** - The State Guaranteed Bond Resolution pledges the excess revenues of the Sports Complex as security for the 1992 Guaranteed Refunding Bonds after payment for the Senior and Junior Lien Bonds, funding of the Maintenance Reserve Fund and payments in lieu of taxes. Pursuant to authorization contained in the State Guaranty Act, the punctual payment of principal and interest on the Guaranteed Refunding Bonds is unconditionally guaranteed by the State of New Jersey.

   Simultaneously with the issuance of the State Contract Bonds, 1992 Series A (see Note F-6), the Authority issued the 1992 Guaranteed Refunding Bonds to the Trustee as escrow for the 1985 State Guaranteed Bonds. The 1992 Guaranteed Refunding Bonds were issued in the same amount, maturity and interest rate as the 1985 Guaranteed Refunding Bonds. The Authority will make debt service payments on the 1992 Guaranteed Refunding Bonds to the Trustee from the excess revenues of the Sports Complex available at the end of the year after meeting the requirements of the Sports Complex Bond Resolutions. The Trustee then will make debt service payments on the 1985 State Guaranteed Refunding Bonds from amounts received from the 1992 Guaranteed Refunding Bonds.

3. ***Sports Complex Refunding Revenue Bonds 1993 Series A - Senior Lien*** - The Authority issued $63,765,000 of Sports Complex Refunding Revenue Bonds, 1993 Series A (the "Senior Lien Bonds"). The Senior Lien bonds were issued by the Authority for the purposes of (i) refunding $63,790,000 aggregate principal amount of the Authority's Sports Complex Bonds, 1978 Series (the "Refunded Bonds") and (ii) paying the costs of the authorization, issuance, sale, execution and delivery of the 1993 Senior Lien Bonds.

   These Senior Lien Bonds are direct and general obligations of the Authority. The Sports Complex Revenue Bond Resolution pledges the net revenues of the Sports Complex as security for the Senior Lien Bonds. In addition, a debt service reserve requirement in the amount of $5,228,440 at December 31, 1999 is insured with a Surety Bond issued by the MBIA Insurance Corporation as additional security for the bondholders. In accordance with the Bond Resolution, principal and interest on outstanding Senior Lien Bonds are transferred from the Revenue Fund to the Debt Service Fund. The Senior Lien Bonds are not a debt or a liability of the State of New Jersey or any political subdivision of the State other than the Authority.

4. ***Sports Complex Subordinated Refunding Revenue Bonds 1993 Series A - Junior Lien*** - Concurrently with the issuance of the Senior Lien Bonds, the Authority issued $32,875,000 of Sports Complex Subordinated Refunding Revenue Bonds, 1993 Series A (the "Junior Lien Bonds"). The Junior Lien bonds were issued by the Authority for the purposes of (i) paying a promissory note of the Authority with an outstanding principal amount of $29,345,000 at the time of payment which was originally issued to finance the acquisition of the club box suites at the football stadium, which is part of the Sports Complex (ii) financing certain improvements to the club box suites and (iii) paying the costs of the authorization, issuance, sale, execution and delivery of the 1993 Junior Lien Bonds.

   These Junior Lien Bonds are direct and general obligations of the Authority. The Sports Complex Subordinated Bond Resolution pledges the net revenues of the Sports Complex as security for the Junior Lien bonds. However, such pledge of the net revenues is subject to, and junior in all respects to, the pledge of the Sports Complex Revenue Bond Resolution of such amounts as security for the payment of the 1993 Senior Lien Bonds.

   The payment, when due (other than for reason of acceleration or optional redemption) of principal and interest on these bonds is insured with a policy issued by the Municipal Bond Investors Assurance Corporation. In addition, a debt service reserve requirement in the amount of $3,965,063 at December 31, 1999 is insured with a Surety Bond issued by the MBIA Insurance Corporation as additional security for the bondholders. In accordance with the Bond Resolutions, principal and interest on outstanding Junior Lien Bonds are transferred from the Revenue Fund to the Debt Service Fund. The Junior Lien Bonds are not a debt or a liability of the State of New Jersey or any political subdivision of the State other than the Authority.

5. ***Wildwood Revenue Bonds 1996 Series A*** - These bonds were assumed by the Authority on February 23, 1998 as an obligation and liability of the Wildwood Convention Center. The bonds were authorized by the Greater Wildwoods Tourism Improvement and Development Authority and issued to the City of Wildwood in the amount of $3,400,000 for the acquisition of the Wildwood Convention center in 1996.

   On November 8, 1999, the Authority entered into The Omnibus Intergovernmental Agreement with the City of Wildwood, the Borough of Wildwood Crest, the City of North Wildwood, the Greater Wildwoods Tourism Improvement and Development Authority and the Treasurer of the State of New Jersey. This agreement restated the original terms and conditions of the Authority's assigned obligation under the bonds and replaced the previous Bond Resolution. Under the terms of the new agreement, repayment of principal and interest is to be funded by the Available Revenues of the Wildwood Convention Center after payment of operating expenses, funding of the maintenance reserve fund and payments in lieu of taxes. Should available revenues be insufficient to provide the required debt service amount any unpaid portion accrues to the following year to be funded by that year's available revenues. If it should be deemed necessary, the Authority may request an express separate appropriation from the State Treasurer to cover any shortfall. The Authority does not pledge the revenues, rents fees, rates, charges or other income derived from operations or ownership of any of its other projects, to the repayment of these bonds.

6. ***State Contract Bonds*** - The State Contract Bonds are special obligations of the Authority, payable solely from the State Contract (see Note A) and other pledged property. Notwithstanding the pledge effected by the Resolution, all amounts payable under the State Contract by the Treasurer of the State shall be subject to and dependent upon annual appropriations by the New Jersey State Legislature. The State Legislature has no legal obligation to make any such appropriations.

None of the Authority's revenues, rents, fees, rates, charges, or other income and receipts derived from the operations or ownership of any of its projects are pledged or assigned to the payment of or interest on the State Contract Bonds unless specifically stipulated in the bond agreements.

1992 Series A

The Authority issued $224,000,000 of State Contract Bonds, 1992 Series A, in connection with a restructuring of the Authority's outstanding debt. The bond proceeds were applied to: (1) advance refund in full the Authority's Sports Complex Subordinated Bonds - 1985 Series, (2) purchase zero interest rate SLUGS to fund certain principal and interest on the Authority's State Guaranteed Bonds, 1992 Series, (3) pay certain costs of the Capital Improvement Program for the Meadowlands Sports Complex and Monmouth Park, (4) pay a portion of the costs of the Rutgers Project and, (5) pay costs of specific feasibility studies.

In December 1998, the Authority transferred funds, from proceeds of 1998 Series A and B State Contract Bonds (see Note F-6. 1998 Series A and B), to an escrow agent (see Note I) to secure the advance refunding of $25,235,000 of these bonds.

Effective April 5, 1999, the Authority entered into an agreement utilizing the International Swap and Derivatives Association (ISDA) Master agreement. This agreement grants an option to the counter-party which if exercised on January 29, 2002 will cause the Authority to issue approximately $135,700,000 in variable rate bonds for the purpose of refunding the callable State Contract Bonds 1992 Series A ("1992 Series A Bonds"). This agreement also grants the counter-party the right to direct the Authority at the delivery date of January 29, 2002, to enter into interest rate swaps that will become effective at the call date of the 1992 Series A Bonds (March 2002). Under these interest rate swaps the Authority will pay fixed rates of interest on the notional amounts totaling $135,700,000. In return the Authority will receive variable rates on the same notional amounts from the counterparty based on a predefined index. The Authority received an up-front payment upon entering the agreement of $9,135,000 which consists of primarily the present value savings, net of expenses, from the original interest on the 1992 Series A Bonds.

1992 Series C

The Authority issued $209,990,000 of State Contract Bonds, 1992 Series C to provide funds to pay a portion of the cost of the Authority's Convention Center Project.

The State Contract Bonds 1992, Series C were issued at a variable rate of interest. Effective November 12, 1992, the Authority entered into an interest rate swap agreement for $209,990,000 of the State Contract Bonds 1992, Series C for the term of the Bonds. Based on the swap agreement, the Authority owes a fixed overall effective rate of interest of 5.86 percent to the counterparty to the swap inclusive of fees for liquidity facility and remarketing. In return, the counterparty owes the Authority interest based on a variable rate that matches the rate required by the Bonds. Only the difference in the interest payments is actually exchanged with the counterparty to the swap. The bond principal is not exchanged; it is only the basis on which the interest payments are calculated.

The Authority will be exposed to variable rates if the counterparty to the swap defaults, if the swap is terminated or if certain other conditions occur, such as a bond or issuer downgrading. Management has reviewed each of these occurrences and has concluded that they are remote. A termination of the swap agreement may also result in the Authority's making or receiving a termination payment.

The payment, when due (other than by reason of acceleration or optional redemption), of principal and interest on these bonds is secured by a debt service reserve of $20,999,000 set aside from the proceeds of the bond sale. In addition, a guaranty policy issued by the Municipal Bond Investors Assurance Corporation provides additional security for the bondholders.

<u>1993 Series A and B</u>

The Authority issued $26,285,000 of State Contract Bonds, 1993 Series A and $5,000,000 of State Contract, 1993 Series B, to provide funds to pay a portion of the cost of the Authority's Rutgers Project and to finance the cost of the Authority's Higher Education Sports Facilities Project, respectively.

<u>1998 Series A and B</u>

On December 30, 1998, the Authority issued $86,665,000 of State Contract Bonds, 1998 Series A and $13,665,000 of State Contract Bonds, 1998 Series B to provide funds to (1) advance refund a portion of the Authority's outstanding State Contract Bonds, 1992 Series A; (2) advance refund all of the Authority's outstanding Monmouth Park Refunding Revenue Bonds, 1994 Series A; (3) pay or reimburse the Authority for certain capital expenditures incurred in connection with 1998 and 1999 Sports Complex capital projects costs; and (4) pay the costs of issuance of the Bonds.

The effect of the refunding portion of these bonds resulted in a deferred loss on refunding of approximately $13,275,000 which is presented net of the bond payable and will be amortized over the life of the defeased bond issue. The cash flows required to service the old debt was $184,468,875. The cash flows required to service the new debt issued to complete the refunding is $156,639,898 which results in a present value savings of $9,163,755. Issuance costs of approximately $1,365,000 has been reflected in other assets.

Pursuant to the State Contract the debt service related to the refunding of the Monmouth Park Bonds will be funded by Monmouth Park Revenue (as defined). To the extent that sufficient amounts in the Monmouth Park Revenue Fund are available after payment of operating expenses but prior to funding the Maintenance Reserve and payments in lieu of taxes, the Authority must make a monthly transfer to the State Contract Debt Service Fund. Consequently the Authority will account for these Monmouth Park Related State Contract Bonds separately within the Monmouth Park Fund.

<u>1999 Series A</u>

On June 1, 1999, the Authority issued $49,915,000 of State Contract Bonds, 1999 Series A to provide funds to (1) pay or reimburse the Authority for amounts expended by the Authority to pay a portion of the cost of the East Hall Project; and (2) pay the costs of issuance of the 1999 Series A Bonds.

In accordance with a funding agreement between the Authority, the Casino Reinvestment & Development Authority (CRDA) and the Treasurer of the State of New Jersey future receipts of the CRDA will be used to pay, or reimburse the Treasurer for debt service on these bonds if and when any receipts (as defined) are received and available. Such CRDA funds, however, are not guaranteed, pledged, assigned or secured by the Authority.

7. ***Convention Center Luxury Tax Bonds 1992 Series A*** - The Authority issued $168,025,000 of Luxury Tax Bonds. The proceeds of these bonds were used to: (1) acquire, by lease, the site of the new convention center and the old convention hall from the Atlantic County Improvements Authority and, (2) pay a portion of the cost associated with the construction of a new convention center in Atlantic City.

The 1992 Luxury Tax Bonds are special obligations of the Authority and are payable solely from the proceeds of a luxury tax levied and collected in the City of Atlantic City and paid to the Authority (see Note C) and from the other pledged property under the resolution. All luxury revenues levied and collected in Atlantic City are directed to the Authority.

None of the Authority's revenues, rents, fees, rates, charges, or other income and receipts or assets with respect to any of its projects other than the Convention Center Project is pledged or assigned to the payment of the principal of, redemption price, if any, or interest on the 1992 Luxury Tax Bonds.

The payment, when due (other than by reason of acceleration or optional redemption) of principal and interest on these bonds is secured by a Surety Bond, issued by the Municipal Bond Investors Assurance (MBIA) Corporation, on the required debt service reserve amount of $6,252,500 at December 31, 1999. Payments are additionally insured by a guaranty policy also issued by MBIA.

In March 1999, the Authority transferred funds from proceeds of 1999 Series Luxury Tax Bonds (see Note F-7. 1999 Series), to an escrow agent (see Note I) to secure the advance refunding of $119,745,000 of these bonds.

1999 Series

On March 16, 1999 the Authority issued $128,270,000 of Convention Center Luxury Tax Refunding Bonds, Series 1999, to provide funds to the Authority to (1) fund an escrow, the proceeds of which are to be used for the purpose of advance refunding a portion of 1992 Luxury Tax Bonds, Series A and (2) to pay certain costs incurred in connection with the issuance of the 1999 Luxury Tax Bonds.

The effect of the refunding portion of these bonds resulted in a net deferred loss on refunding of approximately $11,027,500 net of $6,252,500 recognized from the replacement of debt service reserve funds with a Surety Bond. This loss is presented net of the bond payable and will be amortized over the life of the defeased bond issue. The cash flows required to service the old debt was $228,005,580. The cash flows required to service the new debt issued to complete the refunding is $217,558,346 which results in a present value savings of $6,393,963. Issuance costs of approximately $1,443,750 has been reflected in other assets.

The repayment of these bonds will be payable solely from the proceeds of a luxury tax levied and collected in the city of Atlantic City, New Jersey and other pledged property pursuant to the Convention Center Luxury Tax Bond Resolution.

8. ***Interest Costs*** - Interest costs for the years 1999 and 1998 were as follows:

	Years Ended December 31,	
	1999	**1998**
	(in thousands)	
Interest expense	$ 56,858	$ 58,928
Capitalized interest	1,939	1,396
Total interest cost	$ 58,797	$ 60,324

G. NOTES PAYABLE

1. Notes payable consist of the following:

	Date Issued	Original Amount	December 31, 1999	December 31, 1998
		(in thousands)		
Loan from New Jersey Department of Environmental Protection, 0% interest, semi-annual installments of $25,000 through July 1, 2005	05/12/95	$ 500	$ 300	$ 350
Loan from the State of New Jersey Board of Public Utilities, 0% interest, due December 31, 2002	12/23/96	3,500	3,500	3,500
Loan from the Casino Reinvestment Development Authority, 4.06% interest through June 2, 1997 then 5.773% thereafter, due February 10, 2007	02/10/97	8,600	8,600	8,600
Term loan from bank, 7.6% interest due August 31, 2006	08/31/98	32,360	29,757	32,360
Total notes payable			42,157	44,810
Less unamortized discount			(708)	(908)
			$ 41,449	$ 43,902

2. On May 12, 1995, the Authority received an energy conservation loan from the New Jersey Department of Environmental Protection. The loan bears no interest and is repayable in semi-annual installments of $25,000 commencing January 1, 1996. For financial reporting purposes the Authority has assumed an imputed interest rate of 7 percent on this loan, the Authority's borrowing rate at the time of the loan.

3. On December 31, 1996, the Authority received an energy conservation loan from the New Jersey Board of Public Utilities. The loan bears no interest and is due on December 31, 2002 with an option to extend this date until December 31, 2006. For financial reporting purposes the Authority has assumed an imputed interest rate of 7 percent on this loan, the Authority's borrowing rate at the time of the loan.

4. On February 10, 1997, the Authority received the proceeds of a $8,600,000 loan from the Casino Reinvestment Development Authority (CRDA). These funds constitute subordinated debt payable from the Luxury Tax Revenues (see Note F-7). The proceeds were used to pay for the costs of the Convention Center Project as provided for in the project budget. The interest was calculated at 4.06 percent per annum through June 2, 1997. The rate was adjusted to 5.773 percent per annum on June 3, 1997 due to replacement bonds being issued by CRDA to pay its Bond Anticipation Notes. The term of the loan is ten years or such longer term as shall be required for repayment of the loan and the interest thereon from Available Cash Flow as defined in the agreement.

5. The Authority in September 1996, entered into an agreement with the major football tenants of the Stadium to share the costs and revenues attributed to luxury suites and club seats. In October 1996, the Authority entered into a Loan and Security Agreement with a bank whereby, the bank would provide up to $35,000,000 in construction cost financing related to the construction of new luxury suites at Giant Stadium. The loan was converted to a term loan upon the completion of the Project on August 31, 1998 and is

repayable from revenues generated by the suites in eight annual principal installments. Interest, at the rate of 7.6 percent is payable quarterly.

H. MATURITIES ON BONDS AND NOTES

Principal and interest payments to be funded to the trustees on outstanding bonds and notes (in thousands) during the next five years and thereafter are:

	Principal							
	Sports Complex	State Contract	Luxury Tax	Wildwood	Stadium Suites	Total	Interest	Total
2000	$ 14,650	$ 11,365	$ 3,275	$ 130	$ 3,348	$ 32,768	$ 53,486	$ 86,254
2001	15,850	12,315	3,450	132	3,612	35,359	51,156	86,515
2002	20,670	12,410	3,645	154	6,396	43,275	48,585	91,860
2003	18,550	12,150	3,785	158	3,647	38,290	45,954	84,244
2004	23,640	13,205	5,055	161	3,934	45,995	44,749	90,744
Thereafter	93,125	511,111	151,115	2,287	8,820	766,458	464,501	1,230,959
Total	$ 186,485	$ 572,556	$ 170,325	$ 3,022	$ 29,757	$ 962,145	$ 708,431	$1,670,576

I. REFUNDED BONDS

The Authority has approximately $313,615,000 of bonds outstanding which are secured by investments held by various escrow agents. The escrow accounts meet the criteria under generally accepted accounting principles for an in-substance defeasance and, accordingly, the assets and obligations are not reflected on the financial statements of the Authority.

J. PENSION, RETIREMENT AND DEFERRED COMPENSATION PLANS

Salaried employees of the Authority, the Convention Center Authority and Wildwood Convention Center are covered by the Public Employees' Retirement System of the State of New Jersey (PERS), a multiple-employer public employee retirement system. The payroll for employees covered by PERS for the years ended December 31, 1999 and 1998 was $16,002,636 and $15,973,445 respectively. The Authority's total payroll for the years ended 1999 and 1998 was $59,240,294 and $57,092,929 respectively.

All Authority salaried employees are required as a condition of employment to be members of PERS. A member may retire on a service retirement allowance as early as age 60; no minimum service requirement must be established. The formula for benefits is an annual allowance in the amount equal to years of service, divided by 60, times the final average salary. Final average salary means the average of the salaries received by the member for the last three years of creditable membership service preceding retirement or the highest three fiscal years of membership service, whichever provides the larger benefit. Benefits fully vest on reaching 10 years of service. Vested employees may retire at or after age 55 and receive reduced retirement benefits. The System also provides death and disability benefits. Benefits are established by State statute.

Covered Authority employees are required by PERS to contribute a percentage of their salary based on their age at the time of their enrollment. The Authority is required by State Statute to contribute the remaining amounts necessary to pay benefits when due. The amount of the Authority's contribution is certified each year by the PERS on the recommendation of an actuary who makes an annual actuarial valuation. The valuation is a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary and interest.

The employee contributions required for the years ended December 31, 1999 and 1998 were $747,380 (4.69 percent), and $775,941 (4.86 percent), respectively. No employer contribution was required.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the PERS funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among PERS and employers. PERS does not make separate measurements of assets and pension benefit obligation for individual employers. The pension benefit obligations were determined as part of the most recent annual actuarial valuation dated March 31, 1998. In accordance with Chapter 115, P.L. 1997, available excess valuation assets were used to fund required employer contributions of the State and local employers. This legislation authorized the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement system, and, provided that the State may reduce its normal contributions to the System based on the revaluation of assets and fund such contributions from excess assets not needed to cover the cost of accrued benefits. As a result of Chapter 115, for the years ended June 30, 1999 and 1998, contributions by the State of New Jersey were limited to funding for post retirement medical benefits while local employer contributions were limited to funding for early retirement incentive benefits. Employer contributions for basic pension benefits and cost-of-living adjustments were funded by excess assets for both the State and local employers.

In accordance with the legislation enacted (Chapter 115 P.L. 1997) the 5-year average of market valuation method was used for the valuation report dated March 31, 1998. As of March 31, 1998, PERS has at the State of New Jersey level a net surplus over actuarial liability of $445,586,808. At the local level, the net surplus over liability is $1,199,962,431. The actuarial value of the assets at March 31, 1998 was equal to $7,600,621,930 at the State level and $11,486,495,310 at the local level.

A variety of significant actuarial assumptions are used to determine the valuation of the pension benefits obligation, including (a) an assumed discount rate of 8.75 percent, which is in excess of the current prevailing market rate, (b) projected salary increases, including inflation, merit and productivity of 2.4 to 8.35 percent. Mortality, vestings, retirement age and withdrawal estimates are based upon tables supplied by the Plan actuary.

In accordance with Chapter 62, P.L. 1994 and Chapter 115, P.L. 1997, the required PERS members contribution rate for the years ended December 31, 1999 and 1998 was a uniform 4.5 percent of base salary.

GASB Statement No. 27 requires employers participating in a cost sharing multiple employer public employees' retirement system to disclose certain information which the standard requires the system itself to disclose.

At March 31, 1998, the actuarial value of assets was $19,087,117,240; the actuarial accrued liability was $17,441,568,001; the surplus over actuarial accrued liability was $1,645,549,239; the fund ratio was 109.4 percent; the covered payroll was $7,319,149,681 and the actuarial surplus as a percentage of covered payroll was 22.5 percent.

The Authority has established a separate defined benefit pension plan for selected seasonal racing personnel. Annual pension expense was approximately $55,332 and $54,216 for 1999 and 1998, respectively. In addition, salaried employees of the Authority are eligible for participation in a section 401(k) deferred compensation plan. The Authority contributes a maximum of 3 percent of the employee's salary. Annual expense for this plan was approximately $339,118 and $340,364 for 1999 and 1998, respectively.

Sports Authority salaried employees who retire on or after age 60, with a minimum of ten years of full-time salaried service (for employees hired after December 31, 1992, 62 years of age and 25 years of service) with the Authority are eligible to continue certain specified benefits subject to any required contributions. Medical benefits available to active employees will be available to eligible retirees who are not yet eligible for Medicare. The Authority will also, at its discretion, make available medical benefits to supplement Medicare coverage. The Authority accounts for these benefits on a pay as you go basis and paid approximately $188,000 (for 58 retirees) and $182,000 (for 53 retirees) in 1999 and 1998, respectively for such benefits for retirees.

K. COMMITMENTS AND CONTINGENCIES

1. The total equipment rental expense was approximately $5,383,000 and $5,635,000 for the years ended December 31,1999 and 1998, respectively. Aggregate minimum annual lease commitments in effect at December 31, 1999, for equipment rental under noncancelable lease agreements having a remaining term of more than one year are detailed below. Included in the commitments is the annual cost of a 15-year operating lease for new energy equipment and devices, which were installed in 1996. Since the installation of the equipment a substantial savings from reduced energy usage and rebates from the local utility has resulted in offsetting much of the lease costs. The Authority expects to further its savings by exercising its option to purchase the leased equipment in 2000.(see note L)

Year Ended December 31,	Total
2000	$ 5,450,000
2001	5,850,000
2002	5,450,000
2003	5,350,000
2004	5,300,000
Thereafter	37,420,000
	$ 64,820,000

2. A portion of the Authority's operating revenues are attributable to leasing of the Sports Complex facilities for various sporting events, trade shows and other expositions. Rental income is a flat fee per event or a percentage of ticket sales. Rental income, under these leases, was approximately $17,517,000 and $17,424,600 for the years ended December 31, 1999 and 1998, respectively.

3. The Authority is the subject of, or a party to, various pending or threatened legal actions involving outside interests. The Authority believes that any ultimate liability arising from these actions should not have a material effect on its financial position or operations.
4. The Authority has license agreements with the major sport franchises who play in the Arena and the Stadium which expire at various dates between 2007 and 2026. There are options in the agreements that allow for earlier termination. One of the amendments to a license agreement includes guaranteed new revenue to the tenant (as defined in the agreement) of not less than $3,311,000 for each season during the term of the agreement until the fifth year of the lease at which time the guaranteed revenue will be $5,311,000 thereafter. To the extent that new revenue is not generated from new sources it will be supplemented by the Authority.
5. The Authority is exposed to risks of losses related to injuries to employees. Beginning in November 1993, the Authority established a risk management program to account for and finance its uninsured risks of loss related to workmens compensation. The Authority provides coverage up to a maximum of $350,000 for each worker's compensation claim and purchases commercial insurance for claims in excess of $350,000. No claim has exceeded or reached the $350,000 excess coverage limit during 1998 and 1999. The Authority paid claims in the amount of $1,204,372 and $1,042,650 in 1999 and 1998, respectively.

   Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. At December 31, 1999 and 1998 the reserve for these liabilities was approximately $2,700,000 and $2,400,000 respectively.

   The Authority has entered into construction contracts related to the conversion of the East Hall of the Boardwalk Convention Center into a special events center. At December 31, 1999 the Authority had entered into contracts for approximately $38,700,000, $28,000,000 of which was expended. The total cost of the project is expected to be $90,600,000.

   The Authority has entered into agreements with the Casino Reinvestment Development Authority (CRDA) whereby CRDA has agreed to reimburse the Authority up to $4,160,000 for certain predesign services and all costs in excess of bond proceeds for the project. At December 31, 1999 the Authority has been reimbursed for $3,956,705 of pre-design services and $17,531,929 of renovation costs incurred.

   The Authority has entered into contracts related to the construction of a new Wildwood Convention Center. At December 31, 1999 the Authority had entered into contracts for approximately $5,140,000, $3,071,000 of which was expended. The total cost of the project is expected to be $68,370,000.

   A portion of the cost of the project has been provided by a grant from The New Jersey Development Authority in the amount of $10,000,000. Under the grant agreement the Authority may use the funds solely for purposes related to the improvement of the Wildwood Convention Center and agrees to return any funds not expended.

L. SUBSEQUENT EVENT

1. On February 1, 2000 the Authority issued $121,900,000 of State Contract Bonds, 2000 Series A and B to (1) provide funds to pay or reimburse amounts expended on the construction of The Wildwood Convention Center, (2) provide funds for the Authority's capital improvement and maintenance programs, (3) fund the purchase of and satisfy buyout requirements of an operating lease related to HVAC/energy equipment installed in 1996 and (4) pay the issuance costs of the bonds.
2. The Authority is a party to an operating lease agreement, entered into on February 1, 1996 with Pitney Bowes Credit Corporation for various energy equipment and devices in connection with a comprehensive HVAC/energy upgrade project undertaken by the Authority. Pursuant to a letter agreement with Pitney Bowes, the Authority has agreed to exercise an option to purchase the equipment at March 31, 2000. Total remaining payments under the existing lease were $77,987,395, due monthly through 2012. The cost of the option effective March 31, 2000 was $45,879,175 which was funded by the issuance of State Contract bonds, 2000 Series A & B, resulting in a present value savings of $3,638,107.