

# 2002 Annual Report

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**N E W J E R S E Y  
B U I L D I N G  
A U T H O R I T Y**

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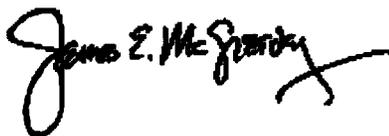
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## **A Message from the Governor...**



*In 2002, the New Jersey Building Authority (NJBA) continued to engage in an important supportive role to meet the building needs of State Government and preserve our history as we build our future. Projects such as the Legislative Annex, South Woods Prison, Old Barracks, War Memorial, Thomas Edison State College and the restored dome atop the State House provide tangible proof of the Authority's leadership and hard work on behalf of New Jersey's citizens.*

*I continue to work with the NJBA to invest in New Jersey's future. Thoughtful vision and responsible stewardship will maximize the value of the work product as the New Jersey Building Authority serves our State and builds on a record of success.*



James E. McGreevey

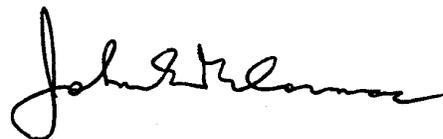
## **And the State Treasurer...**



*The New Jersey Building Authority (NJBA) was created in 1981 by the Legislature and operates as an independent authority within the Department of the Treasury. The year 2002 marked the beginning of the third decade of NJBA operations. A brief review of the projects in this Annual Report demonstrates the increasing complexity and volume of work undertaken by the NJBA.*

*Leadership which brings large-scale projects to completion on time and on budget has become the standard for the NJBA, and it is a standard for which the Authority is rightfully proud. Strong financial control systems protect taxpayer interests, an even more important concern in these difficult financial times.*

*I am pleased to congratulate the NJBA on its accomplishments during 2002 and encourage even greater achievements in the coming year.*



John E. McCormac, CPA



State of New Jersey

NEW JERSEY BUILDING AUTHORITY  
PO Box 219  
TRENTON, NJ 08625-0219

JAMES E. MCGREEVEY  
*Governor*

JOHN H. FISHER III  
*Chairman*

The Honorable James E. McGreevey  
Governor of the State of New Jersey

The Honorable John O. Bennett  
President, New Jersey Senate

The Honorable Richard J. Codey  
President, New Jersey Senate

The Honorable Albio Sires  
Speaker, New Jersey General Assembly

The Honorable John E. McCormac, CPA  
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 2002.

Respectfully,

A handwritten signature in black ink that reads 'John H. Fisher III'.

John H. Fisher III  
Chairman



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# NEW JERSEY BUILDING AUTHORITY



**Chairman**

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



**Executive Director**

We are pleased to submit this 2002 Annual Report of the New Jersey Building Authority (NJBA). This document provides some detail on the history of the NJBA, our financing activity and our completed and in-process projects. Our projects continue to grow in variety, scope and complexity. For 2002, we can report on continued successes and significant progress.

In 2002, the NJBA has made great strides toward the completion of the renovations to the Department of Transportation's Engineering and Operations Building, the Department of Labor Building in Trenton and the preparation for renovations to the Richard J. Hughes Justice Complex. The construction of the new State Police Multi-Purpose Facility and Troop C Headquarters in Hamilton is also nearing completion, and troopers and civilian personnel should be occupying the space in the near future.

Three new projects were approved by the Legislature and begun in 2002. Historic buildings will be renovated and repaired for the Pinelands Commission in Pemberton Township, and renovations will be made to the State Museum in Trenton to safeguard visitors and the museum collection. Finally, significant design work has been done on a state-of-the-art Office of Emergency Management and Emergency Operations Center for the State Police in Ewing Township. The criticality of this project has taken on even more importance in light of the threats of terrorism that may impact our nation and the citizens of our State.

Our commitment to understanding the needs of our clients and the partnerships we build with our clients continue to be the hallmark of successful projects. The fundamental requirements for that success continue to be:

- A clear understanding of the client's needs, objectives and expectations;
- A strong professional commitment to achieve the client's objectives;



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# NEW JERSEY BUILDING AUTHORITY

-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.

Our heartfelt appreciation is extended to our dedicated NJBA Board Members, the NJBA staff, the Department of Law & Public Safety's Division of Law, and the Department of the Treasury's Office of Public Finance, Division of Property Management & Construction and Division of Administration. The efforts and commitment of these talented professionals deserve our most sincere thanks.

The New Jersey Building Authority enthusiastically looks ahead to the successful completion of our current projects. Our dedication to meet the needs of our clients and to continue to deliver maximum quality at a minimum cost to the citizens of New Jersey remains steadfast.

A handwritten signature in black ink that reads "John H. Fisher III".

John H. Fisher III  
Chairman

A handwritten signature in black ink that reads "Charles Chianese".

Charles Chianese  
Executive Director



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# NEW JERSEY BUILDING AUTHORITY

## *Board of Directors*



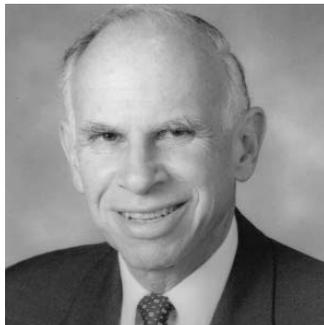
**John H. Fisher III, Chairman**

**County Administrator  
Gloucester County Courthouse  
P.O. Box 337 / 1 North Broad Street  
Woodbury, NJ 08096  
OFFICE: (856) 853-3275 FAX: (856 ) 251-6794**



**William I. Blanchard**

**Chairman and CEO  
Wm. Blanchard Co.  
P.O. Box 298 / 199 Mountain Avenue  
Springfield, NJ 07081  
OFFICE: (973) 376-9100 FAX: (973) 376-9154**



**Stephen R. Ehrlich**

**President  
Windemere Associates  
32 Windemere Terrace  
Short Hills, NJ 07078  
OFFICE: (973) 467-0122 FAX: (973) 467-1744**



**Charles Marciante**

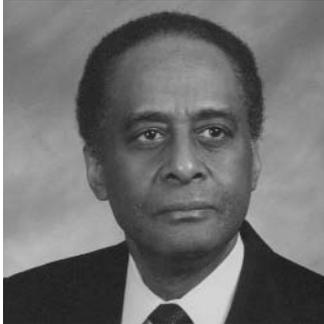
**Business Manager  
International Brotherhood of Electrical Workers, Local 269  
670 Whitehead Road  
Trenton, NJ 08648  
OFFICE: (609) 394-8129 FAX: (609) 599-2998**



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# NEW JERSEY BUILDING AUTHORITY

## *Board of Directors*



**Prentis C. Nolan, III**

**President**  
**PC Nolan & Associates, Incorporated**  
**190 Route 173 West, Suite 2**  
**Asbury, NJ 08802**  
**OFFICE: (908) 713-9970 FAX: (908) 713-9976**



**John S. Pehlivanian, Esq.**

**Attorney**  
**Pehlivanian & Braaten, LLC**  
**PO Box 648 / 2430 Route 34**  
**Manasquan, NJ 08736**  
**OFFICE: (732) 528-8888 FAX: (732) 528-4445**



**Kim Whelan**

**Managing Director**  
**Public Financial Management**  
**224 Strawbridge Drive**  
**Suite 104**  
**Moorestown, NJ 08057**  
**OFFICE: (856) 235-6800 FAX: (856) 235-6882**



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# NEW JERSEY BUILDING AUTHORITY

## *Ex-Officio Board Directors*



**John E. McCormac, CPA**  
**State Treasurer**

*Robert Smartt 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**

*John Geniesse served in the  
Chair's absence.*

## ***Overview of the History of the Building Authority***

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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 bonds 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, 2002, the Authority has undertaken projects totaling in excess of \$988 million.



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

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## ***Construction of State Office Buildings, State Police and Correctional Facilities***

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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 presently 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, all of which are now complete and fully occupied, are:

### ***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 Development, the Commission on Higher Education and the Bureau of Risk Management.



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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. The 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.



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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: \$234,490,427***

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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*South Woods State Prison, continued*



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, which would include a road station, communications center, firing range and refueling station. The main facility was to be a pre-engineered metal building with all site work and surface parking. A location was selected in Hamilton Township 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, exterior and interior masonry work, and 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 as described below.

### ***State Police Technology/Multi-Purpose Building and Troop C Headquarters*** ***Project Cost: \$83,500,000***

After exploration of all the issues related to siting, budgeting and scheduling, a revised Project Report was developed and submitted to the Building Authority Board in July 2000. The Project Report requested that the Division of Revenue facility now be utilized as a new Multi-Purpose facility to house State Police functions. The Multi-Purpose facility consists of approximately 195,000 square feet. Included in the facility will be offices for the Information Technology Bureau, Records and Identification Section, various investigative units, forensic laboratory space and common facilities. The Troop C Headquarters of approximately 66,000 square feet would remain essentially as originally planned but would include an additional 15,000 square feet to consolidate the communications services of the Division of State Police and the Departments of Transportation and Environmental Protection into this joint-use facility. The site elements in the Troop C project include parking, an enclosed firing range, fueling station, emergency generator, heliport, communications tower and access to the State's highway system for Police activities. 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, continued**

*Technology/Multi-Purpose Building*

Three of the original contracts for the initial construction of the Revenue facility were re-started in September 2000. The building has been erected and is enclosed. Masonry and roof work is substantially complete. Underground plumbing work within the footprint of the building is underway with concrete slab work to be completed by mid-December, 2001. The NJBA negotiated the redesign of the interiors of the multi-purpose building with the architect hired for the original Revenue facility who completed the redesign of the interiors in December 2001. The remaining interior fit-out work for the building was advertised for bid in late March 2002, and awarded in April 2002. Completion of the multi-purpose building is scheduled for mid-2003.

Status as December 31, 2002

All corridor wall construction has been completed, including interior sheetrock installation and construction of masonry walls. Installation of window curtain walls and storefronts are almost finished in the east elevation and ballistic window wall systems are near completion in the west elevation. Installation of overhead MEP systems in the north corridor is almost finished. Electrical and plumbing systems installations are proceeding. Curbs and pads have been poured to accept mechanical systems in Areas A and F and the floor mounted HVAC equipment has been placed in the five mechanical equipment rooms. Telecommunications requirements are proceeding.



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**State Police Technology/Multi-Purpose Building and Troop C Headquarters,  
continued**

*Troop C Headquarters*

The design of the Troop C Headquarters was completed in spring 2001. Bids were received in late July 2001 and the project was awarded in October 2001. Construction is scheduled to be completed in May 2003.

Status as December 31, 2002

Interior sheetrock installation and painting is almost complete and installation of flooring materials, hardware and miscellaneous finish items are proceeding. Window curtain walls and storefront doors have been installed and mechanical, electrical and plumbing rough-in operations are complete. The boiler was tested and turned on and the gas meter is in place. The main electrical service was switched over by PSE&G and the firing range is scheduled for permanent power by the end of January 2003. The bullet recovery system is installed in the firing range and the baffle system is also in place. Curbs have been poured and sidewalks installed by the main entrance and around the building. Preliminary asphalt has been installed around all elevations of the building.



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**New Jersey State Police  
Emergency Operations Center  
Project Cost: \$26,791,806**

The objective of this project is to improve services during times of emergency. The New Jersey State Police (NJSP) have identified a need for a new facility to accommodate the Emergency Management Section (EMS) and the Emergency Operations Center (EOC). The EMS is responsible for planning, training and development of emergency procedures within the State. The EOC is the State's command post for assessment, decision-making and communications during times of emergency activation. The present facilities are inadequate to support the operational needs of these two functions.

The proposed facility consists of a 47,500 square foot, two-story building and 120-car parking and service area. The building will include: an auditorium style support room which will accommodate 150 people for activation and training use; an executive room which will house Governor's Office staff and other key officials; a medical room; and space for FEMA, nuclear power, and public utility representatives for use during emergencies.

Technology will include an uninterruptible power source, separate electrical service power feeds, special grounding techniques and state-of-the-art communication and data feeds which will allow media equipment to be plugged-in while remaining outside the building.

The new facility will be located in Ewing Township and access to the site will be controlled.

Status at December 31, 2002

Design development drawings and project manuals were submitted to the NJBA and NJSP in December 2002 for review and comment. Site plans, floor plans and exterior elevations have been finalized. Project code requirements and cost estimate are under review and the construction documents phase of the project will begin in January 2003.





*Renovation of  
State Office Buildings*

## **Renovation of State Office Buildings**

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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: \$15,789,790***

The objective of this project is to renovate the former Education Building located at 225 West State Street in Trenton. The project was originally delayed by several bid protests. Upon resolution, 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. Punchlist work and contract close-out activities continued in 2000 and a final Certificate of Occupancy was issued in September 2001.

Status at December 31, 2002

A Notice to Cure was sent to the contractor to correct deficiencies outlined in the State's claim regarding the contractor's work. The contractor's response is being reviewed by DPMC, the NJBA and representatives of Attorney General's Office.

***Labor Building Renovations  
Project Cost: \$23,506,827***

The Labor Building renovations are two-fold. The objective of the first project, which was approved in June 1993, is to renovate the remaining floors of the Labor Building which includes the basement - 4th floor. The renovations encompass a variety of tasks including those related to interior finishes, furnishings, HVAC,



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### ***Labor Building, continued***

plumbing, electrical, fire suppression, alarm systems, elevators, security system, telecommunications, ADA and barrier free accessibility improvements.

#### Status at December 31, 2002

The basement, first floor and second floor were completed in prior years and the fourth floor was completed early in 2001.

The design documents for the third floor asbestos abatement were advertised for bid early in 2001. Asbestos abatement was completed in early Summer 2001. Minor floor plan modifications are being made as requested by the client and to satisfy code egress requirements and will be presented to the client in January 2003.

#### *Exterior Panel Replacement*

The objective of the Exterior Panel Replacement project is to remove the existing marble facade panels and replace them with new granite panels. This project was closed-out in January 2000. Final punchlist items and contract closeout was also completed in the spring 2000 for the ADA upgrades project to the entire building.

This project is complete.



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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 American's with Disabilities Act requirements.

The project was completed and closed out in 1998.



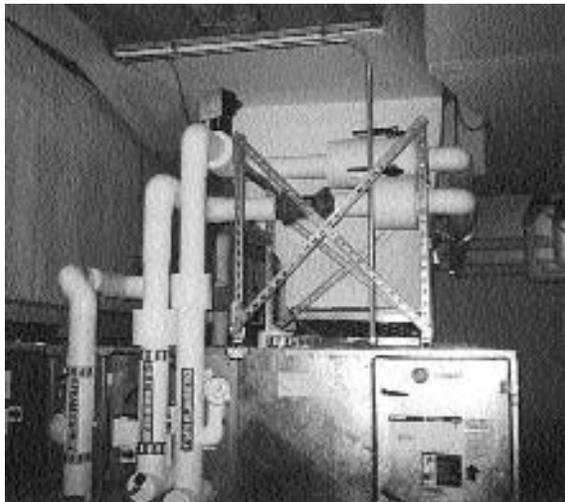
***Department of Transportation,  
Engineering & Operations Building  
Improvements***  
***Project Cost: \$8,625,000***

The objectives of this project are to upgrade all the existing HVAC systems and communications cabling in the Transportation E&O Building. The HVAC improvements will provide improved air flow and temperature control for the building occupants and result in the building meeting recent construction code requirements for HVAC systems. The communications cabling project will upgrade the communications cabling throughout the E & O Building to meet industry standards for voice and data systems.



**Status at December 31, 2002**

The dry system fire pump relocation for the new masonry airshafts is ongoing. Final re-inspection for plumbing and fire will be scheduled upon completion and testing of the system. Closeout packages for the CMF and telecommunications/data have been received and are being processed.



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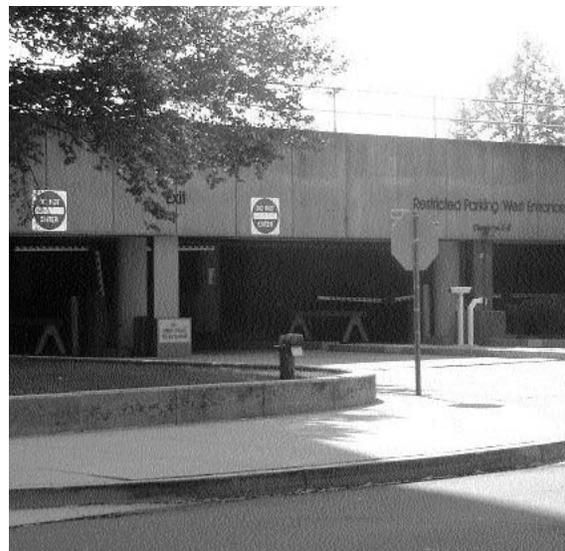
**Richard J. Hughes Justice Complex  
Renovations**

**Project Cost: \$21,000,000**

The objective of this project is to ensure that the integrity of the life safety, HVAC, electrical, structural and all operational components of the facility are maintained. The primary projects planned for the facility include: replacement of the Atrium glass and other interior glazed doors, structural enhancements in the "Court Jewel Area," repairs to the concrete and structural system in the first floor and indoor garage area, improvements to the wire management system in the building, replacement of the roof and miscellaneous improvements and upgrades to the building systems, structures and finishes.

Status at December 31, 2002

A planning charette was held in Summer 2000 with the building occupants to develop an order of priority for the proposed improvements and repairs. The result of the charette determined that the Atrium glass replacement was the top priority, followed by the replacement of the roofing system and parking garage renovations and repairs. All three projects were awarded for design in 2001. The revised Atrium design and changes to the security system are currently under review. Upon approval, the project will be advertised for bid. Advertisement for the parking garage renovations and repairs is scheduled for mid-January 2003. A Scope of Work is being developed for carpet replacement and preliminary inspections are being conducted to determine painting requirements. Repairs to the staging areas for damages incurred during the roofing operations is ongoing.



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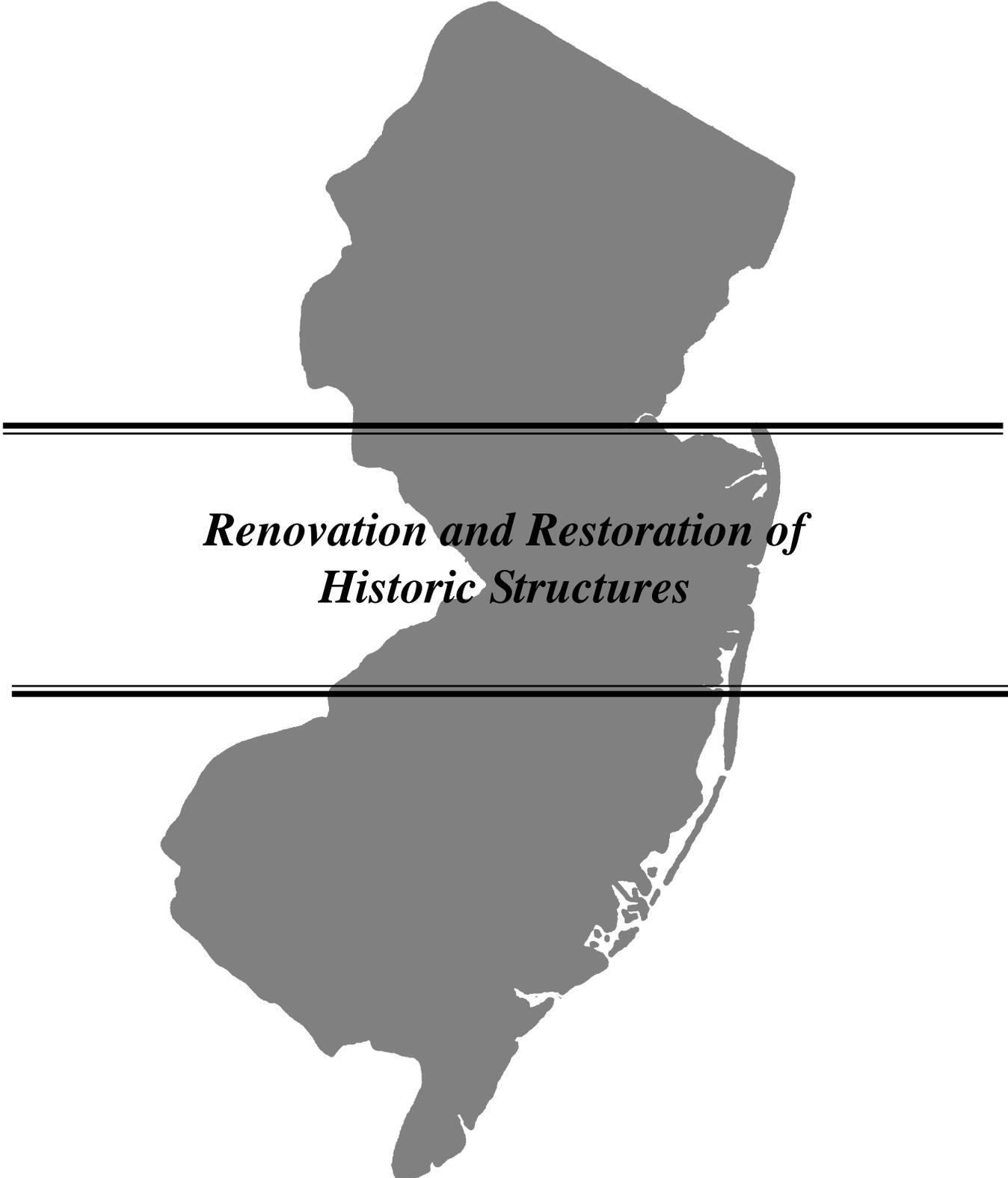
***New Jersey State Museum***  
***Project Cost: \$14,100,000***

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, electrical and air conditioning systems, and renovation of the windows, walls, ceiling and roof.

Status at December 31, 2002

This project will commence in early 2003.





*Renovation and Restoration of  
Historic Structures*

## ***Renovation and Restoration of Historic Structures***

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Since its inception, the Building Authority has financed several projects to restore historical structures including the State House, Old Barracks Museum, War Memorial, and the Thomas Edison State College townhouses. 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 roof-top plaza and landscaped park at the rear of the Complex.

Status at December 31, 2002

### ***State House Annex***

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



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## ***State House Complex, continued***

### *State House Garage, Plaza & Stacy Park*

A design/build contract was awarded in late 1998 for the Garage Plaza. During the design development, structural and technical issues were investigated to ensure the successful construction of the plaza park and fountain. During the design phase, the client decided to make two design changes to the project. The first was to install a granite paver system in lieu of the base bid concrete paver system. It was determined that the granite would match the existing hardscape elsewhere in the Capital Complex. The second change was to modify the existing roof system of the Garage to enhance and ensure the durability of the roof system by providing new flashing, replacing the roof membrane and expansion joints and installing a concrete overlay.

By August 1999, the Plaza design was approved and work began on the removal of gravel and waterproofing upgrades. By year-end the roofing modifications, concrete overlay, and forming out of the base of the main fountain were complete, and the installation of granite curbing was nearing completion. The entire roof was flood tested to ensure the integrity of the roof system. All storm water piping and inlets were completed. Installation of the granite pavers was initiated.

In early 2000, the granite curbing was completed. The fountain sculpture, part of a separate arts inclusion contract, was erected by Summer, 2000. Topsoil, sod and trees were placed on the Plaza by mid-summer. Work on the granite pavers and fountain was completed by the end of September 2000. The Plaza Park and Fountain were officially dedicated at a celebration in October 2000.



Construction documents are being developed for the repairs needed to eliminate water infiltration at various locations in the plaza. Unhealthy trees will be replaced in the Spring 2003.

It was decided that Stacy Park would be designed and constructed as part of future improvements to the Executive State House. The NJBA is anticipating a project report submission to initiate this project.

### *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 of the soundness of the entablature revealed that the failures were the result of the freeze-thaw process. The issue involving the entablature was not part of the

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### ***State House Complex, continued.***

original scope of the Annex renovation project. In January 1998 funding was approved by the Building Authority to perform a more detailed investigation of the cornice and to develop design drawings to complete the repairs. The estimated cost for the project was approximately \$5.7 million. Due to the Authority delivering several projects under budget, this project was funded from the residual balances.

A special prequalification of the bidders for this project was completed in January 1999. The project was advertised for bid and the contract was awarded in late February 1999. Extensive scaffolding and canopies were constructed for the project by April. During removal of some cornice stones, the contractor discovered that some underlying dentil stones were also cracked. The fabrication and replacement of these stones added four weeks to the project schedule. By November, all cornice and dentil stones had been replaced. Given some of the failures of the existing roof system, the replacement of the roof was added to the project. Roof replacement work was completed over the East and West wings in late Fall 1999 and the scaffolding was disassembled on the East Center and most of the West wing. Prior to installation of the underlayment and roof pavers, which cover the roofing system, the design consultant was requested to further investigate the concrete roof slab.

In 2000, the consultant conducted extensive tests and took several roof 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.



Consequently, completion of the roof installation was placed on hold until a plan could be developed to remediate the deficiencies in the roof slab.

A scope of work was developed to contract with a new 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 and completed in 2001.

An independent engineer evaluated the performance of the previous vendors associated with the inadequate roofing system that was replaced and as a result, design work and repair of the concrete roof slab was completed.

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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 gray/black surface, the paint on the cast iron was chipped with rust prevalent throughout; and the dome leaked with water dripping down 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



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### ***State House Dome, continued***

cladding on the dome and cupola roofs, the regilding of all copper cladding, 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.

In January 1999, the repair of the Great Seal and the surrounding cast iron structure was added to this project.

Construction moved steadily through 1999. The cast iron pieces were reinstalled. The wood sheathing under the copper dome was replaced. The copper cladding was replaced with new copper and the cupola was regilded and was reinstalled on top of the dome by late February 1999. The interior finishes were repaired and refinished including the plastering, painting, regilding of the metal railings and refinishing of the stone work. The stain 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. The scaffolding began to be disassembled in June. The Dome Dedication Celebration was held on July 8th. Sidewalk repairs, the removal of the remaining scaffolding and roof penetration repairs continued through the rest of 1999.

All punchlist items have been completed. The project was completed significantly under budget and on schedule.



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**Thomas Edison State College Townhouses  
Restoration and Renovation  
Project Cost: \$14,427,000**

The objective of this project is to renovate six (6) historic townhouses located at 105-115 West State Street, adjacent to Thomas Edison State College. The 19th Century building exteriors will be restored to their “near original” appearance and the interiors will be converted to modern office space for Thomas Edison State College personnel. A new addition is also being constructed which will connect the townhouses and the Kelsey Building.



Status at December 31, 2002

The project was substantially completed in October 1999. College personnel moved into the facility in November 1999. An independent consultant was contracted to review the project and claims submitted from the architect and contractors. In August 2000, the Attorney General's Office filed a third party action against the architectural firm regarding their contract performance on the project. Mediation was conducted in May 2001 which was unsuccessful. This litigation is ongoing. By late 2002, all DCA code requirements were satisfied and Certificates of Approval were received.



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***Old Barracks Museum Restoration***  
***Project Cost: \$6,651,854***

The objective of this project is to complete the restoration of the Old Barracks Museum including archeological investigation, 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.



***War Memorial***  
***Restoration and Renovation***  
***Project Cost: \$34,065,977***

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

All the major interior and exterior work was completed in 1998.

A Temporary Certificate of Occupancy was issued in early December 1998 and four (4) shakedown concerts were held.

The Authority sponsored "Hard Hat" Concert was the first concert held. Craftsmen and their families and other individuals from the private and public sector who assisted in completing the renovation of the War Memorial attended this free concert.

The Governor's State of the State message was held in mid-January 1999 after which the building was rededicated to all war veterans. The Grand Reopening was held in March 1999.



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***War Memorial, continued***

Status at December 31, 2002

The Project Team continued to coordinate the completion of punchlist items in 2001 and efforts are proceeding to close out the remaining 5 contracts. In early 2001, an additional balcony railing was added in the Auditorium as requested by the Building Authority Board to enhance public safety. The Building Authority approved sound and lighting upgrades for the theater in mid-2001. The design was advertised and awarded to sound and lighting consultants in 2002. A Notice to Proceed was issued and design and construction schedules, equipment requirements and coordination for the sound and lighting renovations are proceeding.



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## ***Pinelands Commission Renovations***

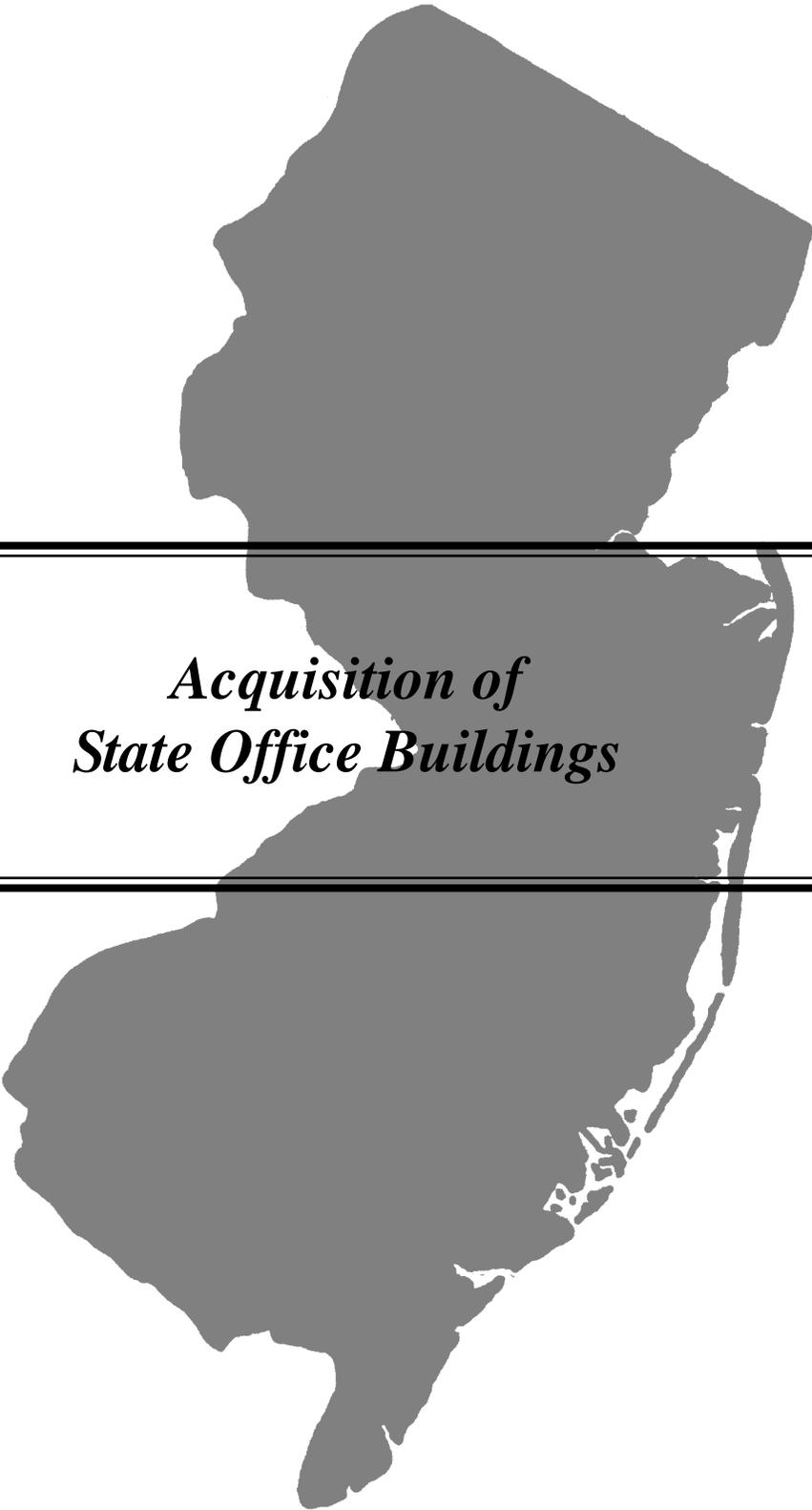
***Project Cost: \$1,000,000***

The objective of this project is to renovate and repair the Pinelands Commission Headquarters located in Pemberton Township while maintaining historical value. The project entails interior and exterior renovations and repairs to Fenwick Manor, the carriage house, barn and historic outhouse. Improvements will address code, life safety and environmental issues and updates to all utilities and building systems including heating, air conditioning, electrical, plumbing and telecommunications.

### Status at December 31, 2002

Fee proposals were received and negotiations have begun. Award for design is anticipated for early 2003.





*Acquisition of  
State Office Buildings*

## ***Acquisition of State Office Buildings***

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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. 1999 marked the first year 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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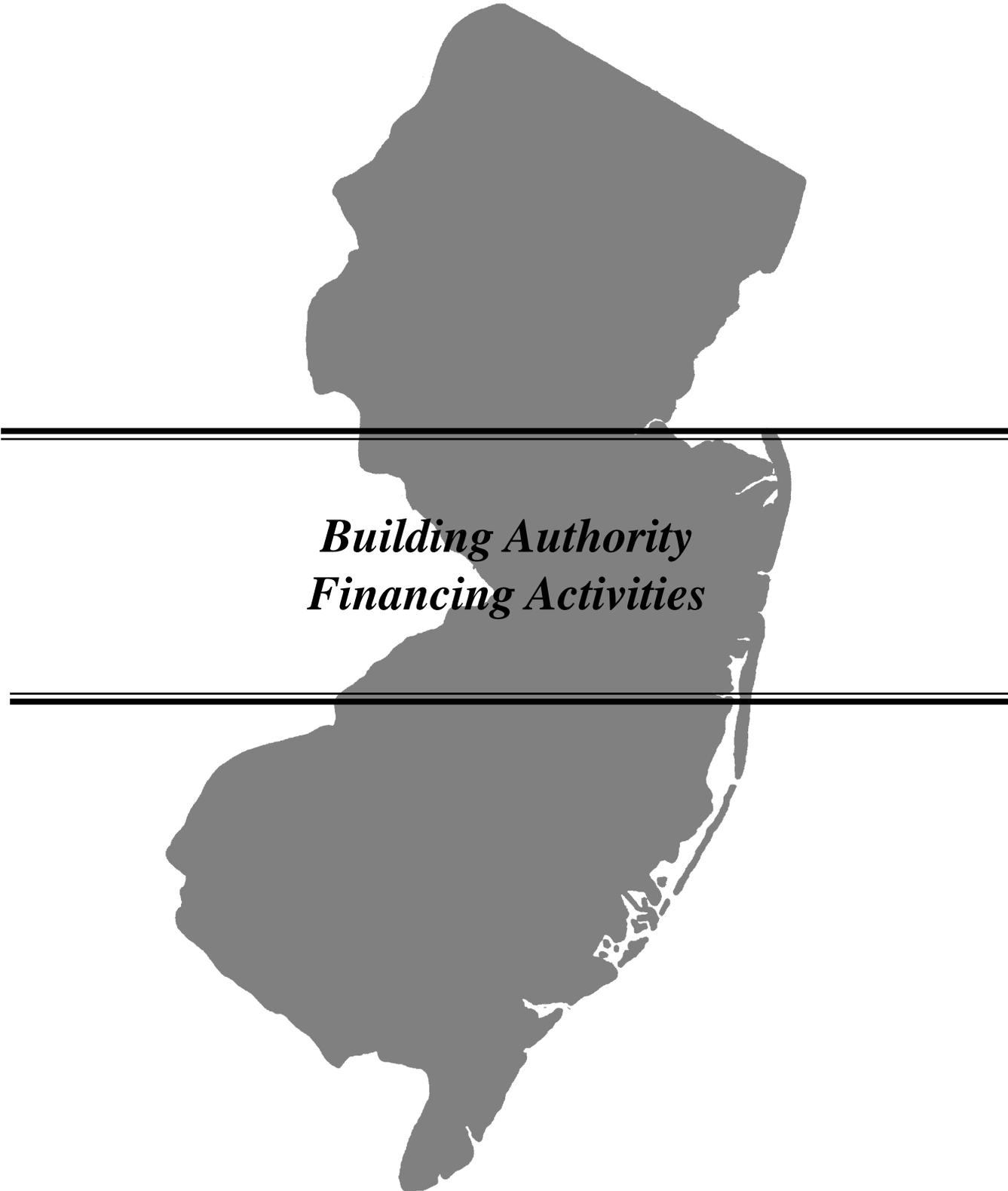
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***Richard J. Hughes Justice Complex, continued***

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.



***Building Authority  
Financing Activities***

## ***Building Authority Financing Activities***

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### ***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 10-1/2 percent. 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 is being provided through other sources. \$1 million in State appropriations is being made available through the Joint Management Commission and approximately \$2 million is expected to come 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

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### **1997 Project Financing, continued**

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 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.

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**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.

From the proceeds, \$26.8 million will be used to finance the construction of the State Police Emergency Management and Emergency Operations Center; \$14.1 million will be used to finance the renovation of the State Museum; \$23.2 million will be 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 will be used to finance the renovations of the Pinelands Commission Headquarters. The balance of the 2002A proceeds will be 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.

### ***Financial Statements***

Following are the combined financial statements for the years ended December 31, 2002 and 2001 with the report of the independent public accountants.

**NEW JERSEY BUILDING AUTHORITY**

(A Component Unit of the State of New Jersey)

Financial Statements

December 31, 2002 and 2001

(With Independent Auditors' Report Thereon)

**NEW JERSEY BUILDING AUTHORITY**

(A Component Unit of the State of New Jersey)

**December 31, 2002 and 2001**

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**NEW JERSEY BUILDING AUTHORITY**  
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis

This section of the New Jersey Building Authority's (NJBA or the Authority) annual financial report represents our discussion of the Authority's financial performance and provides an overview of the Authority's activity for the fiscal year ended December 31, 2002. Please read it in conjunction with the Authority's financial statements.

**Financial Highlights**

- The Authority's net assets decreased \$0.2 million (5%) due primarily total expenses of \$32.5 million partially offset by total revenues of \$32.3 million. See table 1 for changes in net assets for the years ended December 31, 2002 and 2001.
- Revenues decreased \$6.2 million (16%) due to lower interest income on short-term investments due to generally lower interest rates.
- Construction in progress increased \$44.6 million (9.8%) due to the continued construction at the DOT Building, State Police Multi Purpose Building and the Richard J. Hughes Justice Complex.
- Deferred loss on refunding increased \$11.4 million (354%) due to loss on 2002 refunding.
- The Authority's debt increased \$52.6 million (7.0%) due to the issuance of \$65.4 million of 2002 Series A Bonds.

**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 balance sheet and related statements of revenues, expenses, and changes in net assets and cash flows.

**Financial Summary**

Changes in net assets, revenues and expenses between December 31, 2002 and 2001 are summarized in Table 1.

**NEW JERSEY BUILDING AUTHORITY**  
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis

**Table 1**

<u>Changes in net assets</u>	<u>2002</u>	<u>2001</u>	<u>Change</u>	
			<u>\$</u>	<u>%</u>
Revenues:				
Interest income related to leases and other payments from State of NJ	\$ 32,117,528	32,461,532	(344,004)	(1.1)%
Other interest income, net:				
Money market interest	79,588	329,624	(250,036)	(75.9)%
Cash management fund interest	1,714,046	3,508,667	(1,794,621)	(51.1)%
FRA interest	767,947	2,401,231	(1,633,284)	(68.0)%
Less arbitrage rebate expense (1)	(2,453,193)	(316,022)	(2,137,171)	676.3%
Total other interest income	<u>108,388</u>	<u>5,923,500</u>	<u>(5,815,112)</u>	(98.2)%
Total revenues	<u>32,225,916</u>	<u>38,385,032</u>	<u>(6,159,116)</u>	(16.0)%
Expenses:				
Interest expense on bonds and supplemental interest certificates, including amortization of debt discount	<u>32,117,528</u>	<u>36,108,260</u>	<u>(3,990,732)</u>	(11.1)%
Other expenses:				
Administrative	134,163	184,357	(50,194)	(27.2)%
Salary	202,017	54,807	147,210	268.6%
Other	<u>38,001</u>	<u>9,430</u>	<u>28,571</u>	303.0%
Total other expenses	<u>374,181</u>	<u>248,594</u>	<u>125,587</u>	50.5%
Total expenses	<u>32,491,709</u>	<u>36,356,854</u>	<u>(3,865,145)</u>	(10.6)%
(Decrease) increase in net assets	<u>\$ (265,793)</u>	<u>2,028,178</u>	<u>(2,293,971)</u>	(113.1)%

(1) Included in other expenses in the statements of revenues, expenses and changes in net assets.

**NEW JERSEY BUILDING AUTHORITY**  
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis

**Revenues**

Interest income related to lease and other payments from the State of New Jersey decreased approximately \$344,000 (1%) from \$32,462,000 at December 31, 2001 to \$32,118,000 at December 31, 2002.

In 2002, the Authority's debt service was approximately \$73.4 million. In the prior years, the State rental receipts provided the necessary monies to fund the Authority's debt service. In 2002, the State rental receipts were \$38.4 million as the Authority used approximately \$35.0 million of other monies available in the debt service account of the debt service fund to fund that portion of its debt service in 2002, as provided for in the master lease agreement. State rental receipts totaled \$38.4 million, of which \$38.4 million was associated with the interest portion of bond payments as identified in the official statements and \$0 was associated with the pay-down of the principal portions. Principal portions reduce the minimum lease receivable of the Authority and the interest portion is netted against the interest expense of the authority for each bond payment. The remaining balance in this account is composed of accrued interest payable on the Authority's bonds and the net effect of interest expense items not related to the amortization of bonds including amortization of discounts, premiums, and deferred bond costs.

Other interest income, net decreased approximately \$5,815,000 (98.2%) from \$5,923,000 at December 31, 2001 to \$108,000 at December 31, 2002. The decrease was due to an increase of arbitrage rebate expenses and declining interest rates over the prior year levels and lower balances in the Flexible Repurchase Agreement (FRA).

**Expenses**

Interest expense on bonds and supplemental interest certificates decreased \$4.0 million (11%) as a result of the reduced principal balances carried by the Authority prior to the December 2002 bond issuance.

Other expenses increased \$126,000 (50.5%) due to \$147,000 increase in salary expense partially offset by a \$50,000 decrease in administration expense.

<b>Summary of assets and liabilities</b>	<b>2002</b>		<b>2001</b>		<b>Change</b>	
	(In thousands)				\$	%
Current assets	\$	183,886	199,042	(15,156)	-7.6%	
Construction in progress		502,185	457,583	44,602	9.7%	
Minimum lease receivable		118,360	106,960	11,400	10.7%	
Other assets		17,847	5,015	12,832	255.9%	
	\$	<u>822,278</u>	<u>768,600</u>	<u>53,678</u>	7.0%	
Current liabilities	\$	51,140	45,214	5,926	13.1%	
Long-term debt		765,789	717,771	48,018	6.7%	
Total liabilities		816,929	762,985	53,944	7.1%	
Net assets-restricted		5,349	5,615	(266)	-4.7%	
	\$	<u><u>822,278</u></u>	<u><u>768,600</u></u>	<u><u>53,678</u></u>	7.0%	

**NEW JERSEY BUILDING AUTHORITY**  
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis

**Current Assets**

Current assets decreased \$15.2 million (7.6%) due to a \$17.7 million reduction in the current portion of minimum lease receivable, partially offset by a \$1.7 million increase in cash. The \$1.7 million cash increase is detailed on the statements of cash flows.

**Construction In Progress Costs**

Construction in progress increased \$44.6 million (9.7%) from \$457.6 million at December 31, 2001 to \$502.2 million at December 31, 2002. Table 2 shows the changes in construction in progress.

**Table 2**

<u>Changes in construction in progress</u>	<u>2002</u>	<u>2001</u>	<u>Change</u>	
			<u>\$</u>	<u>%</u>
	(in thousands)			
State Police Emergency Operations Center	\$ 602	—	602	100.0%
Justice Complex	3,119	419	2,700	644.4%
DOT Building	8,390	5,787	2,603	45.0%
Entablature Repair	6,835	6,688	147	2.2%
State House Phase II	52,622	52,622	—	0.0%
State House Annex/Garage	28,077	27,861	216	0.8%
State House Dome	7,307	7,306	1	0.0%
South Woods State Prison	238,882	237,543	1,339	0.6%
Education Building	16,466	16,336	130	0.8%
Labor Building	20,115	20,059	56	0.3%
Edison Townhouse	13,873	13,679	194	1.4%
Old Barracks	6,738	6,703	35	0.5%
War Memorial	34,268	34,134	134	0.4%
Labor Building Exterior Panel	3,560	3,551	9	0.3%
State Police Building	61,331	24,895	36,436	146.4%
Total	\$ 502,185	457,583	44,602	9.7%

Overall construction in progress increased \$44.6 million due to \$28.9 million in cash disbursements, \$8.8 million in accrued expenses and \$6.9 million in net interest capitalization.

Construction activity in 2002 focused on the Department of Transportation Engineering & Operations Building, the new State Police Multi-Purpose Building and the renovation of the Richard J Hughes Justice Complex. Construction costs on these three projects accounted for 94% of NJBA construction costs incurred in 2002. The Cultural Complex, State House Garage, Restoration of Old Barracks Museum and the War Memorial Restoration are in the closeout phase. The State House Dome Restoration has been completed. The South Woods State Prison has been completed and the lawsuit filed by the builder has been settled.

**NEW JERSEY BUILDING AUTHORITY**  
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis

**Noncurrent Assets**

Noncurrent assets increased \$68.8 million (12.1%) from \$569.6 million at December 31, 2001 to \$638.4 million at December 31, 2002 due to a \$44.6 million increase in construction in progress as noted above and \$10.7 million increase in noncurrent portion of deferred amount on advanced refunding of bonds due to the 2002 refunding noted below.

**Current Liabilities**

Current liabilities increased \$5.9 million (13.2%) from \$45.2 million at December 31, 2001 to \$51.1 million at December 31, 2002 due to a \$1.2 million increase in construction payable amounts and \$4.6 million increase in current portion of bonds payable.

Construction payable amounts (including retainage) increased \$3.3 million to \$8.8 million at December 31, 2002 and include \$7.6 million for the State Police building.

**Outstanding Debt**

Including current and noncurrent portions of long-term debt, the Authority had \$804.8 million in bonds outstanding versus \$752.2 million last year, an increase of \$52.6 million (7.0%) as shown in Table 3.

**Table 3**

<u>Changes in bonds payable</u>	<u>2002</u>	<u>2001</u>	<u>Change</u>	
			<u>\$</u>	<u>%</u>
	(in thousands)			
Bonds payable, net of premium of \$24,456 and \$419, respectively	\$ 696,876	633,469	63,407	10.0%
Capital appreciation bonds, net of discount of \$31,453 and \$38,576 respectively	107,892	118,700	(10,808)	(9.1)%
Total	<u>\$ 804,768</u>	<u>752,169</u>	<u>52,599</u>	7.0%

The \$52.6 million increase was due to the issuance of \$65.4 million 2002 Series A Bonds to be used to complete the State Police Multi-Purpose Building and to begin construction on the State Police Emergency Operation Center. In addition, the Authority issued \$210.5 million of Series B Bonds which were used to refund \$212.9 million of previously issued bonds.

**Noncurrent Liabilities**

Noncurrent liabilities increased \$48.0 million (6.7%) due primarily to the issuance of Series A Bonds.

**NEW JERSEY BUILDING AUTHORITY**  
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis

**Contacting Financial Management**

This financial report is designed to provide citizens, vendors, and creditors with a general overview of the Authority's finances. If you have any questions about this report or need additional financial information, contact the Authority's fiscal office at P.O. Box 211, Trenton, New Jersey 08625-0211.

## Independent Auditors' Report

The Board of Directors  
New Jersey Building Authority:

We have audited the accompanying basic financial statements of the New Jersey Building Authority (the Authority), a component unit of the State of New Jersey, as of and for the years ended December 31, 2002 and 2001, 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. 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, the financial statements referred to above present fairly, in all material respects, the financial position of the New Jersey Building Authority as of December 31, 2002 and 2001, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 1 through 6 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 have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

**KPMG LLP**

May 29, 2003

**NEW JERSEY BUILDING AUTHORITY**  
**(A Component of the State of New Jersey)**

Balance Sheets

December 31, 2002 and 2001

<b>Assets</b>	<b>2002</b>	<b>2001</b>
Current assets:		
Cash and cash equivalents (notes 2 and 3)	\$ 127,798,071	126,050,203
Accrued interest receivable	10,297	89,478
Prepays and other assets	62,291	40,652
Minimum lease payments receivable, current portion (notes 1 and 4)	54,615,206	72,279,838
Deferred amount on advanced refunding of bonds, current portion (note 7)	1,023,787	292,834
Deferred bond issuance costs, current portion (note 2)	376,750	289,142
Total current assets	183,886,402	199,042,147
Noncurrent assets:		
Minimum lease payments receivable, noncurrent portion, net of interest to be received in the future (notes 1 and 4)	118,359,327	106,959,909
Deferred amount on advanced refunding of bonds, noncurrent portion, net of accumulated amortization (note 7)	13,599,796	2,928,338
Deferred bond issuance costs, noncurrent portion, net of accumulated amortization (note 2)	4,247,939	2,085,904
Construction in progress (note 2)	502,184,795	457,583,282
Total noncurrent assets	638,391,857	569,557,433
Total assets	\$ 822,278,259	768,599,580
<b>Liabilities and Net Assets</b>		
Liabilities:		
Current liabilities:		
Accounts payable:		
Operations	\$ 685,905	2,364,687
Construction	6,453,685	5,358,825
Contractor retainage payable	2,358,065	1,144,913
Accrued bond interest payable	2,667,226	1,948,625
Bonds payable, current portion (notes 1 and 7)	29,759,205	23,590,000
Capital appreciation bonds, current portion (notes 1 and 7)	9,216,916	10,807,160
Total current liabilities	51,141,002	45,214,210
Noncurrent liabilities:		
Bonds payable, noncurrent portion, net of discount/premium of \$24,455,652 and \$418,849 in 2002 and 2001, respectively (notes 1 and 7)	667,116,445	609,878,849
Capital appreciation bonds, noncurrent portion, net of discount of \$31,453,009 and \$38,575,848 in 2002 and 2001, respectively (notes 1 and 7)	98,672,075	107,891,991
Total noncurrent liabilities	765,788,520	717,770,840
Total liabilities	816,929,522	762,985,050
Commitments and contingencies (note 5)		
Net assets – restricted (note 2)	5,348,737	5,614,530
Total liabilities and net assets	\$ 822,278,259	768,599,580

See accompanying notes to financial statements.

**NEW JERSEY BUILDING AUTHORITY**  
**(A Component of the State of New Jersey)**

Statements of Revenues, Expenses, and Changes in Net Assets

Years ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Interest income related to leases and other payments from State of New Jersey (notes 1 and 4)	\$ 32,117,528	32,461,532
Interest income	<u>2,561,581</u>	<u>5,923,500</u>
Total revenues	<u>34,679,109</u>	<u>38,385,032</u>
Interest expense on bonds and supplemental interest certificates, including amortization of debt discount/premium	32,117,528	36,108,260
Other expenses	<u>2,827,374</u>	<u>248,594</u>
Total expenses	<u>34,944,902</u>	<u>36,356,854</u>
Change in net assets	(265,793)	2,028,178
Net assets, beginning of year	<u>5,614,530</u>	<u>3,586,352</u>
Net assets, end of year	<u>\$ 5,348,737</u>	<u>5,614,530</u>

See accompanying notes to financial statements.

**NEW JERSEY BUILDING AUTHORITY**  
**(A Component of the State of New Jersey)**

Statements of Cash Flows

Years ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Proceeds from State rental payments	\$ 38,382,742	70,361,059
Cash paid for administrative expenses	(134,163)	(181,255)
Arbitrage rebate payment to IRS	(3,861,353)	—
Cash paid for payroll	<u>(240,018)</u>	<u>(58,664)</u>
Net cash provided by operating activities	<u>34,147,208</u>	<u>70,121,140</u>
Cash flows from capital and related financing activities:		
Increase in construction in progress	(35,396,201)	(15,276,866)
Payment of bonds payable	(265,516,245)	(32,584,999)
Interest paid on bonds	(31,882,489)	(32,833,860)
Bond issuance costs paid	(2,282,085)	—
Proceeds from bond offering	300,036,934	—
Payment of supplemental interest certificates	<u>—</u>	<u>(5,020,000)</u>
Net cash used in capital and related financing activities	<u>(35,040,086)</u>	<u>(85,715,725)</u>
Cash flows from capital and related investing activities -		
Interest on investments	<u>2,640,746</u>	<u>6,369,622</u>
Net increase (decrease) in cash and cash equivalents	1,747,868	(9,224,963)
Balances, beginning of year	<u>126,050,203</u>	<u>135,275,166</u>
Balances, end of year	\$ <u><u>127,798,071</u></u>	\$ <u><u>126,050,203</u></u>
Reconciliation of net cash provided by operating activities:		
Excess of revenues (under) over expenses	\$ (265,793)	2,028,178
Adjustments to reconcile excess of revenues (under) over expenses to net cash provided by operating activities:		
Amortization of premium on refunding of bonds	292,834	292,834
Amortization of deferred bond costs	289,142	595,027
Accretion of discount/premium on bonds indebtedness	(110,131)	(109,977)
Accretion of discount on capital appreciation bonds	7,122,840	11,853,587
Accretion of discount on supplemental interest certificates	—	158,049
Interest on investments	(2,640,746)	(6,369,622)
Interest paid on bonds	31,882,489	32,833,860
Changes in assets and liabilities:		
Decrease in accrued interest receivable	79,181	129,984
(Increase) decrease in prepaids and other assets	(24,639)	2,445
Decrease in minimum lease payments receivable	6,265,214	34,601,813
Decrease noncash portion of Capital Appreciation Bonds	(10,091,014)	(5,567,730)
Decrease in accounts payable	(583,922)	(470,676)
Increase (decrease) in contractor retainage payable	1,213,152	(109,959)
Increase in accrued bond interest payable	<u>718,601</u>	<u>253,327</u>
Net cash provided by operating activities	\$ <u><u>34,147,208</u></u>	\$ <u><u>70,121,140</u></u>

See accompanying notes to financial statements.

## NEW JERSEY BUILDING AUTHORITY

(A Component Unit of the State of New Jersey)

Notes to Financial Statements

December 31, 2002 and 2001

### (1) Operations of the Authority

#### *Reporting Entity*

The New Jersey Building Authority, a component unit of the State of New Jersey (the Authority), a body corporate and politic and an instrumentality of the State of New Jersey (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.

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.

The Authority, under a master lease with amendments for individual properties, 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 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 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 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 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.

## NEW JERSEY BUILDING AUTHORITY

(A Component Unit of the State of New Jersey)

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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.

The Authority was created by act of Legislation as an instrumentality of the State to acquire, construct, reconstruct, rehabilitate, or improve office, correctional, historical and other public facilities, as well as provide the financing for these projects. In accordance with its enabling legislation, interest income earned by the Authority on its investments becomes part of the funds utilized by the Authority to provide for the costs of the related projects.

### (2) Summary of Significant Accounting Policies

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

#### ***Basis of Accounting***

The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of when the related cash flows take place.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority applies all applicable GASB pronouncements, as well as all Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989 that do not conflict with GASB pronouncements. Subsequent to November 30, 1989, the Authority exclusively applies all applicable GASB pronouncements.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents are stated at cost. Cash and cash equivalents include investments in the State of New Jersey Cash Management Fund, money market funds, and flexible repurchase agreements which are readily convertible to known amounts of cash.

**NEW JERSEY BUILDING AUTHORITY**

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Notes to Financial Statements

December 31, 2002 and 2001

***Funds Required by Bond Resolutions***

In accordance with certain bond resolutions, the Authority has established the following restricted funds (accounts) to be held by First Union National Bank, as Trustee, to account for all revenue received by the Authority. In accordance with the terms of these bond resolutions, cash and investments for all funds established under the resolutions are classified as restricted assets.

<b>Fund</b>	<b>Amount</b>	<b>Use for which restricted</b>
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.
Revenue	All revenues must be paid into this fund.	Transfers into the debt service, subordinated debt and bond retirement funds.
Debt Service	Amount 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.
Subordinated Debt	Amount needed to pay principal and interest on or before each interest payment date and principal installment date on subordinated debt.	Payment of principal and interest on any subordinated debt.
Bond Retirement	Any amount determined by the Authority after meeting requirements under the bond resolution for all of the other funds.	Purchase or redemption of bonds.
Rebate	Estimated amount needed to pay arbitrage earnings.	Payment of arbitrage earnings to the federal government recorded as a payable in the financial statements.

For financial reporting purposes, the assets, liabilities, and fund net assets and related revenues, expenses and cash flows of these funds have been combined.

**NEW JERSEY BUILDING AUTHORITY**

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Notes to Financial Statements

December 31, 2002 and 2001

The following sets forth the cash and cash equivalent balances in the above restricted funds as of December 31, 2002 and 2001:

	<u>2002</u>	<u>2001</u>
Construction fund	\$ 120,271,425	123,540,272
Debt service fund	6,209,119	178
Rebate fund	1,153,228	2,346,686
Other	164,299	163,067
	<u>\$ 127,798,071</u>	<u>126,050,203</u>

***Construction in Progress***

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 payments receivable is established.

***Capitalized Interest***

Net interest expense incurred during the construction of the Authority's projects is capitalized to the cost of those projects during the period of construction. Interest expense capitalized during 2002 and 2001 aggregated \$6,906,640 and \$9,565,701, respectively, net of interest income of \$1,713,714 and \$3,356,985, respectively.

***Deferred Bond Issuance Costs***

Deferred bond issuance costs are being amortized using the effective interest method over the life of the applicable bond issue.

***Net Assets***

Net assets are classified as restricted and can only be utilized upon approval by the State Treasurer.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 periods. Actual results could differ from those estimates.

**NEW JERSEY BUILDING AUTHORITY**

(A Component Unit of the State of New Jersey)

Notes to Financial Statements

December 31, 2002 and 2001

***Income Taxes***

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

***Administrative Expense***

The Authority reimburses the State for salary, fringe benefits and related costs for overhead and other expenses that support the operations of the Authority.

**(3) Cash and Cash Equivalents**

The Authority's cash and cash equivalents are classified below to inform the financial statement user about the extent to which the Authority's cash and cash equivalents are exposed to custodial credit risk.

Cash and cash equivalents held at financial institutions can be categorized according to three levels of risk. Category 1 includes amounts which are insured or collateralized with securities held by the Authority or by its agent in the Authority's name. Category 2 includes amounts which are collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name. Category 3 includes amounts which are not collateralized.

As of December 31, 2002 and 2001, cash and cash equivalents are comprised of:

	<u>2002</u>	<u>2001</u>	<u>Category</u>
State of New Jersey cash management fund	\$ 118,900,750	97,287,338	1
Money market funds	8,874,538	2,698,920	3
Flexible repurchase agreements	—	26,063,553	2
Non-interest bearing accounts	22,783	392	3
	<u>\$ 127,798,071</u>	<u>126,050,203</u>	

**NEW JERSEY BUILDING AUTHORITY**

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Notes to Financial Statements

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**(4) Minimum Lease Payments Receivable**

Future minimum lease payments receivable from the State as of December 31, 2002 are as follows:

2003	\$	54,615,206
2004		64,995,275
2005		65,025,183
2006		67,603,558
2007		66,367,118
2008 - 2012		95,989,472
2013 - 2017		59,782,443
2018 - 2022		24,975,517
		499,353,772
Less amounts representing interest		<u>326,379,239</u>
	\$	<u><u>172,974,533</u></u>

The amount that is net of interest represents the principal on debt due on assets placed into operation by the State.

The State is obligated to make payments to the Authority for the uncompleted portions of the State House Complex Project and other uncompleted projects funded by the 1994, 1997, 1999, 2000 and 2002 Series Bonds.

In 2002, the Authority's debt service was approximately \$73.4 million. In the prior years, the State rental receipts provided the necessary monies to fund in full the Authority's debt service. In 2002, the State rental receipts were \$38.4 million as the Authority used approximately \$35.0 million of other monies available in the debt service account of the debt service fund fund that portion of its debt service in 2002, as provided for in the master lease agreement.

**(5) Commitments and Contingencies**

The Authority has contract commitments for the renovation of the State House Complex and for construction and renovations funded by the 1994, 1997, 1999, 2000 and 2002 Series Bonds as of December 31, 2002 in the approximate amount of \$25,000,000. 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 position or changes in net assets.

**(6) Reclassifications**

Certain reclassifications have been made to the 2001 balances to conform with the 2002 presentation.

**NEW JERSEY BUILDING AUTHORITY**

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Notes to Financial Statements

December 31, 2002 and 2001

**(7) Bonds Payable**

Debt activity for the years ended December 31, 2002 and 2001 was as follows:

	<b>Bonds payable</b>	<b>Capital appreciation bonds</b>	<b>Supplemental interest certificates</b>
Balance, December 31, 2000	\$ 648,238,826	130,338,295	4,861,951
Additions	—	6,563,908	—
Reductions	<u>(14,769,977)</u>	<u>(18,203,052)</u>	<u>(4,861,951)</u>
Balance, December 31, 2001	633,468,849	118,699,151	—
Additions	300,036,934	7,122,840	—
Reductions	<u>(236,630,133)</u>	<u>(17,930,000)</u>	<u>—</u>
Balance, December 31, 2002	\$ <u>696,875,650</u>	<u>107,891,991</u>	<u>—</u>

**2002 Series A**

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

The bonds were issued at a premium of \$2,792,000, which is being amortized as a reduction of interest expense using the effective interest method over the life of the bonds. The bonds mature in various amounts from December 2005 through December 2023. The bonds bear interest rates ranging from 2.05% to 5.25%.

**2002 Series B**

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, which is being amortized as a reduction of interest expense using the effective interest method over the life of the bonds. The bonds 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 of refunding of \$11,066,000, which has been included in deferred amount on advanced refunding of bonds in the balance sheet as of December 31, 2002 and is to be amortized over the average original lives of the refunded bonds.

## **NEW JERSEY BUILDING AUTHORITY**

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Notes to Financial Statements

December 31, 2002 and 2001

### ***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, which is being amortized as interest expense using the effective interest method over the life of the bonds. The bonds mature at various amounts from June 2001 through June 2020. The bonds bear interest rates ranging from 4.350% to 5.125%.

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 is considered to be defeased and the liability for such bonds was removed from the balance sheet.

### ***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 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, which is being amortized as a reduction of interest expense using the effective interest method over the life of the bonds. The bonds 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 is considered to be defeased and the liability for such bonds was removed from the balance sheet.

### ***1997 Series***

In September 1997, the Authority issued \$224,630,000 of 1997 Series Bonds. A portion of the proceeds of the bonds was used to advance refund \$97,995,000 principal amount of the \$103,760,000 outstanding 1987 Series Bonds and to pay certain costs incurred in connection with the 1997 Series Bonds. As a result, the \$97,995,000 principal amount of the 1987 Series is considered to be defeased and the liability for such bonds was removed from the balance sheets. The defeased bonds were called and paid off in 1997. The advance refunding of the 1987 Series Bonds resulted in a loss of refunding of \$1,717,000.

The remaining proceeds of the 1997 Series Bonds were used 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.

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- c. To provide payment for a portion of interest payable on the 1997 Series Bonds through June 15, 1999.

The bonds were issued at a premium of \$2,437,000, which is being amortized as a reduction of interest expense using the effective interest method over the life of the bonds. The bonds mature in various amounts from June 2000 through June 2018. The bonds bear interest at rates ranging from 4.75% to 6.00%.

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.

***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. To refund a portion of the Authority's State Building Revenue Bonds, 1989 Series.
- d. To provide 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.

***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 varying amounts from June 2000 through 2011. Yields on these bonds range from 6.10% to 6.75%.

The 1991 Series Bonds were paid in full in 2002.

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**(8) Future Debt Service Payments**

The following tables reflect the debt service by year for the 1991, 1994, 1997, 1999, 2000 and 2002 Series Bonds:

<b>1991 Capital Appreciation Bond</b>			
<b>Year</b>	<b>Principal or sinking fund installment</b>	<b>(1) Interest</b>	<b>Total debt service</b>
2003	\$ 6,405,711	7,119,289	13,525,000
2004	5,974,172	7,555,828	13,530,000
2005	5,562,292	7,962,708	13,525,000
2006	5,177,525	8,352,475	13,530,000
2007	4,811,248	8,713,752	13,525,000
2008	4,506,031	9,023,969	13,530,000
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
	<u>\$ 44,193,586</u>	<u>77,551,414</u>	<u>121,745,000</u>

(1) Represents \$77,551,414 of capital appreciation bonds payable June 15, 2003 through June 15, 2011. This discount is being accreted for financial statement purposes over the life of the bonds.

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<b>1994 Series Bond</b>			
<b>Year</b>	<b>Principal or sinking fund installment</b>	<b>(2) Interest</b>	<b>Total debt service</b>
2003	\$ 10,869,205	5,485,107	16,354,312
2004	8,176,664	5,537,036	13,713,700
2005	8,092,051	5,624,426	13,716,477
2006	8,017,453	5,702,978	13,720,431
2007	1,690,000	3,615,848	5,305,848
2008	1,770,000	3,532,144	5,302,144
2009	1,860,000	3,442,500	5,302,500
2010	1,950,000	3,347,250	5,297,250
2011	2,050,000	3,247,250	5,297,250
2012	2,155,000	3,142,125	5,297,125
2013	2,270,000	3,031,500	5,301,500
2014	1,830,000	2,929,000	4,759,000
2015	1,930,000	2,835,000	4,765,000
2016	2,030,000	2,736,000	4,766,000
2017	16,985,000	2,260,625	19,245,625
2018	17,885,000	1,388,875	19,273,875
2019	18,835,000	470,875	19,305,875
	\$ 108,395,373	58,328,539	166,723,912

(2) Includes \$7,229,628 of capital appreciation bonds payable June 15, 2003 through June 15, 2006. This discount is being accreted for financial statement purposes over the life of the bonds.

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<b>1997 Series Bond</b>			
<b>Year</b>	<b>Principal or sinking fund installment</b>	<b>Interest</b>	<b>Total debt service</b>
2003	\$ 9,500,000	9,519,734	19,019,734
2004	12,320,000	9,044,734	21,364,734
2005	12,980,000	8,010,184	20,990,184
2006	13,705,000	7,276,346	20,981,346
2007	14,455,000	6,465,808	20,920,808
2008	6,980,000	5,864,638	12,844,638
2009	7,315,000	5,486,812	12,801,812
2010	7,735,000	5,083,131	12,818,131
2011	17,830,000	4,444,006	22,274,006
2012	18,720,000	3,530,256	22,250,256
2013	19,660,000	2,570,756	22,230,756
2014	7,570,000	1,890,006	9,460,006
2015	7,945,000	1,502,131	9,447,131
2016	8,345,000	1,089,666	9,434,666
2017	8,770,000	667,538	9,437,538
2018	9,185,000	229,625	9,414,625
	\$ 183,015,000	72,675,371	255,690,371

**NEW JERSEY BUILDING AUTHORITY**

(A Component Unit of the State of New Jersey)

Notes to Financial Statements

December 31, 2002 and 2001

<b>1999 Series Bond</b>			
<b>Year</b>	<b>Principal or sinking fund installment</b>	<b>Interest</b>	<b>Total debt service</b>
2003	\$ 5,040,000	5,853,800	10,893,800
2004	5,295,000	5,595,425	10,890,425
2005	5,565,000	5,323,925	10,888,925
2006	5,845,000	5,031,369	10,876,369
2007	6,165,000	4,716,107	10,881,107
2008	6,490,000	4,383,913	10,873,913
2009	6,835,000	4,025,588	10,860,588
2010	7,220,000	3,630,051	10,850,051
2011	7,645,000	3,202,682	10,847,682
2012	4,780,000	2,857,413	7,637,413
2013	5,040,000	2,587,038	7,627,038
2014	5,330,000	2,288,900	7,618,900
2015	5,645,000	1,973,369	7,618,369
2016	5,975,000	1,639,294	7,614,294
2017	10,715,000	1,159,456	11,874,456
2018	11,340,000	546,638	11,886,638
2019	4,500,000	120,938	4,620,938
	\$ 109,425,000	54,935,906	164,360,906

**NEW JERSEY BUILDING AUTHORITY**

(A Component Unit of the State of New Jersey)

Notes to Financial Statements

December 31, 2002 and 2001

<b>2000 Series Bond</b>			
<b>Year</b>	<b>Principal or sinking fund installment</b>	<b>Interest</b>	<b>Total debt service</b>
2003	\$ 980,000	1,119,003	2,099,003
2004	1,020,000	1,075,248	2,095,248
2005	1,065,000	1,029,378	2,094,378
2006	1,110,000	981,250	2,091,250
2007	1,160,000	930,452	2,090,452
2008	1,215,000	876,711	2,091,711
2009	1,270,000	819,860	2,089,860
2010	1,325,000	759,844	2,084,844
2011	1,390,000	696,025	2,086,025
2012	1,455,000	628,456	2,083,456
2013	—	593,900	593,900
2014	—	593,900	593,900
2015	1,730,000	550,650	2,280,650
2016	1,825,000	461,775	2,286,775
2017	1,860,000	368,488	2,228,488
2018	1,955,000	270,729	2,225,729
2019	2,055,000	167,972	2,222,972
2020	2,250,000	57,656	2,307,656
	<u>\$ 23,665,000</u>	<u>11,981,297</u>	<u>35,646,297</u>

**NEW JERSEY BUILDING AUTHORITY**

(A Component Unit of the State of New Jersey)

Notes to Financial Statements

December 31, 2002 and 2001

<b>2002 Series A Bond</b>			
<b>Year</b>	<b>Principal or sinking fund installment</b>	<b>Interest</b>	<b>Total debt service</b>
2003	\$ —	3,200,920	3,200,920
2004	—	2,954,696	2,954,696
2005	2,550,000	2,954,696	5,504,696
2006	2,605,000	2,902,420	5,507,420
2007	2,675,000	2,839,900	5,514,900
2008	2,750,000	2,767,676	5,517,676
2009	2,840,000	2,685,176	5,525,176
2010	2,935,000	2,592,876	5,527,876
2011	3,040,000	2,490,150	5,530,150
2012	3,175,000	2,379,950	5,554,950
2013	3,345,000	2,221,200	5,566,200
2014	3,525,000	2,045,588	5,570,588
2015	3,715,000	1,860,526	5,575,526
2016	3,915,000	1,665,488	5,580,488
2017	4,125,000	1,459,950	5,584,950
2018	4,345,000	1,243,388	5,588,388
2019	4,580,000	1,015,276	5,595,276
2020	4,830,000	774,826	5,604,826
2021	5,080,000	521,250	5,601,250
2022	5,345,000	267,250	5,612,250
	\$ 65,375,000	40,843,202	106,218,202

**NEW JERSEY BUILDING AUTHORITY**

(A Component Unit of the State of New Jersey)

Notes to Financial Statements

December 31, 2002 and 2001

<b>2002 Series B Bond</b>			
<b>Year</b>	<b>Principal or sinking fund installment</b>	<b>Interest</b>	<b>Total debt service</b>
2003	\$ 7,770,000	11,442,633	19,212,633
2004	8,085,000	10,290,480	18,375,480
2005	8,410,000	10,007,506	18,417,506
2006	11,620,000	9,715,626	21,335,626
2007	20,795,000	9,105,576	29,900,576
2008	21,900,000	8,076,338	29,976,338
2009	23,075,000	6,926,588	30,001,588
2010	14,370,000	5,715,150	20,085,150
2011	18,565,000	4,960,726	23,525,726
2012	21,160,000	3,986,062	25,146,062
2013	18,380,000	2,875,162	21,255,162
2014	17,690,000	1,910,212	19,600,212
2015	18,695,000	981,488	19,676,488
	<u>\$ 210,515,000</u>	<u>85,993,547</u>	<u>296,508,547</u>

**NEW JERSEY BUILDING AUTHORITY**

(A Component Unit of the State of New Jersey)

Notes to Financial Statements

December 31, 2002 and 2001

**Total Debt Service – All Bonds**

<u>Year</u>		<u>Total debt service</u>
2003	\$	84,305,402
2004		82,924,283
2005		85,137,166
2006		88,042,442
2007		88,138,691
2008		80,136,420
2009		80,106,524
2010		70,188,302
2011		83,090,839
2012		67,969,262
2013		62,574,556
2014		47,602,606
2015		49,363,164
2016		29,682,223
2017		48,371,057
2018		48,389,255
2019		31,745,061
2020		7,912,482
2021		5,601,250
2022		5,612,250
	\$	<u>1,146,893,235</u>



# NEW JERSEY BUILDING AUTHORITY

## *Past and Present Board of Directors 1981 - 2002*

<b><u>Name</u></b>	<b><u>Affiliation</u></b>	<b><u>Years Served</u></b>
<i>Nancy Beer</i>	<i>Program Associate, The Woodrow Wilson School, Princeton University</i>	<i>1981-1985</i>
<i>William I. Blanchard</i>	<i>Assistant Treasurer, Wm. Blanchard Co.</i>	<i>1996-present</i>
<i>Stephen R. Ehrlich, Chairman</i>	<i>President, Windemere Associates</i>	<i>1996-present Chairman 1996-2001</i>
<i>Bernard Ekelchick</i>	<i>School Teacher, Edison, New Jersey</i>	<i>1981-1982</i>
<i>Alfred L. Faiella</i>	<i>Executive Director, Newark Economic Development Corporation</i>	<i>1981-1982</i>
<i>John H. Fisher, III, Chairman</i>	<i>County Administrator, Gloucester County Courthouse</i>	<i>1990-present Chairman 2001-present and 1990-1993</i>
<i>Dale Florio</i>	<i>Partner, Princeton Public Affairs Group</i>	<i>1991-1994</i>
<i>Michael Hartsough, Chairman</i>	<i>Attorney, Hartsough, Kenny &amp; Chase</i>	<i>1986-1994 Chairman 1994</i>
<i>William Hering, Jr., Esquire</i>	<i>Attorney, Hering, Hoffman &amp; Gannon Law Firm</i>	<i>1996-2001</i>
<i>Edward L. Hoffman</i>	<i>Publisher, The Trentonian</i>	<i>1981-1988</i>
<i>Donald J. Kennedy</i>	<i>Business Manager, IBEW, Local 269</i>	<i>1986-1995</i>
<i>Karen Kominsky, Acting Chair</i>	<i>Associate, Policy Management &amp; Communications, Inc.</i>	<i>1993-1996 Acting Chairwoman 1995</i>
<i>Aladar G. Komjathy</i>	<i>Director, The Stewart Agency</i>	<i>1989-1998</i>
<i>John R. Lacy, Jr.</i>	<i>Publisher</i>	<i>1986-1988</i>
<i>Joseph Lazur</i>	<i>President, National Siding Co.</i>	<i>1984-1985</i>
<i>Charles Marciante</i>	<i>Business Manager, IBEW, Local 269</i>	<i>1996-present</i>



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# NEW JERSEY BUILDING AUTHORITY

## *Past and Present Board of Directors 1981 - 2002*

<b><u>Name</u></b>	<b><u>Affiliation</u></b>	<b><u>Years Served</u></b>
<i>Arthur Maurice</i>	<i>Associate, New Jersey Business and Industry Association</i>	<i>1994-1995</i>
<i>Edward F. Meara, III, Chairman</i>	<i>Executive Director, Mercer County Chamber of Commerce</i>	<i>1981-1992 Chairman 1981-1982</i>
<i>Peter J. McDonough, Jr.</i>	<i>Partner, Princeton Public Affairs Group</i>	<i>1989-1990</i>
<i>Dean Munley</i>	<i>Howard Savings Bank</i>	<i>1983-1985</i>
<i>Prentis C. Nolan, III</i>	<i>President, PC Nolan &amp; Associates, Inc.</i>	<i>1999-present</i>
<i>John S. Pehlivanian, Esquire</i>	<i>Attorney, Pehlivanian &amp; Braaten, LLC</i>	<i>1996-present</i>
<i>Maurice T. Perilli</i>	<i>Executive Vice President and Board Chairman, Roma Savings Bank</i>	<i>1992-1994</i>
<i>Edward Pulver</i>	<i>Secretary/Treasurer, New Jersey AFL-CIO</i>	<i>1981-1985</i>
<i>Ramon Rivera</i>	<i>Executive Director, La Casa de Don Pedro</i>	<i>1981-1983</i>
<i>Richard Rowson</i>	<i>Business Agent, IBEW, Local 351</i>	<i>1997-2002</i>
<i>W. Harry Sayen</i>	<i>Board Chairman Emeritus, Mercer Rubber Co.</i>	<i>1981-1992</i>
<i>Leonard Sendelsky</i>	<i>Builder</i>	<i>1986-1991</i>
<i>Morton A. Siegler, Chairman</i>	<i>President, Morton A. Siegler Associates</i>	<i>1983-1987 Chairman 1983-1987</i>
<i>Charles E. Stapleton</i>	<i>President, Impact Government Relations</i>	<i>1986-1990</i>
<i>John H. Walther</i>	<i>Board Chairman, New Jersey National Bank</i>	<i>1981-1985</i>
<i>Kim Whelan</i>	<i>Managing Director, Public Financial Management</i>	<i>1998-present</i>



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# NEW JERSEY BUILDING AUTHORITY

## *Past and Present Ex-Officio Board Directors 1981 - 2002*

<b><u>Name</u></b>	<b><u>State Office Held</u></b>	<b><u>Years Served</u></b>
<i>Douglas Berman</i>	<i>State Treasurer</i>	<i>1989-1990</i>
<i>Kenneth R. Biederman</i>	<i>State Treasurer</i>	<i>1981-1982</i>
<i>Brian W. Clymer</i>	<i>State Treasurer</i>	<i>1993-1997</i>
<i>Samuel Crane</i>	<i>State Treasurer</i>	<i>1991-1992</i>
<i>William R. DeLorenzo, Jr.</i>	<i>Chairman, Commission on Capital Budgeting &amp; Planning</i>	<i>1989-1993</i>
<i>James A. DiEleuterio, Jr.</i>	<i>State Treasurer</i>	<i>1997-1999</i>
<i>Michael Ferrara</i>	<i>Acting Comptroller of the Department of the Treasury</i>	<i>1993</i>
<i>Edward G. Hofgesang</i>	<i>Comptroller of the Department of the Treasury</i>	<i>1981-1982</i>
<i>Charlene Holzbaaur</i>	<i>Comptroller of the Department of the Treasury</i>	<i>1999-present</i>
<i>Michael Horn</i>	<i>State Treasurer</i>	<i>1983-1985</i>
<i>Eugene Jacobson</i>	<i>Chairman, Commission on Capital Budgeting &amp; Planning</i>	<i>1981-1985</i>
<i>Richard Keevey</i>	<i>Comptroller of the Department of the Treasury</i>	<i>1989-1992</i>
<i>Peter R. Lawrance</i>	<i>Acting State Treasurer</i>	<i>2001</i>
<i>Roland M. Machold</i>	<i>State Treasurer</i>	<i>1999-2001</i>
<i>John McCormac</i>	<i>State Treasurer</i>	<i>2002 to present</i>
<i>Benedict T. Marino</i>	<i>Chairman, Commission on Capital Budgeting &amp; Planning</i>	<i>1986-1988</i>
<i>Carol Molnar</i>	<i>Chairman, Commission on Capital Budgeting &amp; Planning</i>	<i>1994-present</i>
<i>Feather O'Connor</i>	<i>State Treasurer</i>	<i>1986-1988</i>
<i>Elizabeth Pugh</i>	<i>Comptroller of the Department of the Treasury</i>	<i>1994-1999</i>
<i>Richard Standiford, III</i>	<i>Comptroller of the Department of the Treasury</i>	<i>1983-1988</i>



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# NEW JERSEY BUILDING AUTHORITY

## *Past and Present Executive Directors 1981 - 2002*

<u><i>Name</i></u>	<u><i>Years Served</i></u>
<i>David T. Beale</i>	<i>1981-1995</i>
<i>Charles Chianese</i>	<i>1995-present</i>

***Mailing Address:***

P.O. Box 219  
Trenton, New Jersey 08625-0219

***Delivery Address:***

50 West State Street  
8th Floor  
Trenton, New Jersey 08625

***Telephone:***

(609) 633-7618