State of New Jersey

Department of the Treasury

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For Information Contact:
Tom Vincz
(609) 633-6565

$155 million Bond Sale for Special Needs Housing Projects Completed

TRENTON – Treasury's Office of Public Finance today announced the completion of a $155 million bond sale to provide housing for special needs citizens.

The $155 million in bonds were issued as a combination of taxable and tax-exempt bonds as well as capital appreciation and fixed-rate bonds, according to Nancy Feldman, Director of the Office of Public Finance. Feldman added that the proceeds will be deposited into the Special Needs Housing Trust Fund, administered by the New Jersey Housing and Mortgage Finance Agency, to provide capital financing for qualified housing to meet the needs of individuals with special needs, such as mental illness, and provide alternatives to institutionalization and homelessness.

The bonds were underwritten by Morgan Stanley & Co., the senior managing underwriter on the transaction, along with co-senior manager UBS Securities LLC. They were joined by a co-manager group comprised of Janney Montgomery Scott, JPMorgan, LaSalle Financial Services, Inc., Popular Securities, Inc. and Sovereign Securities Corporation LLC.

The bonds are rated 'Aaa' by Moody's and 'AAA' by S&P, based upon the bond insurance policy from XLCA, with underlying ratings of 'Baa1' from Moody's and 'A' from S&P, based upon the annual appropriation of dedicated motor vehicle surcharge revenues for the payment of debt service.

Early in August, when the bonds were originally expected to be sold, a refinancing of a portion of the New Jersey Economic Development Authority's 2004 Motor Vehicle Surcharges Revenue Bonds was anticipated to take place. Due to changes in market conditions, the savings target for the refinancing was not met, and the refinancing did not take place. The Office of Public Finance will continue to monitor the market for opportunities to save on all of the State's outstanding obligations when interest rates are at levels that achieve meaningful savings.

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